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SEVENTY-FIFTH CONGRESS, SECOND SESSION

SENATE

WEDNESDAY, DECEMBER 8, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, December 7, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, before proceedings with the bill under consideration, it is necessary to have a quorum. I therefore suggest the absence of one, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	La Follette	Pittman
Andrews	Davis	Lee	Pope
Ashurst	Dieterich	Lewis	Radcliffe
Austin	Donahey	Lodge	Reynolds
Bailey	Duffy	Logan	Russell
Bankhead	Ellender	Lonergan	Schwartz
Barkley	Frazier	Lundeen	Schwellenbach
Berry	George	McAdoo	Sheppard
Bilbo	Gerry	McCarran	Shipstead
Borah	Gibson	McGill	Smith
Bridges	Gillette	McKellar	Steiwer
Brown, Mich.	Glass	McNary	Thomas, Okla.
Brown, N. H.	Graves	Maloney	Thomas, Utah
Bulkley	Guffey	Miller	Townsend
Bulow	Harrison	Minton	Truman
Burke	Hatch	Moore	Tydings
Byrd	Hayden	Murray	Vandenberg
Byrnes	Herring	Neely	Van Nuys
Capper	Hitchcock	Norris	Wagner
Caraway	Holt	Nye	Walsh
Chavez	Johnson, Calif.	O'Mahoney	
Clark	Johnson, Colo.	Overton	
Connally	King	Pepper	

Mr. LEWIS. I announce for the RECORD that the Senator from Washington [Mr. BONE] and the Senator from Delaware [Mr. HUGHES] are detained by illness.

The Senator from New Jersey [Mr. SMATHERS] is detained by illness in his family.

The Senator from Rhode Island [Mr. GREEN] and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate.

Mr. AUSTIN. I have been requested to announce that the senior Senator from Maine [Mr. HALE] is absent for the same reason stated yesterday.

The VICE PRESIDENT. Eighty-nine Senators having answered to their names, a quorum is present.

REPORT OF THE SECRETARY OF COMMERCE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting, pursuant to law, his annual report for the fiscal year ended June 30, 1937, which, with the accompanying report, was referred to the Committee on Commerce.

REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman and secretary of the Reconstruction Finance Corporation, reporting, pursuant to law, relative to the operations of the Corporation for the third quarter of 1937, and for the period from the organization of the Corporation on February 2, 1932, to September 30, 1937, inclusive, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

PETITION AND MEMORIALS

Mr. COPELAND presented a memorial of sundry citizens of Hudson, N. Y., remonstrating against the making of reciprocal-trade agreements with European countries pertaining to textiles and shoes, and favoring a protective tariff on such goods, which was referred to the Committee on Finance.

He also presented the memorial of members of Allegany County (N. Y.) Pomona Grange, Patrons of Husbandry, remonstrating against the enactment of the so-called Black-Connery wages-and-hours bill or any similar measure, which was ordered to lie on the table.

He also presented a petition of sundry citizens of New York City, N. Y., praying for the enactment of the bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching, which was ordered to lie on the table.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. OVERTON:

A bill (S. 3106) granting an increase of pension to Jennie Stubbs; to the Committee on Pensions.

By Mr. ANDREWS:

A bill (S. 3107) to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended, authorizing the Secretary of War to extend the services and operations of the Inland Waterways Corporation to Pensacola, Fla.; to the Committee on Commerce.

By Mr. CONNALLY:

A bill (S. 3108) for the relief of W. Connally Baldwin (with accompanying papers); to the Committee on Claims.

By Mr. JOHNSON of Colorado:

A bill (S. 3109) for the relief of the widow of Joseph C. Akin; to the Committee on Claims.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. POPE submitted an amendment intended to be proposed by him to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. THOMAS of Oklahoma submitted an amendment intended to be proposed by him to Senate bill 2787, the agricultural relief bill, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 82, between lines 21 and 22, to insert the following new subsection:

"(k) Notwithstanding any other provision of this act, in establishing a marketing quota for any farm, the economic situation of the farmer, whether owner, lessor, or sharecropper, shall be taken into consideration, and no marketing quota shall be established for any farm if the amount of the commodities which the farmer would be permitted to market under quota restrictions would not yield sufficient income to meet the normal needs of the farmer and his family, and to provide the farmer a reasonable return upon his farm investment: *Provided*, That to the extent that the total marketing quotas for any commodity may be increased for any year, as herein provided, then such marketing quotas for any such commodity for such year applicable to and established for any farm or group of farms in a common or single ownership producing on an average more income than is necessary to meet the normal needs of the owner of such farm or farms,

shall be decreased to the end that such total decreases shall balance such total increases as authorized and provided herein: *And provided further*, That the Secretary of Agriculture is hereby authorized and directed to make, promulgate, and establish rules and regulations for carrying into effect the policy and provisions of this subsection."

TAX LAWS AND BUSINESS CONDITIONS

Mr. GIBSON. Mr. President, Vermont is made up largely of small communities, many of which are built around some small industry which takes care of the employment situation of its immediate vicinity. When anything occurs to disturb the local industry, the whole community is affected. Most of our towns or villages are in deep trouble owing to the present business slump.

In association with the junior Senator from Massachusetts [Mr. LODGE], I ask unanimous consent that there may be published in the CONGRESSIONAL RECORD a telegram from Mr. V. C. Bruce Wetmore, of Bondsville, Mass., which portrays a condition with respect to his community strikingly similar to the situation in a large number of Vermont towns.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

I own half interest Boston Duck Co., Bondsville, Mass. Up to August we had 500 employees, now have 4 watchmen. Only industry in the town. Employed young and old; in fact, anyone who lived in the town who could walk to mill. Whole town asking me when can expect to put them to work. Fine community working in mill for three generations. Our surplus all spent. Can't go any further without orders. How, under present conditions as brought about by this administration and present tax laws which affect the entire country, can I expect to put them back to work?

V. C. BRUCE WETMORE.

GOLD AND SILVER LEGISLATION

[Mr. PITTMAN asked and obtained leave to have published in the Appendix of the RECORD a letter written by him to Edward A. O'Neal, president of the American Farm Federation Bureau, in reply to certain inquiries made by Mr. O'Neal relative to gold and silver legislation, and so forth, which appears in the Appendix.]

DISABLED AMERICAN VETERANS OF THE WORLD WAR

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD an address delivered on November 8 by Mr. Maple C. Harl, national commander of the Disabled American Veterans of the World War, which appears in the Appendix.]

BUSINESS CONDITIONS IN AMERICA—WHAT IS THE MEANING OF THE "RECESSION", SO-CALLED?

Mr. LEWIS. Mr. President, I beseech the Senate to give me its audience for a few moments. I desire to submit some suggestions on a subject aside from the pending bill.

Mr. President, I put the query to this honorable body: What is the matter with America, and what is the matter with the people?

This morning from the press we read that the New York stock market—to take but a single barometer—has fallen precipitously for many weeks; that throughout the East uncertainty and general fear prevail; and that the belief prevails that this major recession has been caused to no small degree by the New Deal policies in general, and the tax laws of the Roosevelt administration in particular. It is said that this belief has become so general that for the first time since 1930 there appears to be a majority in Congress disposed against the administration and in behalf of the businessman. How can anyone be for the businessman and not be for the President? The President has constantly announced his advocacy of the business of the businessman.

Mr. President, I call to the attention of the Senate this statement. I invite you to consider also the fact that a statement of a similar nature comes now from San Francisco, Calif. I so read. I ask my colleagues, What does it mean that there should be in different parts of our country at this particular time such a concurrence by chosen voices in the denunciation of their own country? There is a union of these agencies in a condemnation of the administration of their Government. All this is, in such unison as we are now having it, disclosing for its purpose an intention to depress the confidence of our people in our own country, and evidently to drive the Members of this honorable body and their colleagues in another body to some purpose of those who are the authors of the system and inaugurated the conspiracy.

Mr. President, I invite the attention of my honorable colleagues to the fact that last night, in one of our great cities of the Republic, there arose a voice ostensibly in behalf of what are defined as manufacturers; another voice in another city raised up in behalf of what was said to be the expression of economists; and, in another part of the United States, a voice in behalf of what was said to be peace and confidence. We observe, sir, that each of these assailed their country on the same ground. These spokesmen attacked the administration for the same purposes. Each charges in similar phrases to each other that the country is falling into dismembered fragments. It is announced that the finance of the banks is frustrated and the credit of the country assailed to echo through the world. The standing of our country is so diminished by accusation as to leave it unworthy of the confidence of an American.

Mr. President, one looks in vain to find a justification for this sort of thing. We note we must feel that the manufacturers and finance are misrepresented. I again ask, Where in truth is this country? How in truth does it stand?

I concede, sir, that, in the ordinary mutations of business and commerce in all seasons, and daily, stock markets rise and fall; but behold this country as it stands as to honest material of just speculation on exchange! Our credit in finance today is greater than that of any other country on earth. Our standing before the world in credit is the very highest. Business in our land is prosperous, barring one or two instances, such, for example, as the decrease for a while in the demand for steel as building moves slowly and, if you please, something of a decadence in the construction or selling of automobiles, caused by war, of nations decreasing export sales.

If you please, sir, turn about you, see the spectacle! The vaults of the banks are stifled with money. Our national credit is so high that on but day before yesterday the bid for the bonds of the Nation in a new Treasury finance exceeded by 15 times the necessity. These bonds pay but 2½ and 1½ percent.

At this time we behold, sir, seven great nations of the world tendering us their securities bearing from 5 to 7 percent, while the great commercial bodies all around us of an industrial nature—in many respects of the highest class—heretofore yielding splendid profits, tender their securities bearing from 5 to 7 percent. Yet our people demonstrate their confidence in the administration here in government, in the Treasury and its securities, in such manner as you have seen from time to time, particularly during the past few days, giving their preference and their confidence to the securities of the United States.

Sirs, there must be some reason behind these assaults which seem to come from so many quarters, so very far apart geographically, and yet seemingly of the same consistency, and almost of exactly the same language. Surely Senators will have interest enough to ask themselves the question, "What is the purpose of this? Is it the hobgobblin of deranged minds?"

In one instance we are told from the East, "It is the Roosevelt tax laws." In another instance we are told, "It is the New Deal measures." In still another instance we are told, "It is the general policy of the administration."

What particular policy do these gentlemen refer to that has adversely affected the credit of this country? What particular thing do they assert has decreased, if you please, and demeaned the credit of the National Treasury? The President accedes to the business demand of the power companies, and to reducing and abolishing the taxes claimed to be burdensome. Business, finance, and agriculture are now in full cooperation. Is not that the state of completion of full confidence, trust, and success?

Where is the particular thing to which the megaphone, banquet, and radio proclaimers allude as causing the stock market to rise and fall that is of a legislative character? Is this the standing claimed as cannot be respected by honest men in the land? We ask the commanding question here: What is the motive behind these assaults, as well as what is the reason of these combinations concurring one with the other in misrepresentations of all true business and faithful business organization?

Mr. President, I beseech the Senate to hear me while I invite them to a bit of the history of the country. Do Senators feel there is something new in this particular course that has been taken at this time? Indulge me to the point of vexing your patience. I speak of that which is within your memory. I shall not hark back beyond that merely to recite recorded history.

In 1914, the off year after the election and preceding the Presidential election in 1916—and I hope the leaders of both political parties will catch this, because each participated in legislative action during the time—the World War was on the world. Promptly in 1914 there arose in this country suddenly and all at once a general assault upon the credit of the United States. There arose a hiss and scorn upon and a denunciation of anything there was of government. The result was that we could not get a cent to bring the farmers' goods to the railroads. We could not get the money to ship his goods to the consumer. The then Secretary of the Treasury, now the junior Senator from California [Mr. McADOO], took the step, with the aid of the President, in putting the Treasury behind agriculture to get the products to the market.

At this time the securities of our land fell on the stock market with great suddenness; fright existed all over the land. Eminent gentlemen supposed to represent finance and commerce began denunciation upon their country. The administration was held up before the world as lacking worth or confidence in various respects. One charge was that our Nation did not join in war with haste. Then, secondly, the charge was made that the policies under the Wilson administration were the kind destructive of business, of credit, and of honor.

It may be that Senators feel that these charges initiated this feeling of unrest. Far from it. It was the product of the design. Hear me while I recite that under Theodore Roosevelt in 1906 and 1907, in the off year, war was going on between Russia and Japan, and promptly, with suddenness, came an assault on this distinguished President and his policies, denying him the right to respect, withholding the people's confidence from him. He was demeaned as lacking in intelligence. He was accused of being an anarchist and his legislation of being destructive to all principles and products of America.

It was then that in this honorable body Senators were compelled to find their recourse as refuge in different forms of legislation, some of which went by the name of railroad legislation and others by designation of Treasury finance.

But the fact is evident that we see how absolutely duplicated today is of that which was in 1914 an off year. Now, in the off year of this administration, while war is pending in Asia, occupying all of Asia, war in Europe induced by conditions in Spain, with a terror hanging over England and France because of Germany and Russia, we find the very same element throughout the land, directed by certain influences of the exact nature, duplicating the very conduct that we saw during these other days of war and under similar circumstances and situations. Behold the similarity and answer, "Why?"

We ask, "What does it mean?" May I ask the question of you, Mr. President, Is it possible that these eminent speculators throughout the country bide their time to depress the stocks of their own Nation and then to purchase them in, and then to raise the price to the highest possible mark; then seize the products of the farmer from the farm, the results of the manufactures from the factories, at the very lowest prices to which they have been depressed, and then lift them to the very highest prices that monopoly will induce, and so sell them to the great profit of the manipulators? Is not that just what was done under the war days of 1914, following what was done under the war days in the time of Theodore Roosevelt in 1906 and 1907?

Now, what do we find? Is it possible, I ask, that these speculators have conceived that if they can start a policy in this Government of making every human being feel that whatever stock he possesses is already tainted with utter failure and dishonor and every form of undertaking is likewise, if you please, decreed to its death, that from this result they can frighten the body which we know as the Securities Commission from any further enforcement of the law that compels the showing of a just amount of property behind a stock before it can be issued? Is it possible these masters at last conceive again what they did in 1907 and 1914, and what we know they did in 1929—that by doing this they can have those who are possessed of anything dispose of it at any figure, and they can then issue new stock in the form of certificates with nothing to sustain it but water and audacity, and then sell those stocks to America under whatever guise they please, while their rottenness will rob the widows, cheat the poor, and leave the country bereft of its financial honor?

Let us have no misunderstanding. Let us have a true understanding. I propound to my honorable colleagues of whatever political faith, How could there have been in San Francisco in one night, in the city of New York the same night, in a town in New England the same evening, and in the city of Washington the same noon, the very same speeches upon the very same ground? I hope the honorable gentlemen of the press will not fail to note that I openly charge that it could not have been done without some understanding had preceded it. There is no system which the mind can devise and now pronounce that there could have been an induction of that nature to the undirected mind that such could have expressed itself in harmony of words except that their minds were completely dominated by suggestion or direction from some superior, subterranean, and controlling force.

We come to the point. Here are the businessmen of this country anxious to join with the President, the President anxious to join with them, in complete communion and harmony. There is not the slightest dissatisfaction among those who are the real business. The toilers heretofore seem to have smoothed out their conflicts in the unions and are living together again in harmony, while we stand before the world everywhere with credit undisturbed, with honor conceded, with the very highest degree of commercial grandeur. We are the one and only nation in the world wholly at peace with itself. There are no riots in our land among our people. There are no disturbances among our people from fright or terror. There is no sense of abhorrence or shuddering upon the theory we are on the verge of war. There is nothing that indicates an alliance, or can be, with foreign forces to join with them in controversies they may have with their neighbors in the prospect of war they may have with other nations.

Why should the countrymen in our own land choose to dishonor our own country by discrediting it upon a false basis and holding it up before the world as unworthy of legitimate confidence that attends all business enterprises? Who is it that will profit by this?

When those gentlemen, whoever they are, which have frightened the poor woman with a small security to have her sell it at a complete loss and robbed the estates of the little possessions which they may have from which income may have been afforded, and then the little-business man shall be compelled to get rid of what he possesses on the ground that what he has is a loss and then induced to enter doubtful investments again, this result will reproduce exactly the situation of 1929–30. Will those people who are the creators of the desecration have been rewarded when they have brought disaster upon their own people, set dishonor upon their own Nation, and brought disgrace upon their own countrymen?

Where are those who are to be called statesmen? Let us give out a word from this honorable body. Those people are deceiving none who have intelligence. They will not be further allowed to mislead those of patriotism. The point is clear, the understanding is evident, that the dishonor behind it is one that has been clearly calculated to result in confusion and embarrassment.

On this floor at this moment, daring to be something of a spokesman for my honorable colleagues on both sides of the Chamber, I announce the time has come when we here reveal these people and now declare to them that this Government will not yield to peculators in their offense nor to speculators in their crime. This is a Government of patriots who will sustain their country by every sacrifice. This is a body which will stand squarely in defense of our country. We insist upon the indulgence and enjoyment of prosperity by its whole people and the patriotism of this Nation to denounce and punish all conspiracy against the people and the Nation of America.

I thank the Senate for allowing me to break into the debate at this time. [Applause on the floor.]

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The VICE PRESIDENT. The clerk will state the pending amendment.

Mr. BORAH. Mr. President, before we take up the next amendment I should like to know what became of the amendment of the Senator from Louisiana [Mr. OVERTON]. It was passed over last evening, and I want to call it up, if I may do so this morning, because if it is adopted it will in part take care of another matter which I have in mind.

The PRESIDING OFFICER (Mr. LOGAN in the chair). If there is no objection, the amendment of the Senator from Louisiana [Mr. OVERTON], referred to by the Senator from Idaho [Mr. BORAH], will be laid before the Senate for consideration.

Mr. OVERTON. Mr. President, the amendment I proposed has been thoroughly discussed on two different occasions before the Senate. Yesterday the junior Senator from Washington [Mr. SCHWELLENBACH] expressed a desire to postpone consideration of the amendment until he had an opportunity to study it further. He advised me this morning over the telephone that he has no objection to the amendment.

The purpose of the amendment is simply to protect soil-conservation payments.

Mr. McNARY. Mr. President, I think the amendment should be stated before the discussion proceeds.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the committee amendment, on page 11, it is proposed to strike out lines 18 to 25 and to insert in lieu thereof the following:

(c) Notwithstanding any of the provisions of this act, parity payments for cotton, wheat, and corn in any marketing year shall be computed on the basis of the payments available under the Soil Conservation and Domestic Allotment Act, as amended, in case such payments are greater than the payments available under this act.

Mr. OVERTON. Mr. President, as far as I know, there is no Senator now objecting to the amendment. I ask the junior Senator from Washington, whom I see in the Chamber, whether he suggests any modification of the amendment, or whether he is satisfied with the amendment as it is now proposed.

Mr. SCHWELLENBACH. Mr. President, if the Senator will yield, I have discussed the amendment with the Department this morning, and they have no objection to it. Therefore I withdraw any objection I might have had to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Louisiana to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

Mr. McNARY. Mr. President, yesterday I asked that the amendment on page 19 be passed over, and that order was made. I am ready to make inquiry concerning it now if the RECORD made yesterday is as I have stated it.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 19, after line 9, it is proposed to insert the following:

(c) Adjustment contracts shall require a cooperator engaged in the production of wheat or corn for market to store under seal his stock of the current crop thereof up to an amount not exceeding the normal yield of 20 percent of his farm's soil-depleting base acreage for such commodity if the Secretary, at any time during the marketing year for such crop or within 30 days prior thereto, determines that such storage is necessary in order to carry out during such marketing year the declared policy of this act with respect to the commodity; but such storage shall not be required if the Secretary has reason to believe that during the ensuing 3 months the current average farm price for the commodity will be more than the parity price therefor. Such storage shall be for the period of the marketing year or such shorter period as the Secretary shall prescribe. Cooperators shall be entitled to obtain from the Surplus Reserve Loan Corporation surplus reserve loans in respect to stocks stored as required by the Secretary under this subsection.

Mr. McNARY. Mr. President, in reading the amendment yesterday it occurred to me that this might work an imposition upon the producers of wheat and corn. As I read the amendment whenever a crop is harvested, what we call a current crop, not to exceed 20 percent shall be sealed and stored, whether in the farmer's home, or in a cooperators' elevator, or in one privately owned. It also provides that this must be done. Then on line 15 this provision appeared:

If the Secretary, at any time during the marketing year for such crop or within 30 days prior thereto, determines that such storage is necessary in order to carry out during such marketing year the declared policy of this act with respect to the commodity—

And so forth. The interpretation I place on the amendment, the manner in which I claim it would work a hardship to the wheat and corn farmer, cotton being omitted, is that a producer would necessarily comply with the terms of the amendment and store 20 percent of his crop for the full year, because if the Secretary decided in the first 3 ensuing months, which would be, according to the bill, July, August, and September, that he needed the storage any time during the marketing year, which is 12 months, he could call upon the farmer for 20 percent of that which had been stored, and if the farmer did not have it stored, he would probably be subject to the penalty prescribed a few pages further in the bill for not reporting correctly, and be fined at least $100.

If I have misconstrued the language, I should like to have it explained by the Senator from Idaho [Mr. POPE] or the Senator from Kansas [Mr. MCGILL], in charge of the bill.

Mr. POPE. Mr. President, I may say, to begin with, that the authors of the bill have agreed to strike out the provision with reference to the hundred-dollar fine in connection with the report. That may be of interest to the Senator.

Mr. McNARY. That is of very great interest.

Mr. POPE. With reference to the amendment now under discussion, my interpretation is that in the contracts it is provided that the Secretary may require storage not exceeding the normal yield, or 20 percent of the farm base. There is a proviso, however, as the Senator will note, to the effect that the Secretary must determine and carry out the policy of the act, and the further proviso that if he has reason to believe that the current price of the commodity will be equal to parity, then he cannot require the storage.

Yesterday the Senator was making the point that the amendments to the bill were more for the benefit of the grower than is desirable.

Mr. McNARY. Oh, no.

Mr. POPE. More to the benefit of the grower and less to the benefit of the consumer than is desirable.

Mr. McNARY. No.

Mr. POPE. That was my understanding of the Senator's position.

Mr. McNARY. Not at all. It is not in the interest of either grower or the consumer, in my judgment. We will leave it that way.

Mr. POPE. The Senator will observe that if the price should fall below parity the Secretary could require the establishment of the ever-normal granary. That is all this whole section means, as I understand it.

Mr. McNARY. The Senator may be wrong, or he may be right. I am thinking about the farmer. In my judgment it would not be safe for anyone who plants and harvests wheat or corn not to withhold from the market 20 percent of his product through the marketing year, which means 12 months, for fear that at sometime, quoting the language—

> If the Secretary, at any time during the marketing year for such crop * * * determines that such storage is necessary in order to carry out during such marketing year the declared policy of this act.

The declared policy of the act is parity prices, the ever-normal granary, and a surplus reserve loan corporation. So, if this language means anything, it declares that the farmer shall place in storage 20 percent during the whole marketing year. It is possible that during that period the Secretary of Agriculture may release it, or he may not release it. To be safe, however, the farmer must keep 20 percent impounded during the whole year, and if he does so, it means he will have to pay storage charges, suffer the loss due to atmospheric depreciation, and interest paid to the corporation or the bank. That may represent the difference between a very large loss and coming out even in his crop year.

Mr. POPE. Mr. President, I call the attention of the Senator, in the first place, to the provision that not to exceed 20 percent is to be stored. The estimates which have been made by the Department and the Secretary are to the effect that perhaps 7½ percent or 10 percent would be all that would be necessary. At any rate, 20 percent is the maximum that might be stored, and the price of the commodity must be lower than parity.

Mr. McNARY. Of course, the Secretary might say 10 percent. I am speaking as a farmer. The market year begins June 1 and is 12 months in duration. The farmer harvests his wheat in July. In the face of this language I would feel it incumbent upon me, commanding upon me, to store at least 20 percent of the crop during the whole marketing year, whether it was released or not, because it provides that that must be done unless it is satisfactory to the Secretary.

Mr. McGILL. Mr. President, will the Senator yield at that point?

Mr. McNARY. Just a moment. It says, "If the Secretary, at any time during the marketing year, determines that such storage is necessary." Of course, but the Secretary has the whole year to determine that fact, and in order to comply with the mandatory language, and save himself from penalties, the farmer would have to keep stored not more than 20 percent of his crop. I think in most instances 20 percent would represent any profit he might make, if he received any at all, because he would have to keep the crop out of the current trade, keep it off the market, pay the storage, the insurance on the wheat, and interest on the money during the whole period. That is the language if I read it aright. It may be satisfactory, but I do not think it is, and I am suggesting to the Senator that we let this go over for sometime and seek to remedy it. I do not want to see a provision like this in the bill.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. McNARY. I very gladly yield.

Mr. McGILL. My interpretation of the language is a little different from that of the Senator from Oregon. The provision is that the Secretary may, during the year, require storage under seal of a portion of a farmer's stock of the current crop year—a portion of his stock. In my judgment that means such as he may have on hand at the time. It is his stock of the current year, not 10 or 20 percent of the current crop year, but 10 percent of his stock, such as he may have on hand. I do not believe it applies to a farmer who might have disposed of his stock or requires him to seal his stock just to see what the Secretary is going to do. In addition to that, I assume the Senator recognizes the fact that the amendment is merely a transposition of language contained in the original bill to this point in the bill.

Mr. McNARY. That may be.

Mr. McGILL. I believe that the Senator, in construing this as meaning that 20 percent of the entire crop must be stored, is not giving a correct construction to the language. My judgment is that it means that if the farmer should have 20 percent of the crop on hand, then he might be required to store it; but it applies at any time during the marketing year as to the stock on hand.

Mr. McNARY. That interpretation cannot be given, because it does not say "stock on hand." On line 12, page 19, it says plainly "his stock of the current crop." What does "current crop" mean?

Mr. McGILL. His stock of the current crop, whatever he might have at the time.

Mr. McNARY. Not at all. The whole bill proceeds upon the theory of a carry-over, which is one thing; of putting it under seal, which is another thing; of the normal granary, which is another thing. The current crop means the crop of this year, not what he might have held over from 1933, or 1935, or 1936.

Mr. McGILL. I concede that if a farmer had on hand 20 percent of the crop of the current crop year, he might be required to store that amount under seal. In my judgment, this provision would not require him to keep it in order to see what action the Secretary would take.

Mr. McNARY. That is a half admission that is bad.

Mr. McGILL. No; it is not a half admission.

Mr. McNARY. If it is three-fourths of an admission, it is bad. As almost a full admission, it is bad. Whether it is stock held over or not, it is not fair to the farmer. But it means the current crop. The Senator cannot get away from that.

Mr. POPE. In a discussion a few days ago, and again today, the Senator from Oregon has referred to the cost of the storage, and has implied that that would be paid by the farmer. I may say to the Senator that there have been two corn loans, I believe, and in each case storage as a practical matter did enter into consideration. All the corn, or practically all the corn, was stored on the farm, without any storage charge to anyone. There is a provision in the bill that the commodity must be the exclusive security for the loan and, I assume, incidental expenses, and therefore, while in the ultimate the producer might have to stand the cost, the crop itself will be sold for enough to take care of the storage and the loan. If not, the Government loses that much.

So as a practical matter I will say to the Senator that under the experience in connection with the other loans the matter of storage has not been an important question.

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). The time of the Senator from Oregon on the amendment has expired.

Mr. POPE. Mr. President, if I may be recognized, I shall take the floor and yield to the Senator from Oregon.

Mr. McNARY. I appreciate that courtesy. The provision that I mentioned is written in the adjustment contract, that 20 percent of the current crop must be placed under seal.

Mr. POPE. Not exceeding 20 percent.

Mr. McNARY. Not exceeding 20 percent. That is in the contract. The farmer cannot get around that provision, because it is a contractual provision.

I wish to make a statement with respect to storage. We had experience in connection with the storage of corn when the Stabilization Corporation was operating under the farm bill. I wrote a report on that measure which was not favorable to the operation of the bill. It was clearly indicated at that time that the man who stores his wheat must pay and does pay 16½ cents a bushel per year for storage. So I say storage is a tremendous item. That item covers simply storage and does not include insurance and interest.

Mr. President, I thank the Senator from Idaho for yielding to me.

Mr. POPE. Mr. President, with respect to corn and wheat the conditions might be different. The farmer might not have on the farm the facilities for storing his wheat that he would have to store his corn. However, about all that can be said with reference to that is that the corn or wheat is the sole security for the charges. There is no personal obligation against the grower. If the corn or wheat when released from the granary does not sell for enough to cover the amount of the loan against it, plus any storage, then the Government will have to stand the loss, and not the producer.

I may say in conclusion on this amendment, that as to any ever-normal-granary plan objections may be raised such as have been made by the Senator from Oregon. However, I do not see anything in this provision, in the light of our experience in respect to other loans made by the Government that would make it unworkable or impractical.

Yesterday the Senator from Oregon referred to the Secretary of Agriculture, and particularly to the letter which the Secretary wrote to the authors of the bill. I may say that the Secretary of Agriculture is in full accord with this provision. It does tend to bring about the storage in an ever-normal granary for the benefit both of the farmer and of the consumer, and there is nothing in this amendment which is contrary to the generous attitude of the Secretary, which was approved by the Senator from Oregon in his discussion of the Secretary's letter. Therefore, I think it is a fair provision; with practical questions, of course, to be answered in the administration of the act. It certainly is not impractical, at least in the opinion of the Secretary, who will administer the act.

Mr. ELLENDER. Mr. President, yesterday during the debate with reference to an amendment appearing on page 14 of the bill, subsection (c), the question was asked by the able Senator from Idaho [Mr. BORAH] where we can find the constitutional authority for this bill. I proceeded to show, as well as I could, the similarity between the provisions of the pending bill and of the Soil Conservation Act, but because of lack of time the Senator from Idaho was unwilling to further discuss the Soil Conservation Act in connection with this bill.

With particular reference to the question of the able Senator from Idaho as to constitutional authority for this bill, I will first cite the Soil Conservation Act. That is the law of the land insofar as we are presently concerned. It is my information that the constitutionality of said act has never been determined, and judging from the attitude of the able Senator from Idaho [Mr. BORAH] it would seem that he thinks the Soil Conservation Act constitutional. As I pointed out during the debate on yesterday, at page 1332 of the RECORD, there is very little difference in the operation of the pending bill and the Soil Conservation Act. The able junior Senator from Idaho [Mr. POPE] presented a very comprehensive brief on the question when he spoke in favor of the pending bill sometime ago.

Mr. President, it is my view that the decision in National Labor Relations Board against Jones & Laughlin Steel Corporation gives ample authority for the Court to uphold the constitutionality of this bill. In that case the Board charged unfair labor practices by the defendant corporation in that the corporation was discriminating against members of a labor union in discharging certain employees. The corporation contended that the act in dispute was in reality a regulation of labor relations and not of interstate commerce; that it had no application to the corporation's relations with its production employees because they were not subject to regulation by the Federal Government; and, finally, that the provisions of the act violated section 2 of article III of the fifth and seventh amendments of the Constitution. The corporation was engaged in the manufacture of iron and steel. It had factories in various sections of the country. It manufactured its products in such localities as it had plants. The question involved was whether or not a particular product, after being manufactured in a particular plant in a particular locality, could be prevented from being shipped through the channels of interstate commerce. The unfair labor practice complained of took place in a certain factory, while certain products were being manufactured, and the Court held in effect that as to those products that were manufactured under the alleged unfair labor practices, they could not be transported in interstate commerce.

In the pending bill there is no effort made to prevent the flow of wheat or corn in interstate commerce until after it is actually produced and after it is determined that the surpluses are such that they will affect interstate commerce; that they are detrimental to the general welfare of the Nation; that they destroy the income of farmers and their purchasing power for industrial products and the value of the agricultural assets supporting the national credit structure. There is no attempt to prevent production. Farmers may produce what they desire even after the national marketing quota is voted upon by themselves.

And I repeat that it is only excessive surpluses, determined to exist and to be on hand, that will be prevented from clogging interstate commerce. It is my belief that the Supreme Court will hold that agriculture is a national and not a local problem, and that the welfare of the Nation depends upon the welfare of the farmer.

In connection with my remarks, Mr. President, I ask unanimous consent to have printed an excerpt from the case just cited, National Labor Relations Board against Jones & Laughlin Steel Corporation.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

In the case cited the Court, speaking through Chief Justice Hughes said:

"Giving full weight to respondent's contention with respect to a break in the complete continuity of the 'stream of commerce' by reason of respondent's manufacturing operations, the fact remains that the stoppage of those operations by industrial strife would have a most serious effect upon interstate commerce. In view of respondent's far-flung activities, it is idle to say that the effect would be indirect or remote. It is obvious that it would be immediate and might be catastrophic. We are asked to shut our eyes to the plainest facts of our national life and to deal with the question of direct and indirect effects in an intellectual vacuum. Because there may be but indirect and remote effects upon interstate commerce in connection with a host of local enterprises throughout the country, it does not follow that other industrial activities do not have such a close and intimate relation to interstate commerce as to make the presence of industrial strife a matter of the most urgent national concern. When industries organize themselves on a national scale, making their relation to interstate commerce the dominant factor in their activities, how can it be maintained that their industrial labor relations constitute a forbidden field into which Congress may not enter when it is necessary to protect interstate commerce from the paralyzing consequences of industrial war? We have often said that interstate commerce itself is a practical conception. It is equally true that interferences with that commerce must be appraised by a judgment that does not ignore actual experience.

"Experience has abundantly demonstrated that the recognition of the right of employees to self-organization and to have representatives of their own choosing for the purpose of collective bargaining is often an essential condition of industrial peace. Refusal to confer and negotiate has been one of the most prolific causes of strife. This is such an outstanding fact in the history of labor disturbances that it is a proper subject of judicial notice and requires no citation of instances. The opinion in the case of *Virginian Railway Co.* v. *System Federation No. 40*, supra, points out that, in the case of carriers, experience has shown that before the amendment of 1934 of the Railway Labor Act, 'when there was no dispute as to the organizations authorized to represent the employees, and when there was willingness of the employer to meet such representatives for a discussion of their grievances, amicable adjustment of differences had generally followed and strikes had been avoided.' That, on the other hand, 'a prolific source of dispute had been the maintenance by the railroads of company unions and the denial by railway management of the authority of representatives chosen by their employees.' The opinion in that case also points to the large measure of success of the labor policy embodied in the Railway Labor Act. But with respect to the appropriateness of the recognition of self-organization and representation in the promotion of peace, the question is not essentially different in the case of employees in industries of such a character that interstate commerce is put in jeopardy from the case of employees of transportation companies. And of what avail is it to protect the facility of transportation, if interstate commerce is throttled with respect to the commodities to be transported?

"These questions have frequently engaged the attention of Congress and have been the subject of many inquiries. The steel industry is one of the great basic industries of the United States, with ramifying activities affecting interstate commerce at every point. The Government aptly refers to the steel strike of 1919–20 with its far-reaching consequences. The fact that there appears to have been no major disturbance in that industry in the more recent period did not dispose of the possibilities of future and like dangers to interstate commerce, which Congress was entitled to foresee and to exercise its protective power to forestall. It is not necessary again to detail the facts as to respondent's enterprise. Instead of being beyond the pale, we think that it presents in a most striking way the close and intimate relation which a manufacturing industry may have to interstate commerce, and we have no doubt that Congress had constitutional authority to safeguard the right of respondent's employees to self-organization and freedom in the choice of representatives for collective bargaining."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 19, beginning at line 10.

The amendment was agreed to.

Mr. McGILL. Mr. President, what was done with the committee amendment on page 8, beginning with line 14?

The PRESIDING OFFICER. The Chair is informed that that amendment was agreed to on yesterday.

Mr. McGILL. I made that inquiry because the language just adopted is a transposition of that language. I thought the language on page 8, beginning on line 14, had gone over at the request of the Senator from Oregon [Mr. McNARY].

The PRESIDING OFFICER. That amendment was agreed to.

Mr. McGILL. Very well.

The PRESIDING OFFICER. May the Chair have the attention of the Senator from Oregon [Mr. McNARY]? The parliamentary clerk has called the Chair's attention to the fact that there was an amendment on page 14 which the Senator yesterday asked to go over. Does the Senator desire to have that amendment considered now? The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 14, line 8, strike out—

Cotton, 45,500,000 acres.

Mr. McNARY. Mr. President, I have disclosed my disapproval of this discrimination against wheat and corn on two occasions. I might repeat that when this bill was taken about the country the farmers were told that it would apply equally to these various commodities. We find that the bill before us is not the same proposition at all. I take a similar view to that taken by the Secretary of Agriculture. The Senator from Idaho just quoted him favorably. The Secretary agrees with me that there should be no difference in the matter of soil depletion base acreage for any commodity. I know that whatever motion I make would not prevail. I do not want to hinder the reasonable disposition of the bill. But I do think, along with the Secretary of Agriculture, and I think in common with every wheat grower and every corn grower in this country, that this is rank discrimination. Similar limitation on corn and rice and tobacco has been removed. Again I commend the perspicacity of the cotton members of the committee. Together with the Secretary of Agriculture, I should like to see all those commodities placed on the same footing. Let us either cut out the base acreage as to wheat and corn or apply it to tobacco, cotton, and rice. I have appealed to the authors of this bill on several occasions to attempt what I would call fair treatment to the producers of these great commodities and not unjustly discriminate against them.

With that statement, Mr. President, I want to vote against the proposition, and I shall have to content myself by casting a negative vote against it.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the amendments on page 14 from line 8 to line 18, inclusive, be voted on as a whole. They all involve the same proposition.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

Mr. POPE. Mr. President, I wish to say that the corn and wheat producers—the leaders who have been instrumental in the preparation of this bill—are the ones who desire the amendment in this form. They think it is to their best interests. They do not agree with the Senator from Oregon that the provision discriminates against the corn and wheat growers. I indicated yesterday and two or three times before that the result reached would be the same so far as allotted acres are concerned. The only thing that can be said is that there are two different methods of arriving at the same result. The representatives of the corn growers and wheat growers appear to desire this method of approach. The representatives of the cotton growers and the growers of rice and tobacco prefer the other method of approach. But the result is exactly the same, and no discrimination is being made against the growers of any of those commodities, because the result is the same.

Mr. McNARY. Mr. President, I take sharp issue with the able Senator from Idaho. I can quote from as many wheat growers and corn growers as he can. I have had numerous letters in opposition to this discrimination. I wonder how many farmers the Senator asked about this matter when his committee went to the country with this bill. The answer must be none of them, because the bill did not contain any difference in the manner of declaring seeding acreage. Therefore, it was not an issue at that time.

Mr. POPE. If the Senator will yield, I will say that in the discussions we had with reference to this matter there were not any complaints on the part of corn and wheat growers.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. Under the order heretofore entered, how many speeches may a Senator make on the same amendment?

The PRESIDING OFFICER. The point of order which the Chair assumes the Senator makes is well taken.

Mr. McNARY. Mr. President, I am out of order; but, to show how different I am from some others, yesterday the Senator from Kentucky [Mr. BARKLEY] spoke five times against the rule, but I was too gentlemanly to invoke it. [Laughter.] I obey it, however, in view of his invocation.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments on page 14, commencing on line 8 and going down to line 18.

The amendments were agreed to.

Mr. McGILL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McGILL. What was done with the amendment on page 18, beginning with the insertion in line 2?

The PRESIDING OFFICER. Those amendments were agreed to on yesterday.

May the Chair have the attention of the senior Senator from Idaho [Mr. BORAH]? The parliamentarian calls the Chair's attention to the fact that the Senator had an amendment to offer at this place in the bill. Does he care to proceed with it now?

Mr. BORAH. On page 7?

The PRESIDING OFFICER. On page 6, line 21, going over to page 7.

Mr. BORAH. Mr. President, in view of the adoption of the amendment offered by the Senator from Louisiana [Mr. OVERTON], I do not desire to hold that committee amendment open any longer. If there is any chance of changing the provision, it will have to be by an amendment to the original text; so I do not care to hold the committee amendment open longer.

The PRESIDING OFFICER. The question, then, is on agreeing to the amendment commencing on line 21, page 6, and going over to line 17 on page 7.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 21, beginning in line 1, to insert:

TITLE II—MARKETING QUOTAS FOR WHEAT AND CORN

LEGISLATIVE FINDING

SEC. 20. The Congress herewith finds as follows:

The production and marketing of wheat and corn constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare.

Recurring surpluses and shortages of supplies of wheat and corn on the Nation-wide market are detrimental to the general welfare of the Nation. Surpluses of such supplies destroy the income of farmers, their purchasing power for industrial products, and the value of the agricultural assets supporting the national credit structure. Shortages of such supplies result in excessive prices to consumers and loss of markets by farmer.

In the absence of effective legislation, surpluses of wheat and corn will accumulate and shortages of supplies will occur.

The general welfare requires that such recurring surpluses and shortages be minimized, that supplies of wheat and corn adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty be maintained, and that the soil resources of the Nation be not wasted in the production of excessive supplies.

The conditions affecting the production and marketing of wheat and corn are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of such surpluses and shortages, maintain their incomes in a fair balance with the incomes of individuals other than farmers, maintain normal supplies of wheat and corn, or provide for the orderly marketing thereof.

The marketing of abnormally excessive supplies of wheat or corn materially affects the volume of such commodities in interstate and foreign commerce, disrupts the orderly marketing of such commodities therein, reduces the prices for such commodities with consequent injury to and destruction of such commerce, causes disparity between prices of agricultural commodities and industrial products in interstate and foreign commerce with consequent diminution of the volume of such commerce in industrial products, and otherwise acutely and directly affects, burdens, and obstructs interstate and foreign commerce.

The provisions of this act relating to wheat and corn, other than the provisions of this title, are necessary in order to minimize recurring surpluses and shortages of the agricultural commodities to which such provisions are made applicable and of other agricultural commodities, the marketing of which is affected by surpluses and shortages of the commodities to which this act is expressly applicable; to provide for the maintenance of adequate reserve supplies and further the orderly marketing of such commodities; and to maintain a fair balance between the incomes of farmers and the incomes of individuals other than farmers. The provisions of this title are necessary in order to maintain an orderly flow of such commodities in interstate and foreign commerce under such conditions.

Mr. BORAH. Mr. President, I simply desire to say that this amendment is a very good legal argument for the bill. While I disagree with the views expressed, I pay tribute to the legal ability of those who may be the authors of this strange amendment.

Mr. McNARY. Mr. President, I differ with my colleague from Idaho. I do not think the amendment is a legal argument at all.

The theory has been advanced by some persons that we must make a stump speech in a bill in excuse for the provisions which follow thereafter. I do not think the language of this amendment has any relation whatever to the bill. It is wholly immaterial, irrelevant, and incompetent.

UNDERCONSUMPTION IS OUR PROBLEM

Mr. O'MAHONEY. Mr. President, let me take the opportunity to say briefly that I do not agree at all with the conclusion expressed in this amendment.

The theory of the amendment is to be read in the last sentence:

> The provisions of this title are necessary in order to maintain an orderly flow of such commodities in interstate and foreign commerce under such conditions.

I am not going to make a speech upon the matter at this time; but, inasmuch as we are about to vote upon the amendment, I feel it incumbent upon me to say that in my judgment the fundamental necessity at this juncture is the stimulation of consumption, not the restriction of production.

I have not a doubt in my own mind that the Congress can pass legislation which will stimulate consumption. No one, I am sure, will disagree with the statement that the problem which confronts the people of the United States is the problem of making it possible for all classes of the population to consume a larger proportion of our agricultural and industrial production than is now being consumed. This is a bill to expand the purchasing power of farmers. I am, of course, very anxious to cooperate in helping to expand the purchasing power of farmers; but whatever we do here will be only temporary in its character unless we find a way of expanding the purchasing power of the industrial population as well.

For my part, I am not ready to agree that it is necessary to begin by restricting production. We should take the first step of increasing the ability of all the people of America to consume the products of the farm.

Restriction of production on the farm necessarily involves a reduction of labor on the farm, and reduction of labor means a reduction of the purchasing power of those who are thrown out of employment.

Mr. McGILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Kansas?

Mr. O'MAHONEY. I do.

Mr. McGILL. The Senator speaks of increasing the purchasing power of the industrial population and thereby increasing consumption. I assume the Senator has reference to the portions of our industrial population who belong to what may be called an employed class, persons who work for industrial concerns. Does not the Senator recognize the fact that the pay roll and wage of those persons have at all times gone hand in hand with the purchasing power of the farmers of the country?

Mr. O'MAHONEY. I recognize the fact that the graphs run up and down together; but, as I see the situation, there has been a restriction upon both pay rolls and agricultural purchasing power. The farmer's best market is to be found in the industrial population of America, in the big cities; and likewise, of course, the best market for the products of the mine and the factory is the farming population of America; so that, in my opinion, the two are indissolubly linked together.

Mr. McGILL. The manufacturers' wage pay roll, as a rule, has amounted each year to the same sum as the gross income the farmers have received for their products. The amounts have been almost the same year after year, so that the purchasing power of one has depended upon the purchasing power of the other; and we are endeavoring here, among other things, to increase and enhance the purchasing power of the farmer.

There is no disposition to produce less than the people will consume. There is no disposition on the part of anybody to do that. So far as I know, no one who is a supporter of this bill advocates a philosophy of scarcity.

Mr. O'MAHONEY. Oh, I quite agree with the Senator.

Mr. McGILL. But we do want to enhance, among other things, the purchasing power of the farmer. Thereby we shall increase consumption; and I think this proposal has to do with that very matter.

Mr. O'MAHONEY. I merely wanted to express my opinion that the conclusion stated in this amendment does not correctly reflect the situation.

Mr. POPE. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. Certainly.

Mr. POPE. Does not the Senator think this is only one phase of the matter? Undoubtedly, as he suggests, other ways of increasing the purchasing power of the consumers are highly desirable—finding new uses for our commodities, and any other way of increasing the purchasing powers of the consumer.

Mr. O'MAHONEY. Of course; I agree to that.

Mr. POPE. I agree with the Senator from Wyoming that too much emphasis cannot be placed upon that; but does not the Senator also see the other side of the picture which is here represented? This bill does not attempt to solve all the difficulties of the farmer, but it is an approach to the matter of keeping up his purchasing power, by increasing

the price he shall get for his commodities. If the Senator agrees that surpluses are injurious to the purchasing power of the farmer through depressing the price he receives, I do not see how the Senator then can avoid conceding the necessity of legislation to deal with surpluses and thereby improve purchasing power, along with everything else we may do to increase the use and consumption of commodities the farmer produces.

Mr. O'MAHONEY. I think there is no great amount of harmony between what the Senator is now saying and the contents of this particular amendment.

In 1933 we passed the Agricultural Adjustment Act. When the processing tax under that act was declared invalid the Soil Conservation Act was passed. This Congress and the Congresses which have preceded it since 1933 have done everything in their power to increase the purchasing power of the farmer by legislation of this character and they succeeded—temporarily. The purchasing power of the farmer in 1935 was vastly greater than it was in 1932; but now we are told that that purchasing power is again falling off, in spite of the emergency legislation, in spite of the Soil Conservation Act. It is my contention that until we find a way of putting the industrial population of America to work at something better than security wages, we shall not begin to solve the farm problem.

Mr. POPE. Let me ask the Senator a question. Assuming that he is largely correct in that statement, would the Senator then leave the matter of surpluses unprovided for? Would he go along in his effort to increase the purchasing power of the consumer generally without dealing with the specific problem of the farmer which he has before him?

The farmer now has a surplus of over 200,000,000 bushels of wheat. If present conditions continue under the soil-conservation program, he may have next year an additional surplus of two hundred or three hundred million bushels. Then he will be facing an actual, concrete surplus of, say, four or five hundred million bushels of wheat. Would the Senator let that go without any legislation, and rest entirely upon the proposition that somehow we should stimulate purchasing power generally among the consumers? Would he let that matter go, and do nothing about it?

Mr. O'MAHONEY. Mr. President, I will say to the Senator from Idaho that I suspect I shall be found voting for this bill, with the Senator from Idaho.

Mr. POPE. I am glad to hear that.

Mr. O'MAHONEY. I am merely expressing my opinion that the conclusions stated in this amendment are not correct. I do not want it to be understood that I share the point of view set forth in this amendment; namely, that the provisions of this bill are necessary to maintain an orderly flow of certain agricultural commodities.

Mr. POPE. I think if we were preparing findings on the question of the effect of monopolistic prices upon the purchasing power of the consumer—in other words, if we were dealing with the consumer's problem exclusively—we could have some very significant legislative findings, and I expect they would appeal to the Senator more than these findings do; but we are dealing with one of the phases of the problem and making findings upon that phase of the problem, and not attempting to exclude all other considerations that may enter into this great problem.

Mr. O'MAHONEY. Another remark I might make is to the effect that the bill, as reported by the committee and being pressed by the distinguished Senator from Idaho, is based upon a different theory from that presented by the Secretary of Agriculture. I am inclined to agree with the Secretary of Agriculture that the restrictive features, the control features of farm legislation, should not come into play until there is a definite surplus.

Mr. McGILL. Mr. President, does the Senator believe we have a surplus of wheat when we have 200,000,000 bushels of wheat more than the domestic and foreign markets will take?

Mr. O'MAHONEY. I would be willing to say "no" to that question for the reason that I believe that what is called a surplus by the proponents of this bill could easily be consumed in the United States if we took the proper steps to stimulate consumption. Our trouble is that too many people are too poor to buy what they need.

Mr. McGILL. Does the Senator take the view that there must be around 400,000,000 bushels of wheat more than we can sell before there is a surplus?

Mr. O'MAHONEY. The opportunity will be presented to me a little later, I believe, to go into a discussion of this matter in greater detail. We shall have no such surplus if the people are all employed. For the present, as I said, I am merely expressing my opinion that the conclusions in this amendment are not well founded.

Mr. McGILL. We have always heretofore regarded about 150,000,000 bushels of wheat as a reasonable carry-over.

Mr. COPELAND. Mr. President, may I ask the Senator from Wyoming what he means by "proper steps to stimulate consumption"? How would he increase consumption?

Mr. O'MAHONEY. The first thing I would do would be to close the door to those monopolistic practices followed by what I believe to be a very small proportion of the industrial leaders of the country, but a sufficiently large proportion to make it impossible for the country to develop as it should develop and to make competition impossible. Too much concentration of economic wealth and power is the greatest impediment to the expansion of private enterprise.

Mr. COPELAND. I thought possibly the Senator meant we might change the practice of our women and have them eat more bread and not slenderize so much.

Mr. O'MAHONEY. I would have them eat more meat, which would be very slenderizing.

Mr. BORAH. Mr. President, we do not have to change the waist lines of the women to have the bread of the country consumed. If all women are permitted to eat, they will all still have slim figures when we get through on the basis of the present production of the United States.

This discussion of a surplus is based upon the fact that the people of the United States are not eating what they ought to have. There is no surplus in the United States except you propose to reduce the population by some 40,000,000 needy people. It is true, by reason of the fact that millions are not getting enough to eat, and necessarily they do not have an ordinary decent standard of living, that there is a surplus, but there is no surplus in the United States except upon that theory. When we talk about 200,000,000 bushels of wheat as a surplus, what is meant is that there are millions of people who cannot get the 200,000,000 bushels of wheat to eat; and we are legislating upon the theory that they are not to have any part or partake of this 200,000,000 bushels of wheat. We are simply closing our eyes and ears and forgetting them.

Mr. McGILL. Is the farmer to be held responsible for the fact that the goods he produces are not properly distributed?

Mr. BORAH. I am not in favor of the farmer being held responsible for it, but I am in favor of holding responsible those who have charge of the legislation of the country which deals with the subject of distribution. Any scheme which seeks to raise farm prices without at the same time dealing with distribution is doomed to speedy failure, and no one knows this better than the farmer. It is amazing to me how people can talk about surpluses when uncounted thousands are praying for that which is called a surplus.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 21, commencing in line 4, and extending to the bottom of page 23.

The amendment was agreed to.

The PRESIDING OFFICER. Certain amendments offered by the Senator from New York [Mr. COPELAND] yesterday went over. Does he care to have them taken up at this time?

Mr. COPELAND. Mr. President, the Senator from Idaho [Mr. POPE] is preparing a further amendment, which I think will be very helpful. Yesterday it was agreed, I understood, that two amendments which I offered, one on page 14, line 2, and the other on page 30, line 10, to insert after "corn" the words "for market" should be considered today.

The PRESIDING OFFICER. Does the Senator ask that those amendments be considered now?

Mr. COPELAND. Yes.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 14, line 2, in the committee amendment, after the word "corn", it is proposed to insert "for market", so the paragraph would read:

(a) There shall be established for each farm of any farmer (whether or not a cooperator), producing wheat or corn for market, a soil-depleting base acreage and a normal yield per acre for each such commodity.

The PRESIDING OFFICER. The other amendment of the Senator from New York will be stated so they may be considered together.

The CHIEF CLERK. On page 30, in line 10, in the committee amendment, after the word "corn", it is proposed to insert "for market", so the sentence would read:

Farmers engaged in the production of wheat or corn for market shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as may be necessary for the administration of this section and prescribed by regulations of the Secretary.

Mr. GEORGE. Mr. President, I inquire the purpose of the amendments?

Mr. COPELAND. Mr. President, it is to make certain that the language in those two places coincides with the definition of market corn at a later place in the bill. At the bottom of page 71 there will be found this definition:

The term "for market" in the case of wheat and corn means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away.

It is to make the use of the language in those places conform to that definition. What we are seeking to do by the two amendments is a part of a general plan to relieve the dairy farmer, who is producing milk for market, from certain restrictions which would otherwise apply. The Senator from Idaho [Mr. POPE] will offer a larger amendment, and I am going to suggest, at the end of line 11, page 72, there shall be inserted the following:

Corn shall also be deemed consumed on the farm if used for silage.

The point is that the restrictions shall apply to hard corn and not to fodder corn.

Mr. McNARY. Mr. President, will the Senator state that again?

Mr. COPELAND. On page 72, at the end of line 11, I propose to have inserted the following new sentence:

Corn shall also be deemed consumed on the farm if used for silage.

I think such an amendment would be in line with the plan to relieve the dairy farmer from restrictions which would be most embarrassing to those of us who live in consuming areas where the question of the price of milk is so important.

Mr. POPE. Mr. President, will the Senator from New York yield?

Mr. COPELAND. Certainly.

Mr. POPE. I inquire of the Senator from Georgia [Mr. GEORGE] if he is clear as to the reason for the amendment on page 14, line 2, following the word "corn", by adding the words "for market"? If he is not, I should like to say to him that the establishment of these base acreages have to do with products grown for market and not consumed at home. In other words, there is no necessity for having base acreage where a man produces for consumption at home. Therefore, the Senator from New York asks that the words "for market" be inserted following the words "wheat and corn" in line 2, page 14, in order to make it clear that those acreages relate to farms which produce for market. Following the word "corn", in line 2 at the top of page 14, it is proposed to insert the words "for market." I think that is a desirable amendment because it is in line with the intention of the authors of the bill and is actually provided at the bottom of page 15 and the top of page 16 where the provision relates to production for market.

Mr. McGILL and Mr. ELLENDER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so to whom?

Mr. COPELAND. I yield first to the Senator from Kansas.

Mr. McGILL. The base acreage is established by this bill, but so far as the provisions of the bill are concerned no one, except those who are producing for market, is governed by them or in any way bound by them. I cannot see where these amendments in any way alter the situation at all. I have no objection to them, but those persons who produce wheat and corn and do not produce them for market are not in any way controlled by the base acreage established under the bill.

Mr. ELLENDER. Mr. President, will the Senator from New York permit me to ask the Senator from Idaho a question?

Mr. COPELAND. I yield for that purpose.

Mr. ELLENDER. With reference to the amendment on page 14, line 2, adding the words "for market", how would that affect the language "soil-depleting base acreage" referred to on page 6, lines 4 and 7, where exemptions are provided for corn and wheat under certain conditions?

Mr. POPE. As I understand, the two are consistent. At the top of page 6 it is provided:

Whenever in the case of corn the aggregate normal yield of a soil-depleting base acreage for such commodity is less than 300 bushels—

And so forth. That is exempt. I do not see that they are inconsistent.

Mr. ELLENDER. Does not the Senator think the language "soil-depleting base acreage", on page 6, should be stricken from the bill? Why is it necessary to have the Secretary of Agriculture fix a base acreage for corn or wheat on every farm in the United States, the production of which is exempt from the marketing provisions of the act?

Mr. POPE. I shall give consideration to the question asked by the Senator from Louisiana and see if there is any inconsistency, and confer with him later.

Mr. COPELAND. Mr. President, have we taken action on my two amendments?

The PRESIDING OFFICER. Without objection the amendment of the Senator from New York to the amendment of the committee on page 14, line 2, inserting the words "for market" after the words "wheat or corn" is agreed to; and without objection the committee amendment, as amended, is agreed to.

The amendment of the Senator from New York, on page 30, will be stated.

The CHIEF CLERK. On page 30, line 10, after the words "wheat or corn", it is proposed to insert "for market", so as to make the paragraph read:

(e) Farmers engaged in the production of wheat or corn for market shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as may be necessary for the administration of this section and prescribed by regulations of the Secretary.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. COPELAND. Mr. President, on page 72, line 11, after the word "household" I offer the following amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 72, after line 11, it is proposed to insert:

Corn shall also be deemed consumed on the farm if used for silage.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

Mr. COPELAND. I have always said "ensilage," but I have found that the experts around here have used the other word.

Mr. POPE. Mr. President, I may say to the Senator from Wyoming that under the amendment which I propose to offer a little later, all the feed the farmer may need for use

on his farm will be exempted from any storage requirement; furthermore, that ensilage put up by the farmer for his own use will not be counted in connection with producing for market, in connection with the marketing quota. In the first place, it would be very difficult to determine the matter, and it seems to us only fair that where corn is put up in the form of ensilage, and for use on the farm, the farmer might well be exempted from the provisions of the proposed act.

Mr. GILLETTE. Mr. President, will the Senator from Idaho yield?

Mr. POPE. I yield.

Mr. GILLETTE. With the amendment to which the Senator has just referred in mind, is it the Senator's thought to exempt from the provisions of the act ensilage which is fed to meat-producing animals for market, or the products of which are going to market?

Mr. POPE. Yes; that would be true.

Mr. GILLETTE. I will ask the Senator if that is not going to defeat the purpose of the bill, in determining production of corn for market? If the Senator will permit me, the thought was to hold the farmer to an adjustment contract if he is producing corn for market, or if he is feeding to animals the meat products of which go to market. The only exemption we have provided is as to corn for home consumption, for the use of the family, the work animals, or animals the products of which do not go into the market. Is it the Senator's thought, in offering this amendment, that we are to open the field again, and if ensilage is put in the silo and fed to cattle, and the corn products used in that method, instead of husking it and putting it in the crib, the farmer is to be exempted from the adjustment contract?

Mr. POPE. That is the effect of the amendment. I think it is a question of debate as to what extent ensilage is fed to hogs and other livestock. My information is that it is not fed to any great extent, and that this exemption would not have any serious effect upon the purpose and effect of the act. It would be very difficult to administer, as the Senator can see. Since the Senator comes from a great corn-producing State, I should be glad to have his opinion as to whether ensilage is used, to any considerable extent in the feeding of livestock, or to such an extent as would impair the effectiveness of the proposed law.

Mr. O'MAHONEY. Mr. President, will the Senator from Idaho yield?

Mr. POPE. I yield.

Mr. O'MAHONEY. If the Senator from Iowa will pardon me——

Mr. GILLETTE. Certainly——

Mr. O'MAHONEY. I was going to say that I think it would be well not to consider this amendment at this time. The Senator from Idaho yesterday read an amendment which has had the consideration of the Department of Agriculture, with respect to the effect on the incomes of producers of livestock, and it seems to me that the amendment now proposed by the Senator from New York is of so much importance in connection with the same problem that the two amendments ought to be considered together. Of course it is a departure from the regular order for an amendment of this kind to be considered until after the committee amendments are disposed of. I feel that the Senator from New York should not insist upon his request for consideration of his amendment at this time.

Mr. POPE. It is entirely agreeable to me that it be considered later, when the amendment which I offered in connection with dairying is presented.

Mr. COPELAND. So far as I am concerned, Mr. President, I have no objection, except that I thought we had an understanding yesterday that all the matters which had to do with the feeding of dairy cattle should be considered together at this time.

Mr. McNARY. Mr. President, I do not find myself in accord with any of the statements made. The purpose of the Senator from New York is to take dairying out of the operation of all the provisions of the bill. The purpose of the amendment I introduced on behalf of the milk cooperators, as well as the amendment proposed by the Senator from Idaho, is to deal with the acreage diverted for soil-conserving and soil-building purposes so as not to expand the dairy industry. That is the distinction between the two theories.

The Senator from New York is discussing a wholly different problem, raised yesterday by the Senator from Idaho or the Senator from Oregon. They are dealing with diverted acres. The Senator from New York is attempting to take out of the bill any matters appertaining to its application to the dairy industry. I can see no reason why we cannot deal with the Senator's problem quite apart from the dairy or livestock problem, which I wish to present in my own time, when we reach the stage of individual amendments.

Mr. GILLETTE. Mr. President, the Senator from Idaho honored me with an inquiry, and I shall answer it as best I can. It is a well-known fact that in the corn areas 85 percent of the corn is marketed on the hoof, as we call it, or in meat-producing animals. Any corn quota such as we have devised here must of necessity take into consideration the 85 percent, rather than the 15 percent. It is also common practice in feeding stock to feed ensilage. A large portion of the corn crop is put into silos and fed to the cattle for fattening, as well as to hogs; and if we are exempting from the provisions of the bill the presentation of an adjustment contract and the necessity for conforming with it corn that goes into animals in the form of ensilage or in the form of ear corn, in my opinion, it will be destructive of the purpose of the bill.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. GILLETTE. Gladly.

Mr. COPELAND. Would the Senator object to this amendment if it were modified to read "Corn shall also be deemed consumed on the farm if used for ensilage to feed dairy cattle"? That would be a relatively small amount.

Mr. GILLETTE. Mr. President, I realize fully what the Senator from New York has in mind and I sympathize with it; but may I suggest to him that if that were done it would stimulate more than any one thing he could imagine the competition in building up the dairy industry in competition with the industry in his own State, because if the farmers in the State of Iowa and in other States could use corn for the purpose of feeding it to dairy cattle and marketing the milk and butter and cheese they would have every incentive to do it and would not be bound by the provisions of the law.

Mr. COPELAND. Mr. President, will the Senator yield further?

Mr. GILLETTE. Certainly.

Mr. COPELAND. If I and the rest of us who are interested in the dairy farmers sit silent when this bill is passed, I suppose the dairy farmer then will thrive as he never has before. Is that the view of the Senator?

Mr. GILLETTE. Mr. President, I may state as a preliminary to my answer that I am a dairy farmer. Before I came to Congress I milked cows and sold the products, and I have every sympathy with the dairy farmers. I am interested, as the Senator is interested, in dairymen in connection with the pending bill and its administration. However, I greatly fear that what the Senator is trying to do would destroy the very thing he has in mind by way of protecting them from the administrative features of the bill.

Mr. ELLENDER. Mr. President, will the Senator from Iowa yield to me?

Mr. GILLETTE. I yield.

Mr. ELLENDER. Is it not a fact that under the bill the dairy farmer can become a cooperator if he desires, and produce all the corn he wants to produce?

Mr. GILLETTE. He must become a cooperator in order to receive the benefits if he is feeding his corn to dairy cattle.

Mr. POPE. Mr. President, will the Senator yield to me?

Mr. GILLETTE. I yield.

Mr. POPE. Is the Senator familiar with the amendment which I read yesterday in the course of the discussion of

this matter, and which is this morning printed, in connection with the dairying features of the bill? Has the Senator read that? I propose to call it section 66, and it will appear at the end of the bill.

Mr. GILLETTE. Mr. President, I am not at all familiar with it. The first time I had it called to my attention was when the Senator rose a while ago and I propounded an inquiry to him with reference to it.

Mr. POPE. This is the amendment to which the Senator from Wyoming referred a few minutes ago as having been prepared by the Department rather carefully to deal with the whole dairying problem. I should be interested in the Senator's judgment on the effect of it in accomplishing generally the purposes which the Senator has in mind.

Mr. DUFFY. Mr. President, will the Senator from Iowa yield to me?

Mr. GILLETTE. I yield.

Mr. DUFFY. In my State, one of the leading dairy States, perhaps, the farmers for years and years have been carefully building up their dairy herds and have produced just enough corn to fill their silos. They have not sold any; it has not gone out into the market at all. As I understand the way the bill would operate, if there were some sort of a national quota, the farmer would either have to cut down or sell off his herd, or he would have to go out where he could, somewhere, in the market, and buy green corn, in the stalks, in order to fill his silo, or else remain with his silo, say, two-thirds or three-quarters full.

Mr. GILLETTE. He could become a cooperator, and he would have to become a cooperator, under the bill. He would be tendered an adjustment contract if he was feeding in that way and could comply with the provisions of the bill.

Mr. DUFFY. As I understand, the bill differs from the House bill. There are no areas provided; it would apply all over the country. There would be no particular corn areas provided.

Mr. GILLETTE. I am not familiar with that.

Mr. DUFFY. In the bill in the House there are certain areas provided where the law can apply as to corn.

My point is that the dairy farmer in my State thinks it is eminently unfair to him, who has never helped to create a surplus in the corn market, who has never sold any corn, who has only produced enough corn to fill his silos in order to get his herd through the winter. Now he is faced with the situation where he has the acreage available, he has been cultivating his soil in accordance with the soil-conserving practices during the year, and suddenly he will find himself up against the proposition that he will not even be allowed to raise enough corn on his farm to fill his silo in order to take his herd through the winter.

It is said he can cooperate and get some benefit payments, but he has his herd, developed over a long course of years, and he will have to sell it or dispose of it in some other way. I do not think the dairy farmers of my State would feel that I was properly representing them if I supported the bill with that kind of a provision in it.

Mr. HATCH. Mr. President, will the Senator from Iowa yield?

Mr. GILLETTE. I yield.

Mr. HATCH. During the discussion which has proceeded I think perhaps there may have been some misunderstanding as to the effect of the amendment. I was about to ask whether the Senator from New York would not have his amendment printed and let it go over for the day, so that we could study it and see just what its effect would be. Would the Senator from New York be willing to do that?

Mr. COPELAND. I am perfectly agreeable to that. If that is to be done, I suggest that the other amendment, which the Senator from Idaho [Mr. POPE] will present, be printed also, so that we may have that, too.

Mr. POPE. Mr. President, will the Senator from Iowa yield?

Mr. GILLETTE. I yield.

Mr. POPE. May I inquire what point we have reached in the bill?

The PRESIDING OFFICER. The parliamentary situation is that unanimous consent was given for the consideration of the amendment offered by the Senator from New York to the text on page 72.

Mr. O'MAHONEY. Mr. President, I thought that before consent was granted there was an interposition. I took the floor, and, while not making a formal objection, I did ask the Senator from New York to let the amendment go over, and he has now granted that request.

The PRESIDING OFFICER. The question is on passing over until tomorrow the amendment of the Senator from New York.

Mr. McNARY. Mr. President, I think it is proper, but I do not want any limitation as to tomorrow, because we might not reach it until several days after tomorrow. May we have an understanding that it merely goes over without prejudice?

Mr. GILLETTE. Mr. President, before that is done I should like to say a word. I have every appreciation of the difficulty which has been referred to by the Senator from Wisconsin. This is so important to the dairy farmers, it is so important that an amendment be not adopted that would destroy the bill, I think it should be approached with a great deal of care. So far as I am concerned, I should be glad to have it go over and to see if something could be worked out. I doubt very much whether anything can be worked out, but I hope something can be.

The PRESIDING OFFICER. The Chair has been informed by the parliamentary clerk that the use of the word "tomorrow" in a request of this kind means when the Senate is ready to take the matter up, and does not necessarily mean the next day.

Is there objection to the request? The Chair hears none, and the amendment of the Senator from New York [Mr. COPELAND] will be passed over.

The clerk will state the next committee amendment.

The next committee amendment was, on page 24, line 1, to strike out the heading—

Marketing quotas.

The amendment was agreed to.

The next committee amendment was, on the same page, in line 2, to insert:

Establishment of quota.

The amendment was agreed to.

The next committee amendment was, on page 24, in line 4, after the word "for", to strike out "any major agricultural commodity" and insert "wheat or corn", so as to read:

Whenever on the thirtieth day prior to the beginning of the marketing year for wheat or corn.

Mr. McNARY. Mr. President, when this bill was taken out into the country and read to the country folks the marketing quota applied to all of the commodities mentioned in the bill. As I recall, now the marketing quota, particularly in this fashion, does not apply to cotton, tobacco, and rice.

Mr. POPE. Mr. President, will the Senator yield at that point?

Mr. McNARY. I yield.

Mr. POPE. I call the attention of the Senator to the fact that the marketing quota does apply to those commodities, but not at this point in the bill. The cotton quotas are to be found, for instance, on page 31, and the tobacco and rice quotas are found later in the bill.

Mr. McNARY. Oh, yes; they apply, but not in the manner that wheat and corn are dealt with.

Mr. POPE. Substantially so.

Mr. McNARY. Oh, no. I will demonstrate that to the Senator before I get through. It is just another discrimination against the producers of wheat and corn.

Mr. President, in presenting this matter it is necessary to look at lines 8, 9, and 10 on page 24. There the percentages are given which appertain to the establishment of quotas. The language is stricken out. I should like to ask the Senator from Idaho [Mr. POPE] or the Senator from Kansas

[Mr. McGILL] why they have stricken out the percentages found in lines 8, 9, and 10 on page 24 of the bill?

Mr. POPE. Mr. President, the figures have been transferred to another portion of the bill, and were necessarily stricken out at this point.

Mr. McNARY. Is there a provision in another portion of the bill dealing with the matter of cotton exceeding 15 percent of the normal supply? If so, I should like to have the Senator point it out.

Mr. POPE. I understand that the percentages with reference to different commodities vary. The provision with respect to cotton will be found in the cotton section of the bill. The provision of 20 percent for wheat is stricken out on page 24 of the bill; likewise the provision of 10 percent with reference to tobacco and other commodities. They are dealt with in other portions of the bill.

Mr. McNARY. But as the bill was taken around the country the Senator must have told the farmers that prior to the beginning of the marketing year cotton, wheat, corn, tobacco, and rice were going to be dealt with, and when the Secretary of Agriculture had reason to believe that the total supply would exceed the normal supply thereof by the following percentages, cotton, 15 percent; wheat, 20 percent; field corn, 10 percent; tobacco, 10 percent; and rice, 10 percent; the Secretary then should hold hearings at some principal place in the area or areas.

I am now asking the Senators why they struck out the reference to wheat, cotton, and rice; also the percentages; and if they inserted those percentages at some other point, where they inserted them?

Mr. POPE. Mr. President, if the Senator will read on beyond the portion stricken he will find that the provision with respect to wheat is 10 percent, instead of 20 percent, and corn 10 percent. As I said a few moments ago, the provisions relating to rice, cotton, and tobacco are in other portions of the bill which deal with those commodities.

Mr. McNARY. I ask the Senator, in what other portions of the bill is to be found this language which is stricken from the bill at the place that I am referring to—the bill which the Senators took out to the country folks?

Mr. POPE. I will leave those matters to Senators who are familiar with them. The Senator from Alabama [Mr. BANKHEAD] is familiar with the cotton provision.

Mr. McNARY. I am willing to yield to any Senator. I simply asked the question.

Mr. BANKHEAD. Mr. President, if the Senator will examine page 33 of the bill he will find that 35 percent is declared to be a reasonable carry-over at the end of each marketing year.

Mr. McNARY. Oh, yes. We discussed that matter the other day. I said to the Senator that I thought 35 percent was a reasonable carry-over. That does not have anything to do whatsoever with what I am discussing. I have appealed to someone to explain to me about the marketing quota. When this bill was taken out and read and explained to the country people it provided the marketing year for all these commodities; and when the Secretary believes that the total supply exceeds a certain amount—that is, the carry-over, plus the estimate of the current year's production—then what does he do with all these commodities? He holds hearings when he believes that the total supply at the beginning of the current year, which is June 1 for wheat and August 1 for cotton, will exceed the normal supply therefor, that is the average over a period of 10 years, by the following percentages: Corn 15 percent, wheat 20 percent, and other percentages for other commodities. That is the bill the boys down on the farm were discussing.

Mr. BANKHEAD. Not in the cotton section.

Mr. McNARY. Did Senators have a different bill which they took down to the cotton section of the country?

Mr. BANKHEAD. We did not take any down.

Mr. McNARY. Oh, Senators did not take any bill down?

Mr. BANKHEAD. No; we did not. We went through the country searching for the views of the farmers.

Mr. McNARY. That is a revelation. I thought Senators were down there studying.

Mr. BANKHEAD. I hope that will satisfy the Senator on the cotton question.

Mr. McNARY. It explains many things.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. ELLENDER. I desire to state to the Senator from Oregon that it was my privilege to attend all of the meetings, and the only place where the bill was mentioned to any extent was in the Northwest. In the South it was seldom referred to.

Mr. McNARY. Senators were ashamed of it in the South?

Mr. ELLENDER. No; that is not the reason. The commodity under discussion was different from the one produced in the South. The farmers of the Northwest desired voluntary control and those from the South favored control with teeth in it if we could give it to them.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. McNARY. Mr. President, I like to be accommodating to Senators, but my 15 minutes are rapidly being used up. I will yield, however, to the Senator from Kansas.

Mr. McGILL. I have several times stated on the floor of the Senate, and I do not think I should take time to reiterate it, that at each and every meeting of the subcommittee, of which I happened to be chairman, it was announced to those who assembled that the scope of the hearing was not limited to the terms of any bill pending in Congress, and that all farmers were entitled fully to express their views. My judgment is that some farmers had read and discussed this bill, and that the committee amendments have been adopted because they are in line with the expressed views of the farmers who came before the subcommittee.

Mr. McNARY. Mr. President, there is no imputation upon my part that the eminent Senator from Kansas is unfair at all. I have never intended to convey that impression to him. I think it is just unfortunate that he had to take this sort of a bill around and talk to the boys about it.

Mr. McGILL. The Senator is in error in saying that I took the bill around and talked about it. We discussed all bills pending in the Congress and called attention to them. So this bill was not particularly brought to the attention of those who assembled.

Mr. McNARY. I do not blame the Senator for not particularly bringing it to the attention of the farmers.

Mr. President, I have only a minute or so left. I have not heard an explanation by anyone as to why wheat and corn have again been placed on a basis wholly different from that told to the boys down on the farm, and without any cotton limitation whatsoever, excepting on a quite immaterial matter, quite an unrelated matter referred to by the Senator from Alabama [Mr. BANKHEAD], which refers to a normal year of domestic consumption and the carry-over therefor. I suppose my inquiry will simply result in my taking my seat and not having an answer, but I think it is another example of unfair advantage and discrimination against the corn and wheat producers.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Oregon yield to the Senator from Wyoming?

Mr. McNARY. I yield.

Mr. O'MAHONEY. What is the Senator's understanding of the requirement which brings the marketing quotas into effect with respect to cotton and tobacco?

Mr. McNARY. That is found in section 21. There are three levels of production. The total supply must be ascertained by the Secretary of Agriculture. When he ascertains the normal supply, and if he finds that the total supply is greater than these percentages, then he calls a meeting in the area.

Mr. O'MAHONEY. Will the Senator for the benefit of the RECORD state precisely and briefly the difference, in his opinion, in the operation of this bill as now presented to us with respect to wheat and corn, and its operation with respect to cotton and tobacco?

Mr. McNARY. There is no operation regarding cotton, tobacco, and rice in this respect. This provision deals with

corn and wheat, and it is the preliminary step which must be taken before a quota is to be placed. If the Secretary's findings conform to the language of the bill, then the Secretary calls a public meeting at which time he tries to ascertain the facts. He does not need to do that, because the Bureau of Agricultural Economics would have all this data in its possession long before, and in better shape than the farmers could give it. But it is an attempt to show that they are very fair to the farmer in calling a meeting and in getting the facts and statistics. As to cotton, as to tobacco, and as to rice, no meetings of this kind are called whatsoever.

Mr. O'MAHONEY. In other words, the wheat and corn farmers are the only farmers to be called in under this section?

Mr. McNARY. Exactly, and for a useless purpose, because, I repeat, the Bureau of Agricultural Statistics, the Bureau of Agricultural Economics, would have all this data in their possession long before and in better shape than the farmers could give it.

Mr. POPE. Mr. President, may I ask the Senator from Oregon one question?

Mr. McNARY. Yes.

Mr. POPE. Whenever the Senator finds different treatment of different commodities in connection with this bill, he immediately asserts that the corn and wheat farmers are discriminated against; and he makes that assertion in connection with this particular amendment. Will the Senator state clearly, and as simply as he can, in what way the corn and wheat farmers are discriminated against in connection with marketing quotas?

Mr. McNARY. I have stated in this instance, as I have done probably seven or eight times before, that the discrimination has been against the wheat and corn farmers in favor of the producers of rice, tobacco, and cotton, because in the case of those commodities, whenever there is a requirement of any kind, whenever the Secretary is given any power whatever, whenever a rule or regulation is promulgated, those commodities are taken out of the bill, and again adjustment contracts are required of wheat and corn growers, and various benefits are withheld and penalties imposed. When you went out to the folks at home, you told them that they would be called into a meeting, and that if certain crops were found to be in excess of certain percentages the movement for a quota would be started. This is preliminary to the establishment of a quota. It is the first step. When you came in here with the bill, you required the wheat and corn producers to come to these meetings; you reduced the percentage; you cut out entirely the requirements as to the cotton and tobacco and rice producers. They are all the first movements, the initiatory proceedings, to bringing about that which I think is the cruel thing in this whole matter—the imposition of a quota upon all these commodities.

Mr. POPE. Mr. President, does the Senator regard it as a cruel thing to the wheat and corn farmers to advise with them before such a quota is put into effect? I do not know whether that is wise or not; but does the Senator regard it as a cruel and discriminatory thing to call them in, advise with them, and ask them whether they want it or not?

Mr. McNARY. Oh, no; the Senator from Idaho did not get the application of the word I used. Bringing the farmers together in a meeting is a useless thing. It is a foolish thing. It is an unnecessary inconvenience. The cruelty, as I have stated and as I think we shall be able to demonstrate, comes in the quota, and the punishment which follows for disobeying the quota. That is the cruelty; but this is the preliminary step which you take after you get the farmer to the meeting, before you place him on a quota and provide a punishment for his noncompliance with it.

The PRESIDING OFFICER. The time of the Senator from Oregon on the amendment has expired. The question is on agreeing to the amendment reported by the committee. Without objection, the amendment is agreed to.

Mr. McNARY. Mr. President, I cannot permit it to be said that the amendment is agreed to without objection. If that were done, the RECORD would carry the impression that the Senate was unanimously in favor of the amendment. I certainly wish to urge my most hearty and stout opposition to the amendment.

The PRESIDING OFFICER. The Chair will again put the question after the amendment is stated by the clerk.

The CHIEF CLERK. On page 24, line 4, it is proposed to strike out "any major agricultural commodity" and insert "wheat or corn."

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, on page 24, line 8, after the word "percentage" and the colon, to strike out "Cotton, 15 percent; wheat, 20 percent; field corn, 10 percent; tobacco, 10 percent; or rice, 10 percent" and insert "Wheat, 10 percent; corn, 10 percent."

Mr. O'MAHONEY. Mr. President, I desire to call up the amendment, printed several days ago, and offered on behalf of my colleague [Mr. SCHWARTZ] and the two Senators from Colorado [Mr. ADAMS and Mr. JOHNSON], perfecting the committee amendment by striking out "10 percent" with respect to corn and inserting "15 percent."

I trust that the managers on behalf of the committee will accept the amendment.

The PRESIDING OFFICER. The Senator from Wyoming offers an amendment to the amendment reported by the committee, which will be stated.

The CHIEF CLERK. On page 24, line 11, in the committee amendment, after the word "corn," it is proposed to strike out "10 percent" and in lieu thereof to insert "15 percent."

Mr. BORAH. Mr. President, what is it that is changed to 15 percent?

Mr. O'MAHONEY. Mr. President, the provisions of the bill as reported by the committee are to the effect that whenever the Secretary finds, at the beginning of the marketing year, that the supply of wheat or corn will exceed the normal supply by more than a certain percentage, the Secretary shall call the meetings of which the Senator from Oregon [Mr. McNARY] was speaking a short while ago. The Department of Agriculture has been of opinion that these meetings should not be held until, with respect to corn, the normal supply was exceeded by 20 percent. The House bill provides 15 percent and the Senate committee is advocating 10 percent. The change from 10 to 15 percent makes this provision of the bill agree with the House provision, and, in the opinion of those of us who offer the amendment, is an improvement from the point of view of the livestock interests.

Mr. McGILL. Mr. President, the original bill provided for 10 percent in the case of corn.

Mr. O'MAHONEY. That is correct.

Mr. McGILL. I should like to know the attitude of the Senator from Iowa [Mr. GILLETTE] with reference to the proposal of the Senator from Wyoming, inasmuch as it affects the corn farmers more than any others.

Mr. GILLETTE. Mr. President, in response to the inquiry directed to me, expressing my personal views, I am in accord with the Senator's proposal; and I understand, further, that it has the approval and is in accordance with the desire of the Department of Agriculture. Am I correct in that statement?

Mr. O'MAHONEY. That is my understanding.

Mr. GILLETTE. Personally, I have no objection to the Senator's amendment.

Mr. POPE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Idaho.

Mr. POPE. I think there is a mistake in the last statement made by the Senator from Iowa, and that at this point the amendment is not in accordance with the desire of the Secretary.

In the letter, the Secretary said that he desired the original provisions of this bill, called the Pope-McGill bill, to remain. It is very easy to confuse two things here. With reference to the normal supply, in the original bill there was

provision for a 5-percent carry-over. In other words, the domestic consumption, the exports, and 5-percent carry-over were to constitute the normal supply. Then there was this provision above normal supply, which represents the point when marketing quotas may go into effect, depending upon the vote of the farmers. So, as I understood the matter, the Secretary referred to the cushion, or the percentage of carry-over in the normal supply, in his letter.

Mr. O'MAHONEY. I am not referring to the Secretary's letter, and I may say that I have not talked over this particular amendment with him personally; but I have talked it over with certain experts in the Department, and it is my understanding that this amendment is in general agreement with the point of view of the Department.

Mr. McGILL. Mr. President, if the Senator will yield, in the bill as it was originally introduced the term "normal supply" as applied to corn meant a normal year's domestic consumption and exports, plus 5 percent. I have not had the matter called to my attention in just the manner proposed by the Senator's amendment.

Mr. O'MAHONEY. I have offered an amendment to that provision also.

Mr. McGILL. If the Senator has an amendment to that provision, does he intend to restore the 5 percent to normal?

Mr. O'MAHONEY. Yes; I am going to ask that that be restored. As a matter of fact, our amendment provides for 7 percent.

Mr. McGILL. Then that would increase the amount of corn on hand 10 percent more than the bill now provides for before a marketing quota could go into effect?

Mr. O'MAHONEY. No; the provision which is being amended here deals only with calling these meetings; and, as I think has already been very well pointed out, the meetings are more or less pro forma. As the bill provides, the Secretary shall within 15 days call a meeting to obtain the facts; and, of course, the facts will already be very well known. The truth of the matter is, the farmers will be appealing to Washington for the facts.

Mr. McGILL. If the Senator from Iowa [Mr. GILLETTE] has no objection to the amendment, I do not know that I should raise any; but I feel that the two provisions should be considered together.

Mr. POPE. Mr. President, if the Senator from Wyoming will yield, I desire to say that those who prepared the bill, including very able representatives of the corn growers of Illinois, and I think in Iowa and some from Kansas, were very positive in their opinion that the bill should remain as it is with reference to 10 percent in connection with the corn quota.

So far as my State is concerned, I have no particular concern about this amendment. We do not raise corn for market to any practical extent; but those who prepared the bill, and those who have been presenting the bill to farmers all over the country, and particularly corn farmers, are insistent that they be given an opportunity to put into effect these marketing quotas without accumulating such a surplus of corn as would be represented here—15 percent, according to the Senator's amendment, and another 5 percent, which would be 20 percent, before a marketing quota could go into effect.

Mr. O'MAHONEY. This matter, of course, goes to the very heart of the problem. No one can have followed this discussion from the day the bill was brought before the Senate to this minute without realizing that, dealing as we are with a limited number of agricultural commodities, we are setting in motion a chain of causes which inevitably will affect dozens of other agricultural commodities. We have spent I do not know how many hours discussing the effect of this bill upon the dairy industry. It is perfectly obvious that if we take certain acreage out of the production of one commodity, we turn it over to the production of another commodity. To prevent a surplus in one commodity, we stimulate the production of another. As a result all sorts of proposals are being made to restrict the use of the diverted acreage. It is perfectly obvious that we are dealing with an integrated problem; but in this bill we are trying to increase prices for the producers of a limited number of commodities.

Corn is a commodity which is marketed chiefly through livestock. If we unduly restrict the supply of corn, we immediately affect the livestock industry. Therefore, I am frankly seeking to avoid the imposition of the restrictive effects of this bill on corn until the surplus is so great that it is necessary to do it to protect the corn farmer. I do not believe that the restrictive effects should be imposed every year, as they will be under this bill, with the almost certain result that the livestock industry will be very harmfully affected thereby; and since the Department of Agriculture is in accord with the general purpose of the suggestion I make, and since the bill as reported by the House Committee on Agriculture is in accord with this suggestion, I hope it will be adopted by the Senate.

Mr. McGILL. Mr. President, will the Senator yield for a moment before he takes his seat?

Mr. O'MAHONEY. I yield.

Mr. McGILL. If the amendment proposed by the Senator should be adopted, and then if the amendment he proposes on page 67 should be adopted as to what "normal" shall mean, the marketing quotas would not go into effect until there was 10 percent more corn on hand than is now provided for by the bill. While the amendment is in the portion of the section dealing only with the hearings to be called by the Secretary, or to be conducted by him, nevertheless the very next section provides that—

> If the Secretary determines on the basis of such hearings that the total supply for the commodity will exceed the normal supply therefor by more than the percentage above specified, he shall proclaim the amount of such total supply and that, beginning on the 15th day after the date of the proclamation, a national marketing quota shall be in effect—

Mr. O'MAHONEY. Yes; the Senator is right about that.

Mr. McGILL. Therefore, the percentage which the Senator is now seeking to add does have to do with the amount on hand at the time when a marketing quota could be put into effect. As the bill is now drawn, the normal supply of corn, being the domestic consumption and carry-over and exports, would be 2,375,000,000 bushels. Under the provisions as they now are contained in the bill, with the committee amendments, should there be 10 percent more than that, the Secretary would be called upon to establish the marketing quota and hold a referendum. If the Senator's amendment is agreed to—if the Senator's time is up I will address the Chair and take the floor—he will have raised the percentage 5 percent in this section, from 10 to 15 percent; then he will go over to page 67 and add 5 percent there to what "normal" means, and will, in effect, say that before a marketing quota can be voted upon by the corn producers, there shall be 20 percent more than the bill now provides.

That is the effect of the Senator's two amendments.

I do not agree that we are seeking to cut down production in a way that will be a detriment to the people of the country generally engaged in other activities or in producing other commodities. This matter has been presented to the corn farmers of the country quite thoroughly, in my judgment, and to some of the very best informed corn farmers of the country. They objected to having the 5 percent added to what would constitute a normal supply. They objected to having a greater amount on hand before they should have the right to vote as to whether a marketing quota should be enforced upon them.

In my judgment, the Senator's amendment should be rejected. The committee amendment is identical with the language of the original bill so far as the commodity of corn is concerned. The Senator proposes to add to that, and later proposes to add to what shall be the normal supply. The Secretary of Agriculture, in his letter, if we are to be guided by his judgment—and, of course, we should take it into consideration in determining what we shall do—stated, as I understood, that he desired the terms of the original bill with

reference to corn. Those terms would represent the 10 percent as we now have it and would add 5 percent to the meaning of the term "normal" in the bill. If we are to be guided by the Secretary's letter, we should reject the amendment of the Senator from Wyoming.

Mr. FRAZIER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. BILBO in the chair). The Senator will state it.

Mr. FRAZIER. Does the pending amendment include an increase in wheat as well as in corn?

The PRESIDING OFFICER. It does not. The amendment of the Senator from Wyoming affects corn only.

Mr. FRAZIER. I suggest to the Senator from Wyoming that he include wheat as well as corn in his amendment.

Mr. O'MAHONEY. Mr. President, I am not speaking for a wheat-growing State. I did not presume to incorporate wheat in the amendment; but if the Senator from North Dakota cares to perfect the amendment by offering such a change, I shall be very glad to accept it.

Mr. McGILL. Mr. President, I do not think the Senator from Wyoming quite means what he said in his last statement. In this section the committee amended the percentage of wheat, but did not amend the percentage of corn.

Mr. O'MAHONEY. The committee cut the wheat percentage from 20 to 10, and the Senator from North Dakota is objecting to that.

Mr. McGILL. The same argument does not apply. We did not change this section insofar as the percentage of corn is concerned. We made a change later on as to what the term "normal" means. We did that as to wheat, and we also changed the percentage of wheat.

Let us take a vote on the question with reference to corn and also a vote with reference to wheat, but they ought not to be voted on together. There is a difference in the argument applicable to them.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wyoming, on page 24, line 11, to strike out "10 percent" and insert "15 percent."

Mr. FRAZIER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FRAZIER. Can an amendment be made to the amendment to include 15 percent on wheat also?

The PRESIDING OFFICER. After the amendment of the Senator from Wyoming is disposed of, the Senator from North Dakota can offer such an amendment.

Mr. ADAMS. Mr. President, I wish to direct an inquiry to the Senator from Wyoming [Mr. O'MAHONEY] as to the second portion of the amendment. On page 67 of the bill is a definition of what constitutes a normal supply of various agricultural commodities, and that normal supply so defined is the basis of the compilation to be made on page 24.

Mr. O'MAHONEY. That is correct.

Mr. ADAMS. In that definition a normal year's supply of wheat is domestic consumption and exports plus 10 percent thereof as an allowance for a normal carry-over; for cotton, a normal year's domestic consumption and exports plus 35 percent; rice, an increase of 10 percent; for tobacco, an increase of 175 percent; but corn, and corn alone, is held down in computing the normal supply for the purpose of this computation to the actual consumption and exports.

I inquire of the Senator from Wyoming if he knows why there should be this apparent discrimination against corn?

Mr. O'MAHONEY. I have found no adequate explanation of that difference. I do not know why corn should be treated upon a different basis from any other of the so-called surplus commodities.

Mr. ADAMS. The argument which was addressed to the Senator from Wyoming was that if his amendment should be adopted and 7 percent added on page 67 to compute the normal supply of corn, then when we went back to page 24 we would have 17 percent, but in the case of wheat as it now stands it would be 20 percent. In other words, we are not bringing corn to a parity with wheat under the amendment proposed by the Senator from Wyoming.

Mr. O'MAHONEY. The Senator from Colorado is exactly right about that as I see it.

Mr. McGILL. Mr. President, the bill as originally drawn—the language on page 67—defines a normal supply of corn as "a normal year's domestic consumption and exports, plus 5 percent." That 5 percent was stricken out by the committee. In the case of wheat, the standard is the normal domestic consumption and exports, plus 10 percent. There is every reason in the world why "normal," as to the consumption and exports of wheat, should be greater than that as to corn because the export of corn is almost nil, but there is a great deal of wheat on the export market. In my judgment, the loan values on wheat ought not to be as high as on corn. We have changed the definition of "normal" for wheat, as I recall. I think the original bill defined "normal" to mean all domestic consumption and exports, plus 20 percent. We have reduced it to 10 percent, and have reduced corn 5 percent, and have really treated them in about the same way. I think there has been no discrimination. The reason for the difference is that one is more on an export basis than the other.

Mr. ADAMS. One of the fundamentals of the bill is the establishment of an ever-normal granary. In other words, it is hoped that during the good years a reasonable surplus will be accumulated to tide the country over the years when there may be a deficit. As between wheat and corn, there is this difference: I come from a State that produces relatively more wheat than corn, but corn affects other domestic industries probably more than wheat. We have the livestock industry dependent upon corn. It seems to me there is certainly as much reason for having an adequate supply for carry-over of corn from the good years as in the case of wheat. In this particular, from the standpoint of the feeder of livestock, none of us want the feeder of livestock to be caught in a jam and unable to feed his livestock. We are interested in fair prices for the producer of corn and we want adequate supplies of feeding material for the producer of livestock. It seems to me that if we treat corn as asked in the amendment of the Senator from Wyoming, it would be only fair.

Mr. McGILL. This has no application to the amount to be produced or the amount to be put in the granary. This has to do only with the time when the farmer has a right to vote relative to a marketing quota.

Mr. ADAMS. It all goes back to the question of the quota on page 24 of the bill, because those provisions are all tied together.

Mr. O'MAHONEY. As the Senator from Colorado has so well stated, with respect to every other commodity there is a specific provision in the bill for carry-over, but there is no provision in the bill for carry-over of corn. In other words, the quota provisions, the election provisions, the restrictive control provisions with respect to other commodities, do not go into effect until there is a substantial carry-over; but with respect to corn they go into effect almost immediately. From the point of view of the livestock industry it seems to me impossible to conceive why that exception should be made, and how we can avoid feeling that it constitutes a different interpretation of the law from the viewpoint of the livestock industry.

Mr. McGILL. Mr. President, I still contend the percentage we are providing has to do only with when the time quotas shall go into effect, not with the amount produced or carry-over or anything of the sort. Probably it is not as necessary to have as large a carry-over as we sometimes think. As I understand, throughout a good many years of our history we have never had a shortage of corn except during the recent drought. That was the only time in the history of the country. We have always had more than an ample supply. We have never had a shortage of wheat, regardless of the drought, but have more than an ample supply, and have had an ample supply at all times.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming [Mr. O'MAHONEY] to the committee amendment.

Mr. McNARY. On that I call for the yeas and nays.

The yeas and nays were not ordered.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Lee	Pope
Andrews	Dieterich	Lodge	Reynolds
Austin	Donahey	Logan	Russell
Bankhead	Duffy	Lundeen	Schwartz
Barkley	Ellender	McAdoo	Schwellenbach
Berry	Frazier	McCarran	Sheppard
Bilbo	George	McGill	Shipstead
Borah	Gerry	McKellar	Smith
Brown, Mich.	Gibson	McNary	Steiwer
Brown, N. H.	Gillette	Maloney	Thomas, Okla.
Bulkley	Graves	Miller	Thomas, Utah
Bulow	Guffey	Minton	Townsend
Burke	Harrison	Moore	Truman
Byrd	Hatch	Murray	Tydings
Byrnes	Hayden	Neely	Vandenberg
Capper	Herring	Norris	Van Nuys
Caraway	Hitchcock	Nye	Walsh
Chavez	Johnson, Calif.	O'Mahoney	
Clark	Johnson, Colo.	Overton	
Connally	La Follette	Pepper	

The PRESIDING OFFICER. Seventy-seven Senators having answered to their names, a quorum is present.

The question is on the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] to the committee amendment.

Mr. POPE. Mr. President, so far as this amendment is concerned it does not affect my State. My State does not produce corn for market.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me for a moment?

Mr. POPE. I yield.

Mr. O'MAHONEY. In view of the fact that we have just had a quorum called for the purpose of having a vote upon this question, I feel that it might be proper for me to make a word of explanation in advance of the Senator's statement so that Senators who have just come into the Chamber may know what the proponents of the amendment desire to accomplish.

Mr. POPE. I wish to say to the Senator that I can speak only once on the amendment, and I shall lose my opportunity to say what I intended to say if I yield the floor. I should be glad to yield otherwise. I think what the Senator suggests would be the logical way of presenting the matter.

Mr. O'MAHONEY. I would be speaking in the Senator's time and would make my statement very brief.

Mr. POPE. Very well.

Mr. O'MAHONEY. Mr. President, the amendment on page 24, line 11, changing from 10 to 15 the percentage which governs the preliminary requirement before the marketing quota shall come into effect, goes to the heart of the problem presented by the bill. The Secretary of Agriculture has indicated that his theory is the establishment of an ever-normal granary. To that end he desires that there shall be a substantial carry-over of the various commodities which are dealt with in the bill.

With respect to every one of these commodities Senators will see, by looking at page 67, that there is a substantial carry-over, except in the case of corn. The normal supply of wheat is defined as a normal year's domestic consumption and exports plus 10 percent.

The normal supply of cotton is defined as a normal year's domestic consumption and exports plus 35 percent.

The normal supply of rice is defined as a normal year's domestic consumption and exports plus 10 percent.

The normal supply of tobacco is defined as a normal year's domestic consumption and exports plus 175 percent.

The normal supply of corn is defined as a normal year's domestic consumption and exports, with no excess to provide for the normal granary.

Corn is an essential element in the feeding of livestock. The interposition of these restricted quotas upon corn will have an inevitable and almost immediate effect upon the livestock industry. Those of us who are representing States which are active in the livestock industry believe that there should be at least the same carry-over or a similar carry-over for corn as there is for the other commodities. So we have presented this amendment, which changes the figure from 10 to 15 in one part of the bill, and the companion amendment, which makes the provision for a carry-over of 7 percent, making a total carry-over, as I understand, of about 2 or 3 percent greater than that which was originally provided.

The Department of Agriculture is in substantial agreement with this amendment. The House committee has reported a bill which contains the provision contained in my amendment.

Mr. POPE. Mr. President, how much time do I have on the amendment?

The PRESIDING OFFICER. The Senator has 12 minutes.

Mr. POPE. I hold in my hand the letter from the Secretary to which reference has been made a number of times. The Secretary himself is from Iowa, a corn State, and I think his opinion on this point would be very valuable. I quote what he says in the letter:

> Restoring the Pope-McGill bill's reserve supply levels to the committee bill would liberalize marketing quota provisions for the farmer, make the use of quotas less frequent, and reduce the degree of so-called compulsion to a lower and hence a more desirable minimum.

The original provisions of the bill, to which the Secretary referred, provided 10 percent for corn above the normal level as the point when marketing quotas might go into effect. The amendment of the committee contains the same figure, 10 percent. The only reason for putting it in italics is that the other portion was stricken out and the original restored. So the amount is 10 percent in the bill, which the Secretary approved.

With reference to the percentage in the normal supply level, before we calculate this additional 10 percent, the amount there was originally 5 percent for corn. The committee struck out the 5 percent. The Secretary recommends that in another part of the bill the 5 percent be restored. I think that ought to be cleared up, because the Senator from Wyoming has just said that his amendment was in accordance with the Secretary's letter. I think he is mistaken about that.

Mr. O'MAHONEY. I did not say that; I said it was in accordance with the views of the Department of Agriculture.

Mr. POPE. I have the Secretary's views very clearly expressed in the letter, and have referred to the letter. So if we desire to give value to the Secretary's opinion, then we should vote down the amendment of the Senator and keep the figure as it is in the bill.

I make this statement because many corn farmers have been in conference with us in connection with this matter. These corn farmers desire even a lower level than that contained in the bill and approved by the Secretary. I think their views should be given some consideration. I do not see either of the Senators from Illinois on the floor, but many farmers from Illinois have expressed themselves to that effect. Farmers from Iowa have expressed themselves in the same way. One of the Senators from Iowa favors the amendment. The other Senator from Iowa may express himself on the matter.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. GILLETTE. I do not think the Senator quite stated the position I took. I stated that personally I could see no objection to the amendment if it was in accordance with the wishes of the Department of Agriculture. From the statement the Senator has just made it apparently is not in accordance with the views of the Department of Agriculture.

Mr. POPE. I think that is entirely true. I want to be fair in this matter. So far as I am personally concerned, and so far as my State is concerned, I have no objection to the amendment of the Senator from Wyoming, but I do think that the interests of the corn farmer should be presented and that the Secretary's view should be made clear on this point. I rose, therefore, to make those matters clear.

Mr. McGILL. Mr. President, will the Senator yield to me?

Mr. POPE. I yield.

Mr. McGILL. In order to make the matter clear, and confining ourselves to the views expressed by the Secretary of Agriculture, as stated in his letter, and not the views merely of someone in the Department of Agriculture, I think the Secretary is very clear that his desire is that on page 67 of the bill there be added, in defining the term "normal supply of corn," the words "exports plus 5 percent as a carry-over," the same as it was in the original bill.

The portion now sought to be amended by the Senator from Wyoming is exactly as it was in the original bill. The only change the Secretary approves or asks for is the addition of the words "5 percent" in the definition of the word "normal" as constituting a carry-over.

Mr. ADAMS. Mr. President, will the Senator yield to me?

Mr. POPE. I yield.

Mr. ADAMS. The Senator from Kansas and the Senator from Idaho state that this 10-percent provision is identical with the Secretary's request. Merely, as a matter of mathematics, in one particular that is not accurate, because the 10 percent applies to the normal supply, to which the Secretary would have added 5 percent. So there is at least 10 percent of that 5 percent which is eliminated. In other words, it was 10 percent of 105 percent, rather than 10 percent of 100 percent.

Mr. McGILL. That is correct.

Mr. POPE. That is a very small matter; but if the Senate should see fit to restore the 5 percent in the normal supply then with the 10 percent provided in the bill as it is, without the amendment, the wishes of the Secretary would be met.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming [Mr. O'MAHONEY] to the committee amendment on page 24, line 11, to strike out "10 percent" and insert "15 percent."

Mr. O'MAHONEY. On the amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). I have a general pair with the senior Senator from Maine [Mr. HALE]. I transfer that pair to the junior Senator from Rhode Island [Mr. GREEN] and vote. I vote "nay."

The roll call was concluded.

Mr. LOGAN. I have a general pair with the senior Senator from Pennsylvania [Mr. DAVIS] who is absent. I transfer that pair to the senior Senator from Connecticut [Mr. LONERGAN] and vote. I vote "nay."

Mr. SHIPSTEAD (after having voted in the negative). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I find that the Senator from Virginia has not voted, so I withdraw my vote.

Mr. MINTON. I announce the pair of the Senator from Utah [Mr. KING] with the Senator from Washington [Mr. BONE]. The Senator from Utah, if present and at liberty to vote, would vote "yea." The Senator from Washington, if present and at liberty to vote, would vote "nay."

I announce that the Senator from Washington [Mr. BONE], the Senator from West Virginia [Mr. HOLT], and the Senator from Delaware [Mr. HUGHES] are detained from the Senate because of illness.

The Senator from New Jersey [Mr. SMATHERS] is detained because of illness in his family.

The Senator from Arizona [Mr. ASHURST], the Senator from North Carolina [Mr. BAILEY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Nevada [Mr. PITTMAN], and the Senator from New York [Mr. WAGNER] are detained in important committee meetings.

The Senator from Virginia [Mr. GLASS], the Senator from Rhode Island [Mr. GREEN], the Senator from Utah [Mr. KING], the Senator from Illinois [Mr. LEWIS], the Senator from Connecticut [Mr. LONERGAN], the Senator from Maryland [Mr. RADCLIFFE], and the Senator from Montana [Mr. WHEELER] are detained on important public business.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. BRIDGES] has a general pair with the Senator from Maryland [Mr. RADCLIFFE]. The Senator from New Hampshire is absent on official business.

The Senator from Pennsylvania [Mr. DAVIS] is necessarily detained. His general pair has been previously announced.

The result was announced—yeas 37, nays 38, as follows:

YEAS—37

Adams	Copeland	Lodge	Steiwer
Andrews	Dieterich	McCarran	Thomas, Utah
Austin	Donahey	McNary	Townsend
Berry	Duffy	Maloney	Tydings
Borah	Frazier	Moore	Vandenberg
Bulkley	Gerry	Murray	Van Nuys
Burke	Gibson	Nye	Walsh
Byrd	Johnson, Calif.	O'Mahoney	
Capper	Johnson, Colo.	Russell	
Clark	Lee	Schwartz	

NAYS—38

Bankhead	George	Logan	Pepper
Barkley	Gillette	Lundeen	Pope
Bilbo	Graves	McAdoo	Reynolds
Brown, Mich.	Guffey	McGill	Schwellenbach
Brown, N. H.	Harrison	McKellar	Sheppard
Bulow	Hatch	Miller	Smith
Byrnes	Hayden	Minton	Thomas, Okla.
Caraway	Herring	Neely	Truman
Connally	Hitchcock	Norris	
Ellender	La Follette	Overton	

NOT VOTING—21

Ashurst	Glass	Lewis	Wagner
Bailey	Green	Lonergan	Wheeler
Bone	Hale	Pittman	White
Bridges	Holt	Radcliffe	
Chavez	Hughes	Shipstead	
Davis	King	Smathers	

So Mr. O'MAHONEY's amendment to the committee amendment was rejected.

The VICE PRESIDENT. The question recurs on agreeing to the amendment of the Committee on Agriculture and Forestry, on page 24, line 8, to strike out "Cotton, 15 percent; wheat, 20 percent; field corn, 10 percent; tobacco, 10 percent; or rice, 10 percent" and to insert "Wheat, 10 percent; corn, 10 percent."

The amendment was agreed to.

The VICE PRESIDENT. The next amendment of the committee will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 24, line 22, after the word "current", to strike out "crops of such commodity" and to insert "crop of such commodity; but no such proclamation shall be issued with respect to the current crop of any commodity if the Secretary has reason to believe that during the first 3 months of the marketing year for such crop of the commodity the current average farm price for the commodity will be more than the parity price therefor."

Mr. WALSH. Mr. President, I desire to ask the indulgence of the Senate while I make a very brief statement as to my position on the farm bill.

The farm bill now before the Senate, embracing elaborate and complicated plans and devices for extending governmental control over agriculture, for lifting the prices of wheat, corn, cotton, tobacco, and rice by restrictions upon production and storage of surpluses, and promising several sorts of bonus payments and crop loans, presents four major questions—four tests by which the measure must be judged.

First. Are the provisions of the bill within the clear and well-defined constitutional power and authority of the Federal Government?

Second. Will the program, if sanctioned by Congress, have the intended result and prove of manifest aid and benefit to the farmer?

Third. Will the program, if effectuated, prove detrimental to the other groups within our 48 States, the workers in our mines and factories, and in our shops and offices, and our railroads?

Fourth. Will the program, if fully carried out, impose additional burdens upon the Federal Treasury and the taxpayers?

From my own examination of this long and complex bill, and in the light of what has been revealed during the progress of the debate in the Senate, I am compelled to conclude that the proposals contained therein, so far from meeting

all four of those tests, do not, in fact, meet a single one of them.

First, with respect to the constitutional question, it is enough to say that the bill proceeds upon the theory that anything, however remote, which may be presumed to affect interstate commerce is within the constitutional power and authority of the Federal Government. A Government agency is to be empowered to decree how much a farmer may plant and how he shall dispose of his crop and to what use he shall put his idle acres, upon the theory that all these things affect interstate commerce, and hence may be controlled by the Federal Government. No court has ever taken any such view, and, in fact, the courts have invariably put a wholly different construction upon the commerce clause of our Constitution. If the theory upon which this bill rests its validity should now be approved by the courts, the result would be to confer upon the Federal Government unlimited and unchecked power and authority over every citizen in every walk of life and in nearly every detail of his daily life.

It could then be argued that the size and kind of a factory a manufacturer decided to build—indeed, the kind of an education a youth decided to secure—could be presumed ultimately to affect interstate commerce, and hence could be lawfully controlled by the Federal Government.

I do not believe any such doctrine will ever be upheld by the courts. The pending bill, under existing constitutional precepts, is utterly indefensible and far and away beyond the Federal power.

As to the question of whether the program contained in the bill could be successfully administered and would prove of aid and benefit to the particular classes of farmers which it is sought to help, it is enough to say that there is no assurance on that score, but, on the contrary, very grave doubt, and very considerable opposition from various farmer groups.

As to the question of the effect and consequences of any such program of artificial scarcity and attempted price boosting upon the country as a whole and upon the workers in industry in particular, it is self-evident that the inevitable consequence would be increased cost of food and clothing, plus increased taxes, both contributing to still further increases in the cost of living.

The bill itself is silent on what it will cost to carry out the program and as to who is to be taxed to pay the cost; and the proponents of the bill have frankly declared that they do not know what the ultimate cost will amount to and explain why by its very nature the total cost is impossible of accurate forecast. The estimates have ranged from seven hundred and fifty million to fifteen hundred million dollars annually as compared with $500,000,000 being currently expended for the aid and benefit of the farmers under the 1935 farm bill, the so-called soil-conservation control program. These estimates have been made by various Senators, who have been asked to give their estimates on the floor of the Senate Chamber. The so-called soil conservation or control program will, it is said, cost somewhere between the figures named.

It has been suggested by the proponents of the bill that Congress may limit the cost of this new program by the simple expedient of limiting the appropriation to whatever figure Congress sees fit—perhaps to the present $500,000,000 figure. But such a contention ignores the simple fact that the bill before the Senate undertakes to promise to the farmer parity prices, as well as scheduled acreage payments, and promises to take over all surpluses in maintaining an "ever-normal granary," and that if Congress enacts such a program and legislates such promises and the payments from the Treasury are not forthcoming we shall have perpetrated a swindle upon the farmer through the bill. It is utterly unconscionable to set up a plan of parity payments to the farmer unless we intend to appropriate the funds to meet the payments; and if that be done, then without a particle of doubt we are embarking upon huge additional governmental expenditures at a time when there are the most compelling reasons for refraining from imposing new and permanent burdens upon the Federal Treasury and the taxpayers.

Mr. President, in conclusion, for all these reasons, briefly stated, I cannot support the bill pending before the Senate. I believe it ought to be recommitted to the Committee on Agriculture and Forestry for further study and for entire revision, and I intend so to vote.

The PRESIDENT pro tempore. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next committee amendment.

The next amendment was, on page 25, line 7, after the words "of the" where they occur the first time, to strike out "national soil depleting base acreage for the commodity computed on the basis of the national average yield for the commodity" and insert "soil-depleting base acreage of each farm", so as to read:

> The Secretary shall determine and specify in such proclamation the amount of the national marketing quota for the commodity both in terms of the quantity which may be marketed and in terms of a percentage of the soil-depleting base acreage of each farm. The amount of the national marketing quota for the commodity shall be so fixed as to make available during the marketing year at least a normal supply of the commodity and in no event shall it be less than the normal supply for the commodity adjusted by deducting, first, the carry-over available for marketing and, second, the quantity not produced for market, nor, on the other hand, shall it in any case be greater than the ever-normal granary supply level similarly adjusted.

The amendment was agreed to.

The next amendment was, on page 25, line 23, before the word "farm", to insert "such", so as to read:

> (c) Between the date of the issuance of the proclamation specified in subsection (b) (which shall not be later than 15 days prior to the beginning of the marketing year) and the effective date of the national marketing quota, the Secretary shall conduct a referendum of farmers producing the commodity who would be subject to such farm marketing quotas to determine whether such farmers are opposed to such quotas with respect to the current crop of the commodity. If more than one-third of the farmers voting in the referendum oppose such quotas for the commodity, the Secretary shall by proclamation suspend the operation of the national marketing quota with respect to the current crop of the commodity and shall further proclaim that surplus reserve loans shall not be available thereafter with respect to the commodity during the period from the date of such proclamation until the beginning of the second succeeding marketing year.

The amendment was agreed to.

The next amendment was, on page 26, line 10, after the word "supply", to strike out "of any major agricultural commodity", so as to read:

> (d) If the total supply as proclaimed by the Secretary within 45 days after the beginning of the marketing year is less than that specified in the proclamation proclaimed by the Secretary under subsection (b), then the national marketing quota specified in the proclamation under subsection (b) shall be increased accordingly.

The amendment was agreed to.

The next amendment was, on page 26, after line 16, to strike out:

> (e) No marketing quota shall be placed in effect with respect to any crop of a major agricultural commodity harvested prior to 1938.

The amendment was agreed to.

The next amendment was, on page 26, at the beginning of line 20, to strike out "(f)" and insert "(e)"; and in the same line, after the word "through", to insert "the State, county, and".

Mr. McNARY. Mr. President, this probably is a wise suggestion in the form of an amendment; but I should like to have one of the Senators in charge of the bill explain why the language in the original edition of the bill has been changed to include "State and county," thereby taking away much of the jurisdiction, power, and authority which heretofore was lodged in the local committees under the original edition of the bill.

Mr. McGILL. Mr. President, I will say to the Senator that I did not offer this amendment in the committee. I think

it is an amendment which was proposed by persons from the Department of Agriculture.

Mr. McNARY. Let me remark to the able Senator that he has reported this bill. It is before us. Under the bill, as we studied it, the folks back home thought the local committees were going to have much to do with this question of marketing quotas. It occurs to me, without an explanation, that we are taking the matter away from the local committees, and we are going away off from the farm and the farmer's friends and associates and neighbors back to the State bureaucracy, someone high up in the councils of the State—perhaps the department of agriculture in a particular State—whereas we thought the farmer wanted to deal through his local committee. It may be a good thing, but I should like to have the Senator explain why this edition of the bill was changed from one or two of the others after the measure was presented to the Senate.

Mr. McGILL. Mr. President, in order to pass upon this amendment, I think we must take the two amendments together. The amendment adds, after the words "The Secretary shall provide, through", the words "the State, county, and", and then, after "local committees of farmers", the words "hereinafter provided"—that is, the local committees and the State and county committees as hereinafter defined in the bill.

Without any language added to the provision as originally framed, it would merely read:

> The Secretary shall provide, through local committees of farmers, for farm marketing quotas.

And he would not be required to use those which had been selected by the farmers themselves. I think that was the reason for the amendment.

Mr. GILLETTE. Mr. President, yesterday afternoon, in considering another committee amendment, the Senate took action with reference to a very similar matter; but that matter pertained to the assignments of the soil-depleting acreage down through the various administrative units to the local units. The Senate, by action, provided that the soil-depleting acreage of each farm should be allotted by the local committee of farmers set up within that administrative unit, as hereinafter provided. Having in mind at that time the fact that this amendment would come up at a later period, I called attention to it and suggested that a similar amendment would apply to this provision when it came to the matter of allotting the compulsory provisions of a control program; and I am still convinced that we ought, as far as possible, to keep that, as we hoped to do all through the bill, locally controlled, especially as it pertains to the individual farm.

In examining this particular provision, however, it seemed impossible, without entirely changing the language, to oppose the committee amendment without putting ourselves in such a position that we could not amend the language at a later time.

I sincerely hope there will be no objection to this particular amendment going over at this time, in order that we may see if we cannot meet the situation by a proper amendment.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McNARY. I yield to the Senator from Kentucky.

Mr. BARKLEY. I am wondering whether this language really eliminates local committees. It says that "the Secretary shall provide, through the State, county, and local committees" for these quotas. Might not that be interpreted to mean that if a county quota is to be made, it shall be done through the county committee? I do not know whether there would be such a thing as a State quota upon any crop or not; but if such a thing were contemplated, it would have to be done through a State committee; or, if it were a local quota, it would still be done through a local committee. I am wondering to what extent this language eliminates the local committees in fixing these quotas.

Mr. McNARY. Mr. President, that is a very easy question to answer.

When copies of this bill were distributed the farmers were told that they had to deal with local committees on this important subject of fixing the quotas on their farms. For some reason not yet assigned, the bill was amended to include State and county committees. We know what that means—that the State will dominate the county, and the county will dominate the local committee, and there will be no local committees in an effort to function under this section. That is very, very obvious. We are getting away from the community. We are getting farther away from the county. We are not only getting away from the county but we are going back to the State authority, which takes the whole control away from the farmer.

I am not going to press the matter, in view of the statement of the Senator from Iowa that he intends to offer an amendment if the amendment goes over; and I shall be glad to consent to its going over.

Mr. GILLETTE. Mr. President, in further reply to the inquiry of the distinguished majority leader, I will state that the difference between the pending amendment and the one on which we acted yesterday is this:

In the section assigning the allotments of the depleting base acreage there was definite provision that the Secretary of Agriculture shall assign the State quota, shall assign the county quota, shall assign the administrative unit quota; and the language requiring the State and county committees to participate in assigning quotas to the individual farms was manifestly out of line, because they had no function to perform. The quotas were to be assigned from central headquarters here in the Agricultural Department.

While I am just as anxious as the Senator from Oregon is to retain the control of the local committee, there is in the pending measure no provision for assigning the State quota or the county quota. There is simply the general provision that "the Secretary shall provide, through the State, county, and local committees" for the marketing quota for each farm. I hope we can work out an amendment which will retain in the bill the local committees selected by the farmers themselves, consisting of all the farmers eligible to receive contracts within an administrative unit, so that they may assign to the individual farms the marketing quotas.

Mr. BARKLEY. Mr. President, let me ask the Senator a further question. Suppose this function were limited altogether to local committees, and that the aggregate of all the decisions rendered by the local committees should accord to any State a larger quota than its proportion among the other States growing the same product would permit, what then would happen? Would there be anybody who would adjust the matter so as somewhat to even things up as among the States?

Mr. GILLETTE. The Senator is referring to this particular provision dealing with marketing quotas?

Mr. BARKLEY. Yes.

Mr. GILLETTE. No; the provision here is that the Secretary shall provide through these various units, down through the local committee, for the acreage or quota for each farm. It is because that is the only provision on the subject, and that it is general in its nature, without specifying what functions the State committee shall perform, what functions the county committee shall perform, or what functions the local committee shall perform, that I think it should be clarified. I want the Secretary to have power, when he imposes a marketing quota, to determine, if that is the purpose of the bill—I am not speaking for myself personally——

Mr. BARKLEY. If the matter is to go over, I do not think we need discuss it further now. I have no objection to its going over.

Mr. BORAH. Mr. President, before the amendment goes over, I wish to refer back to subdivision (c) on page 25, with reference to the so-called referendum:

> Between the date of the issuance of the proclamation specified in subsection (b) (which shall not be later than 15 days prior to the beginning of the marketing year) and the effective date of the national marketing quota, the Secretary shall conduct a referendum of farmers producing the commodity who would be subject to such farm marketing quotas to determine whether such farmers

are opposed to such quotas with respect to the current crop of the commodity. If more than one-third of the farmers voting in the referendum oppose such quotas for the commodity, the Secretary shall by proclamation suspend the operation of the national marketing quota with respect to the current crop of the commodity and shall further proclaim that surplus reserve loans shall not be available thereafter with respect to the commodity during the period from the date of such proclamation until the beginning of the second succeeding marketing year.

I wish to say to the authors of this measure that it seems to me they ought to give further consideration to the question of the referendum. No one can tell from this provision what the referendum is to be, how it is to be taken, whether it is to be taken by vote, or by lifting up hands, or by a canvass of the county committees, or how.

This is a very important matter, and there ought to be some specification of the manner in which the referendum is to be taken. What is a referendum? Is it a secret vote, so that the farmers may be protected? A day or two since I received a letter from a farmer in upper New York in which he said that on the referendum up there with reference to potatoes, out of some 200 potato raisers only 9 men in the county voted, and he gave the reasons why that was so. They did not want to be recorded against it; they did not want to be identified with being against it, although they were; so they stayed away. There ought to be some real protection on the question of referendum.

What I want to bring to the particular attention of the Senate in connection with this proposition is that the Secretary shall by proclamation suspend the operation of the national marketing quota, and so forth, and, as provided in this very clause:

Shall further proclaim that surplus reserve loans shall not be available thereafter with respect to the commodity during the period from the date of such proclamation.

In other words, the farmers are notified in advance that if they vote against the quota, the benefit of commodity loans will be wiped out and withdrawn. That is practically notice to them that they are losing a very important benefit under the terms of the bill, as previously provided for in the bill in relation to loans on all commodities, if they vote against the quota. I think it ought not to be there. Of course, that is provided in the text and we cannot deal with it now, but I trust we shall do so later.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. BORAH. Certainly.

Mr. McGILL. I do not believe the provision that there shall be no loans means what the Senator has in mind. It is merely to protect the Government. A marketing quota should be had, in order to obtain reasonable prices for the commodity in question, and if it cannot be had, the Government ought not to be called upon to make the loans. That is the object of the provision.

Mr. BORAH. What is the Senator's conception of a referendum under this provision? How shall the vote be taken and how shall the farmers' views be ascertained?

Mr. McGILL. I assume it will be done very much as it was done under the former Bankhead Cotton Act. We have no way of setting up machinery in advance for conducting an election throughout the various States with reference to the question. It is simply one provision in the measure which provides a way whereby the farmer may vote upon a marketing quota.

Mr. BORAH. It is an important matter, and I ask if there will be any verity in a referendum when taken unless there is some protection to the farmer expressing himself, something in the nature of a secret vote. The farmers are perfectly aware of what may follow in case they do not agree to the program.

Mr. McGILL. Referenda of this character have been taken under former programs, under the corn and hog program while it was in effect, under the cotton program while it was in effect, and under the tobacco program while it was in effect. I never heard of any complaint with reference to the manner in which those referenda were conducted or that the farmer was not given a fair opportunity to express himself.

Mr. BORAH. Then the Senator has not heard all the facts.

Mr. McGILL. I think I have heard a great many of the facts, because I have lived most of my time in a State where we produce corn and wheat.

Mr. BORAH. Unless there is some degree of secrecy about the matter, some protection in that respect, I do not think any real referendum can be taken.

Mr. McGILL. We have then had a great many elections in the United States when no real election was held. I remember when I was a boy that a voter had to go and call for the party ticket he wanted, and thus let it be known to the election board how he was going to vote.

Mr. BORAH. That was during the period when the boss voted the people in sufficient numbers to carry the election. That is just the gentleman I want to get rid of in this matter.

The PRESIDING OFFICER. The Senator from Iowa [Mr. GILLETTE] asks that the amendment on page 26, lines 20 and 21, be passed over. Without objection, the amendment will be passed over.

The clerk will state the next committee amendment.

The next amendment was, on page 27, line 1, after the word "market", to strike out: "The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less, first, the normal yield of the acreage on the farm devoted to the production of such commodity in excess of that percentage of his soil-depleting base acreage therefor which is equal to the percentage of the national soil-depleting base acreage specified in the proclamation of the Secretary, and, second, any amount of such crop placed under seal pursuant to the provisions of section 4" and insert in lieu thereof the following: "The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less the normal yield of the farm acreage planted to such crop in excess of the percentage, as proclaimed under this section, of the farm's soil-depleting base acreage for such crop", so as to read:

(e) The Secretary shall provide, through the State, county, and local committees of farmers hereinafter provided, for farm marketing quotas which shall fix the quantity of the commodity which may be marketed from the farm. Such farm marketing quotas shall be established for each farm on which the farmer (whether or not a cooperator) is engaged in producing the commodity for market. The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less the normal yield of the farm acreage planted to such crop in excess of the percentage, as proclaimed under this section, of the farm's soil-depleting base acreage for such crop. In no event shall the marketing quota for any farm be less than the normal yield of half of the soil-depleting base acreage for the farm.

Mr. McNARY. Mr. President, I gave some study this morning to the language as expressed in the pending amendment, which is a modification of the original text. I was trying naturally to ascertain what would be the marketing quota of a farmer producing wheat and corn. It is a very important thing for the farmer to know how much he can produce on the acreage which he is allowed to cultivate, seed, and harvest under permission of the Secretary of Agriculture. It must be remembered that the farmer is to be harnessed and is to be told how much of his land he may farm by planting and cultivating and producing. I worked out this formula and I want to see if I have interpreted it correctly.

I take the base acreage as 10 acres. I am trying to apply the language to the actual condition of a farmer owning 10 acres, all cultivable. The amount of current crop I assume is 20 bushels per acre. Multiplying 10 by 20, if all the farm were employed, he would then produce 200 bushels if he were let alone. But he has had to submit to the dictation of the Secretary of Agriculture. The percentage of reduction fixed by the Secretary might be 10 percent or 25 percent or 50 percent, but I am trying to draw a moderate picture of the figures, so I have assumed the percentage of reduction is 10 percent. Accordingly we take 10 percent of 10 acres and we find by that process of arithmetic that we have arrived at a result of one acre.

The Secretary has told him that he cannot produce anything on 1 acre of his 10 acres. The normal yield of that 1 acre is 20 bushels. I am making this simple because this

is a little different process. We apply the marketing quota to the farmer. The current crop would have produced 200 bushels on the 10 acres, minus 20 bushels, the normal yield over the percentage fixed by the Secretary, which leaves the farmer 180 bushels that he has a right to market under his quota.

Mr. President, I think that probably illustrates the complications involved in this complex provision. It further illustrates how helpless the farmer is under these quotas when an edict of the Secretary of Agriculture goes out telling him how much of his farm he can use.

I inquire of the Senator from Idaho [Mr. POPE] if I have made a fair and accurate statement of the application of this language to a given case.

Mr. POPE. Mr. President, will the Senator from Oregon yield?

Mr. McNARY. I asked the question expecting an answer.

Mr. POPE. As nearly as I could follow the Senator he has made an accurate computation. I invite his attention to a chart which has been carefully prepared and is now on the wall, showing the calculations under this provision of the bill. In the chart the Senator will see that we assume a farm with a base acreage of 200 acres. Seventy-seven percent of the base acreage would be the amount which the farmer could actually cultivate. In another chart we have shown how the 77 percent would be reached.

Mr. McNARY. The Senator is assuming a different situation than is detailed in the amendment then.

Mr. POPE. Not at all.

Mr. McNARY. Where does he get the 77 percent? Who declares the 77 percent?

Mr. POPE. The Secretary of Agriculture.

Mr. McNARY. What percentage is the Senator using?

Mr. POPE. I am using 77 percent as the amount of base acreage determined by the Secretary, as I indicated a few moments ago. I have shown by another chart how the Secretary would arrive at that percentage. Seventy-seven percent of the base acreage would be 154 acres in this case. Assuming the acreage actually planted by a noncooperator is 220 acres, he plants 20 acres more than his base acreage.

Mr. McNARY. Is he permitted to do that?

Mr. POPE. If he is not a cooperator, he can do it, but if he is a cooperator he cannot do it.

Mr. McNARY. But he is supposed to be a cooperator to get the benefits of the bill. If he is not a cooperator, he does not get the parity payments, soil-conservation benefit payments, and the privilege of going to get a loan from this corporation.

Mr. POPE. He could get a 70-percent loan.

Mr. McNARY. Oh, yes. But the Senator cannot jump from a cooperator to a noncooperator to explain the illustration.

Mr. POPE. I certainly can. The marketing quota applies to the noncooperator, so we have a perfect right to apply the calculation to a noncooperator as well as to a cooperator. It will be noted that I have applied it on this chart to a noncooperator, assuming that he actually planted 220 acres.

Mr. McNARY. Could he do that if he were a cooperator and under contract?

Mr. POPE. No; he could not.

Mr. McNARY. That is the point I am making. The Senator is giving an illustration that is impossible because it is provided against in the contract.

Mr. POPE. I can make a calculation on the basis of the cooperator and make another calculation on the basis of the noncooperator, and this particular illustration is that of a noncooperator. I would have to make a different calculation as to a cooperator.

Mr. McNARY. But the cooperator could not plant 220 acres.

Mr. POPE. No.

Mr. McNARY. Because his adjustment contract would not permit it.

Mr. POPE. Certainly, but will not the Senator concede that the marketing quota applies to the noncooperator as well as to the cooperator, and then will he not permit me to explain what happens to the noncooperator?

Mr. McNARY. The Senator is confusing the whole matter by taking up the case of a noncooperator who does not work under a contract. However, let the Senator proceed.

Mr. POPE. The Senator illustrated his point by using the case of a cooperator. I want to apply it to a noncooperator to show how it will work.

Mr. McNARY. The Senator does not think there will be many noncooperators, does he?

Mr. POPE. I have no doubt there will be some noncooperators under any voluntary program. If the Senator desires me to do so I shall be glad to show how this works out under the program.

The noncooperator would plant 220 acres. Then the excess of the acreage over the specified base acreage would be 66 acres. In other words, he has 66 acres more than his base acreage. If the normal yield per acre is 10 bushels, the normal yield of the excess acreage referred to in this formula would be 660 bushels. Assuming the actual yield on the farm is 15 bushels, then the actual production on 220 acres would be 3,300 bushels. That is the amount he actually raises. Then subtract the normal yield from the excess acreage, 660 bushels, and we have as the farm marketing quota 2,640 bushels. All over and above the marketing quota would have to be stored, so he would actually store 660 bushels.

That is the case of a noncooperator. We could take a cooperator, and instead of assuming that he planted 220 acres, say he planted 154 acres, and then make the calculation. Of course, we have to ask whether he is a cooperator or noncooperator in determining what the marketing quota would be.

Mr. McNARY. The Senator has attempted to explain a very difficult provision of the bill.

Mr. POPE. It does not seem to me to be a difficult computation.

Mr. McNARY. I am very glad that it is easy for the Senator. I am sorry the Senator did not use the cooperator in his example, because about 100 percent of those who come within the provisions of the bill are supposed to be cooperators. If a cooperator had 200 acres, and that was the soil-depleting base acreage, what would be his quota under the provisions of the bill? In other words, if one is a cooperator, and has a contract before he becomes a cooperator, and the inducements are three in number, which I do not care again to recite, having mentioned them just a moment ago, if he had 200 acres susceptible of being planted to wheat, he would want to know how many bushels of wheat he could raise and come within his quota. If he exceeds his quota, he is up against a penalty, a very severe penalty. He wants to get his whole quota in, because he naturally wants to raise all the wheat he can on this acreage, because he pays taxes on his whole farm all the time.

If this is so simple to the Senator, I ask him this question. Let us suppose a man is a cooperator, and has 200 acres. Assume he raises 50 bushels per acre That is a little high in Idaho, and so we will say 10 bushels, and make it easy. What would then be the full amount, the maximum quota, which this cooperator could sell without coming in conflict with the penal provisions of the law?

Mr. POPE. If he produced exactly the normal, then there would be no amount stored; he would be observing his marketing quota, if he should happen to produce a normal amount. But if he produced more than the normal amount, then the amount above the normal, in the case of the cooperator, would be the amount he would store.

Mr. McNARY. I worked out a formula a moment ago which I thought fitted into this case, and I think it is simpler than the other formula. Assuming one is a cooperator—and he has not any business owning a farm if he is not a cooperator, under the bill, if there is anything to it—and suppose he raises 10 bushels an acre, and his soil depleting base acreage is 200 acres. He is anxious to know how much of that acreage he can sell when the harvest is ripened and threshed. What will be his maximum quota? I ask the Senator to apply his own figures and tell me, on that basis,

how much that poor farmer will have to sell. How much will he be permitted to sell?

Mr. POPE. Whether he were a poor farmer or a well-to-do farmer would make no difference.

Mr. McNARY. I do not mean poor in the sense of money. I mean poor in the sense that he is unfortunate in having to go up against this sort of thing.

Mr. POPE. He would be fortunate or unfortunate according to the way one looks at it. In the case to which I have referred, we assume that he produced 30 bushels to the acre.

Mr. McNARY. I made it easy. I said 10 bushels.

Mr. POPE. Ten bushels is his normal production. If he produces 15 bushels per acre, instead of 10, then the amount of excess he would raise would be the amount that would go into the normal granary, if he complied in every other respect.

Mr. McNARY. I did not know this section had any reference to the normal granary.

Mr. POPE. I use that in the sense that it would be stored in the ever-normal granary.

Mr. McNARY. The Senator means stored under seal?

Mr. POPE. Yes.

Mr. McNARY. And he cannot sell?

Mr. POPE. Yes.

Mr. McNARY. He might get a loan from the loan corporation, and the wheat might not go into the ever-normal granary at all.

Mr. POPE. The ever-normal granary is in operation in exactly the same way. The wheat is stored under seal, and whether it is under the marketing quota provision or not, so long as it is stored with a loan against it, it is in the same position.

Mr. McNARY. Will the Senator be able tomorrow to tell that farmer, if he has 200 acres, and produces 10 bushels, what his position would be?

Mr. POPE. I can make the calculation in 5 minutes and tell him now.

Mr. McNARY. Very well. I would like to see it checked up.

The PRESIDENT pro tempore. The Senator's time on the amendment has expired.

Mr. POPE. Mr. President, in a colloquy this morning it was stated that an amendment concerning the dairy interests and the matter of ensilage would be prepared and submitted later. That subject seems to lend itself to an amendment of this committee amendment. Therefore, I suggest that the matter go over until the Senator from New York, the Senator from Wisconsin, the Senator from Vermont, and others interested, may present an amendment to cover that matter.

The PRESIDENT pro tempore. The Senator from Idaho asks unanimous consent that the amendment go over. Is there objection?

Mr. McNARY. Mr. President, I probably have no objection; I think I am quite in accord with the request. I have an amendment relating to the dairy interests which does not treat the same problem as that presented by the Senator from New York. By his amendment he attempts to exclude the dairy industry from the provisions of the bill. The amendment I have offered is presented upon the assumption that the bill may become an act. Therefore I am attempting to deal with the acreage that is diverted from the normal usage in connection with the expansion of the dairy industry. If one amendment goes over, I want all of the items designed to take the dairy industry out of the bill to go over. Is that satisfactory to the Senator from Idaho?

Mr. POPE. That is satisfactory.

The PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will state the next amendment of the committee.

The next amendment was, under the subhead "Excess-marketing penalty", on page 28, line 4, after "Sec.", to strike out "11" and insert "22"; in line 6, before the word "in", to strike out "any major agricultural commodity" and insert "wheat or corn"; in line 9, after the word "section", to strike out "6 (a)" and insert "14", so as to read:

SEC. 22. (a) It shall be an unfair agricultural practice for any farmer (whether or not a cooperator) to market wheat or corn in excess of his farm marketing quota established for the commodity unless prior to such marketing (1) the Secretary shall have under section 14 released such commodity from marketing quota restrictions.

Mr. McNARY. Mr. President, I am sorry that I have to ask so many questions; that I am not more familiar with the bill. If we have reached the beginning of the penal provisions of the bill as apply to wheat and corn, I do want to say something about a noncooperator. I suppose, however, that under the rule, inasmuch as my remarks would be directed to the text of the bill, I shall have to defer to a later date, and for that reason I shall not discuss it now.

Mr. ELLENDER. Mr. President, I desire to amend this amendment on line 9 by striking out the numeral "14" and inserting the numeral "7." An error was made.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment of the committee was, on page 28, line 10, before the word "the" to insert "in case of corn"; so as to read:

Or (2) in case of corn the farmer shall have absorbed such excess marketing through diverting from the production of such commodity an acreage the aggregate normal yield of which equals or exceeds the amount of such excess marketing.

The amendment was agreed to.

The next amendment of the committee was, in section 22, subdivision (b), page 28, line 19, after the word "following", to strike out "rates: For any major agricultural commodity except tobacco" and to insert the word "rate"; so as to read:

(b) It shall be a violation of law for any farmer to engage in any unfair agricultural practice that affects interstate or foreign commerce, and for each such violation the farmer shall be liable to pay an excess-marketing penalty at the following rate:

Mr. McNARY. Mr. President, does this penalty apply to all the so-called major agricultural commodities, or just to wheat and corn?

Mr. POPE. I think it applies only to wheat and corn in this place. The cotton and tobacco section contains a similar provision.

Mr. ELLENDER. I may state to the Senator from Oregon that there is a penalty on all commodities. The rate of the penalty is not uniform.

Mr. McNARY. What is the rate? They were all uniform in the original bill we studied.

Mr. ELLENDER. In the case of cotton it is 75 percent of the purchase price, as I recall. In the case of tobacco it is 50 percent of the market price——

Mr. McNARY. Or 3 cents per pound, as in the original language?

Mr. ELLENDER. That is correct. Whichever is the higher. In the case of rice the penalty is one-half cent per pound of the excess marketed.

Mr. McNARY. Did the Secretary of Agriculture comment upon this provision?

Mr. ELLENDER. Not to my knowledge.

Mr. McNARY. I ask the Senator from Idaho whether the Secretary of Agriculture commented on this provision.

Mr. POPE. He did not. No suggestion was made by him as to any change.

Mr. AUSTIN. Mr. President, I should like to ask the Senator from Louisiana if he understands that the Secretary of Agriculture is authorized to collect penalties and be the custodian of the money of the United States that is not appropriated in any manner by the Congress to him.

Mr. ELLENDER. I may state to the Senator from Vermont that any penalty imposed is collected in the name of the United States Government through the United States district attorneys, and that all recoveries revert to the Treasury.

Mr. AUSTIN. I will ask the Senator if that is what the bill provides, or whether that is something which he thinks it ought to say. I call attention to the lines at the top of page 29, lines 2, 3, and 4:

Such penalties shall accrue to the United States and shall be payable to and collected by the Secretary.

Mr. ELLENDER. I had particular reference to cotton, rice, and tobacco, and not to corn and wheat.

Mr. AUSTIN. Does the Senator think a different provision was made with reference to corn?

Mr. ELLENDER. I think it was the intention of the authors of the corn and wheat sections to make all penalties revert to the Treasury.

Mr. AUSTIN. Does the Senator believe that the bill expresses any such intention as that?

Mr. ELLENDER. That is my understanding as to all penalties that may be imposed under the bill, whether they are collected in connection with wheat or corn or any of the other commodities named in the bill.

Mr. AUSTIN. Does the Senator from Idaho understand that the bill provides for covering these penalties into the Treasury of the United States?

Mr. POPE. Mr. President, I know that to be the intention. I do not now recall the specific language. I will check the bill and find out; but I am certain that was the intention.

Mr. BARKLEY. Mr. President, under the general law, unless an act specifies to the contrary, where money is recovered in the name of the United States as a penalty, through the district attorneys, under the orders of the Attorney General, as provided in the next subsection, the money automatically goes into the general fund in the Treasury.

Mr. AUSTIN. I always supposed that to be true, and that is why, when this matter was called to my attention, I thought it ought to be considered.

Mr. BARKLEY. I think that is the law. It would not be necessary to provide in this bill for that because, unless it is otherwise provided, the money would go into the general fund in the Treasury.

Mr. AUSTIN. It is provided otherwise here. The bill provides:

Such penalties shall accrue to the United States and shall be payable to and collected by the Secretary.

Mr. BARKLEY. Not to the Secretary, of course, in his personal or official capacity. Even if they were paid over to his Department, they would have to go into the Treasury.

Mr. AUSTIN. I think these words should be amended in some manner so that the provisions will not be inconsistent.

Mr. BARKLEY. Yes. The amendment would not be in order now, anyway.

Mr. ELLENDER. Mr. President, I invite the attention of the Senator from Vermont [Mr. AUSTIN] to the language in lines 10, 11, 12, and 13, on page 29, wherein authority is given to the Attorney General to institute suits in the name of the United States for recovery of the penalty payable with respect to violations.

Mr. AUSTIN. That is true. I have no question about those lines. My question related to lines 2, 3, and 4, which seem to be out of line with the general law.

The PRESIDENT pro tempore. The question is on agreeing to the amendment on page 28, line 19.

The amendment was agreed to.

The PRESIDENT pro tempore. The next amendment will be stated.

The next amendment of the committee was, on page 28, line 22, before the word "and" to strike out "under section 14 (d))" and insert "by the Secretary under this act"; so as to read:

Fifty percent of the parity price as proclaimed at the beginning of the marketing year by the Secretary under this act and in effect at the time of the violation.

The amendment was agreed to.

The PRESIDENT pro tempore. The next amendment will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 28, in line 23, after the word "violation", to strike out the semicolon and "for tobacco, 50 percent of the price for which sold, or 3 cents per pound in case of flue-cured, Maryland, or burley, and 2 cents per pound in case of all other types, whichever is the higher."

Mr. BYRD. Mr. President, does this excess marketing penalty apply to a cooperator as well as to a noncooperator?

Mr. POPE. Yes. That would be my opinion of the matter. Anyone who violates a provision and markets a commodity in excess of the amount established would be subject to the penalty.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. McNARY. I think that question is well answered by the language of the bill found in lines 4 and 5.

Mr. POPE. I think so, too.

Mr. BYRD. Then the Senator confirms the fact that the penalties will apply to a noncooperator as well as to a cooperator. Will the Senator please make clear what is regarded as an unfair agricultural practice? Under the terms of this penalty provision, we give to the district attorney the right to haul into the Federal courts any farmer who is guilty of an unfair agricultural practice. What is an unfair agricultural practice?

Mr. POPE. I think it means marketing in excess of the quota.

Mr. BYRD. What else?

Mr. POPE. That is all, so far as the bill provides.

Mr. BYRD. Does it mean the violation of regulations as promulgated by the Secretary of Agriculture?

Mr. POPE. There is no provision in section 22 to that effect. There may be other provisions following, concerning which the Senator may raise the question at the time we reach them.

Mr. BYRD. Under the terms of the bill, has not the Secretary the right to promulgate numerous regulations which would have the full force and effect of law? And if a farmer violates any of those regulations is he not guilty, and may he not be punished under this section?

Mr. POPE. I think not. There may be a provision which the Senator would desire to call to our attention later on; but I think, from reading the matter now under consideration, there is no such provision. If the Senator finds such a provision later on in the bill, I shall be glad to discuss it with him.

Mr. BYRD. Does the Senator make the statement that the regulations promulgated by the Secretary of Agriculture cannot be enforced?

Mr. POPE. I make no such statement, I will say to the Senator. I am merely discussing what is now before the Senate, namely, section 22, under the title "Excess Marketing Penalty." So far as I read it, there is no provision that a violation of a regulation made by the Secretary of Agriculture would be an unfair marketing practice.

Mr. BYRD. Let us assume that a farmer violates some regulation of the Secretary of Agriculture. In what way can that farmer be punished and compelled to obey the regulation?

Mr. POPE. I do not recall a provision dealing with that matter. There may be one later on in the bill. I do not now recall a provision dealing with the matter. If the Senator finds one later in that connection I shall be glad to discuss it with him.

Mr. BYRD. It is useless to give the Secretary of Agriculture power to establish rules and regulations unless some penalty is provided in the event those rules are not obeyed by any farmer; so I should like to have the Senator point out exactly what the penalty is, and how it is to be enforced.

Mr. POPE. Since this discussion began, my attention has been called to page 30, following the provision under immediate discussion on pages 28 and 29. The Senator will note that in subsection (e) is is provided:

(e) Farmers engaged in the production of wheat or corn shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports storage under seal, or otherwise as may be necessary for the administration of this section and prescribed by regulations of the Secretary.

Then follows the sentence providing that—

Any farmer failing to furnish such proofs in the manner and within the time provided shall be guilty of a misdemeanor and upon conviction thereof be subject to a fine of not more than $100.

It might be that a violation of the regulations would be involved there; but I have already stated today that when we reach that point the Senator from Kansas [Mr. McGILL] and I will move to strike out the provision as to penalty.

Mr. BYRD. The provision as to penalty for what violation?

Mr. POPE. For the violation specified in the bill.

Mr. BYRD. Does the Senator mean there is going to be no penalty for the violation of any of the provisions of the bill?

Mr. POPE. No penalty for the violation of the specific provision which I have just read.

Mr. BYRD. That is to say, there will be no penalty for failure on the part of the farmer to keep records and furnish those records to the Secretary of Agriculture?

Mr. POPE. There will be no penalty provided if this language is stricken out.

Mr. BYRD. How will the Secretary of Agriculture then enforce his regulations if no penalty is provided?

Mr. POPE. The Senator can answer that question as well as I can. The provisions may be of some value without the penalty provision. But the Senator, I take it, and others, have objected so strenuously to any penalty for that violation that the Senator from Kansas [Mr. McGILL] advised me that he expects to make a motion to strike out that language, which has been so offensive to the Senator from Virginia and to others, which will leave the situation where there will be no penalty for violation of those provisions. That will be the situation.

Mr. BYRD. I want to get clear exactly what the Senator means. Does the Senator mean that there is no penalty for violation of subsection (e) on page 30?

Mr. POPE. I think the Senator is confusing the word "violation" with "penalty." If the farmer should fail to furnish the proof and to do the other things specified, there would be a violation; but if the penalty provision is stricken out, the law would simply stand and be dependent upon the cooperation of the farmers in furnishing the records required according to law.

Mr. BYRD. What I am endeavoring to make clear is this: In the event the farmer did not do what the Secretary of Agriculture told him to do, would not that be an unfair agricultural practice?

Mr. POPE. I should not construe it as being an unfair practice. I think "unfair practice" refers to the provisions contained on pages 28 and 29, and the failure to furnish proof would not be an unfair agricultural practice.

Mr. BYRD. The Senator, then, assumes that the only unfair agricultural practice referred to in the bill is when a farmer sells in excess of his marketing quota?

Mr. POPE. I think so. That is my present understanding of the matter.

Mr. BYRD. Let me ask the Senator again in regard to subsection (c) on page 29, which provides:

(c) Whenever, after investigation, the Secretary has reason to believe that any farmer has engaged in any unfair agricultural practice that affects interstate or foreign commerce and so certifies to the appropriate district attorney of the United States, it shall be the duty of the district attorney, under the direction of the Attorney General, to institute a civil action in the name of the United States for the recovery of the penalty payable with respect to the violation.

What does that subsection refer to?

Mr. POPE. It refers to the 50-percent penalty for selling beyond the marketing quota.

Mr. BYRD. In other words, the only unfair agricultural practice that is established by the bill is when the farmer sells in excess of the marketing quota?

Mr. POPE. Yes. I have so stated, and I think that is correct. That is my understanding.

Mr. McNARY. Mr. President, have I any time on the amendment?

The PRESIDENT pro tempore. An amendment is pending before the Senate on which the Senator has not spoken.

Mr. McNARY. Very well.

Mr. COPELAND. Mr. President, will the Senator yield to permit me to insert something in the RECORD?

Mr. McNARY. I yield.

Mr. COPELAND. I have here a telegram sent to me from the New York State Grange, representing 135,000 members, opposing this bill. I ask to have it printed in the RECORD.

I have also a letter from Jamestown, N. Y., containing the signatures of representative people, two being milk producers, a producer distributor, a grocer, the president of a building and supply concern, a feed and poultry farm owner, the owner of a farm implement agency, and so forth. The signers of this letter are so representative of the opposition to the bill in my State that I ask unanimous consent to have the letter printed in the body of the RECORD in connection with my statement. I also ask to have printed in the RECORD a letter from the Oneida County Pomona Grange.

There being no objection, the telegram and letters were ordered to be printed in the RECORD, as follows:

SKANEATELES, N. Y., *December 7, 1937.*

Senator ROYAL S. COPELAND,
The Senate:

New York State Grange, 135,000 members, urge recommittal of new farm bill. All compulsory features must be omitted.

H. M. STANLEY, *Secretary.*

JAMESTOWN, N. Y., *December 6, 1937.*

Senators WAGNER and COPELAND,
Congress of the United States.

GENTLEMEN: Please present to the Congress of the United States the enclosed request regarding proposed legislation concerning crop control and crop insurance (ever-normal granary). The signers of the petition are all residents of Jamestown and vicinity in Chautauqua County and State of New York. They are either engaged in dairying or are vitally interested in its success. All are property owners and men of responsibility in their own business. In the order of signing are, first, two milk producers; second, a producer-distributor; third, manager of a chain grocery; fourth, president of the largest building supply concern of the city; fifth, a milk producer; sixth, feed dealer and poultry farm owner; seventh, owner of farm implement agency and gasoline station.

We ask for your attention to this request of some of your constituents.

Yours truly,

CLINTON W. PERRY.

JAMESTOWN, N. Y., R. F. D. 5.

We, the undersigned residents of Chautauqua County, State of New York, hereby petition the Congress of the United States that all proposed legislation regarding crop control and crop insurance (ever-normal granary) be dropped, because:

First. These laws would be economically dangerous and unsound.

A. The expense of administering will add to our heavy tax burden.

B. Budget needs balancing. Federal spending excessive for 6 years.

Second. These laws will be contrary to the principles of our democratic government.

A. Are class legislation.

B. Stifle individual initiative under guise of Federal control.

Third. Will arouse jealousy of those classes not receiving benefits.

CLINTON W. PERRY,
Route 5, Jamestown, N. Y.
G. W. CARTER,
Route 5, Jamestown, N. Y.
C. M. JOHNSON,
30 Mason, Falconer, N. Y.
CHAS. LINDBECK,
Rural route, Jamestown, N. Y.
L. D. EATON,
Route 5, Jamestown, N. Y.
H. E. ADAMS,
Route 5, Jamestown, N. Y.
J. W. LINDSTON,
Route 5, Jamestown, N. Y.

We, the members of Oneida County Pomona Grange, feel that the suggested amended farm-relief bill does not meet the needs of the American farmer, and would create a system of regimentation detrimental to the best interests of the Nation as a whole. Therefore we suggest a militant opposition to the passage of said bill be made.

Fraternally submitted.

Brother MILTON HARRIS.
Brother FRANK HEILIG, Jr.
Brother WILLIAM GARLICK.

Mr. McNARY. Mr. President, I ask the attention of the Senator from Kansas [Mr. McGILL] and the Senator from Idaho [Mr. POPE].

On page 28, where the bill discusses unfair agricultural practices, it provides:

It shall be an unfair agricultural practice for any farmer * * * to market wheat or corn in excess of his farm marketing quota.

Again, when I look at the cotton provision, I find that the cotton farmer is treated more tenderly than the producer of wheat and corn. The bill provides:

The willful marketing in interstate or foreign commerce of cotton produced on a farm for which a quota has been established * * * is hereby prohibited.

When I look at the next page, page 38, I notice the language "any person knowingly" purchasing or selling cotton, or "persons who knowingly sell cotton grown on acreage not included," and so forth.

Mr. President, as I recall, in my early days in college, a good many years ago, the word "willfully" implied an intent to do wrong. "Knowingly" meant to do a thing with the knowledge that one was doing wrong. A cotton man must do a thing willfully before he is subject to a penalty. The cotton farmer must knowingly do a wrong thing to be guilty of unfair practice. But again, when it comes to the wheat and corn man—and I think this is my eleventh specification of respects in which they are discriminated against—if the wheat man or a corn man does a thing prohibited by the bill, whether he does it willfully or knowingly or not, he is guilty of an unfair practice. Does that not make an appeal to the Senator from Idaho [Mr. POPE] that the corn and wheat man ought to have in the provision relating to corn and wheat the language?—

It shall be an unfair agricultural practice for any farmer willfully to market wheat or corn in excess of a farm marketing quota.

Mr. POPE. I agree with the Senator thoroughly, and if he is offering that amendment I accept it immediately.

Mr. McNARY. I am very happy that this time I was able to convince the Senator of some of the foibles and mistakes in the bill.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Oregon yield to the Senator from Kentucky?

Mr. McNARY. I yield.

Mr. BARKLEY. I do not wish to object to the offering of that amendment, but under the rule it is not now in order. It may be in order at the proper time.

Mr. McNARY. Very well. If it is not in order, I do not want to infringe upon the rule. I withdraw the amendment, but I give notice that at the proper time I shall once more try to see that the wheat and corn man is put on a fair footing with the cotton man.

The PRESIDING OFFICER. The question is on the pending committee amendment.

Mr. AUSTIN. Mr. President, will the Senator from Idaho [Mr. POPE] submit to another question about this matter? I ask the Senator if he will not accept, when the time is appropriate to do it, the addition of one word in line 16—that is, the word "such", after the word "any", so that it would read:

It shall be a violation of law for any farmer knowingly to engage in any such unfair agricultural practice.

Mr. POPE. The Senator proposes to insert the word "knowingly"?

Mr. AUSTIN. That was the offer of the Senator from Oregon. I am offering just the word "such", so that in this paragraph we shall not have the creation of a new offense. Will the Senator accept that amendment?

Mr. POPE. Certainly; I think that is a very appropriate amendment.

Mr. BARKLEY. Mr. President, let me again suggest that these are amendments to the text of the bill.

Mr. AUSTIN. I know it.

Mr. BARKLEY. We are operating under an agreement to consider committee amendments first. It seems to me we ought to finish those amendments before we discuss amendments to the text. We are making practically no progress here, even on committee amendments; and it seems to me we ought to wait to amend the text until we get to that point.

Mr. AUSTIN. I accept the suggestion of the Senator from Kentucky.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 29, line 10, after the word "the", to strike out "Atorney" and insert "Attorney", so as to read:

(c) Whenever, after investigation, the Secretary has reason to believe that any farmer has engaged in any unfair agricultural practice that affects interstate or foreign commerce and so certifies to the appropriate district attorney of the United States, it shall be the duty of the district attorney, under the direction of the Attorney General, to institute a civil action in the name of the United States for the recovery of the penalty payable with respect to the violation.

The amendment was agreed to.

The next amendment was, on page 29, line 15, before the word "from", to strike out "major agricultural commodities" and insert "wheat or corn", so as to read:

(d) Any person engaged in the business of purchasing wheat or corn from farmers or of processing such commodities for farmers shall from time to time, on request of the Secretary, report to the Secretary such data and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this section. Such data shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining data required to be furnished in any report but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as are relevant and are within the control of the person. Any person failing to make any report or keep any records as required by this subsection shall be deemed guilty of a misdemeanor and upon conviction thereof be subject to a fine of not more than $1,000.

The amendment was agreed to.

Mr. BYRD. Mr. President, I should like to ask the Senator from Idaho [Mr. POPE] a question. He has stated that the definition of an unfair agricultural practice confines it to the sale by a farmer of wheat or corn in excess of the farm marketing quota. If the Senator will refer to line 15, on page 28, he will see that it reads:

It shall be a violation of law for any farmer to engage in any unfair agricultural practice—

And so forth. If there is only one unfair agricultural practice, it seems to me it could be clearly defined, instead of saying "any," referring specifically to this one unfair practice.

Mr. POPE. Mr. President, whenever it is appropriate, if the Senator will offer an amendment to that effect, I shall be very glad to accept it.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 30, line 21, after the word "Department", to strike out "of Agriculture", so as to read:

(f) All data reported to or acquired by the Secretary pursuant to subsections (d) and (e) shall be kept confidential by all officers and employees of the Department and only such data so reported or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing involving the administration of this act.

The amendment was agreed to.

The next amendment was, at the top of page 31, to insert:

TITLE III—MARKETING QUOTAS FOR COTTON

SEC. 30. The Congress herewith finds as follows:

(a) The marketing of cotton constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Cotton produced for market is sold on a Nation-wide market and practically all of it and its products move almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The manufactured products of cotton are used for necessary clothing by nearly every person in the United States. The

farmers producing such commodity are subject in their operations to uncontrollable natural causes, are widely scattered throughout the Nation, and are not so situated as to be able to organize effectively, as can labor and industry, for joint economic action; and in many cases such farmers carry on their farming operations on borrowed money or leased lands. For these reasons, among others, the farmers are unable without Federal intervention to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide and foreign markets.

(b) The disorderly marketing of excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, (4) depleting the soil resources of the United States, and (5) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an excessive supply of cotton exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of supply in such commerce.

(d) It is hereby declared to be the policy and the purpose of the United States to encourage the annual production of an ample supply of cotton of suitable grade and staple to supply all domestic and foreign consumption of such cotton and in addition thereto to maintain at all times a large enough surplus to meet all offers from all sources to buy American cotton at fair and reasonable prices, and never in excess of the world-market price for cotton of similar quality.

Mr. McADOO obtained the floor.

Mr. BARKLEY. Mr. President, I desire to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. The inquiry is whether all of the language in italics from the top of page 31 down to and including the language on page 58, which is all new language and is not an amendment to any language in the text of the bill, is to be considered as one amendment, or otherwise.

The PRESIDING OFFICER. The present occupant of the chair is of the opinion that the orderly procedure would be for the Senate to consider these amendments section by section; but, of course, that is a matter for the determination of the Senate.

Mr. BARKLEY. I appreciate that; but, as a matter of fact, from the parliamentary standpoint, the situation probably would be that the whole provision is one amendment to the bill. To consider it in that way would not interfere with the right of any Senator to offer an amendment to any part of it; but it struck me that if the new matter is to be considered in that way it ought all to be read, and then, later, amendments could be offered to any part of it.

Mr. HAYDEN. Mr. President, it seems to me the better parliamentary procedure would be to follow the suggestion made by the Chair to read the new language paragraph by paragraph as though it were an original measure, and then, when one paragraph is disposed of, to proceed to the next paragraph. That is the only logical way in which amendments could be offered to the text.

The PRESIDING OFFICER. Does the Senator propose that in the form of a unanimous-consent agreement?

Mr. HAYDEN. I ask unanimous consent that the title be read paragraph by paragraph.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I am in accord with that request, but the parliamentary practice which has always obtained here is that in considering an amendment of this nature we take up the subdivisions as though they were sections complete in themselves and consider them apart from the text which is covered by the unanimous-consent agreement. I think that is the practice to which the Senate has adhered.

Mr. BARKLEY. I have no objection to that procedure. I should like to inquire of the Senator from Arizona and of other Senators, too, whether there would be any objection to reading this new language by titles. There are some three or four titles of the new language, and if we could consider it by titles it might facilitate consideration, although amendments would be in order to any section of the title under consideration.

Mr. HAYDEN. I think that would be all right.

Mr. McADOO. Mr. President——

The PRESIDING OFFICER. The Senator from California may be assured that the time occupied by this discussion will not be taken out of his time.

Mr. BARKLEY. Mr. President, will the Senator from Arizona permit me to propose an amendment to his unanimous-consent request? I ask unanimous consent that the language from page 31 to page 58, inclusive, be read by titles and considered by titles, amendments being in order to any section of each title.

The PRESIDING OFFICER. Is there objection?

Mr. HAYDEN. That would mean, as I understand, that in effect each paragraph would be a separate amendment.

Mr. BARKLEY. Each one of these titles deals with a different crop—one with cotton, one with tobacco, one with rice—and amendments will be in order to any section of any of the paragraphs on the several subjects.

Mr. HAYDEN. We are now dealing with title III, marketing quotas for cotton.

Mr. BARKLEY. Yes.

Mr. HAYDEN. It would then be in order, as the paragraph is read, to offer amendments to the paragraph?

Mr. BARKLEY. My request was that the title be read, and that amendments be in order to any paragraph of it.

Mr. HAYDEN. What disturbs me at the moment is this: There are certain paragraphs in the title that will have to be considered in connection with provisions that are at the end of the bill which define the terms used in the title. If it would be possible to pass over paragraphs so that the two matters might be brought together at the same time, we would not be foreclosed from offering amendments.

Mr. BARKLEY. There will be no difficulty about that. What I am trying to do is to facilitate the reading of the new language without prejudicing any Senator as to offering amendments to any part of the title.

Mr. HAYDEN. I think the Chair made the wisest suggestion of all—that we read the new language as though it were a new bill, paragraph by paragraph, and that amendments be in order to any paragraph.

Mr. BARKLEY. I withdraw my request to amend the request for unanimous consent.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona [Mr. HAYDEN] that the titles appearing in italics, beginning on page 31, be read and acted upon paragraph by paragraph? The Chair hears no objection, and it is so ordered.

The Senator from California [Mr. McADOO] is recognized.

Mr. McADOO. Mr. President, I have offered an amendment which proposes, on page 32, line 23, to strike out all after the word "prices" down to and including the word "quality" in line 25. The portion proposed to be stricken out reads as follows:

And never in excess of the world market price for cotton of similar quality.

Subsection (d) provides—I shall have to read it all in order to make the matter clear——

Mr. McNARY. Mr. President, a parliamentary inquiry.

Mr. BILBO. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Mississippi will state his point of order.

Mr. BILBO. It is not exactly a point of order, but a parliamentary question. My understanding was that the committee amendments had first to be adopted, before any amendments were to be offered.

Mr. McADOO. This is an amendment to a committee amendment.

The PRESIDING OFFICER. The Chair will state that it has just been agreed that, beginning with title III, the following pages shall be taken up and read and acted upon, paragraph by paragraph.

Mr. BILBO. And they are subject to amendment?

The PRESIDING OFFICER. They will, of course, be subject to amendment.

If the Senator from California will permit the Chair to make a statement, the Chair believes that under the unanimous-consent agreement it will be necessary to act upon paragraphs (a), (b), and (c) before the amendment of the Senator from California would be in order.

Mr. McNARY. That was the parliamentary inquiry I was about to propound.

The PRESIDING OFFICER. Without objection, paragraph (a) will be considered as having been agreed to.

Without objection, paragraph (b) will be considered as having been agreed to.

Without objection, paragraph (c) will be considered as having been agreed to.

The Senator from California is recognized.

Mr. McADOO. Mr. President, paragraph (d) reads as follows:

(d) It is hereby declared to be the policy and the purpose of the United States to encourage the annual production of an ample supply of cotton of suitable grade and staple to supply all domestic and foreign consumption of such cotton and in addition thereto to maintain at all times a large enough surplus to meet all offers from all sources to buy American cotton at fair and reasonable prices, and never in excess of the world-market price for cotton of similar quality.

My amendment proposes to strike out the last part of the paragraph, reading as follows:

And never in excess of the world-market price for cotton of similar quality.

I think it is entirely superfluous to make such a declaration. I can see no necessity for it; and I think, upon reflection, it will be clear to anyone that it would be useless for the Congress of the United States to commit itself to any such declaration. I spoke to the Senator from Alabama [Mr. BANKHEAD] about the amendment, and I hope he will accept it.

Mr. BANKHEAD. Mr. President, I have no objection to accepting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California to the committee amendment, on line 23, page 32.

The amendment to the amendment was agreed to.

Mr. CONNALLY. Mr. President, I desire to ask the Senator from Alabama [Mr. BANKHEAD] a question. It seems to me that the declaration here is a little inconsistent.

The committee amendment reads:

It is hereby declared to be the policy and the purpose of the United States to encourage the annual production of an ample supply of cotton of suitable grade and staple to supply all domestic and foreign consumption of such cotton—

We are not trying to do that. If we were, we would not restrict the production of cotton at all, because we do not produce enough for the world.

Mr. BANKHEAD. That means, of course, that we are prepared to supply the demand for all of our cotton that anybody wants to buy. We have always had all the cotton anybody in the world wanted to buy, and it is the policy of the United States to continue that course—to have plenty of cotton, so that those who have the money can buy it. In other words, it is not our intention to restrict the supply. If foreign countries want more cotton, they can get it. We propose to have plenty of cotton for them at all times.

Mr. CONNALLY. For "all domestic and foreign consumption"?

Mr. BANKHEAD. Of American cotton; yes.

Mr. CONNALLY. Of course.

Mr. BANKHEAD. "Of such cotton."

Mr. CONNALLY. The amendment is not drafted in that way.

Mr. BANKHEAD. That is the meaning of it.

The PRESIDING OFFICER. Without objection, the paragraph as amended will be considered as agreed to.

Mr. BANKHEAD. Mr. President, I have a committee amendment perfecting paragraph 31 (a).

The PRESIDING OFFICER. That point has not yet been reached.

Mr. BANKHEAD. Very well.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The CHIEF CLERK. At the top of page 33 it is proposed to insert the following:

Thirty-five percent of a normal year's domestic consumption and exports is a reasonable carry-over at the end of each marketing year. That amount of cotton carried over, based upon many years of experience, is held to be an adequate ever-normal warehouse supply for the protection of interstate commerce and of consumers of American cotton, domestic and foreign, against drought, excessive rainfall, insects, war, or other national emergency.

The amendment was agreed to.

The next amendment was, on page 33, after line 8, to insert:

SEC. 31. (a) Prior to the 15th day of November of each year the Secretary shall find the probable carry-over of cotton as of the beginning of the approaching marketing year and shall also find the probable domestic consumption of American cotton, and also the probable exports of American cotton during such marketing year.

Mr. BANKHEAD. I now offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 33, after line 14, it is proposed to insert the following proviso:

Provided, That for the crop year 1937–38 the Secretary shall make all of the findings, determinations, and proclamations provided for in this section within 10 days after the approval of this act.

Mr. BANKHEAD. Mr. President, this is a committee amendment offered because, while the section provides for a referendum for the crop year 1937–38, it fails to require the Secretary to do these various other things.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment of the Committee on Agriculture and Forestry was, on page 33, after line 14, to insert:

The Secretary shall also determine and specify the national marketing quota of cotton that may be marketed in interstate or foreign commerce during the succeeding marketing year.

The amendment was agreed to.

The next amendment was, on page 33, after line 18, to insert the following:

The Secretary shall, immediately after making the aforesaid findings, proclaim that beginning on the first of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the crop harvested during such marketing year: *Provided, however*, That within 30 days after the approval of this act and thereafter not later than December 15 of 1938 and of each subsequent year the Secretary shall conduct a referendum of the farmers who would be subject to the national marketing quota for cotton to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, within 15 days after the first referendum under this section and prior to the 1st day of the following January in case of any subsequent referendums, announce the result of the referendum and such quota shall not become effective.

Mr. McNARY. Mr. President, did not the House vote upon the quota as applied to cotton?

The PRESIDING OFFICER. Is the Senator addressing the question to the Chair?

Mr. McNARY. I thought the Chair might be advised. If not, I address the question to the Senator from Alabama.

Mr. BANKHEAD. Mr. President, I could not inform the Senator. I do not think it makes any difference. It does not bind us. I have not had time to keep up with what the House has been doing.

Mr. BARKLEY. Mr. President, the House did vote, by viva voce vote in Committee of the Whole and by a very narrow margin, to change the provisions of the text of the House bill, but that matter cannot be determined, so far as the House itself is concerned, until the bill goes back to the House and they have a vote, at which time the proponents

of the measure hope to reverse the action taken in Committee of the Whole.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee to insert a new paragraph on page 33, after line 18.

The amendment was agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 34, after line 10, to insert a new paragraph, as follows:

The Secretary shall determine and specify in such proclamation the amount of the national marketing quota for cotton in terms of the quantity (the number of standard bales of 500 pounds weight) which may be marketed during such marketing year: *Provided, however,* That such number of bales shall not be less than 70 percent of the average annual number of bales produced during the 10-year period ended December 1932.

The amendment was agreed to.

Mr. BILBO. Before paragraphs (b) and (c) are read, I ask that they go over until tomorrow, because I have in course of preparation an amendment to be offered to those two subsections.

Mr. McKELLAR. Mr. President, I hope that will be done.

Mr. BANKHEAD. I have no objection.

Mr. HAYDEN. Mr. President, I desire to join in that request as respects subsection (b). I have an amendment I desire to offer to that subsection.

The PRESIDING OFFICER. Is there objection to subsections (b) and (c) being passed over? The Chair hears none, and it is so ordered. The clerk will report the next amendment.

The next amendment of the Committee on Agriculture and Forestry was, on page 35, after line 11, to insert the following:

(d) Apportionment of the quota for any county or subdivision thereof shall be made by distributing among the farms therein that acreage which, on the basis of the average yield of cotton in such county or subdivision thereof, would produce the amount of the county quota. Such acreage shall be apportioned among the farms producing cotton in the county, or subdivision thereof, as follows:

(1) By allocating 5 acres to each such farm for each family engaged thereon as owner, share tenant, tenant renter, or sharecropper in the production of cotton on such farm: *Provided, however,* That the number of acres allotted for any family cultivating less than 5 acres during either of the two preceding seasons shall be the larger of the number of acres that was cultivated in either of such seasons, such production to be determined in accordance with regulations issued by the Secretary.

(2) At least 95 percent of any acreage remaining shall be apportioned to the farms in the county in the same proportion that the lands tilled on each farm in the preceding year bears to the total tilled lands in the county in such year.

(3) The remainder of such acreage may be distributed equitably among the farms in the county, taking into consideration good soil management, type of soil, topography, production facilities, the average acreage of cotton grown on the farm during the preceding 3 years (taking into account in the applicable years the acreage diverted from such production because of agricultural adjustment and conservation programs), and the acreage of food and feed crops needed for home consumption on the farm. In distributing the acreage allotment under this subsection (3) due allowance under instructions issued by the Secretary shall be made for sources of cash farm income other than that derived from cotton.

Mr. BILBO. Mr. President, I desire to amend the paragraph on page 35, line 19, by striking out the word "five" and inserting in lieu thereof "seven and one-half."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 35, in the committee amendment, in line 19, after the word "allocating", it is proposed to strike out "five" and insert "seven and one-half", so the phrase would read:

By allocating 7½ acres to each such farm for each family engaged thereon, as owner, share tenant, tenant renter, or sharecropper in the production of cotton on such farm.

The amendment to the amendment was agreed to.

Mr. BILBO. I now move to amend further, on page 35, by striking out lines 22, 23, 24, and 25, and lines 1 and 2 on page 36. That would be to strike out the proviso of that subsection.

The PRESIDING OFFICER. The amendment of the Senator from Mississippi to the committee amendment will be stated.

The CHIEF CLERK. On page 35, after line 21, it is proposed to strike out the proviso, as follows:

Provided, however, That the number of acres allotted for any family cultivating less than 5 acres during either of the two preceding seasons shall be the larger of the number of acres that was cultivated in either of such seasons, such production to be determined in accordance with regulations issued by the Secretary.

Mr. BANKHEAD. Mr. President, I am opposed to the amendment of the Senator from Mississippi. I had assumed the Senator from Mississippi had agreed to the text of the bill. At any rate, if he did not, that is all right.

We have a very large number of cotton growers, probably several hundred thousand, who grow less than two bales of cotton a year, some a bale and a half, some a bale, some only half a bale, because they are not dependent upon cotton production for their living. In other words, many dairy people have a small cotton patch, and so with fruit growers and hay growers. The result is there are several hundred thousand who produce, according to the figures of the Department, less than two bales of cotton each.

It has been my thought that under the theory of cotton reduction there is no occasion deliberately to invite people who have not been producing cotton to do so, or add to or increase their production. It would have to come out of the production of the established farmers under a period of enforced rigid restriction in production. I do not think we ought to increase production or encourage people to increase it who have not been doing so when they could do it voluntarily. It would amount to a very large acreage and number of bales of cotton.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BANKHEAD. Certainly.

Mr. BYRNES. I thought that the language meant that in the case of a family cultivating less than 5 acres, say, 3 or 4 acres, during either of two preceding seasons—3 acres one season and 4 acres the next season—the allotment of that farmer should be 4 instead of 3.

Mr. BANKHEAD. It does.

Mr. BYRNES. That really would be a benefit to the farmer.

Mr. BANKHEAD. The Senator from Mississippi wants to strike out that provision.

Mr. BYRNES. I got the impression the Senator said it would injure those farmers.

Mr. BANKHEAD. It puts them all on a 7½-acre basis, as I construe it, and I think that is what the Senator has in mind.

Mr. BILBO. That is correct.

Mr. BANKHEAD. This is intended not to reduce any farmer who has cultivated less than 5 acres.

Mr. BYRNES. It is to give him the privilege of cultivating the highest number of acres that he has theretofore cultivated.

Mr. BANKHEAD. That is the idea.

Mr. OVERTON. Mr. President, I think the amendments if adopted would destroy the historical background in the production of cotton.

Mr. BANKHEAD. Absolutely.

Mr. OVERTON. So far as the 7½ acres are concerned.

Mr. BANKHEAD. Absolutely.

Mr. OVERTON. Any farmer or sharecropper or share tenant, whether he has ever produced cotton or not, will be entitled to produce cotton on 7½ acres.

Mr. BANKHEAD. That is correct. It is an increase program rather than holding the line.

Mr. BILBO. Mr. President, I appreciate the truth of the statement made by the Senator from Alabama that there are in the Cotton Belt a few farmers who plant a small acreage in cotton, 2 or 3 or 4 or 5 acres, when they are not dependent on cotton as their sole money crop. My purpose in moving to eliminate this provision from the bill and to give each family the right to put 7½ acres in cultivation if they so desire, is to take care of that great army of

small farmers in the hill sections of the Cotton Belt who have been denied the right to plant as much as 5 or 7½ acres under the previous control programs. I know from personal knowledge that when the Government enforced the average base acreage provision of the law, resorting to the history of the cultivation of cotton in my own State, there were a great many farmers who were planting 4 or 5 acres from year to year, depending somewhat on other crops on their farms for cash. Yet, when the strict rules of the control program of the past were applied, these farmers who were planting 4 or 5 or 6 acres were cut down to 1, 2, 3, and 4 acres, and they have been living up to the Government's regulations. So, if this provision remains in the bill, these farmers, who have been cut to the quick as a result of the rigid rules of control programs in the past, will still be denied the opportunity to plant 7½ acres allotted as an exemption to all the cotton farmers of the Cotton Belt.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. OVERTON. As I interpret the proviso, the historical background refers to only the two preceding seasons.

Mr. BILBO. Yes.

Mr. OVERTON. Was there any control program during the two preceding seasons referred to in the proviso?

Mr. BILBO. Yes. Under the soil-conservation program the farmers were held to the old base acreage, which had been established under the Bankhead Act, and in their attempt to keep faith with the Government and keep up with the program, a great many of the farmers stood by the old acreage basis which had been established for them under the old cotton-control program, and they are in just as bad shape now, notwithstanding the fact that they had a right to override the soil-conservation program and become outlaws, so far as the Government program was concerned. They preferred to stay with the Government in the attempt to control the production, but are still denied that acreage which they had been planting previous to the original control program.

If this provision remains in the bill, these farmers who have been discriminated against under the old program will still be discriminated against and denied their seven and a half acres. I take it that the statement of the Senator from Alabama is true that there are, we will say, thousands of farmers who do not care to plant seven and a half acres, and who have been planting only 2 or 3 or 4 or 5 acres to make one bale for a little cash money, depending upon dairying or other cash crops. There is nothing in the provision to induce them to plant the full seven and a half acres which is allowed for each family. Therefore I do not think there will be any increase in production if this provision is taken out, because the people who did not want to plant more than 2 or 3 or 4 or 5 acres will still be free to plant the full number of acres.

Mr. BANKHEAD. Mr. President, I think the Senator in that statement entirely overlooks the fact that if the cotton is allotted, that amount is taken out of the quotas of other farmers. Let me read the figures as to the cotton farmers. The number of farmers who produced up to one-half a bale was 37,235. Those producing from one-half to one bale amounted to 143,738. Those producing from one bale to one and a half bales numbered 268,587. This is cumulative, the last figures including the ones ahead of them. Those producing from one and a half to two bales numbered 403,257. Those producing from two and a half to three bales numbered 676,028. Those producing from three to three and a half bales, which reaches up into the 7-acre bracket, numbered 809,862. So, the Senator may readily see that where farmers in this large number voluntarily, of their own accord, have been producing much less cotton, it is an invitation to the other growers to take this quantity.

Mr. BILBO. Mr. President, I appreciate the statement the Senator from Alabama makes—that we will make an allocation of acreage or bales to these small producers, that they will not avail themselves of the opportunity to produce the cotton, and that we will freeze a certain number of bales under the national allotment to these farmers, and that others will not be permitted to grow cotton.

I assure the Senator that when we provide for a cut in the production of cotton for next year the allotment will be taken care of all right, because that means that the farmers whose acreage has been reduced will improve their cultivation and increase the amount of their fertilizer, and they will get more than the national allotment in the final outcome.

Mr. CONNALLY. Mr. President, the Senator said there would be no inducement for these farmers to plant the entire 7½ acres. If this bill works, there will be because the theory is that the price will be raised, and whenever the price is raised every inducement is present to make a man plant all he can.

Mr. BILBO. There is nothing in that contention because the ones the Senator from Alabama is trying to take care of——

Mr. BANKHEAD. I am not trying to take care of anybody. I am trying to prevent an injustice to the old-line cotton grower.

Mr. BILBO. The ones the Senator is attempting to eliminate have never attempted to plant more than 2 or 3 or 4 acres, no matter what the price of cotton was.

I want to know whether the Senator has any suggestion to make about taking care of this great army of planters who have been discriminated against, and who have not heretofore been permitted to plant the acreage they formerly planted.

Mr. BANKHEAD. There was but one year when the acreage was restricted. The act of 1934 was not passed until the crop had been planted. In 1936 and 1937, as suggested by the Senator from Louisiana, there was absolutely no restriction of any sort on any cotton grower as to how many acres he could plant or how many bales he could grow. It was all voluntary.

Mr. BILBO. I make the prophecy that if this provision remains in the bill there will be tens of thousands of small farmers who will be discriminated against and denied the 7½ acres we are attempting to give to every one-horse farmer of the Nation.

Mr. MILLER. Mr. President, I think we must all admit that the so-called little farmer has been discriminated against in the cotton program, and I believe that in the pending measure we have our only chance to correct a grievous wrong which has heretofore been committed against him. I do not wish to wreck the cotton program, but there is a human element in this agricultural question which cannot be overlooked.

Whether we admit it or not, for many years there were going over this country extension agents and others preaching diversification. Diversification has been engaged in by a certain class of farmers, but not by the cotton farmers, not the mechanized farmers, not the men who plant their fence corners in cotton every year; and they are the men who are creating the surplus of cotton in this country today.

The hill man, of whom the Senator from Mississippi speaks, like the other little farmer, has engaged in diversification over a period of many years. He does not have sufficient base acreage. The diversification program was adopted by him, not because he wanted to adopt it, but because of necessity. It was necessary for him to raise on his farm the food products necessary to support his family, and naturally his cotton production was reduced to the minimum. The cotton he produced was merely a small amount to be used in paying taxes and other necessary expenses he had to meet in the fall of the year.

When the restriction program was inaugurated, he was the man who was injured, and that man on the small hill farm, with his family, took his percentage of cut just the same as anyone else did, just the same as the large farmer did. The amendment proposed by the Senator from Mississippi will in large measure render justice to that man, and it will not increase the production of cotton one pound, if the bill means anything.

Turning to page 36, subsection 2, we find that after the 7½ acres are allotted 95 percent of the remaining acreage

is to be apportioned among the other farms. I admit that it will reduce the number of acres, and it will reduce the quota of the large producer, because the small man will have his part of the national marketing quota applied to his 7½ acres; but it merely gives him no more than what his family must have.

When we talk about reducing a family in the Cotton Belt to below 7½ acres, we forget entirely the human element that must enter into this question, and therein lies the injustice of our entire farm program.

I for one would like to see the amendment of the Senator from Mississippi adopted.

Mr. ELLENDER. Mr. President, I believe that the purpose of the proviso in this section is misunderstood by some of the Members of the Senate. The reason for the proviso is to limit the cotton acreage of those farmers who till less than 5 acres. It is not intended to affect a farmer who cultivates 25 or 30 acres of tilled land. It matters not how much cotton the farmer with more than 5 acres planted to cotton last year or the year before; under the bill, whether he planted 5 acres or 6 acres or 2½ acres, he gets the minimum fixed in the bill. A town lot farmer or one who tills less than 5 acres should not expect to plant more than he planted to cotton in either of the past 2 years.

In order to clarify this proviso, I suggest the following amendment: On line 23, after the word "acres", insert "of tilled land", so that the proviso will read as follows—

Beginning on page 35, line 22:

Provided, however, That the number of acres allotted for any family cultivating less than 5 acres of tilled land during either of the two preceding seasons shall be the larger of the number of acres that was cultivated in either of such seasons.

Thus it will be noted that only such farmers who have but 5 acres of tilled land will be affected under this provision. As to all other farmers who have in excess of 5 acres, the general provisions of the bill will apply to them.

I believe that the modification of the amendment as I have just suggested will meet the objections complained of by the junior Senator from Mississippi [Mr. BILBO] and the junior Senator from Arkansas [Mr. MILLER].

Mr. BANKHEAD. I wish to inquire if consideration has been given to the idea that under the program 2,300,000 cotton producers are eligible, with a 7-acre exemption, which makes around 16,000,000 acres. Under present conditions it is thought that probably 25,000,000 acres, or certainly not much more than that, will be the total acreage included in the plan. So if 7 acres are permitted to every sharecropper, every tenant and every farmer, regardless of what he has ever produced in the past—regardless of whether he has produced half a bale, or a bale, or two bales—if this amendment shall be adopted we shall automatically allocate 16,000,000 acres out of 23,000,000 acres that have heretofore been given the opportunity voluntarily to produce only a very small proportion of the total production of cotton.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BILBO. I am sure the Senator and I wish to accomplish the same thing. We desire to do justice to all of these farmers. My reason for offering the amendment is to take care of the small farmer who has been discriminated against under the former control program.

Mr. BANKHEAD. Mr. President, a great many of these men are not small farmers. Many of them are large farmers who produce voluntarily a small quantity of cotton.

Mr. BILBO. The Senator wants to encourage the farmer who heretofore was satisfied to plant 2 or 3 or 4 or 5 acres. Then will the Senator agree that instead of putting in this proviso the words "During either of the two preceding seasons" we put in "five preceding seasons"? That will carry us back to the time when there was not any control program, and in that way the Senator can eliminate the class he desires to eliminate.

Mr. BANKHEAD. I have no objection, if the Senator is not trying to take the acreage away.

Mr. BILBO. Very well. If we put it back 5 years, we will take care of the class that the Senator's proviso will eliminate. At the same time we will save the fellow who is discriminated against under the control program.

Mr. BANKHEAD. I will accept that.

Mr. BILBO. I am satisfied to leave it at 5 years.

Mr. BYRNES. Mr. President, is any amendment pending?

Mr. BANKHEAD. My understanding of the agreement reached by myself and the Senator from Mississippi is——

The PRESIDING OFFICER. The Chair understands that the Senator from Mississippi withdraws his amendment.

Mr. BILBO. No.

Mr. BANKHEAD. He moves to strike out "two" and insert "five" in line 23.

Mr. BILBO. Of course, it is understood that we shall have to change "five" in the proviso to "seven and one-half" to correspond with "seven and one-half" in the first part of the section.

Mr. BANKHEAD. The Senator raises it up a little.

Mr. BILBO. No; if you allow 7½ acres for the individual unit, then the same figure should appear in the proviso. It should read:

That the number of acres allotted for any family cultivating less than 7½ acres—

If seven and a half acres are provided for the individual unit, then we must make this seven and a half.

Mr. BANKHEAD. What does the Senator from Louisiana say about that?

Mr. ELLENDER. That amounts to the same thing. If the number in line 19 should be changed to 7½, it would be proper to change the 5 to 7½ in line 23.

The PRESIDING OFFICER. The Chair suggests that some Senator offer an amendment in order that we may proceed.

Mr. BILBO. I offer an amendment to strike out the word "five" in line 23 and insert "seven and one-half."

Mr. BANKHEAD. I understand that that amendment is simply substituting "seven and one-half" for "five" in line 23.

Mr. BILBO. Yes.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 35, line 23, after the word "than", it is proposed to strike out "five" and insert "seven and one-half".

The amendment to the amendment was agreed to.

Mr. OVERTON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. OVERTON. Should not the amendment be voted on as a whole? I understand it is the purpose of the Senator from Mississippi to modify his amendment by not only substituting "seven and one-half" for "five", but also by substituting the word "any" for the word "either", in the same line.

Mr. HAYDEN. The Senator changed the word "two" to "five", in line 23.

Mr. OVERTON. The Senator changed "two" to "five." I think it all constitutes one amendment, and ought to be voted on as a whole. I understand, Mr. President, that the proviso will then read as follows——

The PRESIDING OFFICER. The Chair will state that the amendments will have to be offered to the text. The Senator could not modify his amendment in such a manner as suggested. The Senator has offered one amendment, which has been agreed to.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. Will the Senator from Mississippi withdraw the original amendment which he offered to strike out the whole proviso? It should be done in order that these matters may be taken up.

Mr. BILBO. I will do that.

The PRESIDING OFFICER. The Senator has withdrawn that amendment and offered one amendment which has already been agreed to, in line 19 and in line 23, to strike out "five" and insert "seven and one-half."

Mr. BILBO. With the permission of the Senate I shall read the amendment I want to offer, beginning on line 22:

Provided, however, That the number of acres allotted for any family cultivating less than seven and a half acres of tilled land during either of the five preceding seasons shall be the larger number of acres that was cultivated in either of such season, such production shall be his allotment.

That is the substance of it.

Mr. ELLENDER. Mr. President, I understand that the Senator from Mississippi has accepted the suggestion I made a minute ago; that is, that on line 23, between the words "acres" and "during", the words "of tilled land" to be added.

The PRESIDING OFFICER. No such amendment has yet been proposed.

Mr. ELLENDER. I offer that amendment.

The PRESIDING OFFICER. The question is on the amendment to the committee amendment offered by the Senator from Louisiana, which the clerk will state for the information of the Senate.

The CHIEF CLERK. On page 35, line 23, after the word "acres", it is proposed to insert "of tilled land."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The next amendment of the Senator from Mississippi will be stated.

The CHIEF CLERK. On page 35, line 23, it is proposed to strike out "two" and insert "five."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BARKLEY. Mr. President, I suggest that the word "either", in line 23, should be changed to "any." That has been suggested, but no one has offered it as an amendment. I offer it as an amendment.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Kentucky to the committee amendment will be agreed to.

Mr. OVERTON. Mr. President, I think the committee amendment should be further perfected. With that purpose in view I suggest to the Senator from Mississippi that he offer this amendment. If he does not do so, I shall. On page 35, line 25, strike out the words "either of" and insert "any."

Mr. BILBO. I shall offer it, because that is just perfecting the committee amendment.

Mr. McKELLAR. The language will not then be right, because the word in the bill is "season."

The PRESIDING OFFICER. Does any Senator offer the suggested amendment?

Mr. OVERTON. I offer it.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Louisiana [Mr. OVERTON] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. McKELLAR. The word "season" should be "seasons." I offer an amendment in line 25 to strike out the word "season" and insert the word "seasons."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee to the committee amendment.

The amendment to the amendment was agreed to.

Mr. McNARY. Mr. President, let the clerk read the committee amendment as it has been amended so far.

The PRESIDING OFFICER. The clerk will read the committee amendment on page 35, subsection (1), as it has been amended.

The Chief Clerk read as follows:

(1) By allocating 7½ acres to each such farm for each family engaged thereon as owner, share tenant, tenant renter, or sharecropper in the production of cotton on such farm: *Provided, however,* That the number of acres allotted for any family cultivating less than 7½ acres of tilled land during any of the five preceding seasons shall be the larger of the number of acres that was cultivated in any such seasons, such production to be determined in accordance with regulations issued by the Secretary.

The PRESIDING OFFICER. Without objection, the paragraph as amended will be agreed to.

The clerk will state the next committee amendment.

The next amendment of the Committee on Agriculture and Forestry was, on page 36, line 19, to insert the following:

(c) If the quantity of cotton produced on the fixed number of acres exceeds the quantity specified, as hereinabove provided, the quantity so produced shall prevail as the national marketing quota and all of it may be marketed in interstate and foreign commerce.

Mr. OVERTON. I offer an amendment which lies on the desk and ask that it be read.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana will be stated for the information of the Senate.

The CHIEF CLERK. On page 36, line 6, after the words "in such year", it is proposed to insert a colon and the following:

Provided, however, That the lands devoted to crops for market other than cotton shall be excluded in determining tilled lands under this subsection (2).

The PRESIDING OFFICER. Without objection, the vote whereby paragraph (2) on page 36 was adopted will be reconsidered, and the question is on the amendment offered by the Senator from Louisiana to the amendment of the committee.

Mr. GEORGE. May I inquire if the amendment proposed by the Senator from Louisiana has been printed?

Mr. OVERTON. The amendment has been printed and is on the desk of the clerk.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. MILLER. I understood that the amendment offered by the Senator from Louisiana is to paragraph (2) on page 36, which is intimately connected with subsection (1) on page 35, which was passed over.

Mr. OVERTON. The statement made by the Senator from Arkansas is correct; and if it is desired by the Senator from Arkansas or any other Senator that the amendment which I propose shall be passed over until the amendment in line 5 on page 35 has been considered, it will be agreeable to me.

Mr. MILLER. I think it should be passed over, Mr. President.

The PRESIDING OFFICER. Is there objection to passing over paragraph (2) on page 36? The Chair hears none; and, without objection, that paragraph will be passed over.

Without objection, the other paragraph—paragraph (1) on page 35, as amended and read—will be agreed to.

The question is on agreeing to the committee amendment, paragraph (c) on page 36.

The committee amendment was agreed to.

The next amendment was, on page 36, after line 23, to insert a new paragraph, as follows:

(f) Not in excess of 3 percent of the national marketing quota apportioned to any State may be allotted and apportioned to farms and areas currently producing cotton for the first time during the last 10 years. Such apportionments shall be made under regulations to be adopted by the Secretary.

The amendment was agreed to.

The next amendment was, on page 37, after line 4, to insert:

SEC. 32. (a) Whenever, after due notice and opportunity for public hearing to interested parties, the Secretary determines that the national marketing quota then in effect does not make available a normal supply of cotton, the Secretary shall increase such national marketing quota so as to make available during the marketing year a normal supply.

The amendment was agreed to.

The next amendment was, on page 37, after line 10, to insert:

(b) If, by reason of drought, war, or other national emergency, or increase in exports, the Secretary has reason to believe that the national marketing quota should be increased or suspended, then the Secretary shall proclaim that fact and, after due notice and opportunity for public hearing to interested parties, shall to the extent necessary to meet such emergency increase the farm marketing quotas within any production area, or suspend marketing quotas. No farm marketing quota for any farm shall be reduced after an increase pursuant to this subsection.

Mr. ASHURST. Mr. President, I wish not to prolong discussion of the bill, but subsection (b), in my judgment, does the following: It says to the Secretary, "Do as you please. If, in your judgment, there is a drought, a war"—and it does not say where—"or other national emergency, you may prescribe the quotas."

In one phase of the bill we say the Secretary must not do this or that, and in another phase of the bill we say he may do as he chooses, and he may determine that a contingency has happened. We say, "If, by reason of drought, war"—where?

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. VANDENBERG. Is the Senator not willing to trust the omnipotent judgment of the Secretary of Agriculture?

Mr. ASHURST. That is not the point. I have large confidence in the ability, the sagacity, and the patriotism of the Secretary of Agriculture. It is my habit of mind to have confidence rather than to suspect my fellow citizens. But do Senators wish to give this vast power to any person? I think not. "If by reason of drought, war"—where? We are proposing to give to the Secretary the power to declare that a war exists somewhere, which power we have been trying to avoid giving to anyone.

I shall not say anything further than to point out that it is provisions like this, words of this character, where the departments find the power granted to them to do the very things Congress does not want them to do or have the power to do. Arizona has had experience with reference to departmental action relative to cotton. It is not an offense to say, "You cannot read in the dark," and it is no reflection upon a departmental official to decline to grant him such power.

I have said all that I can say. The language of this provision is about as nearly complete authority as a parliamentary body could grant to any official.

Mr. BYRNES. Mr. President, I am impressed by what the Senator from Arizona has said, and I should like to inquire of the Senator from Alabama [Mr. BANKHEAD] whether he insists upon the adoption of the section; and if so, what are his views with reference to it?

Mr. BANKHEAD. Mr. President, the paragraph was included merely for flexibility in the event of an emergency. I do not think it is particularly valuable and I have no objection to striking it out.

Mr. ASHURST. I hope the matter may be stricken out.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was rejected.

The PRESIDING OFFICER. The next amendment will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 37, after line 20, to insert a new paragraph, as follows:

SEC. 33. (a) The willful marketing in interstate or foreign commerce of any cotton produced on a farm for which a quota has been established in excess of the quantity produced on such acreage is hereby prohibited. Ginning such cotton and selling it creates a prima facie presumption that such cotton was marketed in interstate or foreign commerce in violation of this title.

Mr. HATCH. Mr. President, I desire to offer an amendment to that particular paragraph of the section.

The PRESIDING OFFICER. The amendment will be reported for the information of the Senate.

The CHIEF CLERK. On page 37, line 24, after the word "prohibited", it is proposed to insert the following:

Unless prior to such marketing (1) the Secretary shall have, under section 7, released cotton from marketing quota restrictions, or (2) the farmer shall have absorbed such excess marketing through diverting from the production of cotton an acreage, the normal production of which equals or exceeds the amount of such excess marketing.

Mr. HATCH. Mr. President, I may say in explanation that the bill as drawn in this particular section would prohibit the sale of cotton grown on excess acreage. The bill does not make any provision for any disposition of the cotton so grown. It freezes it completely, and nothing can ever be done with that excess cotton.

This is not original with me. Someone from the Department called it to my attention, and the amendment was drawn so as to provide a method by which such excess cotton might be lawfully disposed of.

Mr. BANKHEAD. Mr. President, there is just one statement of the Senator that I want to correct. The farmer could hold this cotton and use it for next year's allotment.

Mr. HATCH. That is the very point on which the bill is not clear and the amendment would make it absolutely clear.

Mr. BANKHEAD. I do not know that I have any objection to the second part of the Senator's amendment.

Mr. HATCH. It was drawn by the Department and not by me.

Mr. BANKHEAD. Suppose we let it go over until tomorrow?

Mr. HATCH. May we have paragraph (a) go over until tomorrow?

Mr. BYRNES. Mr. President, I suggest that the Senator's request is reasonable and that we let the entire paragraph go over.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico that paragraph (a) of section 33 go over until tomorrow? The Chair hears none, and it is so ordered. The clerk will state the next amendment.

The next amendment of the Committee on Agriculture and Forestry was, on page 38, after line 2, to insert a new paragraph, as follows:

(b) Any person knowingly purchasing or selling cotton marketed in violation of subsection (a) shall pay a penalty of 75 percent of the purchase price of the cotton. Such penalty shall accrue to the United States.

The amendment was agreed to.

The next amendment was, on page 38, after line 6, to insert a new paragraph, as follows:

(c) Persons who knowingly sell cotton grown on acreage not included in an acreage allotment shall not be eligible for any payments under the Soil Conservation and Domestic Allotment Act nor under this title.

All persons applying for any payment of money under the Soil Conservation and Domestic Allotment Act as amended or under this title shall file with the application a statement verified by affidavit that the applicant had not knowingly sold any cotton during the current year produced on any land other than the acreage allotted to the applicant, and that he will not during such crop year sell any cotton produced on acreage other than that allotted to the applicant. Any person who knowingly swears falsely to the facts above stated shall be guilty of perjury.

The Secretary shall provide by regulations for the identification of cotton produced on the allotted acreage in such way as to afford aid in discovering and identifying cotton sold or offered for sale which was not produced on acreage included in any farm allotment. Producers who sell cotton produced on land not included in such producers' allotted acreage shall be ineligible for Government cotton loans during such marketing year.

The amendment was agreed to.

The next amendment was, on page 38, after line 3, to insert a new paragraph, as follows:

(d) The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this title. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided for under this section. The remedies provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

The amendment was agreed to.

The next amendment was, on page 39, after line 12, to insert a new section, as follows:

SEC. 34. The Secretary shall provide, through the State, county, and local committees of farmers hereinafter authorized for the making of allotments to farms of the national marketing quota and, when legally authorized to do so, apportion a number of acres from which cotton produced may move in interstate or foreign commerce, and for measuring all farms and ascertaining whether an excess over the apportionment of any farm under the national marketing quota has been planted to cotton. If an excess of planted-to-cotton acreage is found on any farm, the committee shall promptly file with the State committee a written report stating the total acreage in cultivation and the acreage then planted to cotton.

The amendment was agreed to.

The next amendment was, at the top of page 40, to insert:

SEC. 35. The Commodity Credit Corporation is hereby authorized and directed to extend the maturity date of all notes evidencing a loan made by that Corporation on cotton produced during the crop year 1937–1938 from July 31, 1938, to July 31, 1939.

The Corporation is further authorized and directed to waive its right to reimbursement from warehousemen accruing because of the improper grading of cotton as provided in the loan agreement. Except insofar as herein specifically modified, all the terms and conditions of the loan agreement shall remain applicable.

Mr. McKELLAR. Mr. President, I ask the Senator from Alabama just what that means.

Mr. BANKHEAD. Mr. President, this amendment was offered by the senior Senator from South Carolina [Mr. SMITH], the chairman of the Committee on Agriculture and Forestry.

Mr. McKELLAR. I refer to the provision reading:

The Commodity Credit Corporation is hereby authorized and directed to extend the maturity date of all notes evidencing a loan made by that Corporation on cotton produced during the crop year 1937–1938 from July 31, 1938, to July 31, 1939.

Is not that looking a long way into the future?

Mr. BANKHEAD. The senior Senator from South Carolina is in the Chamber, and I will refer the Senator to him.

Mr. SMITH. Mr. President, in respect to the matter to which the Senator has called attention, there is now in course of preparation an amendment which I think will take care of this feature.

Mr. McKELLAR. I ask that the amendment go over until tomorrow.

The PRESIDING OFFICER. Without objection, section 35 will be passed over.

Mr. BANKHEAD. Mr. President, a little while ago the Senator from New Mexico [Mr. HATCH] tendered an amendment which he said was prepared by the Department, and which we did not understand, but we do understand it now. I ask that that be taken up at this time.

The PRESIDING OFFICER. Is there objection to returning to the paragraph on page 37 involved in the amendment? The Chair hears none, and the Secretary will state the amendment.

The CHIEF CLERK. In the amendment of the committee on page 37, line 24, after the word "prohibited", it is proposed to insert the following:

Unless prior to such marketing (1) the Secretary shall have, under section 7, released cotton from marketing quota restrictions, or (2) the farmer shall have absorbed such excess marketing through diverting from the production of cotton an acreage, the normal production of which equals or exceeds the amount of such excess marketing.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. HATCH. Mr. President, I desire to call the attention of the Senator from Alabama to another matter before we pass from this particular section. From a reading of it another thing has come to my mind, and I desire to call it to the attention of the Senator from Alabama. In lines 24 and 25 I find the words "Ginning such cotton and selling it creates a prima facie presumption." It would take both ginning and selling to create the presumption. I have in mind that in some sections of the country cotton is largely sold in the seed. Has the Senator from Alabama given any consideration to that?

Mr. BANKHEAD. Yes. My thought was that before the producers could take it into the channels of interstate commerce they had to gin it and sell it.

Mr. HATCH. I do not quite agree with the Senator in that regard.

Mr. BANKHEAD. Under this program we are limited to the regulation of commerce and getting the product into condition to move it in commerce. I thought it was best to take this precaution, to be on the conservative side, to provide that both things must concur, namely, that the ginning must be done and that the cotton must be sold, because the producers cannot move it in interstate commerce effectively until they gin it.

Mr. HATCH. Mr. President, I merely desired to call this to the attention of the Senator from Alabama because it occurs to me that the bill as drawn leaves a wide-open loophole to people by which to escape every penalty which has been provided in the bill. Cotton can be and is transported across State lines and sold in the seed very frequently in the western part of the country, as the Senators from Texas and Oklahoma and States in that section know. I do not know about Alabama.

I am calling this to the attention of the Senator from Alabama to ascertain whether he desires to consider it in perfecting his bill, and in order that it may be considered I ask that this paragraph go over until tomorrow.

Mr. BANKHEAD. I have no objection to that.

The PRESIDING OFFICER. Without objection, the paragraph will be passed over.

Mr. POPE. Mr. President, I desire to have printed a proposed amendment for the benefit of Senators, the amendment relating to the matter of ensilage in connection with dairy practices.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEE ON THE JUDICIARY

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of FRED M. VINSON, of Kentucky, to be an associate justice of the United States Court of Appeals for the District of Columbia, vice Charles H. Robb, retired.

Mr. BURKE, from the Committee on the Judiciary, reported favorably the nomination of Henry White Edgerton, of New York, to be associate justice of the United States Court of Appeals for the District of Columbia, vice D. Lawrence Groner.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Joseph R. Jackson, of New York, to be associate judge of the United States Court of Customs and Patent Appeals, vice Finis J. Garrett, nominated to be presiding judge of that court.

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of John P. McMahon, of the District of Columbia, to be judge of the police court for the District of Columbia.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination on the Executive Calendar.

THE JUDICIARY

The legislative clerk read the nomination of John H. Druffel to be United States district judge for the southern district of Ohio.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES HOUSING AUTHORITY

The legislative clerk read the nomination of Nathan Straus, of New York, to be Administrator of the United States Housing Authority.

Mr. VANDENBERG. Mr. President, I desire to make a brief statement regarding the nomination of Mr. Straus, of New York, to be Administrator of the United States Housing Authority. I make the statement in fairness to Mr. Straus, as well as in fairness to the protest which I tentatively filed with the committee when his nomination was reported to the Senate a few weeks ago.

One objection which was urged to the eligibility of Mr. Straus was that he could not function under the terms of the law in the administration of a housing project in which he was a stockholder, as is the continuing case with the housing project known as Hillside Homes.

Mr. Straus and his counsel readily admit this infirmity, and have avoided it by filing a letter with Secretary of the

Interior Ickes to the effect that any problem involving Hillside Homes will not be determined by Mr. Straus, but will be referred to the Secretary direct. That point, however, is incidental.

The larger question involved is the question of policy in handling housing projects. Mr. Straus was the promoter and builder of a very famous housing project in New York known as Hillside Homes. I think perhaps it is one of the largest in the country. It is built on a portion of what was formerly a farm in the Bronx area in New York City on the Boston Post Road. It is built on the farm which Mr. Straus inherited from his father.

Without going into any of the details, the point at issue, the point in controversy originally, turned on the fact that after Mr. Straus had obtained $5,000,000 from P. W. A. by way of a loan in respect to this low-cost housing project, and after he had located this project on his own farm, or on a portion of it, he withheld from the transfer a strip of land 100 feet wide across the entire front of the project, retained it to himself, and subsequently developed it as a private enterprise, after the housing project had created a community at that point.

When this matter first came to my attention I was completely shocked by the contemplation that a housing project could thus mingle what seemed to me to be a private interest with a public interest; in other words, that Government money could be used to create an enormous housing project upon the one hand, and that the creator of the project on the other hand could reserve unto himself 100 feet of land in front of it which he subsequently could develop to his own personal profit. It did not occur to me that there could be any defense for such a thing.

On that basis I asked the committee to hear Mr. Straus. The able junior Senator from Utah [Mr. THOMAS] arranged the session yesterday, and Mr. Straus appeared. Mr. Straus dealt with the matter with complete candor. He freely accepted the facts as I have stated them; namely, that he did withhold the 100-foot strip in front of the project, that he did develop it for his own personal gain, if possible, and he stated that his only embarrassment was that the venture had not been profitable, and that he had to concede that he had not been able to make any money out of it.

But, Mr. President, he also presented a philosophy of action which was entirely new to me, but which I was immediately bound to concede as entirely persuasive, and inasmuch as this matter had been bruited about in the press so much, it seemed to me that it would be worth while, so far as I am concerned and so far as Mr. Straus is concerned, to settle it once and for all.

Mr. Straus takes the position—and I repeat that it is a persuasive position—that if you have any hope of interesting large private investment in a large low-cost housing project on land which is to be purchased cheap enough to permit an appropriate housing enterprise, you must permit an adjacent development in the interests of the private parties themselves.

Let me put that differently. I should say Mr. Straus presents the proposition that you must choose one of these two alternatives: Either you must buy all of the land at a high price, which may be too high to permit of the construction of a low-cost housing project, or you must permit the sale of a portion of the land at a low cost, and then permit the adjacent development as a private project by way of compensation to the owner of the sum total of the land.

This is what Mr. Straus did. He sold at a very low figure for the Hillside project that portion of his farm which is used for housing. I think it was demonstrated that it is probably the lowest square-footage price of any housing project of a major character in the United States. I think it is fair to say, and I am anxious to be the one to say it, that a powerful argument may be made in behalf of the theory that it is to the advantage of the housing project to purchase land at a low cost and permit the vendor to compensate himself through the development of the adjacent facilities. It is upon that theory that Mr. Straus proceeded; and I repeat that while it was a novel philosophy to me, it certainly can be defended with a powerful argument.

I am still of the unregenerate opinion that it would be far preferable in connection with these housing projects that all of the land in a common project should be developed for the benefit of the project and as a common whole.

On the strength of the situation as I have described it—and I think I have fairly presented the situation—I withdrew any objection I had to Mr. Straus' confirmation. I stated to Mr. Straus that I would make this statement upon the floor, and that I would support his confirmation.

Mr. THOMAS of Utah. Mr. President, I am very happy that the Senator from Michigan [Mr. VANDENBERG] made the statement that he did. I am glad to be able to report to the Senate, in presenting the nomination of Mr. Straus, that the committee stood 100 percent in favor of his confirmation.

I should also like to say that the committee passed upon the worthiness of Mr. Straus. As far as his particular theories as they represent his actions in regard to the Hillside property are concerned, we, of course, are in hearty agreement with him and with what the Senator from Michigan said. Probably this development will be one unique in the history of housing in the United States.

Mr. President, we did not pass upon Mr. Straus' philosophy of housing, and we trust that his philosophy of housing is not limited entirely to the theory advanced in this particular project. Housing in America must be a very complex affair, because conditions are different almost everywhere.

We trust, though, that in case conditions may be found similar to those of the Hillside project Mr. Straus will not be at all backward in moving in identically the same way that he moved in the development of that project. As I have said before, we cannot expect to have very many projects identical.

We did not pass upon housing philosophy. We expect Mr. Straus to know that he must carry on his administration in conformity with the housing law, and we trust that he will develop very many different philosophies in regard to housing in America.

Mr. WAGNER. Mr. President, I want to thank the senior Senator from Michigan [Mr. VANDENBERG] for his statement regarding Mr. Straus' business enterprise. I was prepared to explain the enterprise as I knew it, and have known it, but the Senator has explained it better than I can.

There is just one thing that, perhaps, might be added. Mr. Straus did find a part of the land which was not taken by the limited-dividend corporation at the time the construction took place. It was vacant and adjoined the commercial enterprise. Mr. Straus leased to the Hillside Corporation, at a rental of $1 per year, that vacant land so that it might be utilized for recreation by the children living in the project and in those houses. I think a close examination will show that Mr. Straus disclosed his philanthropic attitude in this matter as he did in other matters.

I know Mr. Straus did not seek this place, but the office sought him. New York was proud to give his services to the country, and I am sure that when the time comes for appraisal none of us will regret that we have confirmed his nomination.

I happen to have known Mr. Straus from his boyhood. His family name of Straus is a household word among all the underprivileged and sickly and poor in the city of New York, as my colleague is able to testify from his familiarity with the activities of Nathan Straus in behalf of the unfortunate poor in New York. I know he came in contact with them during his service as commissioner of health in New York City.

This boy grew up holding firm to the great name of Straus established by his father and relatives. He has devoted most of his time to philanthropic purposes and to public service. He served for two terms as a State senator and, by the way, was elected both times in a district that had been overwhelmingly Republican. The people expressed their confidence in his integrity and capacity by electing him overwhelmingly on each occasion.

In the State legislature he had an outstanding record, again in a field where he was advocating successfully legislation to build a better day for the unfortunate and underprivileged. He devoted a great deal of study to the question of housing, particularly slum clearance. On a number of occasions he went to European countries at his own expense, remaining there 1 full year on one trip, in order to study the methods used by the other countries which are so far ahead of us in the construction of houses for the underprivileged and in the clearance of slums.

Mr. Straus is a man of the highest character, a man of exceptional ability. I am one of a great number who is very happy that he saw his way clear to accept this office when it was proffered by the President of the United States. I have the greatest confidence in his integrity and capacity, and sincerely believe that if confirmed his conduct of the office of Administrator will justify that confidence to the fullest extent.

Mr. COPELAND. Mr. President, it would be most ungenerous of me if I did not say a word about this matter.

Mr. Nathan Straus and Mrs. Straus, father and mother of the nominee, were close friends of mine. I think Mr. Nathan Straus, the father, was the greatest philanthropist our generation has known in America. The importance of what he did for child life in our country is beyond all measure. The work of Mr. Nathan Straus, Sr., extended far beyond the borders of our country.

He talked with me 20 years ago about what he hoped to do in Palestine and he did as a matter of fact establish the Straus Medical Center in Jerusalem and at another point, Tel Aviv, in Palestine. The Senator from Vermont [Mr. AUSTIN] and I were privileged last year to visit both those institutions.

The nominee, Mr. Nathan Straus, Jr., has been brought up in this atmosphere of philanthropy. The father gave until he was poor in money, and the son has witnessed good works all his life. I have no question that he will continue in his Federal office the same high degree of excellence that he has shown in his public work in the city and State of New York.

I wish to say to the Senator from Michigan [Mr. VANDENBERG] that I think he has been most generous today in what he has said and in his attitude in the matter.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Mr. Straus? Without objection, the nomination is confirmed.

Mr. COPELAND. Mr. President, the matter having been held over under these circumstances, and now happily concluded, I request that the President may be notified.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent that the President be notified. Is there objection? The Chair hears none, and the President will be notified.

That concludes the Executive Calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 36 minutes p. m.) the Senate took a recess until tomorrow, Thursday, December 9, 1937, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 8 (legislative day of November 16), 1937

UNITED STATES DISTRICT JUDGE

John H. Druffel to be United States district judge for the southern district of Ohio.

UNITED STATES HOUSING AUTHORITY

Nathan Straus to be Administrator of the United States Housing Authority.

HOUSE OF REPRESENTATIVES

WEDNESDAY, DECEMBER 8, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We draw near to Thee, our Father, not as unto a fearful and an avenging God but to One who is touched with a feeling of our infirmities. To everyone that heareth, and to everyone that will, the call is to life, hope, and joy. We thank Thee for the providence which has kept us through another night and for the miracle of dawning light flushing the east with the prophecy of day. We praise Thee for the fresh life coursing through our weakness and for the power to stand erect. We bless Thee for the noble men and women whose generous hearts have lit the altar fires of philanthropy in many a dark and desolate home. Hear our supplication, O Lord our God; all that is in the heaven and the earth is Thine. Riches and honor cometh from Thee, and Thou reignest over all. We therefore thank Thee and praise Thy glorious name. In the dear Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

PERMISSION TO ADDRESS THE HOUSE

Mr. WILCOX. Mr. Speaker, I ask unanimous consent that on tomorrow, immediately after the reading of the Journal and the disposition of business on the Speaker's desk, I may be permitted to address the House for 35 minutes. In the event the farm bill has not been disposed of prior to tomorrow, I ask that I may be permitted to address the House for 35 minutes immediately after the disposition of that measure.

The SPEAKER. The Chair calls the attention of the gentleman from Florida to several previous orders of the House for gentlemen to speak under the same contingencies.

Mr. WILCOX. My request is made subject to prior orders, of course, Mr. Speaker.

The SPEAKER. The gentleman from Florida asks unanimous consent that on tomorrow, after disposition of matters on the Speaker's table, and following the legislative program of the day and the special orders heretofore entered, he may be permitted to address the House for 35 minutes. Is there objection?

There was no objection.

Mr. SHANNON. Mr. Speaker, I ask unanimous consent that after the disposition of the business of the House on Friday and following the remarks of the gentleman from Michigan [Mr. HOFFMAN] I may be permitted to address the House for 15 minutes.

The SPEAKER. The gentleman from Missouri asks unanimous consent that on Friday, after the disposition of matters on the Speaker's desk and the legislative program of the day, following the remarks of the gentleman from Michigan [Mr. HOFFMAN] he may be permitted to address the House for 15 minutes. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a letter from William Green, president of the American Federation of Labor, on the wage and hour bill, together with a proposed bill supported by the American Federation of Labor.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

Mr. JONES. Mr. Speaker, I regret to object, but there is a Member here who wants 3 minutes, and I have told him I would rather he would wait until we get into the farm bill and then seek recognition.

Mr. FISH. I am perfectly willing to withdraw the request if the gentleman is not going to be too strict in his interpretation of the farm bill with respect to my remarks.

I withdraw the request, Mr. Speaker.

Mr. O'CONNELL of Rhode Island asked and was given permission to extend his remarks in the RECORD.

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein an address recently delivered at Wichita by Henry Wallace on the subject of wheat.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. RICH. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Pennsylvania rise?

Mr. RICH. I want to call the Chair's attention to the fact that the Treasury statement——

The SPEAKER. For what purpose does the gentleman from Pennsylvania rise?

Mr. RICH. I wanted to ask unanimous consent that I may call the attention of the House to the condition of the Federal Treasury——

Mr. PATMAN. Regular order, Mr. Speaker.

The SPEAKER. The gentleman from Pennsylvania must proceed in order and submit a unanimous-consent request.

Mr. RICH. They do not want to hear it, Mr. Speaker.

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

The motion was agreed to.

Mr. BOYER. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will state to the gentleman that the House had already decided to resolve itself into the Committee of the Whole and the Chair had announced the decision.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8505, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. BOYER. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman from Illinois will state his point of order.

Mr. BOYER. Mr. Chairman, I make the point of order there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and seven Members are present, a quorum.

When the Committee rose yesterday there was pending an amendment which had been offered by the gentleman from Illinois [Mr. LUCAS], which the Clerk will again report.

The Clerk read the Lucas amendment, which is as follows:

Amendment offered by Mr. LUCAS: On page 14, line 19, strike out all after the period and down through the period in line 24 and insert in lieu thereof the following: "The Corporation shall make loans during any marketing year on field corn produced on farms in the commercial corn-producing area, as defined in section 321 (f), on which the acreage planted was not in excess of the farm acreage allotment, and said loans shall be made on the following percentages of parity price for field corn as of the beginning of such marketing year:

"Eighty percent if the November production estimate for the current crop of field corn does not exceed a normal year's domestic consumption and exports;

"Seventy percent if such estimate exceeds a normal year's domestic consumption and exports by not more than 5 percent;

"Sixty percent if such estimate exceeds a normal year's domestic consumption and exports by not less than 5 percent and not more than 10 percent;

"Fifty-five percent if such estimate exceeds a normal year's domestic consumption and exports by more than 10 percent."

The CHAIRMAN. There was also pending an amendment to the amendment, offered by the gentleman from Wisconsin [Mr. BOILEAU], which the Clerk will again report.

The Clerk read as follows:

Amendment offered by Mr. BOILEAU to the amendment offered by Mr. LUCAS: After the word "farms" where it first appears in said amendment, strike out the words "in the commercial corn-producing area as defined in section 321 (f)" and insert "(whether or not in the commercial corn-producing area as defined in section 321 (f))".

Mr. JONES. Mr. Chairman, I move to strike out the last word. At first blush I was inclined not to question this amendment, but on examination and on looking over the implications I think it would be very unfortunate both from the standpoint of the corn producers and from the standpoint of the country. The mandatory feature is objectionable for two reasons. This would make loans at fixed percentages mandatory, and would make those mandatory, regardless of whether a marketing quota went into effect. If you had mandatory loans at these figures, and they had no choice but to make them, they might start in and have an accumulation of loans, and never have any sort of marketing quota restrictions. Quotas might be voted down, and you might find yourself in a place where you would have a debacle on corn. In the second place, if it is made mandatory on corn, I find that all of the other commodities that are on an export basis or that are major crops, would also want the same thing to be mandatory. You cannot force people to buy commodities. You could get the rate of loans up to a figure that it seems to me would make it impossible. I have no objection to the schedules being placed as they are in this amendment. If the gentleman, instead of saying that the loan shall be made will strike out the words "shall be made" and insert "are authorized to be made", I would have no objection to the schedule. As a matter of fact, if the corn people have figured out the schedule they want, I would be perfectly agreeable to that. But I certainly do not feel that the good of the country or even of the corn producers would be furthered along down the years if we have mandatory loans at a stiffened price, and do not have them linked with the marketing quotas.

There is one other complication that has come in. The gentleman from Wisconsin [Mr. BOILEAU] has offered an amendment which would make the same type of loan available outside of the commercial corn-producing area. In those regions there could not be any quota under the corn-quota provisions. So that for the double reason—and I do not say there is no logic to the gentleman's position—certainly they could not have marketing-quota provisions outside of the corn area.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. BOILEAU. We have the same provisions in the present law.

Mr. JONES. Yes.

Mr. BOILEAU. Does not the gentleman believe that if the Lucas amendment is to be adopted, my amendment should also be adopted?

Mr. JONES. I would rather not pass judgment on that. I do say that I offered no objection. I tried to stay out, as far as the corn provisions were concerned, and I offered no objections to the amendment to the amendment offered by the gentleman from Wisconsin, but the gentleman realizes the difficulty that would arise by having a mandatory loan applying to the area in which a third of the corn would be entitled to a loan and there would be no quota provisions.

Mr. BOILEAU. In the committee draft is it not a fact that the committee accepted a language identical with what I offered?

Mr. JONES. That is correct. I am not arguing against the gentleman's amendment.

Mr. BOILEAU. And, is not the committee committed to the argument that if there are to be loans on corn, that

the loans be made outside the commercial area as well as in the commercial area?

Mr. JONES. That is true as to the present provision. We did not pass on the question of whether it would be included in the bill. I can see some logic to the argument. I am not talking about the gentleman's amendment, I am commenting upon it to show the difficulty that would arise. If these gentlemen are willing to strike out the mandatory feature and put in the word "authorized" I would be willing to say that I can see no objection to the amendment.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PIERCE. Mr. Chairman, I move to strike out the last two words. It seems to me that our chairman has given too much ground. One of the things that hurt the farming world was and is too much credit. We are going to break this bill down with these unjustifiably big loans. I think the percentages are entirely too high in the amendment offered by the gentleman from Illinois [Mr. LUCAS]. In fact, I would favor a loan of 50 percent of parity instead of 55 percent as the minimum. It will take untold millions at the rates in the amendment now pending. At the rates provided in the Lucas amendment a man could go into farming just to raise corn and pile it up, taking Government loans in lieu of sales. We must not encourage them to raise cotton, wheat, or corn and expect the Government to take it off their hands at a profit. The loan feature is a stopgap. It should be in the nature of a minimum price. I have heard people on the floor here in the last week or two who are from the Corn Belt say that they can raise any quantity if they are guaranteed anything like 75 cents a bushel, or even the figure in the amendment. I think we ought to stand by the bill as it is here drawn, and have a minimum loan of 55 percent and a maximum of 75, which ought to be entirely optional and not mandatory.

There will be many Congressmen on both sides of this aisle 2 years from now constantly calling our attention to the condition of the Treasury, if this bill is put through with this amendment offered by our colleague from Illinois [Mr. LUCAS].

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. Yes; I yield.

Mr. MAY. If I understood the chairman of the Committee on Agriculture correctly, he stated a while ago that in the Corn Belt area there would be quotas that would restrict production and loans, and under the Boileau amendment there would be loans outside of the corn area. Might not that very thing unbalance the whole production program and give us more production by reason of the men outside of the corn area growing more corn?

Mr. PIERCE. Yes. There is just this in the Boileau amendment: If within the commercial area they are entitled to a loan, they surely are entitled to it outside, but we must not break the Treasury in trying to help out the farming world.

Mr. GREENWOOD. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. I yield.

Mr. GREENWOOD. We are perfectly willing for the loan features to apply outside of the commercial area the same as inside, but I would further call attention to the fact that the 80-percent loan is only when we have normal production, and as we exceed that, even by as much as 5 percent, it drops to 70 percent. If we exceed it by 10 percent, it drops to 55. So there is a cushion provided, regardless of the marketing quota.

Mr. PIERCE. But it takes so many millions. It is just simply impossible. The statement has been made repeatedly that of the money that has been loaned on corn by the Government, none has been lost. That was because we had a drought. The loans made in 1933, 1934, and 1935 were all paid because we had a short crop. I am anxious to see the loan feature left in the bill.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. Yes. I yield to the author of the amendment.

Mr. LUCAS. I respect the judgment of the gentleman from the great Northwest, but he is obviously in error when he says that drought brought up the price of corn in 1933. For the gentleman's information, corn in Illinois was plowed over twice before any drought struck it and the price of corn had advanced from 30 cents under that loan, above 45, which was announced by the Government.

Mr. PIERCE. But if it had not been for the short crop, there would have been losses on those loans.

Mr. LUCAS. Will the gentleman yield further?

Mr. PIERCE. There cannot be any doubt about that. Yes; I yield to the gentleman.

Mr. LUCAS. We have quotas in this bill. As I remember, the gentleman stood with me in the committee and voted to reduce the corn quota.

Mr. PIERCE. I believe the corn quota should be reduced.

The CHAIRMAN. The time of the gentleman from Oregon [Mr. PIERCE] has expired.

Mr. GILCHRIST. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the matter of farm loans on corn has occupied the attention of the country for many years. As I said at the opening of this debate, the first law of that character was passed in Iowa. I was one of the coauthors of that bill, and it has been since copied in most all of the corn States. It has proved to be very helpful to farmers.

Corn lends itself to warehousing better than any other commodity. You can keep corn for 2 or 3 years, if the corn crib is properly constructed, and it will come out at the end of that time in good shape. There has been no time in the history of corn production but what there has been some scarcity over the course of 2 or 3 years, so that the warehousing of corn on the farm keeps the corn off the market and makes a stable condition for corn and for the things that corn makes.

There has been a peculiar philosophy exposed in this debate; namely, that the cost of the materials or ingredients that go into a product do not affect the cost of the product. If that is true, then all of our books on political economy are hocus-pocus, and we on this floor ought to go home and learn something about how to make high prices for a thing by cheapening the cost of the things that go into it.

It is undoubtedly true, and the scientists tell us that 11 bushels of corn make 100 pounds of hogs. Now, 11 bushels of corn at 50 cents comes to $5.50. If hogs are selling for $8.50, then everybody will rush into raising hogs, because the farmer will see that instead of getting $5.50 he will get $8.50 for his corn if he feeds it to hogs. That is just exactly what they are doing now. They are out buying gilts—there are some on this floor who would not know a gilt if they saw one coming down Fourth Avenue. They would not know what to call it; but the fact is that the price of corn does affect the things to which it is fed.

We want a stable price for steers on the western ranges. We should look to the folks whose interest is in corn to advise us rather than to accept the advice of those who want to cheapen corn. The western rangers sell feeder calves and feeders. If they can get cheap corn to fatten those feeder calves they think it is an advantage to them, or if they follow a customary practice and ship their feeders into the markets like Sioux City, St. Paul, and Chicago, there to be bought and fattened by Iowa, Illinois, and Indiana farmers, then they will argue that if corn is cheap there will be a better market for feeders. That is true. The estimates show as to the corn-hog ratio for next year that there will be a farrowing of hogs next spring, 15 or 20 percent more than last spring. This is because corn is cheap and everybody is rushing into the hog business.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. GILCHRIST] has expired.

Mr. GILCHRIST. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GILCHRIST. So that this thing that we are now doing is to put a stable price on corn, all of which is for the advantage of everybody, because it will keep hogs stable, it will keep cattle stable, and the price of corn stable.

No one objects to this loan provision on the ground that it is unconstitutional; it is the one thing in this bill that everybody agrees is constitutional. The Government has never lost a cent on corn loans. My friend the gentleman from Oregon, Governor PIERCE, says that perhaps drought has had something to do with that, but at the same time when the droughts are over if you lend up to only 55 percent of parity on corn you will be absolutely safe, and if the time should come that we should reach as much as 80 percent of parity on corn you still have that cushion. Instead of being a direct charge on the Treasury it would not cost the Treasury one single dollar—it has not heretofore and it will not hereafter—because the cushion is there sufficient to take care of the difference.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. LUCAS. At the present time the loan, of course, would be about 50 cents a bushel?

Mr. GILCHRIST. Yes.

Mr. LUCAS. Under this schedule, with the same type of crop, in any succeeding year the loan would be 55 percent of parity, or 46 cents a bushel on corn.

Mr. GILCHRIST. Yes. I thank the gentleman for his contribution.

Mr. NELSON. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. NELSON. Is the farmer actually getting 50 cents a bushel at this time?

Mr. GILCHRIST. In some places where the moisture content is 14½ percent or less the farmer is getting 50 cents.

Mr. NELSON. I am speaking generally.

Mr. GILCHRIST. Speaking generally, it is much less than that because they take out for the moisture that is in the corn, and in many places they do not get more than 44 or 45 cents. I notice that the reports from my own home district say that now corn is coming in with less moisture in it, and some loans can be made at 50 cents, but my belief is that there are not many of these.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, it seems to me it would be a very unwise thing to adopt this amendment. What it really means is that you are going to fix the price of corn, because these loans are made without recourse, they are mandatory, they must be made if we adopt this amendment. So what you would actually be doing, if you should make these loans, would be to fix the price of corn; and at 80 percent the loan today would be about 70 cents. That would be the price you would fix on corn.

There is justification for loans on corn provided they are kept within reasonable limits. I think perhaps we are justified in making loans on corn at a higher rate than on export commodities like wheat and cotton, but there is just as much justification for fixing the price of the domestically consumed portion of export commodities as there is for fixing the price of corn. If we adopt this amendment, it seems to me we change the entire theory of this bill and make it a price-fixing bill, pure and simple. In order to keep all parts of the bill consistent with this, we should then proceed to adopt the Poage amendment which was offered yesterday to the cotton section, and similar amendments to the sections dealing with other commodities. I do not think we are ready to do that, for I think it is a question that should be given a great deal more consideration than we can give it on the floor at this time.

Mr. FERGUSON. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Not at this time. To adopt this policy as to corn would leave no logical reason why we should not adopt it on the domestically consumed portion of all commodities.

Now I yield to the gentleman from Oklahoma.

Mr. FERGUSON. Would not the gentleman consider it his duty as a Representative of the wheat area to offer a similar amendment to the section for wheat if this corn amendment were adopted?

Mr. HOPE. Yes, if that is going to be the theory of this bill we ought to put all commodities on the same basis.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. HOFFMAN. I thought one of the purposes of this bill was to raise the price of all farm products.

Mr. HOPE. That is one of the objectives, yes.

Mr. HOFFMAN. Then what is the objection to fixing the price of corn?

Mr. HOPE. I am talking about conflicting theories. This bill is written on one theory, but we are now talking about a different theory entirely, that of price fixing, which is not in the bill.

Mr. HOFFMAN. It is a price-raising bill is it not?

Mr. HOPE. It will become a price fixing bill if we adopt this amendment as to corn.

Mr. HOFFMAN. But as it stands the bill is a price raising bill.

Mr. HOPE. It is hoped to raise the price of farm commodities, but not to fix prices by Government edict or Government loans, as would be done were this amendment adopted.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. MICHENER. As I understood the gentleman from Texas yesterday, the purpose of the bill was that of soil conservation purely and simply through control of crops and production.

Now there seems to be a difference of opinion between the gentleman from Texas and the minority member of the Committee on Agriculture.

Mr. HOPE. No; I do not think there is any difference in our viewpoints. This bill is primarily based upon soil conservation. It has as one of its objectives as a part of that program an adjustment of the acreage of soil-depleting crops; and one of the effects of that is going to be, we hope, to increase the market price of those commodities. The bill also provides for loans to enable producers to store their product in good crop years. It further contains emergency provisions for putting marketing quotas upon such soil-depleting crops, as are enumerated in the bill, when the supply reaches a certain point.

Mr. MICHENER. Is that for the purpose of soil conservation that you put the quotas on?

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I do not want to take up too much time at this point, but I do want to explain to the Members of the House who are here this morning and were not here yesterday afternoon when I offered my amendment to the Lucas amendment. You understand, of course, that the Lucas amendment would provide for loans on corn. His amendment provides that these loans shall be made only on corn produced in the commercial corn-producing areas. My amendment provides for the loans to be made on corn whether or not produced in the commercial corn-producing areas. In other words, corn outside of that area is just as valuable as corn within that area. Its effect upon interstate commerce is just as great, not so far as quantity is concerned, perhaps, but a bushel of corn outside the area affects interstate commerce just as much as a bushel within the commercial corn-producing area. The only saving grace is there is not so much corn outside the commercial corn-producing areas. I think no one will dispute the logic of making these loans uniform throughout the country.

May I say to the Members of the House that the bill in its present form, without the Lucas amendment, which provides for loans, but not mandatory loans, contains language identical with the language in the amendment I am now offering so as not to be a departure from the general theory of the bill. I think I am safe in saying that not a member of the Committee on Agriculture objected to this amendment being written in the bill while the bill was still in committee. The

distinguished chairman of the committee, the gentleman from Texas [Mr. JONES], although he did not come out wholeheartedly for the amendment, intimated he saw no objection to it going in as a part of the Lucas amendment. I think it is fair to assume further he intimated that the Lucas amendment might be approved, although he opposes the amendment here, and if that amendment should be approved, my amendment should be incorporated therein. The gentleman from Illinois [Mr. LUCAS] stated that he had no objection to my amendment, and I believe there is no objection to it. I am simply making this statement for the information of the House.

Mr. GREENWOOD. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Indiana.

Mr. GREENWOOD. I agree with the gentleman that loans should be made outside the commercial area as well as inside that area. Will the gentleman explain the cushion here with reference to the sliding scale when the volume of production goes above the average production, showing that the loan is reduced thereby for the excess?

Mr. BOILEAU. Mr. Chairman, if we are justified in making any loans from the standpoint of fixing prices and from the standpoint of stabilization of prices, the flexibility of the schedules in this bill are such as to guarantee the Government against accumulating large surpluses. I think it would be helpful so far as this bill is concerned. My principal object at this time is to emphasize the amendment I have offered and to urge its adoption, whether or not the House accepts the Lucas amendment.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this particular amendment and all amendments thereto close in 11 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. O'CONNOR of Montana. Mr. Chairman, as a Representative of a district producing a large number of feeding cattle and sheep I am opposed to the Lucas amendment. The bill as written gives the Secretary of Agriculture ample discretion to make loans in sufficient amounts to the corn producers of this country in order to protect them so far as the price of corn is concerned.

The Secretary, in fixing the amount of the loans, could and, no doubt, would take into consideration the relative price of cattle, sheep, and hogs.

May I call attention again to the fact that the livestock industry is the largest industry in the United States, and yet that industry has not a single word of protection in this bill. In addition to that, Mr. Chairman, 437,000 cattle were imported into the United States during the first 9 months of this year. Is this bill fair to the livestock industry, in view of this importation of cattle? I am still for the bill, however, if it is not amended to the point where all sense is removed from it. The cattlemen of the West have been upon their backs and broke until the last 2 years. It has only been within the last 2 years that they have received a sufficient price to meet cost of production.

The pending amendment makes it mandatory upon the Secretary of Agriculture to make loans to corn producers up to 80 percent of the value of the corn. What will happen? We sell our feeders to the corn producers of this country. We ship those feeders to St. Paul, Omaha, and Chicago. If the farmers can get 65, 70, or 80 cents a bushel for their corn from the United States Government they will sell their corn to the United States Government. They would be crazy if they did not. That will leave in the stockyards the western feeding cattle to be sold at any price which the owners are offered. When you ship your livestock to the markets you are at the end of the trail and at the mercy of the buyers.

Mr. Chairman, our taxpaying industries in the West are cattle, sheep, and grain, to a certain extent. I ask you not to wipe us out by building up a fictitious price on corn. I want to see the corn producers get a fair price. The Committee on Agriculture has taken care of that in the bill as written in section 201 of title II of the bill, which provides that the Secretary may make ample loans to the corn producers of the country. I am asking the Members now to give us some protection here today in this bill so that we may find a market for our feeding cattle and our feeding sheep by giving us reasonably priced corn.

Mr. FERGUSON. Will the gentleman yield?

Mr. O'CONNOR of Montana. I yield to the gentleman from Oklahoma.

Mr. FERGUSON. What would have been the result this year, with an excessive corn crop, had the parity loans that they propose here been in effect in the Corn Belt?

Mr. O'CONNOR of Montana. Of course, feeders would drop to nothing.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR of Montana. Yes; I yield to the gentleman from Illinois.

Mr. LUCAS. The gentleman apparently does not understand my amendment when he talks about parity price. The loan price on corn today would be less than what the Government announced recently, if this amendment were in effect, because of the bumper crop we have.

Mr. O'CONNOR of Montana. In addition, I may say that feeding cattle have been dropping from 9 to 10 cents a pound down to 5 and 6 cents a pound today.

Mr. LUCAS. The gentleman cannot lay this onto the mandatory loan feature.

Mr. O'CONNOR of Montana. No; but the point is that this will come about if this amendment is adopted, because the Secretary is obliged to make these loans.

Mr. LUCAS. What is the cause of the drop in market price of cattle and hogs at this time?

Mr. O'CONNOR of Montana. It is because we do not have the consumption. The price of meats to a certain extent is based upon the market demand for them.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I believe this amendment in its present form would turn against the corn producers themselves. They now have a loan of 50 cents a bushel. They might bring their production down enough next year to get a loan of 65 cents, but they would still have enough corn for a 55-cent loan; and the first thing you know there would be a collapse, I am afraid, since there is no condition to the loan. If the provision is made permissive, then if they get their production too high they simply will not get the loan. It is really self-governing if you put it that way. However, when you make a loan mandatory and say that the Commodity Credit Corporation must make loans at specific figures on a commodity the normal production of which for the last 10 years has been 2,300,000,000 bushels you are heading toward a slaughter, I am afraid.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin to the amendment offered by the gentleman from Illinois.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Illinois as amended.

The question was taken; and on a division (demanded by Mr. LUCAS) there were—ayes 74, noes 69.

Mr. JONES. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. DOXEY and Mr. LUCAS.

The Committee again divided; and the tellers reported that there were—ayes 80, noes 65.

So the amendment as amended was agreed to.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 14, line 8, commencing with the word "is", strike out down to and including the word "to", in line 10 on the same page, and insert the words "shall at not less than the parity prices;".

Page 14, line 17, strike out the words and figures after the word "than" and the first four words of line 18, and before the period in line 19 insert "on that part of said production only as the Secretary determines will be consumed in the domestic market."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

Mr. PATMAN. Mr. Chairman, reserving the right to object, I think this is the most important amendment we will vote on in connection with this bill. A number of Members desire to speak, and I personally desire at least 10 minutes, and I hope such a request will not be made.

Mr. DIES. Some of us have not spoken on this farm bill at all, and we may want to speak 10 minutes.

Mr. PATMAN. My colleague the gentleman from Texas [Mr. DIES] has not spoken at all on the bill, and he would like to have at least 10 minutes, and I, therefore, hope the gentleman will not insist on limiting the time now.

Mr. JONES. I withdraw the request, Mr. Chairman.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that I may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

PARITY PRICES FOR FARMERS

Mr. PATMAN. Mr. Chairman, on page 14 of this bill we are considering section 201. The amendment which has been offered strikes out the words "is authorized upon recommendation of the Secretary and with the approval of the President to." This is the provision that authorizes loans. The amendment will strike out the authorization and make it compulsory by substituting therefor "shall at parity prices make these loans."

Mr. BOILEAU. Mr. Chairman, will the gentleman yield there?

Mr. PATMAN. Yes.

Mr. BOILEAU. The gentleman's amendment in line 10 strikes out the comma after the word "President" and also the word "to."

Mr. PATMAN. Yes; it strikes that out, too, and leaves it so as to make all loans compulsory.

Also in line 17, where the bill states that the loans shall be not less than 55 percent and not more than 75 percent of the parity price, we strike out the percentage, which leaves it "shall be not less than parity prices."

And before the period in line 19 insert:

On that part of said production only as the Secretary determines will be consumed in the American market.

So the amendment, if adopted, will compel the Commodity Credit Corporation to make loans at parity prices.

Now, I will admit this is not the proper approach to this problem, but considering the fact that the Members of the House did not have the privilege of appearing before this committee to present their views when the committee was considering this particular bill—the committee had heard most of us before and had decided not to have hearings—and considering the fact this is the only way we can have a direct vote in the House on the question of parity prices, I believe this is justified.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. In a moment, please.

If this amendment is adopted, it will throw the question into conference, and all of us know that is where this bill is going to be written. So if we will adopt the amendment requiring parity loans and then the Senate adopts a bill requiring parity prices, there is an expression from both Houses, and the conferees will be under obligation to consider parity prices.

Mr. ANDRESEN of Minnesota. I just want to ask the gentleman whether his amendment has stricken out the language requiring approval of the President and the Secretary of Agriculture.

Mr. PATMAN. Yes; and the amendment makes it compulsory.

Let me tell you the objection there will be to this. I know they will say that it will cost a lot of money, but if the conferees are as anxious for parity prices as others in Congress, they will have no trouble agreeing to it. We do not have an abler man in either body of Congress than MARVIN JONES. [Applause.] We have an able committee, we will have able conferees and knowing the ability of these gentlemen, when we express ourselves in favor of parity prices, these gentlemen are going to be able to work out a plan that will give us parity prices, not for all, but just for domestic consumption only. Do not forget that. Is not that fair—just giving the American farmer the benefit of the American market at a fair price?

Name me one Member of this Congress who has not made the statement that he favors the American market for the American farmer. This is the only opportunity you have had or will have in this bill to vote for that proposal, and although it is not exactly as you would like to vote upon it, it is an expression from you that you favor parity prices. My good friend and colleague [Mr. JONES] made the statement that if we give parity prices for domestic consumption, what about the 18,000,000 bales that are held by cotton speculators? He did not use the word "speculators." Some of it is held by investors, some by speculators, some by mill owners. Very well. I ask the gentleman this question. Under this bill, if this has the effect that the chairman thinks it has, it will increase prices and in order to give the farmers next year an increased price for the 18,000,000 or 12,000,000 bales they will probably produce, we will have given those who already own 18,000,000 bales the same price increase.

They are entitled to the world price. They bought that cotton to sell it at the world price.

HELP SPECULATORS WHO HOLD 18,000,000 BALES THE SAME AS FARMERS WHO WILL WORK AND GROW COTTON

Furthermore, in order to help 200,000 farmers who are growing 5 bales of cotton each—that is, 1,000,000 bales—by giving them increased prices, this bill would also help the speculator who already owns 1,000,000 bales, and he will get the benefit of that increased price. So I say to you that it is right to have two prices—one price for the American producer who actually resides on the farm and is working on the farm for a livelihood, and we should give him the benefit of the American market. In my speech on yesterday I included a list of parity prices. It is on page 1048 of the CONGRESSIONAL RECORD.

WHO CREATES SURPLUS?

What are the farmers charged with? A serious crime. These 2- and 3- and 5-bale fellows who are scratching around to eke out an existence are charged with creating a surplus. Can you honestly say that the people who are producing cotton for a living up to the domestic market requirements are producing a surplus? No; they are not the ones who are producing a surplus. The ones producing the surplus are men who are growing cotton for speculation and profit, who are using tractors, who are using machines, who are driving families off these plantations. They are the ones against whom we should bring the indictment. We should not bring the indictment against the small cotton farmers. That is what we are doing in this bill unless we fix this bill in a way that we will give to each farm family the opportunity, the right, the privilege to grow enough cotton, if they actually produce it, to make an honest living.

Is there anything wrong about that? The average cotton farmer today makes $200 a year, and many of them have large families. How do you expect them to live? You indict them in this bill, charging them with a serious crime, with the crime of creating a cotton surplus, and you expect to cut them down along with the man who grows 10,000 bales with machines, driving his tenants away. There is a difference, my friends. We should recognize that difference, and we should recognize it now by starting to give the two prices.

FIX PRICE FOR COAL

I want the distinguished chairman of the Committee on Agriculture, the gentleman from Texas [Mr. JONES], to answer this question. If it can be answered, he can do it because, as I said, he is one of the ablest men in the Nation today. We voted for a coal bill. There is surplus coal in this country, just as there is surplus cotton. This House voted for a bill that recognized the right of those who produce coal to make an honest living by obtaining a fair price for that part of the coal that is sold in the domestic

market. I am not objecting to it. Let us carry out the same principle for other people, the farmers, who are working just as hard as the coal miners and those engaged in the coal business. If you can allocate coal for domestic consumption, if you can tag it and say for that coal they shall receive a fair price and that it shall be unlawful for anyone to buy coal at a lower price, you can do exactly the same thing for cotton; and if you can say to the coal producer, "if you produce more coal than is needed, you must sell it in the export trade at the world price," you can say exactly the same thing to the cotton farmer.

The principle is exactly the same. If one is right, the other is right. Since we have already established it, we should carry it further for these people—the farmers who are making 5 cents an hour. Our chairman made a fine speech the other day, and no one can make a better one, but he placed it upon the theory that the farmer is injured by reason of the protective tariff. I agree with him. That is No. 1 discrimination which we should remove in this legislation.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

DISCRIMINATION NO. 2

Mr. PATMAN. That is discrimination No. 1. Discrimination No. 2 is the excessive and discriminatory freight rates that this Congress is responsible for. Oh, you can fix freight rates that the farmer must pay on what he buys and what he sells and compel the American people to pay the price that will guarantee to the railroad owners a fair and just return; but when it comes to helping the farmer—no; we cannot do that; we cannot find any way in the world by which we can make the American consumer pay a price that will give the farmer a fair return!

If you give parity prices in this it will probably increase the price of a shirt 10 cents. If you give it on wheat it may increase the price of a loaf of bread one-tenth of a cent a loaf. Who objects to that? Raw materials enter into the price of the finished product in a very small way.

So let us here today adopt the principle and vote for it. It is the only time we have ever had an opportunity to give the American farmer the benefit of the American market and fair prices—prices at which he can make a living.

Thank you. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. PATMAN. Permission having been granted, my remarks are extended as follows:

PRESIDENT SAID INCREASE FARM PURCHASING POWER

On March 16, 1933, the President of the United States, in a message to Congress stated:

To the Congress:

At the same time that you and I are joining in emergency action to bring order to our banks, and to make our regular Federal expenditures balance our income, I deem it of equal importance to take other and simultaneous steps without waiting for a later meeting of the Congress. One of these is of definite constructive importance to our economic recovery.

It relates to agriculture and seeks to increase the purchasing power of our farmers and the consumption of articles manufactured in our industrial communities; and at the same time greatly to relieve the pressure of farm mortgages and to increase the asset value of farm loans made by our banking institutions.

* * * I tell you frankly that it is a new and untrod path, but I tell you with equal frankness that an unprecedented condition calls for the trial of new means to rescue agriculture. If a fair administrative trial of it is made and it does not produce the hoped-for results, I shall be the first to acknowledge it and advise you.

PARITY PRICES DEMANDED BY ADMINISTRATION

In the CONGRESSIONAL RECORD of March 20, 1933, commencing at page 642 of the bound volumes, there is printed a radio address on the farm bill by the Honorable Henry A. Wallace, Secretary of Agriculture. In this radio address, Mr. Wallace stated:

Now for the things the new farm bill proposes to do.

Its basic purpose, first of all, is to increase the purchasing power of farmers. It is, by that token, farm relief, but it is also by the same token, national relief, for it is true that millions of urban unemployed will have a better chance of going back to work when farm purchasing power rises enough to buy the products of city factories.

The goal of the bill, in terms of price, is pre-war parity between the things the farmer sells and the things the farmer buys. Let me explain that. In the pre-war years, 1909 to 1914, wheat brought around 88 or 90 cents a bushel on the farm, cotton better than 12 cents a pound, and hogs better than 7 cents a pound. But at the same time, the prices of the things the farmer had to buy—his fertilizer, farm machinery, and the like—were on a comparable level. In general, these items bought by the farmer were a little lower than they are right now. But the prices the farmer got for his wheat and cotton and hogs were, in those pre-war days, more than twice as high as they are now. It is that gap that we want to bridge. And this bill provides the bridge.

GIVE FARMERS SQUARE DEAL

It will be noticed that the administration has been contending for parity prices for farm products. A parity price is placing the farmers on the basis of equality with industry. It is making the farmer's dollar worth as much to the farmer as the railroad owner's dollar is worth to the railroad owner. It is making the farmer's dollar worth as much to him as the laborer's dollar is worth to the laborer.

The administration caused to be passed the Agricultural Adjustment Act to give the farmers parity prices. The Agricultural Adjustment Act has been declared unconstitutional. In other words, the Supreme Court of the United States has burned the bridge over which the administration expected to go to give the farmers parity prices. The question is now, Shall we repair that bridge, reconstruct it to do exactly what the administration has promised the farmers all along? No one should object to the farmers having parity prices. It is absolutely right and fair that they receive them and the farmers will be discriminated against if they are not given.

WHO IS TO BLAME IF CONGRESS DOES NOT PASS A SATISFACTORY FARM BILL?

Congress is to blame if a satisfactory farm bill is not passed. The President and leaders in the administration for the past 5 years have advocated parity prices for farmers. The Democratic platform in 1932 had a provision, which stated:

The enactment of every constitutional measure that will aid the farmers to receive for their basic commodities prices in excess of cost.

In other words, the Democratic Party in 1932 pledged the farmers a price in excess of cost of production. Parity prices are not that high.

The Democratic platform in 1936 stated:

We have kept our pledge to agriculture to use all available means to raise farm income toward its pre-war purchasing power.

The platform in 1936 also had a provision in favor of a fair profit to the farmers.

CITIES DEPENDENT UPON FARMS

The President in his remarks at Bismarck, N. Dak., August 27, 1936, stated

It means we have got to have the cooperation of the people in the cities as well as the people on the farms. It is just as much their problem as it is the problem of the farmers themselves. Incidentally, in an agricultural country, there would not be any cities if there were not farms.

The President is exactly right. The farmers of America represent so much of the American market that all other classes and groups suffer along with them when their purchasing power is destroyed by low prices.

If the farmers are prosperous, the country is prosperous. If the farmers are forced to a starvation level, other classes and groups will eventually suffer along with them, although not so quickly or suddenly as the farmers suffer.

PROSPERITY DEPENDS ON COTTON FARMER

The President, in his speech at Laramie, Wyo., September 2, 1936, stated:

What happens to cattle in Texas and in North Dakota affects your prosperity here in Wyoming, and that is true not only of cattle in other parts of the country but of other crops. You are affected by what happens to corn and hogs in the Middle West.

It is a queer thought, but it is actually true, and if you will think it out you will see that I am right. In the same way, your prosperity is affected by what happens to the cotton farmer down South. If the cotton farmer gets pretty good prices and has good crops it means he and his family will buy more food. That is a simple illustration.

The President makes a very important suggestion when he says the farmer and his family will buy more if they get good prices. So this is not a problem affecting only the cotton farmer or the wheat farmer or any other farm group. It is a problem that seriously affects the people of the entire Nation. Who will buy the automobiles made in Michigan if the farmer's purchasing power is destroyed? Who will buy the farm machinery that is made in so many States in the Union if the farmer's purchasing power is destroyed? Who will buy the thousand and one other different commodities mentioned in every section of this Nation if the farmer is depressed through low prices?

$400 ANNUAL INCOME DRAG ON PROSPERITY—FARMERS MAKE $200

The President, in his address at Charlotte, N. C., September 10, 1936, states:

No man or woman, no family, can hope in any part of the country to attain security in a city on starvation wages any more than they can hope on a farm to attain security on starvation crop prices. I do not have to tell you who live in any of these Southern States, which have factories in all of them, that a family that tries to subsist on a total wage income of $400 a year is just as much a drag on the prosperity of America as the farm family that seeks to subsist on a yearly cash income of a hundred dollars.

The President says in this speech that a family with a total wage income of $400 a year is a drag on the prosperity of America. Farm families growing cotton earn about $200 a year. Parity prices will give them about $400 a year. Labor on the farm is 5 and 10 cents an hour. Farmers cannot pay more because prices they receive will not justify it.

I have quoted the President and the Democratic platform to let you know that the question of parity prices is not new; that the administration in power is pledged to give the farmer parity prices.

ARE FARMERS' FRIENDS BEING MISGUIDED?

I know that the farmers have some good friends in the House of Representatives who are voting against parity prices. The Members from cities will vote with the farm Members if the farm Members vote together, but when the farm Members are divided the city Members will be divided.

The President has left the kind of a bill up to Congress. He has made his recommendations in the past. If Congress does not pass a satisfactory bill we are to be blamed, not the President. If the friends of the farmers in the House are being misguided the administration is not the guilty party. The administration's position is clear and unmistakable. If a good farm bill is not passed, Representatives of farm districts are responsible.

Mr. DIES. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DIES. Mr. Chairman, I hope this amendment is agreed to. Many northern Members of this House have professed a very keen and lively interest in living wages for the industrial workers of the South and West. We have heard profuse expressions of sympathy expressed by some of our colleagues from the North in behalf of the wage earners in the South and West. I assume that they are sincere and that the charges which have been made that this sympathy is inspired by the fear of industrial competition and the desire to stifle industrial development in the South are unfounded. Now they have an opportunity to place themselves squarely on record as to whether or not they favor living wages on the farm the same as in the factory. Certainly no Member can take the inconsistent position that he believes it to be the true function of representative democracy to say that the workers in the factories of the South and West shall receive a living wage, and then say he does not believe that the same Federal Government, under the same Constitution, should not assume the other burden of seeing that the workers in the field shall likewise receive a living wage. To be guilty of that inconsistency would be to place yourselves in the embarrassing position of saying, "Well, we are opposed to low industrial wages in the South because it gives southern industry competitive advantages over us—it is hurting us. Many of our factories and industries are moving to the South and we are alarmed. We will, therefore, force higher wages in the hopes that this will check the exodus of industries from the North to the South. But with reference to farm labor, that is a different question. We are not engaged in farming and we derive a benefit from low farm wages in the form of cheap prices for the raw materials and commodities that we buy. We are able to buy cheaply from the South and West and then sell the same raw material back to you in manufactured form for high prices."

So if we are to be consistent in the application of this new philosophy which we have proclaimed, then we must guarantee to the farmer that he, too, shall receive a living wage. If there is any distinction between the work of a man in the field and the work of a man in the factory, it is that the work in the field is more necessary and vital. The farmer is producing the vital necessities of life. Agriculture is the foundation upon which our whole economic system rests. If we are to make any distinction between the foundation and the superstructure, it should certainly be made in the interest of the foundation. But we are not asking for any preferential treatment. We only ask that you do for the farmer what you have already done and intend to continue to do for other classes in our economic life.

Mr. TRANSUE. Will the gentleman yield?

Mr. DIES. I have stated that I do not care to yield. I am sure the gentleman will favor my views on this, for he is also a proponent of living wages.

If we are going to make any distinction, we should make it in favor of the man who is producing an indispensable commodity. We can live without factories. We did it for a long time, but we cannot exist without farm labor and the products that come from the farm. Therefore those who wish to be consistent will not prate about increased prices or "where are you going to get the money." That has never been any obstacle to you in accomplishing your own objectives.

With reference to the wage and hour bill, we might propound the question, If you should pass a real wage and hour bill that will actually increase low-paid wages and decrease long hours, as you have lead many industrial workers to believe, where will the billions of dollars that will be necessitated by reason of governmental increase in wages come from? The answer is, of course, that it will come from the consumers of America. Likewise the increase in farm products will come from the consumers of America. So I hope that those who believe in the philosophy of living wages through governmental decree will prove themselves consistent and sincere by voting in favor of this amendment to insure to the farmers and farm labor of America a living wage. It has been a long time since the farmers of this country have received a living wage. At present the cotton farmer is getting 8 cents an hour for his labor. It has been shown that it takes an hour to produce a pound of cotton. According to the Department of Agriculture, the cotton farmer should receive 16.5 cents for each pound of cotton if he is to be placed upon a parity with industry. But today he is receiving less than one-half of what is considered a living wage for him.

Certainly parity prices have this justification: It is a fulfillment of promises that we have repeatedly made in every campaign. We have said from the time William Jennings Bryan went over the country crusading on down to the present time that we intended to make the tariff function for the farmers the same as for industry. We have shown that on account of the tariff the farmer is compelled to buy in a closed or noncompetitive market and to sell in an open market. He gets the world price for his products and pays an American price for the products of industry. The same cultivator made by the same

concern sells for twice as much in the United States as in Mexico or other foreign countries. The farmer pays a subsidy to industry every time he purchases a manufactured product. This has been going on for years. There is no way to make the tariff function for the farmers unless we are prepared to recognize that that portion of farm products domestically consumed shall receive a parity price.

In the Democratic platform of 1932 we promised—

The enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost.

On September 14, 1932, President Roosevelt enunciated a six-point farm program. First he said:

The plan must provide for the production of staple surplus commodities such as wheat, cotton, corn (in the form of hog), and tobacco, a tariff benefit over world prices which is equivalent to the benefit given by the tariff to industrial products. This differential benefit must be so applied that the increase in farm income, purchasing and debt-paying power will not stimulate further production.

The fourth plank is as follows:

It must make use of existing agencies, and so far as possible by decentralization in its administration so that the chief responsibility for its operation will rest with the locality rather than with newly created bureaucratic machinery in Washington.

The sixth plank is as follows:

The plan must be insofar as possible voluntary. I like the idea that the plan should not be put into operation unless it has the support of a reasonable proportion of the producers of the exportable commodities to which it is applied. It must be so organized that the benefit will go to the man who participates.

The Democratic platform of 1936 said:

We have taken the farmers off the road to ruin. We have kept our pledge to agriculture to use all available means to raise farm income toward its pre-war purchasing power. The farmer is no longer suffering from 15-cent corn, 3-cent hogs, 2½-cent beef at the farm, 5-cent wool, 30-cent wheat, 5-cent cotton, and 3-cent sugar. * * * We will continue to improve the soil conservation and domestic allotment with payments to farmers. * * * The farmer has been returned to the road to freedom and prosperity; we will keep him on that road.

On October 24, 1932, the President said:

A basic purpose of my farm program is to raise prices on certain agricultural products by some form of what the farmers of this country know as a tariff benefit.

On September 30, 1936, the President said:

No man or woman, no farmer can hope in any part of the country to attain security in a city on starvation wages any more than they can hope on a farm to attain security on starvation crop prices.

Mr. Chairman, I do not think that anyone will deny that the President wants the farmers to receive a living wage and believes that the only way he can do this is to secure parity prices for his products. In view of the President's known position, it is strange to see Democrats in Congress voting against parity prices. This amendment merely carries out the promise of the Democratic Party and the assurances that the President has given to the farmers of the Nation.

I am frank to say that I agree with many of my colleagues that this bill does not offer a great deal of hope for the farmers in 1938. It contains some improvements over the present farm program. For the first time we have obtained concrete protection for the little farmers. We have secured an exemption of three bales from any tax and from any allotment. We have secured other concessions in behalf of the little farmers which have heretofore been denied to them, but the bill is lacking in one essential respect. It fails to guarantee to the farmers parity prices for 1938 and subsequent years. Of course, the farmer will receive some benefits through the loan provision and the soil-conservation payments, but unless something occurs, such as drought, floods, or war, which we do not now anticipate, I fear that the price of farm commodities will be too low next year to give the farmer a living wage. Are you going back to your farm constituents when cotton is selling for 7 or 8 cents a pound, and when other farm products are proportionately low, and say, "Well, boys, I could not do anything for you because it cost too much money. I could not vote for an amendment to guarantee you parity prices because I did not know where to get the money. But I did do this: Although I voted against a living wage for the farmers in the form of parity prices, I did vote for other measures to increase the price of everything that the farmer must buy. I helped fix it so that the cities would have a $16,000,000,000 housing program, but when it came to the farmers we said we could not get the money to finance the honest performance of a political promise."

Have we not been saying repeatedly to the farmer that we were going to give him parity prices? How in the world can you give it to him unless you are prepared to spend a lot of money to do it? Some may think you can do it by a reduction program. How are you going to do it? Suppose you do reduce cotton production from 18,000,000 to 12,000,000 bales, what is the inevitable consequence? All the other cotton-producing countries will produce the amount that you fail to produce. That has been demonstrated repeatedly.

While I am a strong believer in the soil-conservation program and I do not believe that the land should be impoverished or injured in the production of surplus products, nevertheless, I do not believe that you can establish parity prices through curtailed production unless you are willing to produce no more than can be consumed in the United States. As long as you produce more than you need for the domestic markets, the price of the whole crop will be determined by the price you get for the exportable surplus. I cannot believe in the doctrine of scarcity. For many decades the great problem was one of production. Mankind could not produce enough to bring prosperity. He struggled through the ages to improve his productive ability and finally he succeeded. Our trouble now is one of distribution and we must devote the same thought to the solution of the distribution problem that we formerly devoted to the production problem. But it is unthinkable to me that we can ever solve the problem by saying that in a land where there is want and hunger, where many people are ill-fed and ill-clothed, the only hope and the only plan we can offer is to stifle the productive genius of the Nation and to create wealth by destroying wealth. As long as there are people who are hungry and insufficiently clothed there is no such thing as overproduction. However, if two-thirds of the farmers are willing to resort to this desperate expedient in an effort to secure better prices, I am willing to give them that opportunity, especially in view of the fact that the little farmers have been exempted. But I do want to say to them, as I have said many times, that in my humble judgment they can never permanently solve their problems by such a method, which is contrary to common sense and sound economic principles. It seems to me that we should be frank and honest with the farmers. We should not humbug them into believing that we are going to help them when Congress does not intend to do any such thing. If we are going to fulfill our promises to them, then let us take immediate steps to insure parity prices. Any other measure falls far short of our promise. If we can give to the industrial worker living wages on the same principle, we can give to the farm worker a living wage. For years we have been telling him that we are going to give him parity prices, but now we are told by the Committee on Agriculture that the time is not ripe and that under present circumstances we cannot do it.

They tell us that at some distant time the farmer will get parity prices but that now is not the proper time. They have been telling the farmer this year in and year out. There is nothing unreasonable about parity prices. It is simply a matter of giving to the farmer the same purchasing power as is possessed by industry. It is an equalization of the tariff burden; a reversed tariff, if you please. It is doing for the farmer what you have already done for protected industries. It is doing for the farmer what you profess to do in the wage and hour bill, although the pending wage and hour bill, as now written, will not actually do any more to help the industrial workers than this farm bill will do to help the farmers.

Mr. PATMAN. Mr. Chairman, if the gentleman will yield, the parity prices appear at page 1048 of the RECORD.

Mr. DIES. I thank the gentleman.

What I am pleading for is that we should be absolutely honest and frank with the farmer. If we are not going to give him parity prices, then say so. But let us not humbug him by saying that although we favor parity prices and are working in that direction, the time is not now ripe for it. The farmer has had enough of alibis and excuses. He cannot understand why the same Congress that professes to have the power to insure a living wage to industrial workers cannot do the same thing for the farmer. He cannot understand why some Members of Congress from farm areas join with Congressmen from industrial areas to defeat a really effective program. He cannot understand how Congress can enable the producers of coal to fix the price of their product and cannot do the same thing for him. To you Members of Congress who come from the South and West may I suggest that you read the book recently written by Walter Prescott Webb entitled "Divided We Stand." If you will read this book, you will find that a large part of the wealth of the South and West has been drained by the North.

According to this very able book, the North, as defined in this book, owns 80 or 90 percent of the wealth in the United States. It says that there are 200 corporations that own nearly one-fourth of the wealth of America; that they exercise an increasing control over far more than they actually own. Of the 200 corporations 180 are chartered, operated, and have their home offices in the North. The North furnishes between 90 and 95 percent of the national advertising, while the South and West divide the rest about equally. Citizens of the United States have $105,000,000,000 of life insurance on the books. Of this amount 95 percent is in the hands of northern companies. There are 14 companies with over a billion dollars' worth of business; all of these are in the North. Seventy-five companies have over two hundred million each of insurance and altogether hold ninety-three billions of the one hundred and five billions in force. For every dollar of insurance income that went to the South, $38.44 went to the North, and for every dollar going to the West $68.64 went to the North. Where the South made a gain of $1 the North gained $53; where the West made a gain of $1 the North made a gain of $128.50. The South and the West furnish 30 percent of the insurance in America. They hold only 5 percent. This means that they send $5 of their insurance money North for each $1 they keep at home. In demand deposits—that is, checking accounts—the North has a little less than nine times as many dollars as the South and nearly eight times as many dollars as the West. To put the matter another way, less than three-fifths of the people living in one-fifth of the country have nearly four-fifths of the dollars in American checking accounts. The North has over $5,000,000,000 more time deposits than demand, and the West has slightly less than $1,000,000,000 more. The South's time deposits are less than its checking accounts by $272,000,000. For each southern dollar the North has fourteen; for each western dollar the North has nearly seven. Corporation stock is closely held in the North, and out of each $100 of dividends the North receives $90.62, the South $5.10, and the West $4.27. Let us take those people with an income ranging from forty to fifty thousand dollars a year. In 1933, 4,156 people were in this bracket. Of these, 3,537 lived in the North, 245 in the South, and 374 in the West.

In natural resources the South and West have a combined area of land of approximately 79 percent as against 21 in the North. If the acres were of equal value, the South and the West would have about four times as much land wealth as the North. By the same token they would have the same preponderance of the products of the land, grass, forests, minerals—about 80 percent of the total natural resources. The South and West have within their boundaries most of the natural wealth of America. They comprise nearly 80 percent of the area, they produce all of the gold and silver, 95 percent of the oil, 45 percent of the coal, 90 percent of the lumber, and 63 percent of the agricultural dollars. But in spite of this, the North has been able to gather to itself practically all of the economic fruits of industry and labor.

I have used the language of the author in most instances, and urge my colleagues from the South and West to read this illuminating book so that they may realize that we in the South and West have a common cause to see that our sections shall receive economic justice. But we can never do this so long as some of our southern and western Members vote for measures that further strengthen the grip of the North upon our industrial and financial life and against measures that will bring justice to our own producers. [Applause.]

Mr. JONES. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. JONES. Mr. Chairman, I dislike very much to find myself in disagreement with two friends of whom I think as much as I do of the gentleman who has just preceded me.

Mr. Chairman, I think the amendment just adopted for corn was a mistake from the standpoint of corn, although I concede that there is some reason for a little different treatment as to corn. But it would be infinitely worse from the cotton grower's viewpoint. Let us analyze the situation just a little. This amendment says that there shall be a compulsory loan of not less than 16.6 cents per pound on 7,000,000 bales of cotton—I am using round numbers; that is the part that is domestically consumed. A loan of 16.6 cents per pound on 7,000,000 bales of cotton means $560,000,000. What would you have? There is no limitation, no control. The Government would make the loan of 16.6 per pound this year, $560,000,000. There is a supply of American cotton including the carry-over, or there will be at the end of this year, of 24,000,000 bales. Not one pound of this cotton on which loans would be made could be sold; of course not. He talks about the speculators. They, of course, would sell their cotton. The rest of it would be held and the Government would have bought in addition to what it has now 7,000,000 bales of cotton. Do you want to do that? Do you think that would help the cotton grower? You fellows who live in the cities, you fellows who live in the other agricultural areas, do you not know that when we on the farm represent only 30 percent of the American people that we could not come in next fall and ask you to carry on the great program we have been working out for all these years? Let us not do a vain, a foolish thing; and that is what this is.

It is embarrassing, of course, to have to oppose a loan such as this with what it would do for my people temporarily, but I do not hesitate for a moment. The gentleman refers to the big man. That question is not involved in this problem. This loan would be made on the domestic part of the big as well as the little man's production, so that question is out of the window. He refers to coal. As I understand the situation in regard to coal, 95 percent of it goes into interstate commerce. It is not a commodity that goes abroad that has to be divided between foreign and domestic markets. Then, too, the coal-control measure has not been passed on by the Supreme Court. So it is an entirely different picture. They provide minimum regional prices to be prescribed. It is an entirely different commodity.

The question of price fixing, however, is not involved here. This is just a price-pegging loan, that is all, a direct invitation to a farm board doubled up and hog-tied. Surely a Congress of real Americans is not going to vote, regardless of whether you believe in the philosophy of this bill or not, to do a thing of this kind. We have an authorization, a direction, to use part of money now available, not less than $125,000,000 to expand markets.

There are many features to this bill. Freight rates have been referred to, and that is included in the bill. We are tackling that feature of it and I admit there is discrimination in freight rates against the farmer. But this sort of

an amendment would be absolutely fatal. We may be able to work out the other amendment, although I doubt it, but certainly not this one.

Mr. FULMER. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from South Carolina.

Mr. FULMER. May I state to my colleague there is quite a large lobby here in Washington now doing anything possible in the way of pressing this domestic allotment plan, which is advocated by the large cotton exporters, every fertilizer dealer, and every other interest that does not produce cotton for the purpose of securing bales, because they make their profit out of bales and not out of the price of cotton. I have a telegram in my office from the gentleman's State to prove my statement.

Mr. JONES. I have not very much time to talk about this.

Mr. PATMAN. Under this provision you can have compulsory control if you want to or you can have unlimited production.

Mr. JONES. I am talking about this particular amendment, and that is the difficulty. In other words, the gentleman confesses that his amendment is absolutely indefensible unless some other provision is linked to it, and he favors the amendment in the belief the committee will be driven to a far-reaching, absolute price-fixing measure. That is the whole implication.

I ask you to stop and think before you put a piecemeal proposition into a measure that of necessity must be complicated and thought out carefully. Stop and think before you take a measure that has required weeks of thought and consideration and before you agree to an amendment that can mean nothing else but the wrecking of the farm bill for this session and possibly for the next session.

Mr. Chairman, I am anxious for a solution of the problem and I think we are working gradually toward a much finer approach. I want to see the farmers sell all the commodities they can, both at home and abroad. I believe the farmers' income next year will be materially greater if this measure is passed than it would be if no measure at all is passed. I think it is a great step forward. I ask you to consider the different things we have put in the bill that will tend to accomplish that result and, like good Americans and representative men, vote down an amendment of this kind.

[Here the gavel fell.]

Mr. HOOK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I was surprised and could not believe my ears that such demagogy as was set forth in arguments on behalf of this amendment could actually happen upon the floor of this House. [Laughter and applause.]

I may say to the gentleman from Texas that I have been a member of the Committee on Agriculture since I became a Member of Congress and we have honestly studied the farm program. I may say to him further that the Committee on Agriculture has brought a bill to the floor of the House and it did not have to be discharged by a petition to bring it here either. [Applause.] We are proud of our action as a committee.

When you talk about prices to the farmer and talk about wages paid to labor, you must bear in mind what will happen to the consumer when the housewife walks into the store and is faced with 90 cents a pound for boiled ham, 65- to 70-cent beefsteak, and pork chops at 50 to 60 cents a pound. Now this Congress is asked to pile up an additional burden on the already overburdened consumer. I think it is nothing more nor less than demagogy and sectionalism to ask for the adoption of this amendment.

Mr. BUCKLER of Minnesota. Will the gentleman yield?

Mr. HOOK. I yield to the gentleman from Minnesota.

Mr. BUCKLER of Minnesota. Does the gentleman expect the farmers to produce this food for nothing, as they have been doing all these years? [Applause.]

Mr. HOOK. I do not, and I expect to give the farmers a fair and honest price. The bill we have submitted in its original state will do that. If the House would see fit to follow the recommendations of the Committee on Agriculture the farmers would receive the price to which they are entitled. Let me warn you, there are farm organizations going around in the different agricultural districts hallowing about parity prices and they are doing it for nothing more nor less than membership dues. If those organizations would work toward parity prices by cooperating with the Committee on Agriculture the farmer would be far better off.

Mr. Chairman, may I say further, as long as you have monopoly in industry to the extent it exists today and lack of organization as far as the farmers are concerned, you cannot talk price fixing. When we eliminate the monopoly evil that exists in industry to the extent it exists today we will be able to help the farmer on to prosperity and we will bring about real parity in this Nation.

The trouble is that the spread between the producer and consumer is so great that the farmer is farmed and the consumer is consumed. The speculator in Wall Street has no part in the economic set-up of this Nation, and I am wondering if those now in favor of this amendment will favor a bill to curb that speculation or wipe it out entirely. These speculators of Wall Street in futures are no more nor less than high-class bucket shops. I wonder where some of the demagogues would stand then? I hope this committee will vote down the amendment as proposed here at this time. I fully appreciate that the gentleman from Minnesota [Mr. BUCKLER] is one of the finest Members and know he is doing everything he can to help the farmer. I assure him that I join him in his purpose and am trying to bring about the very thing he wants, but I do not think that this amendment will help him. In fact, I know that it will injure him, because it will wreck the whole program.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 50 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RANKIN. Mr. Chairman, I ask unanimous consent to proceed for 7 minutes.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent to proceed for 7 minutes. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Chairman, I was very much surprised to hear one distinguished gentleman question the Americanism of Members of Congress who are in favor of this measure to give the cotton farmers a parity price. I was more surprised to hear the distinguished gentleman from Michigan [Mr. HOOK] brand as demogogues those Members of Congress who advocate putting cotton growers on a parity with industrial workers throughout the United States.

Mr. HOFFMAN. Will the gentleman yield?

Mr. RANKIN. I cannot yield. I meant the other gentleman from Michigan [Mr. HOOK].

Mr. HOFFMAN. I will give the gentleman my time.

Mr. RANKIN. The gentleman is so kind and generous, I will have to yield to him.

Mr. HOFFMAN. I want to ask the gentleman whether the monopoly to which the gentleman referred or the demagogy to which he referred prevented the gentleman from the northern peninsula or myself from talking?

Mr. RANKIN. Not yet. The question of demagogy has never prevented the gentleman from Michigan [Mr. HOOK] from speaking on any proposition.

Mr. Chairman, may I say that this country is in a serious condition, as a result of the plight of the cotton farmers who are compelled to sell their cotton in the open markets of the world and buy their goods in a protected market, and pay exorbitant profits to the big manufacturers of the Nation. You cannot have a prosperous country without a prosperous agriculture. Conditions are going to grow worse unless the farmers' purchasing power is restored, which can only be done by giving him a parity price for what he has to sell.

Industries are closing throughout the land and they are going to continue to close. Conditions are going to continue to get worse until the prices of cotton, wheat, corn, and other agricultural commodities come back. To restore prosperity to the industries of this country with the cotton growers going into bankruptcy is just as impossible, to use a Biblical expression, as it would be to "bind the sweet influence of Pleiades, or loose the bands of Orion." It cannot be done. This amendment proposes to put the cotton farmers on a parity with industry, and that is all; not a complete parity, but merely to bring them up to the parity which existed during the Taft administration. I would make the parity complete. Then the farmers would enjoy real prosperity.

The gentleman from Michigan [Mr. HOOK] states that would cost the men in industry in his State more for what they would buy. What a pity! The highest-paid laborers in the world are in the automobile industry in the State of Michigan, and they get 50 cents to $2.50 an hour. Would it not be pathetic for them to have to pay a little more for the farm commodities they buy, when this parity price would give the cotton growers of this country only 16½ cents an hour? They now make only about 8 cents an hour.

No, Mr. Chairman, this is one time we have started out on the right track. The only way you will ever wipe out these differences and bring back prosperity to the American farmer, and especially the cotton farmer, and restore to him his buying power, which will create a market for the things your industrialists have to sell, is by bringing the farmer up to a parity with industry, by tying them together and giving him some of the benefits of the tariff which you have been collecting from him all these years. This will do it. We advocated a measure of this kind called the debenture plan, to try to give him parity for cotton, wheat, corn, and other farm products. This will do it at least for the cotton used in the United States. Then he can raise as much cotton as he pleases to ship abroad, unless the restrictive features of this bill are retained.

As the gentleman from Texas [Mr. PATMAN] has stated, we know this bill is not perfect, but if this amendment is adopted it will go to conference, and the friends of the cotton farmers in the conference, including the Members of this distinguished committee, can then iron it out and bring in something that will have the desired effect.

The gentleman from Michigan [Mr. HOOK] calls us demagogues, and he rolls his head back and looks at the clouds and says, "We did not have to petition this bill out." What does he mean by that? He has reference to the wage and hour bill, which he helped to petition out, a bill to raise minimum wages in industry to 40 cents an hour, while leaving the wages of the cotton farmer at only 6 and 8 cents an hour. When we come in with a measure which would give the cotton farmer 16½ cents an hour for his work in raising the cotton consumed in America alone, making a start, if you please, to wipe cut the differentials which have driven the cotton farmer to the present extremity and caused the wheat farmer and the corn farmer to follow, why, the gentleman from Michigan arrogates unto himself the prerogative of standing up on the floor and calling us demagogues. Mr. Chairman, the gentleman from Michigan may know something about some things, but he apparently knows nothing of the plight of the farmers of this country.

I submit this amendment will not hurt the bill. If the conferees should not bring out this or a similar amendment, you will not be any the worse off. If the conferees should agree to it, of course they will adjust the conference report to make it completely workable. Then you will have done more for the cotton farmers of America than you have done in all this legislation which you have passed, and repealed, for the last 10 years. I appeal to you, because I know you are going to have eternal bankruptcy in this country unless you restore the purchasing power of the American farmers—I appeal to you men from the manufacturing States to give us a living price for cotton, restore the prosperity of the cotton farmers, and then we will not want your industries.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. May I say to the gentleman that as far as I know, practically every dairyman is in favor of giving the cotton farmers the protection they ask under this amendment. We are going to vote for the amendment, but we want you to help us and give us the same protection, that is all.

Mr. RANKIN. When you give us as much prosperity as the automobile manufacturers have in Michigan, and in other manufacturing sections, we will not try to take your industries.

Mr. BOILEAU. As far as I am concerned, we will do all we can to make your section prosperous, and I have been doing all I can.

Mr. RANKIN. Yes; the gentleman has been trying to kill our dairying industry in the South, as is shown by the vicious Boileau amendment to this bill. Now he wants to pass the so-called wage and hour bill to further burden the cotton farmers.

Mr. BOILEAU. May I say the gentleman from Michigan also opposed our amendment.

Mr. RANKIN. He opposes anything that will do the farmer any good, if I understand him correctly.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I will yield for a question.

Mr. HOOK. I want to thank the gentleman for his remarks on wages, because we do not need the wage and hour bill.

Mr. RANKIN. I am glad to hear that. No; the gentleman does not need it. His people are prosperous, but he does not want our people in the South to be prosperous.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I ask unanimous consent to proceed for 1 more minute. The gentleman from Michigan [Mr. HOFFMAN] agreed to give me his time.

Mr. HOFFMAN. I will give the gentleman my time, Mr. Chairman.

Mr. PATMAN. Mr. Chairman, I ask that the gentleman from Mississippi be permitted to use the time of the gentleman from Michigan [Mr. HOFFMAN].

The CHAIRMAN. The Chair will recognize the gentleman from Mississippi for 3 additional minutes, and will not recognize the gentleman from Michigan [Mr. HOFFMAN].

Mr. RANKIN. I thank the gentleman from Michigan.

May I say to you gentlemen from the Northeast who are trying to pass the so-called wage and hour bill, and who admit freely among yourselves and to us when we are outside of this chamber that you are doing it in order to kill the growth of industry in the South, let me say to you that if you will give us a decent price for cotton, corn, wheat, and other agricultural products, stop robbing us with tariffs and discriminatory freight rates, then you will not lose your industries. I would rather live in a prosperous cotton country than anywhere else on earth. You give us a parity price for cotton, make our farmers prosperous, and we will not want your industries and all the trouble you have with them. Give the wheat and corn growers a parity price for wheat and for corn and they will not try to take your industries.

Mr. Chairman, I am not criticizing the Committee on Agriculture. The members of that committee have done the best they could under the circumstances. But I dislike to hear such a statement as made by the gentleman from Michigan [Mr. HOOK], from a man who admits that his people are already prosperous. Of course they are prosperous. The automobile industry is the most prosperous business in the world today outside of high financing. I hate to hear him call us demagogues because we are trying to help people who are threatened with bankruptcy because of the depressed price of their commodities.

You may pass a law to raise wages to $5 an hour if you want to. You may raise them to any other height, but they will not apply and such a law will not help. Already the walkout has started. Why? Because that great consuming section of the country known as the South is losing its buying power through the depressed price of cotton.

Put this provision in the bill. If it is not exactly what we need, the Senate conferees and the House conferees can correct it. Put this provision in the bill and for one time give our cotton farmers a decent break and enable them to live, pay their debts and their taxes, and enjoy a reasonable measure of prosperity, and then they will not want to take your industries away from you.

Mr. WILCOX. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. WILCOX. I would like to ask the gentleman if he knows what is the average income of the cotton farmer of the South?

Mr. RANKIN. I know what he makes an hour for his work. Today he is getting less than 8 cents an hour for his work on the farm, and let me tell you, gentlemen, that the cotton farmer works. [Applause.]

Mr. CUMMINGS. Mr. Chairman, I am wondering if the people who are advocating parity price really believe in it and really mean it or if they are simply talking for home consumption.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. CUMMINGS. No; I will not yield.

Mr. PATMAN. What about your sugar? You have a parity price on that.

Mr. CUMMINGS. We have not parity price or anything like parity price.

Mr. PATMAN. You voted for it.

Mr. CUMMINGS. We never asked it, and we are paying it all ourselves. Now, keep still. You have had time enough.

It is true that if the price on corn was fixed at 85 cents a bushel it would cost the taxpayers $1,700,000,000 to pay the parity price on 2,000,000,000 bushels, and there is a production of 2,500,000,000 bushels. If you made a loan of 80 cents a bushel on corn, how many men do you think would feed their corn? Not 1 in 50. The farmer would just put it in the granary and take the 85 cents of the taxpayer's money and grow another crop and sell it. Fifteen dollars for hay at a parity price would cost at least from five to seven billion dollars.

I am inclined to give these gentlemen credit for having more intelligence than to think for a moment they could get it. They know that if this bill went to the President with such a provision, it would be vetoed at once, and it ought to be. There is no use in trying to get something that you cannot have over a period of years. What is the use of trying to get something for a year and then lose it?

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CUMMINGS. I yield.

Mr. COOLEY. If this amendment were adopted, what would it cost to finance this farm program, in the gentleman's opinion?

Mr. CUMMINGS. I think it would cost from five to seven billion dollars.

Mr. COOLEY. Has any gentleman who has spoken for the amendment indicated the cost of the bill in the event the amendment were adopted?

Mr. CUMMINGS. No; they have not said a word about that. I do not think they have thought about it, and I do not believe they want to think about it.

Mr. Chairman, this debate has reminded me of a series of revival meetings I attended when I was a kid. They had a very eloquent preacher who had long, black hair, and about every 15 or 20 minutes after he got warmed up he would grab his hair with his left hand and hold his right hand high to heaven and say, "O God, dear God, what must I do to be saved?" My wife, the other evening, when I went home, asked me, "What are you doing down there?" and I said, "Mama, they are reminding me most of the time of those revival meetings I attended. It seems to me the big question now is, 'O voters, dear voters, what must I do to be saved?'" [Laughter and applause.]

Mr. CARLSON. Mr. Chairman, I am going to use the time that I have to bring to the attention of the House a message which I have just received from Mr. John Vesecky, president of the National Farmers Union. I think this will be interesting in view of the pending discussion, as it shows the sentiments of one of the national farm leaders. Mr. Vesecky is a farmer and for many years has been an outstanding advocate of cost of production or parity prices for agriculture. He understands the agricultural problem, and the National Farmers Union is fortunate to secure his services at present. The telegram is from Salina, Kans., and is as follows:

SALINA, KANS., *December 8, 1937.*

HON. FRANK CARLSON,
House of Representatives, Washington, D. C.:

Neither committee farm bill provides sufficient assurance of parity prices nor parity income. Suggest provision be added setting minimum price on domestic consumption at parity or not less than 10 percent below parity whenever marketing quotas are declared. Maximum price 10 percent above parity could also be set.

JOHN VESECKY,
President, National Farmers' Union.

We are concerned about farm legislation. There is no doubt in my mind but what we want to enact legislation that will be beneficial to agriculture. The House Committee on Agriculture has worked hard and is entitled to much commendation. I have been going along with it, and I think what we are going to do is to pass the bill, go home, and next year come back with this same problem. I do not believe this is legislation that will be permanent legislation as it will not bring the relief that farmers are entitled to. This afternoon we have talked about corn and cotton. Those of us from the great wheat-producting sections are fearful that with another large crop we will again be faced with ruinously low prices. In my opinion the Agricultural Committee should begin at once to work out a plan that will furnish farmers parity prices on the percentage of the farm products domestically consumed. I sincerely hope that the gentlemen of the House will keep in mind the views of the National Farmers' Union in respect to parity prices. The farmers want parity prices and we think they are entitled to it. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. CASE of South Dakota. Mr. Chairman, if I may have the attention of the chairman of the committee, I have asked for this time simply to ask a question. Under the bill as it is written is it the gentleman's understanding that the Secretary will make loans on rye and barley as well as on the commodities specified in the bill?

Mr. JONES. The Commodity Credit Corporation is authorized to make loans and it may make loans on any farm commodity where storage provision can be made.

Mr. CASE of South Dakota. Is that true under existing law or would it be true under this amendment?

Mr. JONES. That is true under existing law except that existing law is temporary and this undertakes to make it a permanent provision.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. GREEN. Mr. Chairman, it seems to me that this is the wisest amendment that has been offered to this bill. It is the fairest amendment. It is one which will come nearer giving farm relief to the cotton growers of the country than any other amendment. I hope the Committee will also agree, if we adopt this amendment, to a similar amendment on tobacco and the other farm commodities embraced within the bill. It seems to me this bill without an amendment of this nature is nothing in the world but an idle gesture—to make stronger a few favored districts which are benefited by this bill. You will never have farm relief in this Nation until you establish a purchasing power in the hands of the farmers of the Nation, and never will you have industrial prosperity until this condition obtains. Never will you have these two conditions until you give a farm relief measure which applies to every section and every crop on a parity. You cannot force a wage and hour bill upon the American people and bring prosperity unless you get something in return for the farm districts that pay for the wage and hour prosperity; they must have parity in purchasing power.

The wage and hour bill is designed to help industry in the East and to continue to impoverish the south section of our country. I refuse to subscribe to such a warped philosophy of economy in our great Nation. We have more than 30,000,000 people on the farms and more than 30,000,000 people in industry.

Mr. KLEBERG. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I am sorry I have not time to yield. And until you carry prosperity alike to that 60 to 70 percent of our population you will not have an evenly distributed economy of prosperity.

In my opinion, the greater problem which now confronts our farm and fruit producers of America is underconsumption rather than overproduction; also is the problem of economical, adequate, and regional distribution. There is too much padding of the price commodities between the time it leaves the farmer's hand and the back or table of the consumer.

During the past 12 months in my home town corn sold for about $2.75 per 100 pounds, or about $2 a bushel. The man who produced this corn probably received less than 60 cents per bushel for it. The most of my colleagues today have on shirts made from cotton. I doubt that the producer of the cotton in your shirt received for it more than 10 cents or 12 cents. Out of this 10 or 12 cents it probably cost him 95 percent of that amount to produce it. He probably realized 1 or 2 cents' profit above the cost of production out of the shirt which you are wearing today. You paid, probably, about $2 for the shirt.

You will, at almost any hotel in America, pay 15 cents to 20 cents for half of one grapefruit which brought the Florida grower who produced it probably one-half to 1 cent. Of this amount which he received possibly 90 percent, or in some instances 150 percent, represented his cost of production. What we need in America is better methods of distributing farm and grove products, also an elimination of the padding of costs which intervenes between the producer and the ultimate consumer. If corn were sold to the ultimate consumer for even 100 percent more than the actual producer received, then there would be a demand in the market for all of the corn produced in America. This same thing obtains with cotton, with grapefruit, oranges, rice, tobacco, wheat, and practically every farm-grown commodity in America.

Suppose in the case of the grapefruit, which I have just mentioned, the producer would have received 5 cents for the grapefruit, or 2½ cents for the half which you ate this morning for breakfast and for which you gave 20 cents. Would not that leave adequate profit for the handlers intervening to receive from this commodity? Suppose the farmer who made the cotton which you are now wearing in your shirt had received 20 cents for that cotton. Do you not believe $1.80 is an adequate amount for those intervening who handled this cotton from production to consumption? Apply the same thing to all other farm commodities. If an arrangement could be made through the wisdom of our Agricultural Committee of the House whereby this intervening surplus and unnecessary cost can be reduced, then the purchasing market in America would greedily consume all farm products that America is capable of making.

There are millions in our country who do not have grapefruit once a week; who do not have one-tenth enough cotton garments or wool garments to wear or shoes to go on their feet; who do not have one-half of the bread they could eat or one-tenth of the cream of wheat which they need; who do not have a quart of milk once a month and who have not seen a pound of butter in 30 days; also who do not have rice once in 6 months and with whom sugar, corn cereals, cream, cheese, and cigars are luxuries of which they can only dream.

My colleagues, this is our problem rather than undertaking to supersede nature and the laws of nature and the fundamental laws of supply and demand. There are enough hungry mouths in America today to eat every apple, orange, pound of flour, pound of rice and corn that can possibly be made in our country. There are also enough people in America without adequate bedding and clothing who could within 60 days well utilize every pound of cotton in America and not at all be overclad or overcovered in their slumbers.

Under the provisions of this bill the basic agricultural commodities, some of them actual necessities of life, will be frozen in a few favored States of the Union. The production of these commodities will not be able to migrate to the various sections of our country where the population needs them. They will not be able to retreat from the unfavored and rocky hillsides of some of our present producing areas to fertile and more favored areas in other States and in other sections of the producing States. My friends, this freezing or attaching and localizing production of our essentials of life, contrary to soil conditions, climatic conditions, and the wants of our local people in local areas is undoubtedly contrary to the best interest of the American people.

The same philosophy which is embraced in this farm bill in its present form is, in my opinion, contained in the Black-Connery wage-hour bill. This bill, it appears to me, if enacted into law, will freeze or attach existing industries in America in their existing localities. It will prohibit their migration to other and more favored areas of the United States. It will prevent local industries springing up in other parts of the country through the dire necessity of such local community. It may obviously destroy the power of our labor unions and labor groups. When the Government fixes by law wages and hours, then the usefulness of our labor groups in their field of bargaining collectively for better conditions for them is lost. I cannot vote for such philosophies.

We must have better conditions in America for the farmers and laborers of our Nation. They must have added purchasing power, and with them the comforts and luxuries of life must become more common and more plentiful than as now, with the bare necessities of life. No nation can thrive and prosper with some 20 percent of its population existing on the bare necessities of life and deprived of the comforts and luxuries of life. In America we have an abundance of not only the necessities of life but also of the comforts and luxuries of life. In order to approach the goal of ideal American citizenship, these luxuries and comforts must come within reach of, and must be visited to, the homes of every American citizen.

The pending farm bill is not equitable and cannot bring about this ideal American citizenship, even insofar as the few beneficiaries are concerned. I have confidence in the Members of our House Agriculture Committee and believe that if this bill can be recommitted to this committee, they can bring to the House a bill which will more nearly bring about the things which I mention. I cannot bring myself to vote for such legislation as the present substance of this farm bill and of the existing wage-hour bill. I cannot vote to discharge the Rules Committee from the wage-hour bill, nor can I vote for its enactment.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. NICHOLS. Mr. Chairman, this afternoon and particularly in the discussion of this amendment I have heard freely used the words "demagog," "vote hunters," "un-American and unpatriotic" applied to those men who are supporting this amendment. I wonder if I have to be a demagog, I wonder if I have to be unpatriotic; I wonder if I have to be selfishly seeking votes and nothing else in order to favor for the cotton farmers and the other farmers of the Nation the same protection at the hands of the Government that a majority of those by having affixed their signatures to a certain petition have said shall be guaranteed to labor? With every pound of my being I am for labor to receive a living wage. I think it would be a disgrace for Members of Congress and the people of the United States to expect labor to work for less than a living wage, and I think it is a dirty, stinking shame that this Government or its citizens should expect the cotton farmer to continue to work in his field from daylight to dark, using by his side the labor of his wife and in many instances the labor of his children of tender years, and even with all that effort come out at the end of the year with less than a living for that year's work. The chairman of the committee says that if this amendment

were adopted it would take more money to finance it than the Government could afford. Mr. Chairman, this was a control bill, I thought, when the consideration of the bill was started in the committee, and the principal bone of contention between the members of the committee was as to whether or not it would be compulsory control or voluntary control, whether you would be compelled to take part in the program or whether you would take part in it voluntarily.

I favored the compulsory plan. I still favor it. This amendment will apply to wheat also, but let us give the cotton farmers parity. What is parity? It is simply an effort to put them on equal footing with other business in the United States. That is all it is. Who is going to object to that? Do I have to be a demagogue? Do I have to be unpatriotic in order to have the nerve to get up on this floor and say that I think agriculture should be on an even footing with other business? If I do, then, my friends, willing am I to be a demagogue. Parity for the farmer, parity for cotton as compared with other business and other industry. It is perfectly simple. There is no use being alarmed. If this amendment is adopted, the conferees, if they become convinced that a majority of the Congress wants parity prices and they are afraid of bankrupting the Government, which is a new fear in this administration, if it is present now [laughter], can by their own compulsory control in the conference control the production of cotton, and thus save this country. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Minnesota [Mr. BUCKLER] is recognized for 3½ minutes.

Mr. BUCKLER of Minnesota. Mr. Chairman, I rise in support of the Patman amendment which will give parity prices on farm produce consumed in the United States.

Mr. Chairman, I happen to come from one of the most fertile parts of the United States, the Red River valley of Minnesota. We produce as much wealth as any other section of the United States. It has only been about 60 years since our section was homesteaded. In those 60 years title has passed from the farmers of Minnesota into the hands of Wall Street and the bankers, mostly. Less than half the farms in our State are owned by farmers themselves. The rest of the farms are tilled by tenants. After producing all the wealth, today we find we have very little of it left.

I would ask you city people to go out to the country and watch those farmers and their wives and children toil. You can find women out in the cold and rain driving mowers and plows. You can find little children doing the same thing. They are all working together to try to save their homes. All we ask in this legislation is parity with other industry.

I am a farmer, as I have often told you. Perhaps you can tell it by looking at me without my repeating it, but I have been accused a few times of being an attorney, so I have to keep reminding you about being a farmer. I am a farmer, but I signed the wage and hour petition. I signed it because I want the laboring man to have a decent living in the United States, but when we vote for that legislation, of course the price of what the farmer has to buy may be raised a little. You laboring people who have been chasing around this Congress for the last 6 months trying to get this petition signed, should do the same thing for us farmers that we are willing to give to you. Give us parity and a decent price, so that our women and children can have a decent living.

This bill before us now is but a little better than nothing. It does not go into operation until 1939. What are we going to do in 1938? You say you will give us 55 percent of parity—guarantee us a loan of 55 percent when parity, as I understand, is $1.17 a bushel for wheat. Who is going to set the price between the loan price and $1.17? The grain gamblers and bloodsuckers on the board of trade in Chicago and Minneapolis, who are gambling on the farmer's produce, will set the price which has been breaking the farmers of this Nation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Oregon [Mr. PIERCE] is recognized for 3½ minutes.

Mr. PIERCE. Mr. Chairman, I am very much in earnest in wanting this bill. The attempt to add this amendment fixing parity prices at this time means the death of the bill. [Applause.] There are a hundred Members on this side of the aisle whose seats are in jeopardy if this is tied on, and certain other amendments that have already been tied on remain in the bill. I know what it is to raise wheat at a fixed price. I did it in war times and enjoyed farming better than at any time in my life; but it is simply impossible now to fix cotton at 16 cents and wheat at $1.17. You watch these Members on my left—the Republicans over here—when we vote by tellers, going through the aisle, voting to attach this to the bill, hoping to defeat the bill. I appeal to my Democratic friends to keep this bill free from destructive amendments. If you continue putting on amendments like this we will be the laughing stock of the country. It is impossible, with the credit of this country, to finance this amendment as it is. I believe this administration is mistaken in not issuing currency to the amount of three billions, as provided in the A. A. A. Act. I believe there is a mistake in not giving us increased purchasing power. I believe there should be currency issued against the gold that is buried up in the country in Kentucky.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. I do not yield.

I believe in higher prices for farm products, but I do not believe you can do it in this way. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD] for 3½ minutes.

Mr. CRAWFORD. Mr. Chairman, at this time I rise to make one or two observations with reference to what the gentleman from Michigan [Mr. HOOK] had to say when he spoke about the harmful operations of the speculator. The more we concentrate the holding of commodities in cooperative associations or in large volume, the greater is the risk on account of price declines. When you remove the speculator from the commodity field you impose on the holder of that concentrated stock of commodities an extraordinary market risk. Take a situation where cotton declines, as it did within the last few months; assume that a large cotton crop had been held by the southern cotton growers, or large corn crop in the face of a big market decline held by the corn growers, and the loss becomes disastrous. The history of the Hanseatic League and the Venetian traders shows that their subconscious sense told them they had to have someone in between to assume these drastic declines in market values. I just wanted to point out to the Members here that we have not yet designed a mechanism whereby market risks are not involved.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. COFFEE of Nebraska. Is there anything in this bill, should this amendment be adopted and loans of 16 cents a pound made on cotton, that would prevent the importation of cotton from the rest of the world?

Mr. CRAWFORD. I do not know of anything.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. PATMAN. There is nothing to keep the conference committee from putting it in, is there?

Mr. COFFEE of Nebraska. Mr. Chairman, if the gentleman from Michigan will yield, I will say to the gentleman from Texas that the Committee on Agriculture has no jurisdiction over tariff matters.

Mr. CRAWFORD. It would seem to me that the Members on the floor could write such legislation into the bill; certainly we have jurisdiction over such matters. Insofar as I am concerned, I do not want to be a party to including in this bill or any other measure provisions which will encourage greater importation of goods from other countries at the cost of our own people. The farmers of my district know full well that we have too much of that type of legislation

on the books at the present moment, as evidenced by the increasing volume of competitive foodstuffs flowing to our shores from farms located in other parts of the world.

Mr. Chairman, what I desired to say is this: We can draw some lessons from the history of the old Venetian Republic and the Hanseatic league of cities. In those days transportation was slow and losses due to price changes for raw materials while in transit were serious and ruinous. We have increased the speed of transportation, but we are here considering control measures which enforce the holding over long periods of time commodities in great volume. The subconscious sense of the men in charge of trading affairs in those days demanded and, I might say, provided some measures against the hazards which the wild price fluctuations involved. They resorted to heavy-profit margins, and I believe it is true the Hanseatic League passed regulations with severe penalties against the sale of wheat before it was threshed or herring before they were caught.

The cotton South later came into being as an "exporting" group. It became necessary for them to sell on a basis of "forward delivery." And still later sales were made on basis of "in transit" or "to arrive." Still later we experienced the warrant system, and it became possible to transfer "ownership" without making delivery of the commodity itself, the warrants representing specific quantities and lots. In due course the export trade with Europe brought into operation the modern mechanism known as the "future contract." Internally we have built the great grain elevators, warehouses, and have adopted the receipt system for grain stored. Through the "future" contract it is possible to eliminate the risk of market decline, thereby permitting great volume to move on a basis of a very small profit margin. The producing, exporting, shipping, and trading world has spent centuries groping about in an attempt to work out something fair and sound. Whatever we have today we must bear in mind it has come about through hundreds of years of patient progress toward a definite end. Generally speaking, when the world so proceeds in one straight line it does not make many mistakes. Shall everything be discarded like a piece of antiquated machinery for some untried experiment?

Surely, if the distinguished member of the Agricultural Committee [Mr. HOOK] is now proposing to have the farmer store his products and thereby carry all the risk, does he propose to destroy all the machinery that would, at the same time, permit that farmer to hedge against losses due to market declines? Does he not fully realize that ownership carries risk and that the greater the volume of ownership in the commodity world the greater the risk due to market decline? Let the principle be perfected in such detail that the farmers of this Nation may also participate in a plan which diminishes their risk. Is the fault which the gentleman complains about in detail or in principle? That is for his committee to determine as they promote the provisions of this bill.

May I ask the gentleman this question? If the cotton and grain merchants are denied the right of access to the future contract, will they not demand a wider margin of profit per bale of cotton and bushel of grain and all to be passed on to the ultimate consumer? Take cotton, for instance—the present 20,000,000-bale stock. A mark-up of $5 per bale means an increased price to the consumer of more than $100,000,000 annually and for what?—for insurance against market declines. Under the present system the insurance is carried at the cost of the speculator. The speculator goes into the market and assumes the risk in the hope that he will win. Some gain, but many, many lose. His operations spread the risk and thereby relieve the producer and the merchant—if the details are perfected. Think of the capital that has been lost through men speculating their savings in the hope of a profit in connection with mining for precious ores and drilling for oil. Certainly millions of them lost, but society has gained.

Recently we have heard so much said about thin markets. We now hear the Secretary of Commerce claiming that the present recession has no reason for becoming a major depression "because of low inventories." Does he not mean that the risk is small by reason of stocks being low? Certainly that is what he has reference to.

Who is to protect the cooperative associations as they grow in size and accumulate vast stocks of commodities against hostile fluctuations in the markets of the world? We no longer control the cotton market. At the present rate of production of cotton in other parts of the world what will be the situation before the machinery for the administration of this bill is in full running order and the quotas and storage restrictions effective? What will be the problems 10 years from now?

Will Congress appropriate the necessary money to provide insurance equivalent to hedges? The speculator had the chance, certainly the hope of profit. He speculated. As the heavy hand of the tax collector presses down on the shoulder of the taxpayer do you contend the latter will have either chance or hope of profit? Above all, what will happen to our cotton grower when like Brazil, the Federal Government decides to abandon its course?

Mr. Chairman, this bill deals with commodities which have a world-wide use. They also have or carry an uncertainty of supply and demand. Furthermore, they are subject by nature of uncertain supply and demand to wide fluctuation in price. We cannot be too cautious and too deliberate in taking steps which may bring great disaster—far greater than our people have ever experienced—to millions of our people. Personally I feel that we are working under great pressure for haste and speed and that we are not, as a Congress, fully comprehending what we are about to do. The big thing seems to be "pass the bill before Christmas" instead of having something that will not bring greater misery to our people who have looked too long toward the Halls of Congress for their economic salvation. Surely some day we shall come to the full realization that government is not big enough financially to do very much for our people but that they will not only be compelled to do things for themselves but, in addition, provide through their efforts in the form of contributions to the tax box, the full amount of money required to carry on the affairs of such government as they may have over them.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman already has that privilege.

The gentleman from Arkansas [Mr. MCCLELLAN] is recognized for 3½ minutes.

Mr. McCLELLAN. Mr. Chairman, I do not know what will be the final outcome and result of this attempt to pass legislation to aid agriculture. Whatever we do may prove a mistake, but whatever criticism may be offered to the law we pass before this session will have adjourned, it cannot be said that we did not sincerely try to write a farm bill. About everything that could be suggested has been, and every proposal and amendment is being debated and considered.

We all want to do something; and the sole purpose of this effort is to ultimately raise the price of agricultural products so as to restore the farmer to a relatively equitable position in our economic and industrial life. I would like to write into this bill, if it were possible to do so, that the farmers shall receive a standard wage for the product of their labor, just as many of you propose and expect to write into law at this session of Congress by passing the wage and hour bill a provision that will give to labor a minimum wage and limit the hours of their toil in industry.

Mr. Chairman, if we are going to pass that character of legislation at this session of Congress, if we are going to adopt a legislative policy of price fixing, then I am ready to vote for this amendment and place in this bill a level below which the farmer will not have to toil, without any regulation of hours, in order to produce a living for himself and his family. [Applause.]

I seriously doubt the wisdom of any character of price fixing with reference to commodities and with reference to both agriculture and industrial products. I doubt seriously that any such policy can ever be successfully operated and

maintained; but there is a strong block here apparently determined to enact a law designed to increase wages to industrial employees, and if we are going in that direction for the laboring man, then eventually we are going to go that way for the farmer, and we may as well begin now to fix the price of his products so as to raise his standard of living. [Applause.] You may not do it today, but ultimately it will have to be done if we by law fix the price of industrial labor.

You cannot nail down one end of the plank for labor and leave the other exposed and ragged for the farmer. His prosperity and standard of living must be taken into account for it is just as essential to the welfare of this Nation. When wages are raised in the manufacturing establishments, a corresponding increase occurs in the cost of what the farmers are compelled to buy. So if we are going to embark on outright price-fixing policies, and I again warn they are dangerous, we cannot possibly justify such a cause if we ignore and neglect those who dig from the earth the very food that sustains us all.

Mr. Chairman, I am going to vote for this amendment. Whatever bill we pass will go to conference. The Senate bill will be there. We all know that the conferees will virtually rewrite this legislation. I anticipate, should the House adopt this amendment today, it will be stricken out by the conferes. I do not expect it to stay in the bill, but I think I can tell you now that if there is going to be price fixing in other fields that insures a high standard of living for the laborer in various other enterprises, then the farmer has a right to expect, and will demand, a law to fix the price of his products, so as to raise his standard of living. He is already crushed under present conditions. He cannot longer endure and will be unable to survive further increase in prices of what he must buy with continuing decrease in markets and income from what he produces.

We may as well recognize now that this Nation will never be prosperous so long as agriculture, our largest industry, is stranded in virtual insolvency. Price fixing is not the remedy for our ills, but those who ask it to insure their welfare, must stand ready and willing to grant it to others who seek equal protection.

Mr. Chairman, when some are brought to a realization that there are certain factors and processes other than laws that enter into and influence existing conditions, we will likely secure the enactment of fewer bills but more wholesome laws. [Applause.]

The CHAIRMAN. All time has expired. The question is on agreeing to the amendment offered by the gentleman from Texas, Mr. PATMAN.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 68, noes 97.

Mr. PATMAN. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. PATMAN and Mr. DOXEY to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 81, noes 113.

So the amendment was rejected.

Mr. JONES. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 14, line 13, strike out all after the period down through line 9 on page 15.

Mr. JONES. Mr. Chairman, under the amendment I have just offered with reference to the loan provision beginning on page 14, line 14, I strike out the remainder of the paragraph. This would leave the provision as the committee first had it, without having any figures at all for any commodity and would simply leave the loan provision read this way:

The Commodity Credit Corporation (in this act called the Corporation) is authorized, upon recommendation of the Secretary and with the approval of the President, to make available loans on agricultural commodities (including dairy products). The amount, terms, and conditions of such loans shall be fixed by the Corporation with the approval of the Secretary and the President.

If the amendment is agreed to, it would eliminate the Lucas amendment. It would eliminate the fixed rates on all commodities. After all, someone has to be responsible for these loans. This would require the approval of the Commodity Credit Corporation, the President, and the Secretary. They would fix the amount and the terms and conditions of loans. They would treat all commodities alike. Under the bill no maximum or minimum figure would be set. The matter of the amount, terms, and conditions would be left just as it is, under the present Executive order, with the provision that was temporarily made for carrying it out.

Mr. MAY. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Kentucky.

Mr. MAY. I am somewhat in sympathy with the gentleman's suggestion with this exception: I would like to know if the chairman of the Committee on Agriculture has any information as to the amount it will cost the Government if you leave it up to the Commodity Credit Corporation, the Secretary, and the President?

Mr. JONES. You would have all three of those. You would have the same loan provision you have now. They have handled it pretty well up to the present time. This would do away with the yardsticks altogether.

I want to be perfectly frank and say this would carry with it not only the maximum and minimum limitations put in here but would also carry the Lucas amendment.

Mr. MAY. Are the terms of the loans fixed in the Commodity Credit Corporation Act?

Mr. JONES. No. This would be practically the same thing.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield to the gentleman from Minnesota.

Mr. ANDRESEN of Minnesota. As I understand it, if the gentleman's amendment is agreed to, loans uniform in amount will be made all over the country rather than in sectional areas or in different amounts.

Mr. JONES. The gentleman is correct. I rather believe that, in view of the action taken by the Committee—there are more Members here, and I just want the honest judgment of the Committee—this would be wise, because the administration at the time, whichever one was in power, would have to be responsible for its action. This would put all the commodities on exactly the same basis.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield to the gentleman from Illinois.

Mr. LUCAS. Does the gentleman agree with me there is a distinct difference between loans on corn and loans on cotton?

Mr. JONES. I do. For that reason I believe they will consider in making the loans the rights and conditions with respect to any commodity. They do not have to make the same loan under this provision as to one commodity that they make as to another commodity. They will fit the loan to the commodity without any limitation.

Mr. LUCAS. May I ask the gentleman if it is not a fact the amendment which was adopted a few minutes ago by the Committee was submitted to the gentleman from Texas, and he replied to the gentleman from Illinois that he had no objection if we would include the latter bracket, which reads, "55 percent, if such estimate exceeds a normal year's domestic consumption and exports by more than 10 percent," and I agreed with the distinguished Chairman to do that?

Mr. JONES. I will state frankly that is substantially true. The gentleman came with another party into my office. If the fact it was a mandatory loan registered on my mind, I did not realize the implication of it. I had the impression afterward that it was a permissive loan. I am sure the gentleman stated it was mandatory because he had the same figure in it. As soon as I discovered this feature yesterday I called up the gentleman and told him I did not believe the loan should be on a mandatory basis. I also called up the other party over long distance telephone last night and told him the same.

I come back to the proposition that if my amendment is agreed to it will be as the committee first had it. It will treat all commodities alike and will make the loan available for all commodities, the loan to be fitted to the commodity.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield to the Speaker of the House.

Mr. BANKHEAD. Without undertaking to express any opinion whatever with reference to the merits of any particular section of this bill, there is one matter I should like to get cleared up in my own mind as a representative of my constituency, and that is this: As I understand this bill, no provisions are made for the exaction of any new levies of taxes of any nature whatever to meet any of the requirements of such bill as shall be passed.

Mr. JONES. The gentleman is correct.

Mr. BANKHEAD. Then, I should like to ascertain from the chairman of the committee the amount of revenue or funds which will be actually available in the event this bill shall be passed, without the imposition of any new taxes.

Mr. JONES. Assuming the House appropriates the amount authorized under the present Soil Conservation Act, there will be $500,000,000 available under that act, and there will be an additional amount, for the purposes of exportation, of 30 percent of the customs receipts, which will probably run from $110,000,000 to $125,000,000.

Mr. BANKHEAD. Assuming that which may or may not be true, that we shall have to make the allocation on the basis of the funds now in sight, to wit, $500,000,000, plus such amount as may come out of the operation of section 32, if the amendment now proposed by the chairman of the committee should prevail these funds would have to be allocated and these various commodities would have to take their chances out of the amount of money now in sight?

Mr. JONES. No; the gentleman is not correct. The loans would not necessarily come out of this figure because they are made by the Commodity Credit Corporation. This is simply a continuation of the present act as far as the Commodity Credit Corporation is concerned. It was hoped the loans would be made on a reasonable basis and not entail any great amount of loss. We simply carry forward the present provision, and the loans are made by an organization which is under the R. F. C.

Mr. BANKHEAD. Does this mean that in addition to the sum of $500,000,000 mentioned by the gentleman further funds would be available for loans by the Commodity Credit Corporation?

Mr. JONES. There would be whatever the Commodity Credit Corporation now has, and then provision might be made for this permanent organization. If my amendment is adopted, we simply carry forward the present act, which will expire within 2 years, I believe. This would carry it on and authorize it to be made if that organization is carried on.

Mr. BANKHEAD. I thank the chairman for the information.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is perfectly obvious this amendment proposes to turn the legislative powers of the Congress over to the President. The President appoints the Secretary of Agriculture, and he appoints the Commodity Credit Corporation members. Therefore, this amendment turns all the legislative functions and powers of the entire Congress over to one man.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. FISH. I should like to be corrected if I am wrong.

Mr. JONES. The gentleman is incorrect only to this extent: That it is already there. This authority has already been granted by the Congress, and this amendment simply authorizes that organization to continue doing what it has been doing.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. FISH. No; I do not yield.

The amendment as it was read certainly gives that power to the President. If he had the power already, there would be no purpose in giving it to him. It gives the President the full power over agriculture and farm prices, and he could spend, under the terms and provisions of the amendment as read, not only a billion dollars but $10,000,000,000 annually. In the amendment suggested by the gentleman from Texas there is no limit whatever on the amount of money to be loaned on farm commodities. The point is, there is no money in the Treasury for this purpose now. We have not yet put the $500,000,000 into the Treasury that this farm bill needs to function in accordance with its provisions.

Now, if you pass this amendment, who is going to say how much money it will take to pay out loans on all these different farm commodities, not only the ones contained in this bill, but the ones produced in my district, in the President's district, such as dairying, vegetable and fruit growing, poultry raising, and so on? Who is going to say how much they are to get? And if this provision is so broad as to include all commodities, then we will be called upon, as the speaker has suggested, for an appropriation far larger than $500,000,000. What I want to know before we vote is how much this amendment is going to cost. Will it cost $5,000,000,000 or $500,000,000? I would like to have the gentleman from Texas make this clear. Will this amendment cost any more money?

Mr. JONES. It may not. If the collections under the present loan are sufficient, it will not even require any more money than is out now. Nobody can tell what the ultimate result will be, but, certainly, under the present program I do not think the loans are unreasonable, and I do not believe the gentleman will contend they are.

Mr. FISH. What is the purpose of the gentleman's amendment if the President has these powers at the present time?

Mr. JONES. This is permanent legislation and it was thought this was the simplest way to make provision for the continuing loans and, of course, in order to make this available, it will be necessary for the proper committee to continue the activity and life of this Corporation, which, I think, should be continued. I will state to the gentleman that I believe some very fine work has been done, and is being done, under the loan provision.

Mr. FISH. Can the Commodity Credit Corporation lend on all commodities today?

Mr. JONES. It can lend on all commodities today.

Mr. FISH. Has it made loans on any but the three or four big, stable commodities?

Mr. JONES. It has made loans on a number of different commodities and has tendered loans on a number of others, the effect of which has been to bring up the price and the loans were never made. The same thing is true as to section 32, and may I correct the statement I made in answer to the speaker. It is possible that some of the funds under section 32 may be used for this purpose. I was in error in my answer about that.

Mr. FISH. Will the gentleman inform the House whether in his opinion this amendment will cost any more money or will cost more than the $500,000,000 needed to carry out the provisions of the farm bill?

Mr. JONES. I think there is a possibility of some losses on these loans, but if they are handled properly I do not believe there will be material losses.

Mr. FISH. I am not referring to loans but to the appropriations by Congress. Will more than the $500,000,000 have to be appropriated?

Mr. JONES. I think certainly not for the coming year, and it depends on the action of the Congress thereafter.

Mr. FISH. And this money is to be spread around on other commodities besides cotton, wheat, corn, tobacco, and rice?

Mr. JONES. Yes.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment may close in 27 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LUCAS. Mr. Chairman, I am rather a neophyte here in Congress, and sometimes I confess to myself and those who are about me that I doubt that I know what it is all about. To say I am surprised at this latest move on the part of my distinguished chairman is putting it rather mildly.

This question of mandatory loans upon corn did not arise on the spur of the moment. This question of loans has been debated back and forth in the Committee, with little or no success, and yet, when the Secretary of Agriculture approved in principle this provision, which has been voted on successfully here, it was thereafter submitted to the able chairman, who inspected it, and advised me that he had no particular objection if I would lower it to the 55-percent bracket.

I know the chairman is a busy individual. I have a tremendous amount of respect for his ability, his judgment, and his industry. I know he has had a great charge in connection with the handling of this bill, but, Mr. Chairman, I represent a tremendous industry out in my section of the country. I happen to be the only individual on the committee who represents the corn districts of Indiana and Illinois, and I went into this thing in good faith.

I am satisfied if this mandatory provision is left where it is in the bill it will accomplish the stabilization that the corn farmer for a long time has been looking forward to; that is to say, a fair and decent price for the product he raises out there on the soil will be given him. This year we have an abundant crop; bountiful Nature has given us 2,600,000,000 bushels of corn and a carry-over of 60,000,000 bushels, and if this provision of mine were in effect today we would not be getting as much under the mandatory provisions of this amendment as the Secretary of Agriculture announced recently for purposes of a corn loan.

Mr. Chairman, I submit in all fairness that we passed on this matter. We had an honest debate upon it, and this is a means at the last moment to scuttle an important measure that takes care of thousands upon thousands of farm families in Illinois who are interested in one of the basic industries of this Nation, namely, the production of corn.

I hope that those who stood with me in this first fight will continue to stand with me and vote down the amendment submitted by the distinguished chairman. [Applause.]

Mr. SHORT. Mr. Chairman, with all due respect to our Committee on Agriculture, which is composed of able and honbrable men, this bill is a classic example of the most ill-considered, loosely drawn, and ambiguous piece of legislation ever presented to a parliamentary body. I confess my abysmal and pitiful ignorance, along with my distinguished friend from Illinois [Mr. Lucas], as far as this measure is concerned. This bill will not work. It goes against the laws of Nature. It undertakes the impossible. We might as well legislate against thunder and lightning. The amount of rainfall and sunshine is not regulated by Congress, nor is it controlled by the Secretary of Agriculture. In spite of our efforts, God is still greater and more powerful than Lord "Corn-Wallace." [Laughter.]

The philosophy back of this bill is the philosophy of Moscow. It has been tried many times in history and has never worked. It never will. Yet—

As a dog returneth to his vomit, so the fool returneth to his folly.

Whatever the purpose or motive of its authors or sponsors, its result is certain and inescapable. It gives the Secretary of Agriculture absolute power to control the principal crops of this Nation. Mr. Wallace and his local committees, appointed by and responsible to him, can and will tell the American farmer in the remotest corner of our Republic how many acres of a commodity he can plant and how many bushels of that commodity he can sell. Mr. Wallace—and he alone—is given authority to lay down rules and regulations having the force of binding law as if enacted by Congress.

By this act we render ourselves superfluous and impotent. The farmer's freedom is destroyed and he becomes a ward of the Federal Government, removed one short step from serfdom. His neck is placed in a noose and the bait held out to him by the Secretary of Agriculture is merely an inducement to get the halter on the farmer in order that some little visionary, bureaucratic whippersnapper can work the hunger-whipped slave in the harness as he sees fit. This farm bill will farm the farmer, and the only issue that confronts us now is freedom or serfdom for our people.

The farmers in my district prize their corn, cotton, and wheat, but there is something, Mr. Chairman, they prize infinitely more than these material things. That something is of great spiritual value, that noble and precious heritage we call liberty. Under the terms of this incomprehensible measure one thing at least is certain and unmistakable. The Secretary of Agriculture is given discretion to pay some farmers and to withhold payment from others. No human being is endowed with the divine wisdom and virtue to administer justly this act. Some farmers can be rewarded and others can be penalized at the will of the Secretary of Agriculture. The door is opened wide to political corruption and reprisals, and opportunity is offered a Cabinet member to build up a gigantic personal political machine. Never before in the history of free government have we witnessed such a brazen and inexcusable grant of unprecedented and almost unlimited power to one man.

We may not always have as Secretary of Agriculture a man of oracular wisdom, sublime virtue, and impeccable judgment. If enacted into law, this bill will set one class of farmers against another, and cause one farmer to hate his neighbor. Bootlegging, perjury, and thievery will follow, agriculture will be dislocated and disillusioned, and, what is worse, the liberty and character of our best citizen, the American farmer, will be destroyed. For God's sake let us keep America American by letting every man walk the earth his own king, the equal lord of every other man, go his own way, work out his own will, and weave into the warp and woof of the magic days the dreams that haunt, the duties that inspire and urge him on. [Applause.]

The CHAIRMAN. The gentleman from Minnesota [Mr. BERNARD] is recognized.

Mr. BERNARD. Mr. Chairman, for the last few days I have been listening to some Members of this House with pleasure and surprise. Many of my esteemed colleagues who in the past have always disagreed with me on everything seemed to have been converted to my views.

Gentlemen who in the last session argued for a drastic cut in relief expenditures now weep for America's hungry millions.

Gentlemen who in the last session could only shout "economy" now tell us that our people have not enough money to buy food.

In the last session it was only the Progressives who argued that we do not suffer from overproduction but from underconsumption. Now the very Members who have blocked every administration measure to expand the buying power of our citizens tell us "the workers have no money to spend for farm produce."

Underconsumption has become the pet discovery of those who are in part responsible for underconsumption.

Have these leopards changed their spots?

I would like to think so, but my new friends are inconsistent, and I am forced to doubt their sincerity. At one moment they protest the amendment offered by my friend, Mr. BOILEAU. The Boileau amendment, they say, will take the milk from the mouths of starving babes. And at the next moment they advise us to feed the starving babes by repealing the surplus-profits taxes.

Do these new friends of the hungry and poverty-stricken mean starving babes—or starving corporations? Who is it that they really want to feed?

I do not forget that in the last session my friend, JERRY BOILEAU, introduced a bill calling for $3,000,000,000 to create 1,000,000 jobs. And I do not forget that those who now accuse him of taking food from the mouths of babes voted

against his bill and even advocated cutting the administration measure to $1,000,000,000.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. BERNARD. I do not have time to yield.

I do not believe that it is Mr. BOILEAU who is the apostle of starvation.

I would like to think that these new spokesmen for plenty are real converts to the progressive cause. I will think so when they support the wage and hour bill, an increased relief appropriation, more money for housing, higher taxes for the rich, and lower taxes for the poor.

But—until they are ready to prove their sincerity by votes—let them not mock the hungry with their crocodile tears. We Progressives who condemn the crop-destruction provisions of this farm bill have a right to condemn them. We are doing all we can to root out the causes for underconsumption. We are going to vote for every measure which will increase the spending power of those whose hunger makes the "surplus" of farm crops. We are going to resist with all our strength every attempt to feed the trusts and the corporations while the people starve.

We have the right to condemn scarcity, and we do condemn it. We have a right to say, "Let the Government pay the farmers for growing food, not for plowing it under." We have a right to deny that there is a farm "surplus" so long as one child anywhere in the world goes to bed hungry. We have a right to say these things because we believe them.

But as for the new advocates of abundance—they are treading on dangerous ground. What will their constituents say when they go home? Theirs is not an easy position to explain to the jobless, the W. P. A. worker who has been laid off, or the needy for whom no relief can be found.

"I voted against the farm bill," they can say with pride, "because it perpetuates an economy of scarcity; because it destroys food when many are hungry."

And their hungry constituents will ask: "But what did you do to find a few dollars so that we can buy what the farmers still raise?"

What will they answer, these new disciples of the more abundant life? I hope they will be able to answer that they have done something besides cut Mr. Morgan's tax bill.

It is not wise to trifle with the wrath of hungry men. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

The gentleman from Iowa [Mr. DOWELL] is recognized for 1 minute.

Mr. DOWELL. Mr. Chairman, a short time ago the House adopted a corn loan amendment, which will be very helpful to the corn producers of this country. I want to ask the chairman of this committee if his amendment is not intended to set aside the amendment that the House adopted just a few minutes ago? At least, as I understand, that is the purpose of the amendment.

Mr. MASON. He said it was.

Mr. DOWELL. I am told he said it was so intended. It seems to me that that amendment, having been adopted by this House, it should not be defeated by an amendment of this character. The corn loans have been most helpful to the farmers, and the Government has not lost a dollar by these loans. The amendment providing for corn loans adopted by the House a short time ago should stand and this amendment intended to strike it out should be defeated.

I am opposed to this amendment.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Iowa [Mr. GILCHRIST] is recognized for 5 minutes.

Mr. GILCHRIST. Mr. Chairman, I am, of course, overwhelmed with the bursts of oratory when I hear on this floor about how we are trying to control the hands of God Almighty; about how we are going to control sunshine and rain; about how some officer is going to be delegated the authority to say how much crop we shall produce and how much crop we shall sell. You can make a fine oration by saying that the liberties of the American people are going to be taken from them by this bill, but if gentlemen would read the bill, they would soon understand that it does not do any such thing at all. This bill does not provide for scarcity. It is not a bill that seeks to control sunshine, rain, or production. This bill will leave the American farmer with every liberty that he now has, except, in possibly one year out of eight or ten, and then when he votes for that control himself.

It is fine to talk about American liberty. We have perhaps all had forefathers who marched with George Washington from New York to Yorktown. But this bill, and the amendment now before us, does not control one bushel of production of corn, not one. The farmer is allowed to produce every bushel of corn that he can. The farmer is allowed to harvest all that he can. In extreme times, when the farmers vote for it, under a formula that Congress fixes and not the Secretary fixes, then, and only then; and at no other time can the Secretary provide for a vote.

It does not give the Secretary one single thing or a single power or authority, except under the rule and formula that Congress itself proposes and lays down in the bill itself. So that when I hear these bursts of oratory I am greatly pleased at the oratory; but I am bound to believe that the orators ought to read the bill. I think they ought to know what this bill provides. Once in a while during the course of years, when the farmers ask for it, the farmer can be told, "Here, you put a small part of your corn into storage for a while, until the world shall demand it and the price shall rise, so that you yourself will be helped and your neighbor will be helped, and no one will be injured." It does not prevent him from doing as he pleases with the vast amount of his product. He raises it; he sells it where he pleases and when he pleases, with the exception that I have noted.

How easy it is to talk about liberty and the American flag. Oh, I know something about liberty myself. I have seen the sheriff march into the homes of the corn farmers of my community and my county and kick farm owners out into the street. That is liberty. That is the liberty of the man who owns the mortgage. So I am trying to fix it so that the farmer can pay his mortgage and support himself and his family in decency and honor in this twentieth century. [Applause.]

At times we may be inclined to subordinate the rights of people to secure peace, happiness, and prosperity to the rights of property. I am for protecting all property rights. I do not want to wreck the internal economy of our country. But I recognize also the right of citizens. The present economic desperation which this bill attempts to correct is due, no doubt very largely, to our neglect in acknowledging the right of a man to some return for the long hours he toils in attempting to grow and market foodstuffs for our people.

We are attempting to give some consideration to the right of the farmer to secure a greater degree of happiness and prosperity. [Applause.]

[Here the gavel fell.]

Mr. BIERMANN and Mr. COFFEE of Nebraska rose.

The CHAIRMAN. The Chair would like to inquire of the gentleman from Iowa if he thought he was included in the unanimous consent that was given to close debate?

Mr. BIERMANN. That was my impression.

Mr. JONES. I had intended to include the gentleman from Iowa, Mr. Chairman.

The CHAIRMAN. There are but 5 minutes remaining on this amendment. The Chair wonders if it would be agreeable to recognize each gentleman for 2½ minutes.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the gentleman from Nebraska [Mr. COFFEE] may proceed for 2 minutes, not to be taken out of the time already fixed.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The gentleman from Nebraska [Mr. COFFEE] is recognized for 2 minutes.

Mr. COFFEE of Nebraska. Mr. Chairman, I rise in support of the amendment offered by the chairman of our committee.

If loans are to be provided for corn farmers, I think it is advisable to adopt this amendment; otherwise you may put such restrictions on these loan provisions that it will be impossible to have any loans at all.

I also want to call the attention of the Members to the very fallacious reasoning which was presented a few minutes ago in connection with the price of cattle. The gentleman from Missouri [Mr. CANNON], I believe, stated that the price of cattle and hogs was determined by the price of corn. It is just as logical to assume that the price of eggs is determined by the price of wheat because chickens eat wheat. Consumer purchasing power, demand and supply, are the determining factors, not the price of corn.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Nebraska. Not now; I have only 2 minutes.

Mr. Chairman, I represent a district largely devoted to cattle, hogs, and corn. I am in the cattle business myself. I fear that if you make an artificially high loan on corn it would wreck the western range cattle producers, as well as the Corn Belt feeders. Corn producers would eventually suffer if substitutes for corn were used.

If you want to be of assistance to the corn producers, let these loans be made on a reasonable basis, not so high as to encourage the production of corn for sale to the Government or to affect adversely the livestock industry but high enough to stabilize prices that might otherwise be demoralized through excessive sales. [Applause.]

The CHAIRMAN. The gentleman from Iowa [Mr. BIERMANN] is recognized for 5 minutes.

Mr. BIERMANN. Mr. Chairman, the effect of the gentleman's amendment will be to eliminate all of the loan section except that part which makes the loans absolutely optional with the Commodity Credit Corporation with the approval of the Secretary of Agriculture and the President. The only part eliminated that really amounts to anything is the so-called Lucas amendment providing for mandatory loans on corn.

It may look as if we Members from the corn section, in asking for mandatory loans on corn, are asking for something that we should not have, but I submit to this body that nearly every one of the farm commodities, large in production, has been treated in a special way on account of the special circumstances that surround it. We had a special bill for sugar. Again and again we have given special treatment to cotton. In this very bill we give special treatment to tobacco. Now, without hurting the United States Treasury, without hurting any other farm commodity, I propose we give a little special treatment to field corn through mandatory loans at safe, business-like figures. We can do it for the reason that corn is not exported, it is consumed in this country. Less than 5 percent of the production of corn normally is exported; so a loan on it would be sound. A loan on corn is different than a loan on a farm commodity with a large exportable surplus.

If the amendment of the chairman is adopted, the corn-growing sections of this country will be in exactly the same position as far as loans are concerned that they were in this summer when the farmers in Iowa and these other corn States saw the price of corn locally go down from $1.35 a bushel to 35 cents a bushel. All that time the Commodity Credit Corporation had exactly the same power they will have if the chairman's amendment is adopted, but they did not give us any loans until after some of the poor farmers had been forced to get rid of their corn. Then they did give us 50-cent loans. That is a condition that we want to cure. We want to compel the Commodity Credit Corporation to make loans. The Commodity Credit Corporation made loans in 1933, 1934, 1935, and 1936. I telephoned them this morning and they informed me that they had not lost a single penny on those loans; they got all the money back plus interest at 4 percent. [Applause.]

The CHAIRMAN. The time of the gentleman from Iowa has expired; all time on this amendment has expired.

The question is on the amendment offered by the gentleman from Texas.

Mr. JONES. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. JONES and Mr. LUCAS.

The Committee divided; and the tellers reported that there were—ayes 109, noes 83.

So the amendment was agreed to.

Mr. BIERMANN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BIERMANN: Page 14, line 14, insert the following: "The Commodity Credit Corporation shall make loans on field corn wherever produced in the United States at the rate of 55 cents a bushel if the corn supply of field corn is not more than 10 percent of the estimated domestic needs and foreign exports in the marketing year in which the loans are to be made. If the total supply is more than 10 percent in excess of the estimated domestic needs and foreign exports, the loans shall be made at 45 cents per bushel."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, until I examine the amendment which the gentleman has just offered a little further I reserve a point of order against it.

The CHAIRMAN. The gentleman from Iowa [Mr. BIERMANN] is recognized for 5 minutes.

Mr. BIERMANN. Mr. Chairman, I imagine that some of the Members voted against the Lucas amendment and later for the chairman's amendment to strike out because they thought that the proposed loans on corn were unreasonably high. The amendment I have offered fixes those loans at 55 cents a bushel when the supply of corn is not more than 10 percent above the domestic consumption and foreign exports, which would be 2,613,000,000 bushels. This year we have more than 2,700,000,000 bushels, and, under the present bill, the quota does not go into effect until we get to 2,900,000,000 bushels. My amendment further provides that when the supply is in excess of 10 percent above the domestic consumption, plus the foreign exports, the loan will go down to 45 cents per bushel. In other words, the amendment merely provides that the corn-growing farmers of the United States, whether they are inside the commercial area or outside the commercial area, will always be able to go to the Commodity Credit Corporation and be assured they may get some loans. If the crop is small, they get a loan of 55 cents. If the crop is large, they get a loan of only 45 cents. I would like to know what is unbusinesslike about that.

I call attention to the fact that in the past 4 years those are the figures the Commodity Credit Corporation has used in making loans. For 2 years they lent on the basis of 45 cents a bushel. For the other 2 years they lent on the basis of 55 cents a bushel. In the 4 years they lent a total of $145,000,000, and the Government did not lose a single penny.

Mr. PIERCE. Will the gentleman yield?

Mr. BIERMANN. I yield to the gentleman from Oregon.

Mr. PIERCE. Are they mandatory?

Mr. BIERMANN. They are mandatory. I do not want the farmers of Iowa to have another year like 1937, when the little fellow sold his corn and a couple months after he got rid of his corn the Commodity Credit Corporation proclaimed that "on December 1 we will lend you 50 cents a bushel." I want the farmers to know in advance that they may get either 55 cents or 45 cents a bushel, depending upon the yield. If the crop is small they get 55 cents. If the crop is large they get 45 cents. Is there a single Member who believes the Government will lose a single penny by such a transaction?

Mr. PIERCE. That means pegged prices.

Mr. BIERMANN. No; it does not.

Mr. PIERCE. The Government will have to buy at those figures.

Mr. DOWELL. Will the gentleman yield?

Mr. BIERMANN. I yield to the gentleman from Iowa.

Mr. DOWELL. Is it not true that the loans on corn have never cost the Government anything?

Mr. BIERMANN. Not a single penny. The Government has made money on these loans at the figures I specified here—45 cents if there is a big crop and 55 cents if there is a small crop.

Mr. DOWELL. I would like it better if it was 50 cents in the lower bracket.

Mr. BIERMANN. I would just as soon put it at that figure. I want the farmers to be in the position of being able to borrow something and I want to be sure that the Commodity Credit Corporation will lend them the money. I do not want the farmers tc go through another season like this past year, in which the Commodity Credit Corporation made no loans until the little fellow was busted, and then the Commodity Credit Corporation stated it would make loans on December 1.

Mr. DOWELL. I suggest the gentleman amend his amendment and make it 50 cents instead of 45 cents in the lower bracket.

Mr. REILLY. The criticism has been that they do not lend early enough?

Mr. BIERMANN. They do not lend at all unless it suits their fancy to do so.

Mr. REILLY. They have heretofore.

Mr. BIERMANN. Oh, no; not until 60 days ago did they proclaim they would start making loans at 50 cents a bushel on December 1.

Mr. ANDRESEN of Minnesota. Will the gentleman yield?

Mr. BIERMANN. I yield to the gentleman from Minnesota.

Mr. ANDRESEN of Minnesota. The formula set forth in the gentleman's amendment is on a par with the previous provisions covering loans on corn?

Mr. BIERMANN. Yes.

Mr. MASON. Will the gentleman yield?

Mr. BIERMANN. I yield to the gentleman from Illinois.

Mr. MASON. In other words, the loans up to now were not made until the damage had already been done?

Mr. BIERMANN. Yes. That was the case this year. I want the law changed so that the farmers will be entitled to the loans. This cannot hurt the Treasury one single dollar.

Mr. MASON. Will the gentleman agree with the statement that the loan provision, unless it is made mandatory, is no good?

[Here the gavel fell.]

The CHAIRMAN. Does the gentleman from Texas withdraw his reservation of a point of order?

Mr. JONES. Yes. Mr. Chairman, I withdraw the reservation of a point of order.

Mr. Chairman, I rise in opposition to the amendment.

I do not have any objection to the schedules set out here. They are practically the same schedules, or perhaps a little lower than they were before in the bill. However, this amendment again opens up the whole field of mandatory loans. Two or three Members have given notice that if mandatory loans are provided for on one commodity they want to make the loans mandatory on other commodities. The loan was made a little late this year, but this is because a temporary organization was handling the matter. There was no direct authorization except an organization which was originally provided by Executive order from relief funds, and its authority for handling the problem was temporary. I think the situation could be taken care of just as well without making the loans mandatory. Why decide in advance? It may be that when the time comes the loan should be made at a different figure, and they might want it at a different figure.

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield to the gentleman from Iowa.

Mr. BIERMANN. Can the chairman anticipate any possible harm which may come from making the loans mandatory at these low figures?

Mr. JONES. I do not see anything wrong with the schedule, I may say to the gentleman, but a great many different commodities may be stored, not only these named in the bill but other commodities as well. I have already received notice from two or three Members that if this provision is made mandatory they will ask that loans on their commodities be made mandatory. I believe the gentleman will get all he is asking and possibly more without making it mandatory. I wish the gentleman would not insist on his amendment.

Mr. BIERMANN. The gentleman concedes there is a vast difference between making a loan on corn which is consumed in the United States and making a loan on cotton or wheat, which must depend on foreign exports?

Mr. JONES. I agree with that statement, but I believe the Commodity Credit Corporation, the Secretary, and the President, when we get the permanent farm program in operation, will recognize this fact and make the terms to suit.

Mr. BIERMANN. I want to protect the corn area from the sort of catastrophe it had this year, when the Commodity Credit Corporation had the same authority the gentleman would give them now. They let a lot of farmers go broke and then said, "We will let you have a loan on December 1."

Mr. JONES. The only trouble is that you cannot have mandatory loan features and set out the schedules through all the different commodities. I believe when we finally work out the provision the gentleman will have no complaint as to the way the matter will be handled. I hope the gentleman will not insist on opening up this field again, as it will be the cause of others coming in with the same sort of provision.

Mr. BIERMANN. May I remind the gentleman that the field was closed until the gentleman opened it up a little while ago.

Mr. JONES. Others might not be as reasonable as is the gentleman.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield to the gentleman from Illinois.

Mr. LUCAS. Will the distinguished chairman of the Committee on Agriculture agree that we should have loans if we who seek them on corn and sustain a loss are willing to assume that loss by having the Secretary of Agriculture the following year charge the same against the fund which is allocated to corn?

Mr. JONES. This opens up a new question which I would not want to answer in advance, of course. It is a matter which ought to be passed on. Of course, if you are going to take the soil-conservation payments away from an entire section it might not leave a very happy situation. At least, I should like to think about this question somewhat and consider it at a later time, in conference or elsewhere. Of course, if the corn growers all wanted to take any losses from their soil-conservation payments, that might be a thing to consider, but the question comes too suddenly for me to make any statement on it.

At this time I would rather not have the loans mandatory. I would rather not have any of them mandatory. Let us have a little more freedom here and not have the representatives of other commodities trying all afternoon to come in with mandatory loans at varying figures.

Mr. LUCAS. I may say to the gentleman that in my humble opinion, unless we have some some sort of legislation somewhere along the line which is either going to make these quotas effective or make a mandatory loan possible, I am afraid the bill is worse than useless.

Mr. JONES. I do not agree with the gentleman at all. This leaves complete leeway. The whole program can be worked out just as well without tying the hands of the lending agency.

[Here the gavel fell.]

The CHAIRMAN (Mr. COOPER). The question is on the amendment offered by the gentleman from Iowa [Mr. BIERMANN.]

The question was taken; and on a division (demanded by Mr. BIERMANN) there were—ayes 37, noes 62.

So the amendment was rejected.

Mr. LUCAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCAS: On page 14, after the word "President", insert the following:

"The Corporation shall make loans during any marketing year on field corn produced on farms, whether or not in the commercial corn-producing area, as defined in section 321F, on which the acreage planted was not in excess of the farm acreage allotment, and said loans shall be made on the following percentages of parity price for field corn as of the beginning of such marketing year:

"Eighty percent if the November production estimate for the current crop of field corn does not exceed a normal year's domestic consumption and exports;

"Seventy percent if such estimate exceeds a normal year's domestic consumption and exports by not more than 5 percent;

"Sixty percent if such estimate exceeds a normal year's domestic consumption and exports by not less than 5 percent and not more than 10 percent;

"Fifty-five percent if such estimate exceeds a normal year's domestic consumption and exports by more than 10 percent.

"*Provided, however,* That any losses sustained hereunder shall be charged to and become a lien upon the amount allocated to said commodity during the following calendar year by the Secretary of Agriculture under this act."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

Mr. LUCAS. Mr. Chairman, I ask unanimous consent that I may be allowed 5 minutes to discuss this amendment.

Mr. JONES. Mr. Chairman, if discussion is going to be in order I want to reserve a point of order against the amendment, as I have not had a chance to see it. I understand the gentleman from Illinois is willing to take 3 minutes for himself and leave 2 minutes to me or some other member of the committee.

Mr. LUCAS. That is agreeable, Mr. Chairman, and I so modify my request.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. LUCAS. Mr. Chairman, this amendment is practically the same as an amendment heretofore submitted to the Committee with one exception. There are a large number of Members of Congress who feel that my amendment on mandatory loans is an economic fallacy. However, on behalf of the corn group of Illinois, Indiana, Iowa, and the other corn-producing States, may I say we feel so keenly about this amendment that we are willing to underwrite this so-called economic fallacy. In other words, under this amendment if we sustain a loss, such loss will be charged to and become a lien upon the allotment of funds to that particular basic commodity by the Secretary of Agriculture the following year. Therefore, there is not a single chance, under this amendment, for anyone to lose anything, other than the corn producer himself. Assuming that beneficial payments go to the corn producers in the sum of $100,000,000, assuming further that the corn men had a loss of $10,000,000 on loans the year before, $90,000,000 would be distributed among the corn producers of my section instead of $100,000,000.

This is what we who are in the Corn Belt section of this Nation think about mandatory loans so far as stabilizing the price of corn is concerned, and without this kind of amendment, Mr. Chairman, you have not a single thing in this bill looking toward a stabilization of a decent corn price for the farmers of this country, and I hope you will act favorably upon the amendment.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, this would make the loan mandatory and at the same time make any losses payable out of the next year's soil-conservation payments to the corn producers. I do not think even the corn producers would want such a provision. There would be some of them, for example, holding just a small amount——

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. GILCHRIST. Is it not true that if this amendment is passed it will then penalize the honest man who does pay his debts to the Corporation, because the next year it will be taken out of his hide on account of the fact his neighbor who is dishonest did not pay his debt to the Credit Corporation?

Mr. JONES. It seems to me that argument would enter into it. Any losses would be payable out of the fund for soil conservation, and that is mixing the two pretty badly, and I think any proposition of that sort ought to be given very careful consideration, and I doubt that the corn men themselves would want it.

Mr. ANDRESEN of Minnesota. Following the chairman's statement, all the corn farmers will be charged with any losses irrespective of whether any loans were made to them or not.

Mr. JONES. That is correct.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. LUCAS. I will say to the distinguished chairman that we will go along with wheat, cotton, corn, and every other basic commodity upon that basis, and if a loss is sustained it will be charged to the particular fund the following year.

Mr. JONES. I would not want to commit myself on that.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. GILCHRIST. What is the equity in putting a charge on all the farmers who raise corn by making them pay for the defaults of the dishonest farmer who does not pay his debts?

Mr. LUCAS. What I am trying to tell the gentleman from Iowa and other Members of this House is that the stabilization program is what we need and the sacrifice of one farmer in this connection is infinitesimal in comparison with the benefits of a national stabilization program.

Mr. GILCHRIST. And I am trying to show the inequity of making one man pay for another man's default.

Mr. JONES. Mr. Chairman, I withdraw the reservation of a point of order.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. LUCAS].

The question was taken and on a division (demanded by Mr. LUCAS), there were—ayes 38, noes 64.

So the amendment was rejected.

Mr. BOILEAU. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOILEAU. Mr. Chairman, I make this parliamentary inquiry for the purpose of clarifying the situation which will arise when we get back into the House in the matter of a separate vote on various amendments. The gentleman from Illinois [Mr. LUCAS] earlier this afternoon, proposed an amendment to this section 201, which was agreed to. The amendment changed the language with reference to making loans on corn. That amendment was approved by the Committee. Later on the gentleman from Texas [Mr. JONES] offered an amendment. Whether or not it would have been held in order had a point of order been made against it I do not know. His amendment struck out all of the language beginning on line 14, page 14, and moved to strike out all of the language put into the bill by the amendment of the gentleman from Illinois [Mr. LUCAS]. When we get back into the House and a separate vote is asked on the Jones amendment, assuming that the Jones amendment fails on a separate vote, does that then restore the bill before the House in its original form, or in the form as amended by the gentleman from Illinois [Mr. LUCAS]? That is a matter I am sure many members would like to have clarified so that we will know what procedure to take in voting for or against the Jones amendment.

The CHAIRMAN (Mr. COOPER). In the first place, the question presented by the gentleman from Wisconsin is a question for the Speaker and not for the Chairman of the Committee of the Whole House on the state of the Union. However, the Chair states that in his opinion the question presented to the House for consideration would be a separate vote upon the amendment offered by the gentleman from Texas [Mr. JONES] and adopted in the Committee of the Whole, which struck out the amendment offered by the gentleman from Illinois [Mr. LUCAS], previously adopted,

together with other language of the section. In the event the House should vote down the Jones amendment, then the original section 201 of the bill would be before the House for consideration.

Mr. BOILEAU. As amended by the Lucas amendment or not?

The CHAIRMAN. No; without that.

Mr. JONES. Mr. Chairman, I ask now that we take up the corn part of title III, and that it be read by title only, to be inserted in the RECORD, with the privilege of amendment at any point in that part.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the title.

The matter referred to is as follows:

PART II—MARKETING QUOTAS—FIELD CORN

LEGISLATIVE FINDING

SEC. 320. Field corn is a basic source of food for the Nation, and field corn produced in the commercial corn-producing area moves almost wholly in interstate and foreign commerce in the form of corn, livestock, and livestock products.

Abnormally excessive and abnormally deficient supplies of field corn acutely and directly affect, burden, and obstruct interstate and foreign commerce in corn, livestock, and livestock products. When abnormally excessive supplies exist, transportation facilities in interstate and foreign commerce are overtaxed, and the handling and processing facilities through which the flow of interstate and foreign commerce in corn, livestock, and livestock products is directed become acutely congested. Abnormally deficient supplies result in substantial decreases in livestock production and in an inadequate flow of livestock and livestock products in interstate and foreign commerce, with the consequence of unreasonably high prices to consumers.

Violent fluctuations from year to year in the available supply of field corn disrupt the balance between the supply of livestock and livestock products moving in interstate and foreign commerce and the supply of field corn available for feeding. When available supplies of corn are excessive, corn prices are low and farmers overexpand livestock production in order to find outlet for corn. Such expansion, together with the relative scarcity and high price of corn, forces farmers to market abnormally excessive supplies of livestock in interstate commerce at sacrifice prices, endangering the financial stability of producers, and overtaxing handling and processing facilities through which the flow of interstate and foreign commerce in livestock and livestock products is directed. Such excessive marketings deplete livestock on farms, and livestock marketed in interstate and foreign commerce consequently becomes abnormally low, with resultant high prices to consumers and danger to the financial stability of persons engaged in transporting, handling, and processing livestock in interstate and foreign commerce. These high prices in turn result in another overexpansion of livestock production.

Recurring violent fluctuations in the price of field corn resulting from corresponding violent fluctuations in the supply of field corn directly affect the movement of live livestock in interstate commerce from the range cattle regions to the regions where livestock is fattened for market in interstate and foreign commerce, and also directly affect the movement in interstate commerce of field corn marketed as field corn which is transported from the regions where produced to the regions where livestock is fattened for market in interstate and foreign commerce.

Substantially all the field corn moving in interstate commerce, substantially all the field corn fed to livestock transported in interstate commerce for fattening, and substantially all the field corn fed to livestock marketed in interstate and foreign commerce, is produced in the commercial corn-producing area. Substantially all the field corn produced in the commercial corn-producing area, with the exception of a comparatively small amount used for farm consumption, is either sold or transported in interstate commerce, or is fed to livestock transported in interstate commerce for feeding, or is fed to livestock marketed in interstate and foreign commerce. Almost all the field corn produced outside the commercial corn-producing area is either consumed, or is fed to livestock which is consumed, in the State in which such field corn is produced.

The national public interest requires that the burdens on interstate and foreign commerce above described be removed by the exercise of Federal power. By reason of the administrative and physical impracticability of regulating the movement of livestock and livestock products in interstate and foreign commerce and the inadequacy of any such regulation to remove such burdens, such power can be feasibly exercised only by providing for the withholding from market of excessive and burdensome supplies of field corn in times of excessive production, and providing a reserve supply of field corn available for market in times of deficient production, in order that a stable and continuous flow of livestock and livestock products in interstate and foreign commerce may at all times be assured and maintained.

DEFINITIONS

SEC. 321. For the purposes of this part—

(a) "Marketing year" shall be the period from October 1 of one year to September 30 of the succeeding year.

(b) "Total supply" for any marketing year shall be the carry-over of field corn for such marketing year plus the estimated production of field corn in the United States during the calendar year in which such marketing year begins.

(c) "Carry-over" for any marketing year shall be the quantity of field corn on hand in the United States at the beginning of such marketing year which was produced in the United States prior to the beginning of the calendar year then current.

(d) "Normal supply" shall be a normal year's domestic consumption and exports of field corn plus 7 percent of a normal year's domestic consumption and exports as an allowance for a normal carry-over.

(e) "Reserve supply level" shall be a normal year's domestic consumption and exports of field corn plus 15 percent of a normal year's domestic consumption and exports, to insure a supply adequate to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

(f) (1) "Commercial corn-producing area" shall include all counties in which the average production of field corn during the 10 calendar years immediately preceding the calendar year in which such area is determined, after adjustment for abnormal weather conditions, is 400 bushels or more per farm and 4 bushels or more for each acre of farm land in the county.

(2) Whenever the Secretary has reason to believe that any county which is not included in the commercial corn-producing area determined pursuant to the provisions of paragraph (1), but which borders upon one of the counties in such area, is producing an average of at least 400 bushels of field corn per farm and an average of at least 4 bushels for each acre of farm land in the county, he shall cause immediate investigation to be made to determine such fact. If, upon the basis of such investigation, the Secretary finds that such county is likely to produce field corn in such average amounts during the succeeding marketing year, he shall announce such determination. Commercing with the first marketing year following such determination, such county shall be included in the commercial corn-producing area. Whenever the Secretary has reason to believe that any county included in the commercial corn-producing area pursuant to paragraph (1) or (2) of this subsection is not producing an average of at least 400 bushels of field corn per farm and an average of at least 4 bushels of field corn for each acre of farm land in such county, he shall cause an immediate investigation to be made to determine such fact. If, upon the basis of such investigation, the Secretary finds that the production of field corn in such county is likely to be at less than such rates during the current and next succeeding marketing years, he shall announce such determination. Commencing with the first marketing year following such determination, such county shall be excluded from the commercial corn-producing area.

(g) "Normal year's domestic consumption" shall be the yearly average quantity of field corn, wherever produced, that was consumed in the United States during the 10 marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(h) "Normal year's exports" shall be the yearly average quantity of field corn that was produced in the United States and exported therefrom during the 10 marketing years immediately preceding the marketing year in which such exports are determined, adjusted for current trends for such exports.

(i) "Marketed" shall be the disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are sold, bartered, exchanged, or given away, or to be so disposed of. The term "for market" means for disposition in any such manner.

(j) "Normal yield" for any farm shall be the average yield per acre of field corn for the farm during the 10 calendar years immediately preceding the year in which such normal yield is used in computing any farm marketing quota or adjustment thereof, adjusted for abnormal weather conditions and trends in yields. If for any such year the data are not available, or if for any reason there is no actual yield, an appraised yield for such year, determined in accordance with regulations issued by the Secretary, shall be used as the actual yield for such year. If on account of drought, flood, insect pests, or other uncontrollable natural cause the production in any year of such 10-year period is less than 75 percent of the average (computed without regard to such year), such year shall be eliminated in calculating the normal yield per acre.

(k) "Normal production" as applied to any number of acres of field corn means the normal yield for the farm times such number of acres.

(m) The term "farm acreage allotment" means the acreage allotment made to a farm pursuant to section 328.

FARM MARKETING QUOTAS

SEC. 322. (a) Whenever in any calendar year the Secretary determines from available statistics of the Department, including the August production estimate officially published by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics of the Department, that the total supply of field corn

as of October 1 will exceed the normal supply thereof by more than 15 percent, marketing quotas shall be in effect in the commercial corn-producing area for the crop of corn grown in such areas in such calendar year.

(b) The Secretary shall determine, on the basis of the estimated average yield of field corn in such area for such crop, the acreage in such area which would provide that amount of field corn which the Secretary determines would make available for the marketing year beginning October 1 a supply (together with the estimated production of field corn in the United States outside such area) equal to the normal supply. The percentage which the number of acres so determined is of the total number of acres of the acreage allotment under section 327 shall be announced by the Secretary. Such percentage is referred to herein as the "marketing percentage." The difference between 100 percent and the marketing percentage is referred to herein as the "storage percentage." The number of acres devoted to field corn on each farm in the commercial corn-producing area which is in excess of a number equal to the marketing percentage of the farm acreage allotment of such farm is referred to herein as "surplus acres."

(c) The Secretary shall announce his determinations of facts under subsection (a) and his determination of the marketing percentage under subsection (b) not later than August 15.

(d) Within 20 days after the date of the issuance of the announcement as provided in subsection (c) of this section, the Secretary shall conduct a referendum of all farmers who would be subject to such quotas to determine whether such farmers are in favor of or opposed to such quotas. If more than one-third of the farmers voting in the referendum oppose such quotas, the Secretary shall, prior to September 10, announce the result of the referendum and such quotas shall not become effective.

(e) Whenever it shall appear from the September production estimates officially published by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics of the Department, that the total supply of field corn as of the beginning of the next succeeding marketing year will be less than the normal supply plus 15 percent thereof, the Secretary shall announce such fact prior to September 20, if farm marketing quotas have been announced with respect to the crop grown in such calendar year. Thereupon such quotas shall not become effective.

AMOUNT OF FARM MARKETING QUOTA

SEC. 323. (a) The farm marketing quota for any farm shall be the actual production of field corn on the farm less the storage amount applicable to the farm, as ascertained under section 324.

(b) No farm marketing quota with respect to any crop of field corn shall be applicable to any farm on which the normal production on the acreage planted to field corn is less than 400 bushels.

(c) No farm marketing quota with respect to any crop of field corn shall be applicable to any farm in the storage amount applicable to the farm, as ascertained under section 324, is less than 100 bushels.

(d) No farm marketing quota with respect to any crop of field corn shall be applicable to any farm if the acreage planted to field corn on the farm does not exceed the marketing percentage of the farm acreage allotment.

STORAGE AMOUNTS

SEC. 324. (a) No corn used for silage: If the acreage planted to field corn on the farm exceeds the marketing percentage of the farm acreage allotment, the storage amount shall be the normal production of the surplus acres.

(b) Rule if corn used for silage: If the acreage used for silage is not in excess of the farm acreage allotment, the storage amount shall be the normal production of the acreage, if any, in excess of the acreage allotment, plus the normal production of the storage percentage of that part of the acreage allotment which is not used for silage. If the acreage used for silage is more than the farm acreage allotment, the storage amount shall be the normal production of the acreage not used for silage. The storage amount for a farm on which corn is used for silage shall in no case exceed the storage amount which would be applicable if none of the corn were used for silage.

(c) Limitation on storage amount: In no case shall the storage amount exceed the difference between the estimated total production of field corn on the farm and the normal production of the marketing percentage of the farm acreage allotment.

PENALTIES

SEC. 325. (a) Any farmer who, while any marketing quota is in effect with respect to any crop of field corn, markets any field corn from such crop in excess of his farm marketing quota shall be subject to a penalty for the excess so marketed at the rate of 15 cents per bushel.

(b) A farmer shall be presumed to have complied with his farm marketing quota with respect to any crop as long as there is stored under seal on his farm an amount of field corn equal to the storage amount applicable to his crop, as ascertained under section 324. If there is not stored under seal on the farm an amount of field corn equal to such storage amount, the farmer shall be presumed to have marketed field corn in excess of his farm marketing quota to the extent that the amount of field corn stored on the farm is less than such storage amount. In any action brought to enforce the collection of penalties provided for in this section, the farmer shall have the burden of proving that he did not market field corn in excess of his farm marketing quota.

(d) The penalties provided for in subsection (a) of this section shall be collected and paid in such manner, at such time, and under such conditions as the Secretary may by regulations prescribe. Such penalties shall be collected under the direction of the Secretary, and shall be covered into the general fund of the Treasury of the United States.

ADJUSTMENT OF FARM MARKETING QUOTAS

SEC. 326. (a) If at any time the Secretary has reason to believe that the farm marketing quotas in effect are preventing a supply of field corn equal to the normal supply from being available during the current marketing year, he shall cause an investigation to be made with respect thereto. In the course of such investigation due notice and opportunity for hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall announce the same forthwith. He shall also in such announcement specify such increase in, or termination of, existing quotas as he finds, on the basis of such investigation, is necessary to make available during such marketing year a supply of field corn (together with the field corn available outside the commercial corn-producing area) equal to the normal supply. Whenever such announcement specifies an increase in the marketing quotas, the storage amount of field corn ascertained under section 324 shall be adjusted downward to the amount which would have been required to be so stored if such increased marketing quotas had been originally announced by the Secretary. Whenever such announcement provides for the termination of marketing quotas, storage under seal with respect to such quotas shall no longer be required.

(b) Whenever in any county or other area the actual production of field corn plus the amount of corn stored under seal in such county or other area is less than (1) the normal yield times the acreage allotment, if there are no marketing quotas with respect to such production, or (2) the normal yield times the percentage of the acreage allotment specified in the Secretary's quota announcement, if there are farm marketing quotas with respect to such production, storage under seal in such county or other area with respect to such quotas may no longer be required.

(c) Whenever, upon any farm, the actual production of field corn is less than (1) the normal yield times the acreage allotment, if there are no farm marketing quotas with respect to such production, or (2) the normal yield times the percentage of the acreage allotment specified in the Secretary's quota announcement, if there are farm marketing quotas with respect to such production, there may be marketed from such farm an amount of field corn from the field corn stored under seal pursuant to section 324 which, together with the actual production of the then current crop, will equal (3) the normal yield times the acreage allotment, if there are not farm marketing quotas in effect with respect to such current crop, or (4) the normal yield times the percentage of the acreage allotment specified in the Secretary's quota announcement if there are farm marketing quotas in effect with respect to such current crop.

ANNOUNCEMENTS OF SUPPLIES AND COMMERCIAL CORN-PRODUCING AREA

SEC. 326. Not later than September 1, the Secretary shall ascertain and announce the total supply, the normal supply, and the reserve supply level for such marketing year. Not later than February 1, the Secretary shall ascertain and announce the commercial corn-producing area.

ACREAGE ALLOTMENT

SEC. 327. The acreage allotment of field corn for any calendar year shall be that acreage in the commercial corn-producing area which, on the basis of the average yield for field corn in such area during the 10 calendar years immediately preceding such calendar year will produce an amount of such field corn which the Secretary determines will, together with field corn produced in the United States outside the commercial corn-producing area, make available a supply for the marketing year beginning in such calendar year, equal to the reserve supply level. The Secretary shall announce such acreage allotment not later than February 1 of the calendar year for which such acreage allotment was determined.

APPORTIONMENT OF ACREAGE ALLOTMENT

SEC. 328. (a) The acreage allotment for field corn shall be apportioned by the Secretary among the counties in the commercial corn-producing area on the basis of the acreage devoted to the production of such field corn during the 10 calendar years immediately preceding the calendar year in which the apportionment is made (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and for trends in acreage during such period.

(b) The county acreage allotment for field corn shall be apportioned by the Secretary, through the local committee, among the farms within the county on the basis of tillable acreage, crop-rotation practices, type of soil, topography, and production facilities. Notwithstanding any other provision of this section, if, for any reason other than flood or drought, the acreage of field corn planted on the farm is less than 80 percent of the farm acreage allotment for field corn, the farm acreage allotment shall be 25 percent in excess of such planted acreage.

PUBLICATION AND REVIEW OF QUOTAS

SEC. 329. The farm marketing quotas established for field corn for farms in a county or other local administrative area shall be made available for public inspection, and may be reviewed, in the manner provided in part VI of this title.

Mr. REILLY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. REILLY: Page 32, line 13, after the word "corn", insert "except field corn used for silage purposes".

Mr. REILLY. Mr. Chairman, I do not know whether the amendment I have prepared and sent to the Clerk's desk will accomplish the purpose I have in view or not. I am interested in the silage part of this bill. Eighteen counties in Wisconsin come under the commercial corn production of this bill, three of them being in my district. My own opinion is that corn acreage converted into silage and used largely for milk-production purposes should not have been included in this bill. However, I find that the word silage is used in so many places in the bill and is so interwoven with the terms of the bill that it is a difficult problem to tell just how to amend the bill to accomplish the purpose I have in view. The larger part of the field corn produced in Wisconsin and in my district is converted into silage and is used in the production of milk.

I cannot see that corn used in the making of silage has or can have any effect upon the price of corn sold in the channels of trade, and for that reason I do not think that silage corn should have been included in this bill. Silage is not sold but is consumed on the farm. If the farmers should be cut in the use of silage, they will not use corn, but they will use other substitute feeds that are more valuable as milk producers. Under the terms of this bill a farmer may produce as much silage as he can use. That is, he can exceed his corn-acreage quota in the production of silage, but he cannot use any other corn grown on his farm for other than silage purposes.

That is, it would appear that a farmer who had exhausted his corn-acreage quota into the production of silage cannot raise and use on his farm corn to feed his chickens or any pork that he might want to raise for home consumption.

The great majority of farmers in the State of Wisconsin who grow corn for silage purposes seldom, if ever, grow corn to sell. They are not in the commercial corn business and it would seem that the silage phase of the corn question ought to be considered in determining corn quotas for farmers who grow corn largely to be used as silage.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. REILLY. Yes.

Mr. ANDRESEN of Minnesota. The purpose of the gentleman's amendment is to exclude silage from the provisions of the bill?

Mr. REILLY. Yes.

Mr. ANDRESEN of Minnesota. So that the storage quota and the marketing quota in this bill will refer only to matured field corn?

Mr. REILLY. Yes. Matured field corn. To begin with, there are thousands of acres of silage corn that is cut before it is matured. In fact the farmers grow a special brand of corn to be used for silage purposes.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. REILLY. Yes.

Mr. REES of Kansas. The gentleman realizes that this silage is really green unmatured corn and does not compete with the feed that goes into the channels of trade, and further there is only about 5 percent of corn that really goes into the silo and it is green and not matured.

Mr. REILLY. I think the gentleman is correct. Silage corn does not in any way compete with commercial corn.

Mr. LUCAS. Will the gentleman yield?

Mr. REILLY. Yes.

Mr. LUCAS. I appreciate what the gentleman is attempting to do, and I will state that it will be taken care of in a later section in connection with silage. I think the gentleman's amendment will not accomplish what he wants done because the gentleman is speaking solely about commercial corn-producing areas. If I understand, the gentleman's district is outside the corn-producing area.

Mr. REILLY. No. Three counties of my district are within the corn-producing area. The bill does not affect the amount of silage that my farmers can use, but it does affect them if they exhaust their quota with silage corn, then they cannot use corn in any other way on the farm.

Mr. LUCAS. There is a 100-bushel exemption.

Mr. REILLY. Yes; but that would not be a sufficient exemption.

Mr. LUCAS. I will say that we are going to take care of the gentleman's proposition later.

Mr. REILLY. I am pleased to hear the gentleman make that statement.

Mr. KNUTSON. Will the gentleman yield?

Mr. REILLY. I yield.

Mr. KNUTSON. When corn is placed in the silo it has no more effect on the price of corn than on hay.

Mr. REILLY. Only as hay might be used to fatten cattle.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. MARTIN of Colorado. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I want to say a word for the reassurance of those Members who may fear that if this legislation is passed the Corn and Wheat Belts will go back to a state of nature and become a howling waste.

Many fine things have been said in this debate about the gentleman from Texas [Mr. JONES], chairman of the Committee on Agriculture. I want to approve of every word that has been said of him; but I want to say something about two other members of the Committee on Agriculture, two minority members, the gentleman from Kansas [Mr. HOPE] and the gentleman from Iowa [Mr. GILCHRIST]. The gentleman from Kansas [Mr. HOPE] represents the greatest wheat-growing district in the United States. I need not tell you that the gentleman from Iowa [Mr. GILCHRIST] comes from the State where the tall corn grows. The fact that those two gentlemen are supporting this legislation, in the main, I am frank to admit, has a very persuasive influence with me. I know that "they know their onions," meaning in this case corn and wheat. They are able and fair men. In addition to that, they have been members of the Committee on Agriculture for many years. They did not sign the minority report on this bill, and they are for this bill mainly as is, quotas and all. In case of doubt, I frankly concede that the attitude of those two gentlemen, on the minority side though they are, have as much influence with me on this legislation as the opinion of any two Members of this House.

Another thing, out of the fog and smoke of this debate—and it is the worst I have ever heard in my tenth year in Congress—one thing is clearly emerging in my mind, and I want to say it for the reassurance of those Members who might think that the corn and wheat farmers are being regimented and being driven out of business. That is this, that there is no practical crop control or crop reduction in corn and wheat in this bill. It is true, there is a theoretical reduction under the application of quotas, but I have some figures which go to show that those quotas are so high that they will not limit or restrict the production of corn or wheat.

Now, you may think I am going over on the left side of the aisle altogether when I tell you that I got these figures from the minority mathematician of the Committee on Agriculture, our genial friend from Minnesota [Mr. ANDRESEN]. Let us take wheat first. Before the quota can go on wheat, they are permitted to produce, plus the carry-over, from 1,027,000,000 to 1,100,000,000 bushels of wheat; but in 1937 the wheat price completely broke down on a total of 977,000,000 bushels. Our wheat market this year broke down on fifty to one hundred million bushels less than they will be permitted to raise in 1938, if the law goes into effect.

Now let us take corn. Before the quota can go on corn they are permitted, with the corn crop carry-over, to go to 2,900,000,000 bushels. The corn crop this year was only 2,700,000,000, yet the corn market broke down this year before the crop was even harvested.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. MARTIN of Colorado. Mr. Chairman, I ask permission to proceed for 5 additional minutes. This is my first and last talk on this bill under the 5-minute rule.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Even before the corn crop was harvested, corn began to tumble in price until now it has gone down from $1.45 a bushel to about 40 or 45 cents a bushel. Wheat has gone down from $1.15 or $1.20 to around 80 cents. So we have had demonstrated this year, beyond any argument, and there is no ground to get up here and dispute it, we have had it proved that with a less volume of production of wheat and corn than will be permitted under the law, both the wheat and corn markets were so badly broken down that this special session of Congress was called into being mainly for the purpose of rescuing those commodities, along with cotton, from the slump they have experienced. You have voted off the wheat quota. I look to see it go back in; but even if it goes back in, there will be no practical crop control under this bill next year. or, in my opinion, in any other year, because the quotas are set so high that the volume of production permitted will break the market down before the quotas are reached.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. LUCAS. With the surplus in corn production between that consumed domestically and that exported set at approximately 600,000,000 bushels what will be the financial situation?

Mr. MARTIN of Colorado. I thank the gentleman for his contribution. The financial situation will be bankruptcy for corn, but I want to attempt to express one more thought and then I am through with the bill. I want to say something now that may not be liked by groups pushing this and that amendment. As this debate has progressed, and it is the most controversial debate I ever listened to in Congress, another thought has been shaping in my mind, and I make a special appeal to all doubt-minded Members of this House. When the Committee rises and we go back into the House and there are separate votes on these material amendments that have been adopted in the Committee of the Whole, if there is any doubt whatever in my mind as to whether I am for or against one of these amendments, I shall go along with the bill and the Committee on Agriculture; that is what I propose to do, and I urge all like-minded Members to do the same. If you are in doubt about what you ought to do, give the benefit of the doubt to the Committee on Agriculture, which has put in so much time under such able leadership working this bill out.

Mr. ANDRESEN of Minnesota Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. ANDRESEN of Minnesota. The gentleman has pointed out the ineffectiveness of this legislation, and it will not do any good at all. What does the gentleman propose that we should do to aid the farmer on his 1937 and 1938 crops?

Mr. MARTIN of Colorado. One of the things that I would do in 1938 would be to lower the quotas and pay him benefits for compliance. I would certainly lower the quotas. I want to say again that I am a crop-control man. I believe that the agriculture of this country is going to be confronted with control and regulation, just as industry controls and regulates itself, or it is going to be confronted with anarchy and bankruptcy, just as it has been the last 15 years. I am for this legislation as far as it goes. I wish it went further in the way of crop control and compulsory crop control, because these 6,000,000 units scattered all over the country can never function as one unit; that has been demonstrated. They have got to have supervision and aid from the Government. There must be rewards and sanctions so far as that is concerned; and I admit it frankly.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. JOHNSON of Oklahoma. What about Colorado potatoes? Does the gentleman think there ought to be some control of potatoes?

Mr. MARTIN of Colorado. I will say to the gentleman that Colorado potatoes have recently gone under a national marketing agreement; and there is control in it, too. Under it the Department of Agriculture can grade potatoes out of interstate commerce. I wish that every farm commodity could come in under a national marketing agreement. I wish it could be voluntarily controlled. I wish the farmers could get together and do it for themselves. I know they cannot, and that it never will be done short of compulsory control, subject, of course, to the referendums carried in the bill.

In closing, Mr. Chairman, I say again that I am going along with the bill and with the committee when I am in doubt on any vote after the Committee rises and we get to voting on these amendments in the House, and I appeal to all Members in case of doubt to do likewise. [Applause.]

[Here the gavel fell.]

Mr. BIERMANN and Mr. FISH rose.

The CHAIRMAN. For what purpose does the gentleman from Iowa, a member of the committee, rise?

Mr. BIERMANN. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Iowa is recognized.

Mr. BIERMANN. Mr. Chairman, I ask unanimous consent that all debate on this particular amendment and all amendments thereto close in 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

Mr. WADSWORTH. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Iowa is recognized for 5 minutes.

Mr. BIERMANN. Mr. Chairman, the committee in considering the quotas on corn acreage gave every consideration possible to silage. I think if the gentleman from Wisconsin will look back further under the quota provisions he will see that we took very good care of silage. The committee had to establish a commercial corn-growing area, it had to have some kind of formula for it.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. REILLY. On page 38 of the bill, line 15, I read:

If the acreage used for silage is more than the farm acreage allotment, the storage amount shall be the normal production of the acreage not used for silage.

Mr. BIERMANN. That is the total of the corn planted, not used for silage, in this case.

Mr. REILLY. No. Under this provision if a farmer should have an allotment of 40 acres and he had 40 acres in silage he could have no more corn.

Mr. BIERMANN. That is right. He would have to store the production of the surplus acres.

Mr. REILLY. That ought to be remedied.

Mr. BIERMANN. Does the gentleman want to treat the man who raises corn for silage differently from the man who raises corn for other purposes?

Mr. REILLY. He ought to be treated differently but I do not expect to be able to overturn the whole philosophy of the bill. The committee had no business to put silage in the corn provision at all.

Mr. BIERMANN. Certainly silage competes with corn.

Mr. REILLY. Not at all. If the farmers do not have silage they would use middlings, bran, oil cake, oats, or barley, not corn.

Mr. BIERMANN. If this amendment is adopted it would throw the entire philosophy of a commercial corn-producing area out of joint.

By adhering to the provisions of the bill we get a definite, contiguous area covering the commercial corn-producing sections of the country. If the gentleman's amendment is adopted, God only knows where that area will stop or begin.

Mr. REES of Kansas. Will the gentleman yield?

Mr. BIERMANN. I yield to the gentleman from Kansas.

Mr. REES of Kansas. Does the gentleman realize about 4.21 percent of the total of the corn acreage is being used for silage at the present time?

Mr. BIERMANN. I do not know the percentage.

Mr. REES of Kansas. Is it not a fact that according to the figures of the Department of Agriculture there is 10.17 percent of the corn used for hogging down in Oklahoma, Nebraska, and some in Iowa?

Mr. BIERMANN. I do not know the percentage. If you exempt all of those from the calculations how are you going to arrive at a commercial corn-producing area?

Mr. REES of Kansas. The silage goes into the silo as green feed. It is used in the same way that alfalfa or clover is used or cane, sorgo, and those other products that are put in the silo. This product is not used in the same manner that corn, wheat, or other grain is used.

Mr. BIERMANN. What does the gentleman say about the corn that is hogged down? Would he say that should be exempted?

Mr. REES of Kansas. No; it should not be exempted. I would say silage should not be exempted any more than the corn that is hogged down.

Mr. BIERMANN. The proposed amendment here exempts silage. The gentleman then is against the amendment.

Mr. REES of Kansas. No. I am in favor of exempting silage.

Mr. BIERMANN. Then the gentleman would exempt hogging down corn too?

Mr. REES of Kansas. No. There is no use exempting it. It is not mentioned in the bill.

Mr. BIERMANN. The commercial corn-producing areas as defined in this bill produce only about three-fifths of the total corn in the country. When it comes to the quotas, which bear the load, three-fifths of the corn-producing area will bear the load of the five-fifths.

Mr. DIRKSEN. Why was corn divided into commercial and noncommercial areas?

Mr. BIERMANN. That was done as a matter of administration.

Mr. DIRKSEN. When they administered the wheat allotments under the original Agricultural Adjustment Act, in the State of Illinois, they accorded to counties as low as 680 bushels for a single county. If they could do it at that time, why can they not treat corn uniformly with wheat and make no distinction between commercial and noncommercial areas?

Mr. BIERMANN. I presume this arrangement is an improvement over the arrangement in effect before.

Mr. DIRKSEN. It is done for administrative purposes perhaps.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. FISH moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. DOXEY. Mr. Chairman, I make the point of order the gentleman does not offer a preferential motion and is not therefore entitled to the floor.

The CHAIRMAN (Mr. COOPER). What is the ground of the gentleman's point of order?

Mr. DOXEY. Mr. Chairman, the same motion has been offered and voted on before for the purpose of gaining the floor. I would say, therefore, it is not a preferential motion.

The CHAIRMAN. The Chair is of the opinion that sufficient changes have been made in the bill and sufficient business has been transacted since a motion of similar character was offered, that the motion offered by the gentleman from New York [Mr. FISH] is now in order. The Chair overrules the point of order.

Mr. FISH. Mr. Chairman, the bill as now written is largely a cotton bill. It is largely a cotton-subsidy bill for the benefit of the cotton growers of the South. Whether it will result in any good is an entirely different matter. You cannot have your cake and eat it, too. You cannot pay out Government loans at 12 cents or 9 cents and keep your world markets. The Congress has been trying to subsidize the cotton growers for 5 years, and just look at the disastrous results! We have lost one-half of our former cotton export trade, or 3,000,000 bales. We now find cotton selling at 7.8 cents per pound. What is the reason?

Mr. Chairman, there has been a large Democratic majority in Congress for 5 years. You have been indulging in all of these subsidy schemes, fantastic experiments, and economic fallacies, and still cotton goes down, down, and down. There was produced this year 10,000,000 more bales than the American people could consume in 1938. What earthly good will this bill do in such a situation? What will it profit the cotton States to have temporary artificial prices and wake up to find that even more of the foreign markets have been lost.

The gentleman from Texas, one of the most distinguished Members of the House, and certainly one of the most distinguished and able chairman of the Committee on Agriculture has had for a great many years, has taken this floor many times on this bill and in at least half of his speeches he has tried to explain the low price of cotton by saying the situation was brought about on account of the unholy iniquities of the high tariff. Still cotton goes down, down, and down to 7.8 cents a pound. The gentleman knows, as everybody else knows, that the Democrats have been in power in the Congress for 5 years, and that they could have controlled all tariff legislation. The fact is the House and the Senate abdicated their powers so far as control of the tariff is concerned and delegated those powers to the President and Secretary of State. He cannot therefore, with any fairness, go back 5 or 6 years and blame the low price of cotton upon the Republicans and a high tariff. That has not anything to do with it; but if it is claimed that the tariff rates do have something to do with it, then the blame rests squarely upon the President and Secretary of State, who control the making and the writing of tariff schedules under the reciprocity tariffs.

Mr. SIROVICH. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. SIROVICH. When the Republican Party was in power away back in 1926, they passed the only fair and just bill to put agriculture upon a parity with industry.

Mr. FISH. The gentleman is right.

Mr. SIROVICH. It was known as the McNary-Haugen Act. That bill took the world price for cotton, added the tariff, and put agriculture upon a parity with industry; yet the gentleman voted against that bill.

Mr. FISH. I made a mistake and admit it. I reintroduced the McNary-Haugen bill in the House 4 years ago and have urged it as the only constructive way of maintaining our foreign markets for our surplus cotton, corn, wheat, and other farm commodities. Let me say to the gentleman from New York, in 1926 cotton was selling for 14.4 cents and wheat at $1.50 and corn at 90 cents. The Democrats are trying to get back to those Republican price levels and conditions when they talk about parity. They are trying to get back to the price levels in the year of 1926 under the Calvin Coolidge administration. From 1920 to 1930, under Republican administrations, the price of cotton averaged 17½ cents, and the tariff was not evidently much of a hindrance or harm at that time. It is preposterous to even blame the Democratic tariff for the lamentable and deplorable cotton price today.

Mr. HOUSTON. Will the gentleman yield?

Mr. FISH. For a brief question.

Mr. HOUSTON. Is not the McNary-Haugen bill the same as the Eicher-Massingale cost-of-production bill, which is going to be offered here tomorrow?

Mr. FISH. It is somewhat along the same line, and in principle is the same. I believe in the principle. I want to restore the world markets for the surplus-cotton crops of

America and the surplus wheat and corn crops. This is the purpose of both the bills referred to.

According to today's newspapers, the President on his return from his fishing trip in Florida stated at a press conference that "the business recession is just an assumption," and refused to propose any plans to combat it. The President ought to know the exact business, economic, and farm situation in the country better than anyone else, because, as he said:

We planned it that way, and don't let anyone tell you differently.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

Mr. JONES. Mr. Chairman, reserving the right to object, I understand debate on a motion to strike out the enacting clause is limited to 10 minutes.

The CHAIRMAN. The gentleman is correct.

Mr. JONES. I want to dispose of this motion. I am willing for the gentleman to have 1 additional minute, but I want to get through in the 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. It is no myth to the cotton growers, as we now consider the farm bill, that cotton is selling for 7.8 cents a pound after 5 years of regimentation, control, wand waving, and magical New Deal schemes, and unpractical, visionary, and costly experiments. President Roosevelt has often said that he goes on fishing trips to get away from Washington to find out what the people are thinking about, and it may be that the fishing was good and there was no depression in the Gulf Stream.

However, if the President does not know that there is a serious depression in the country, for which he is solely responsible, and believes it is still a myth, he could easily find out from the millions of wage earners and farmers who have lost their jobs in the last 2 months, because it is no myth to them, particularly in the middle of winter. It is no myth to the workers in the steel industry, where production has been reduced from 85 percent to 35 percent in the last few months. It is no myth to 50,000 railroad employees who have lost their jobs, or to other tens of thousands of workers in factories and mills, and to American investors in securities. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I rise in opposition to the motion to strike out the enacting clause.

Mr. Chairman, I have served with the genial gentleman from New York [Mr. FISH] a number of years. I wonder if he has ever actually voted for any of the farm bills. As a matter of fact, whether he has or not, I claim, as I have stated repeatedly, that the appropriation of funds as an offset to the tariff is not a subsidy any more than the tariff itself is a subsidy. [Applause.] Whether or not farm commodities are at a high or a low price, so long as we have the tariff system an appropriation for such a purpose will not be a subsidy but restitution.

The gentleman talks about the Democrats being responsible. You know the Democrats fought the high tariff system for nearly 100 years. However, when a man gets an industry or two in his district, somehow he does not feel at liberty to vote against a tariff system. The Republicans got this country so permeated with this system that we could not dislodge it. Therefore, we took the fair method of extending the circle and bringing all Americans into the picture, the justice of which procedure I do not think anybody can gainsay.

As a matter of fact, the gentleman from New York refers to prices of farm commodities in 1926. During those years we had the oil scandal, we were living in a fool's paradise, chasing dollars, lending money by the billions abroad to sustain our price structure, and selling farm securities through the banking structure under Mr. Mellon to the American people, to a point where we were using up our capital, living in a fool's paradise, and riding toward the rocks, which we ultimately and necessarily reached in the collapse of 1929, the like of which has not been seen on this or any other continent in the last 100 years. The gentleman's party must take responsibility for this wild debacle.

Of course, if a man borrows all the money he can get hold of, and if his credit is good, he can go out on a wild spree and have a good time for a few days, but the laws of nature and of nature's God bring retribution. This is what happened in 1929, 1930, 1931, and 1932, and I lay it at the door and at the feet of the gentleman's party. [Applause.]

I am sorry the gentleman has brought up the partisan question. No member of the committee raised the partisan question. This is a great national problem, and I am sorry the gentleman brings up that question. Regardless of whoever raises the question, however, there is a great job to do, a most difficult job even when everybody interested in the problem helps. I hope the Members of Congress will try to be helpful. I would not envy anyone the task of doing this job, with the assistance of my colleagues on the committee and whoever will be on the committee of conference, but it is a matter which happens to be our responsibility. We are going to do the best we can, and we need the help of everybody. If you have an honest difference of opinion, I have no complaint, but let us not complicate the problem by introducing extraneous matters. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion of the gentleman from New York [Mr. FISH] that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The motion was rejected.

Mr. WADSWORTH. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Wisconsin.

Mr. Chairman, the gentleman from Wisconsin, in offering his amendment, has brought up what to my mind is a very important and practical question. It does not involve, I hasten to assure those of you who are patient enough to listen to me, a constitutional question. May I say before endeavoring to develop this discussion in the short time allowed me I am quite certain the gentleman's amendment is not effective for the purpose he has in mind. He will probably recognize that if he would go to page 38 and strike out the paragraph commencing in line 10 and ending in line 21 he will accomplish the major portion of his purpose. With that language stricken out, with a few corrective amendments in the preceding provision, I believe his whole purpose will be accomplished; and may I say to the gentleman and the Members of the House that the gentleman from Kansas [Mr. REES] has been preparing an amendment on this very question for the last 2 days, and perhaps it would be a good plan for the gentleman from Wisconsin and the gentleman from Kansas to put their heads together and perfect an amendment.

Now, Mr. Chairman, a word about silage. From a strictly practical standpoint silage is not a fat-producing portion of the ration of livestock. True it is that a good deal of silage is fed to beef cattle while they are being fattened, but the feeder who does it is compelled to add a generous ration of grain to the silage ration. Silage is nothing more nor less than a preserved green fodder. It is not transportable. It does not enter into commerce. I dare say that nine-tenths of the silage put into the silos in this corn area, as you are pleased to call it—and I am not in that area myself, so I speak without direct interest—is fed to dairy cows, and the dairy cow produces milk. The silage fed in this fashion has no relation whatsoever to the field corn covered in this bill, which is fed to hogs and steers for pork and beef products. It does not come in competition with what we know as field corn. It is not a part of the fattening ration either in the dairy barn where cattle are not supposed to get fat anyway—the fat goes into the milk pail—neither is it a competing ration in the feed lot where steers and hogs are fattened.

If this bill goes through in its present form and if I am right in interpreting the language found on page 38, line 10—and I suggest that every member of the committee read that

language and see if he is absolutely certain just what it means; I am a little bit in doubt about it—if this bill goes through, the acreage planted to silage corn is going to be counted just as the acreage planted to ordinary field corn, and if that acreage is in excess of the quota allowance, then the proportion of that silage, supposed to contain as one of its ingredients the mature grain—which it does not—will have to be estimated upon and put into storage.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. BOILEAU. Does the gentleman mean it is his opinion that silage will have to be stored?

Mr. KNUTSON. If it is excess, it has to be stored.

Mr. BOILEAU. I think the gentleman from New York is in error.

Mr. WADSWORTH. Well, what is going to happen to it if it is in excess of the quota allowance?

Mr. BOILEAU. The purpose of this provision is to protect the dairy industry against corn being taken out of field corn and going into the storage of silage, and the effect of this provision in the bill is to protect the dairy industry, and if a person should reduce his field corn production and increase his silage production, then he will be required to store a larger percentage of his field corn. This will not be an inducement for his increasing his production of silage.

I think, with all deference to the gentleman, and I know he is greatly interested in the matter, he has a wrong slant on this matter.

[Here the gavel fell.]

Mr. WADSWORTH. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. The 2 minutes will do me no good whatever unless I am allowed to use them myself.

I disagree with the gentleman from Wisconsin [Mr. BOILEAU] as to the effect of this legislation on the dairy industry, although I have been in deep sympathy with him in the move he made the other day in offering an amendment which, in my opinion, is essential to the preservation of the dairy industry.

You cannot persuade me that the corn feeder is going to be tempted by the terms of this bill, lacking the provision which I would like to see stricken out, to go into the dairy business. He is going to stay in the corn-feeder business. What I dread is that this particular provision will hit the dairymen straight in the face. If a dairyman finds he has planted a certain acreage of corn for silage purposes, as it has been his custom to do for years, or perhaps he may put in 10 more cows in his dairy barn and put in 10 more acres of field corn, then along comes the Secretary of Agriculture and states that the quota system is to be adopted and the silage corn must go under the quota system. This hits the dairyman straight in the face. He has to reduce the amount of silage he can feed his own cows to produce milk, and, unless I am very much mistaken, it has to be stored somewhere.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. REILLY. I think the gentleman is wrong.

Mr. WADSWORTH. He cannot have any excess.

Mr. REILLY. That is not excess silage. The provision is that if the acreage used for silage is more than the farm acreage allotment, the storage amount shall be the normal production of the acreage not used for silage.

Mr. WADSWORTH. The storage amount of what?

Mr. REILLY. The storage amount of corn.

Mr. WADSWORTH. What sort of corn?

Mr. REILLY. The point which I made before is this: I have farmers in Wisconsin who have 50 or 60 or 100 acres of silage on a 200-acre farm.

Mr. WADSWORTH. I can understand that perfectly.

Mr. REILLY. They can have 100 acres of silage, way above their quota, but they cannot have another acre of corn to use as shelled or husked corn.

Mr. WADSWORTH. In any event, while the gentleman and I may approach the matter from different directions, I believe his amendment is in the right direction.

Mr. JONES. Mr. Chairman, I understand that some gentlemen want to go a little further into this amendment. I ask unanimous consent that the silage question go over until tomorrow, with the amendments filed, in the RECORD, and that we now go into the matter of the committee amendment which Mr. LUCAS has, and also another amendment which is not a committee amendment, and dispose of those this afternoon.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the amendment offered by the gentleman from Wisconsin [Mr. REILLY] go over until tomorrow. Is there objection?

Mr. WILCOX. Mr. Chairman, I reserve the right to object. Does that mean that we will not proceed further than the corn section this afternoon?

Mr. JONES. It does.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KELLER. Mr. Chairman, I agree largely with what my friend from Colorado had to say, that there never was a time in my judgment when we need facts so much as we need them at the present time in considering this farm bill. I have been waiting for 3 or 4 days for an opportunity, without disturbing the natural sequence of ideas, to present to this body some facts which I think we will find very constructive. It is, therefore, with a great deal of pleasure that I at this time call the attention of this body to the speech of the distinguished Senator from Alabama, Mr. BANKHEAD, on the 29th day of November, which will be found in the CONGRESSIONAL RECORD on pages 443 and 444. As a supplement to his own excellent address Senator BANKHEAD inserted in the RECORD on pages 445, 446, and 447 an article which had appeared in the St. Louis Post Dispatch, written by Dr. Roscoe Pulliam, president of the Southern Illinois Normal University, located at Carbondale, in my home county of Jackson. This great school is my alma mater, and the very able writer of this article, Dr. Pulliam, is my intimate friend.

The first part of the article is the best short statement of the cotton situation I have ever heard, and should be read by every man who really wants to get a perfectly clear statement of the facts in relation to the shift in cotton purchases from the United States to other countries in the United Kingdom, France, Germany, and Italy. The statistical tables are included.

The second part of the article, exhibit B, is headed "A Defense of Crop Control." It ought to have been headed "A Complete and Unanswerable Justification of Crop Control," because that is exactly what it is. There is not a man in this House who is against crop control who can refute the statement of facts or the conclusion reached in that exhibit B. I call attention of any who may be voting for crop control on general principles to this statement of Dr. Pulliam's as furnishing them a very concise, very simple answer to all the objections and criticisms which have been or can be leveled against crop control, as being in the direct interest of the farmers of this country, as well as in the interest of every creator of wealth in America.

I have some pride in calling attention to the fact that Dr. Pulliam is not an importation into our Little Egypt, as southern Illinois is known, but is a native son grown to greatness in the same section that has produced Gen. John A. Logan; Col. Robert G. Ingersoll; Senator William E. Borah; the Great Commoner, William Jennings Bryan; and many others as great though not so well known as they.

I thank you for the opportunity of emphasizing that this is the time when we need facts in this case, assuring you that many of those required in considering this farm bill

will be found in the articles to which I have called the attention of the Members of this House. [Applause.]

Mr. LUCAS. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. LUCAS: Beginning on line 18, page 32, strike out paragraph (2) and insert:

"(2) Whenever prior to February 1 of any calendar year the Secretary has reason to believe that any county which is not included in the commercial corn-producing area determined pursuant to the provisions of paragraph (1), but which borders upon one of the counties in such area, or that any minor civil division in a county bordering on such area, is producing an average of at least 400 bushels of field corn per farm and an average of at least 4 bushels for each acre of farm land in the country or in the minor civil division, as the case may be, he shall cause immediate investigation to be made to determine such fact. If, upon the basis of such investigation, the Secretary finds that such county or minor civil division is likely to produce field corn in such average amounts during such calendar year, he shall announce such determination, and, commencing with such calendar year, such county shall be included in the commercial corn-producing area. In the case of a county included in the commercial corn-producing area pursuant to this paragraph, whenever prior to February 1 of any calendar year the Secretary has reason to believe that facts justifying the inclusion of such county are not likely to exist in such calendar year, he shall cause an immediate investigation to be made with respect thereto. If, upon the basis of such investigation, the Secretary finds that such facts are not likely to exist in such calendar year, he shall announce such determination, and commencing with such calendar year, such county shall be excluded from the commercial corn-producing area."

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. LUCAS. Yes.

Mr. ANDRESEN of Minnesota. Will the gentleman tell us the change made by this proposed amendment in respect to the bill in its present form?

Mr. LUCAS. The gentleman will remember that during the time the committee was meeting, the original draft of the bill provided not only the county as the unit, but any minor civil division, and that as we discussed that question we agreed at one time to eliminate the minor civil divisions because of administrative difficulties. Later on, when it was discussed with members of the Agricultural Department in the Secretary's office, we discovered that when we eliminate minor civil divisions we do this. In the commercial corn-producing area, if we eliminate minor civil divisions, we have only 48,578,000 acres, or a total production of 1,504,979,000 bushels, or 59 percent of the total crop. If you include these minor civil subdivisions, such as one township or more bordering on the commercial corn-producing area, you will have 54,780,000 acres, with a total production of 1,696,678,000 bushels, or 60 percent of the total corn crop. In other words, this puts several million acres of land back into the commercial corn-producing area and helps to that extent.

Mr. ANDRESEN of Minnesota. It means that about one-half of the acreage will be inside of the corn area and the other half will be outside of the area, but the larger production will be within the commercial corn area.

Mr. LUCAS. With this change the larger production is within the commercial corn-producing area, but before the change the larger acreage was on the outside.

Mr. ANDRESEN of Minnesota. Let me ask the gentleman, further, does the adoption of this amendment materially change the lines on the map which we had the other day, to enlarge the commercial corn area?

Mr. LUCAS. No; it does not change the map, as I understand it. This will be of tremendous benefit to the commercial corn-producing area, in view of the fact that we are required to carry all of the loans.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. LUCAS] has expired.

Mr. BROOKS. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, I know with what earnestness, seriousness, and anxiousness the Committee on Agriculture of this House has worked upon the farm bill of 1938. I know that this committee has done its level best under very trying circumstances and dealing with a problem which has manifold angles. To satisfy one section of the country is often to render another section dissatisfied, and in legislating on one commodity, often another commodity receives unintentional but serious injury.

The distinguished chairman of this committee, from the State of Texas, has shown great ability in handling this bill in the House of Representatives where every discordant and adverse interest has asserted itself.

There are many good features about this bill which I think are distinct improvements over preceding legislation. The provision in this bill which provides that the term "normal yield" for allotment purposes shall be the average yield per acre covering the 5 immediately preceding years, is a distinct improvement over the previous arrangement. Under the old law the base or normal yield per acre did not fluctuate with the improvement of the land or the further deterioration of the land. It remained constant and became often an unfair yardstick for the average farmer.

Then, too, the amendment which has the sanction of the Committee on Agriculture which permits any farmer to produce up to 1,500 pounds of lint cotton without any penalty whatsoever, is a forward step toward aiding the little farmer to produce enough cotton to earn a living. It is estimated that there are approximately 2,600,000 cotton farmers within the United States; and, of course, an allowance of 3 bales of cotton of 500 pounds each for each producer will account for almost 8,000,000 bales. This will allow some 4,000,000 bales, varying according to the needs of the world for cotton, to be distrbuted among those farmers who raise considerably more than the minimum yield. At the same time it will guarantee to the smallest a better return for his year's work than has been permitted in many cases in the past.

As I have traveled through northern Louisiana I have talked to a great many farmers who own from 40 to 120 acres of land. Under the agricultural program of other days these farmers have been led to diversify and to plant only a portion of their farms in cotton and putting the other part in feed crops for their own consumption and the consumption of their livestock. Under the old A. A. A. these farmers have told me of the hardship which has been imposed upon them by the fact that their allotment has been reduced to the point where their entire year's work amounts to forty to a hundred dollars in cash.

As the bill before the House of Representatives stands today, at least this hardship will be to some extent corrected. As I read this bill, the base allotment will be arrived at by accepting as a yardstick a percentage of the entire acreage planted by a farmer and not by giving him credit only for the amount planted in cotton. Then, too, his condition will be somewhat improved by granting him, regardless of his acreage planted, freedom from penalities on the first 1,500 pounds of cotton which he raises. While I do not think that this is large enough to insure a farmer a fair living or to give him an opportunity to live on anything like the same scale that is set by the American standard of living, I do believe that it does mitigate the hardship which heretofore has been imposed upon the small farmer and is a distinct forward movement in the right direction.

The idea behind the present farm program in the United States is to place agriculture on a parity with industry. For over 75 years industry has been protected by high tariff walls which have yearly taken from the farming classes in our Nation hundreds of millions of dollars. The result of this situation has been to enrich industry and reduce agriculture to poverty.

Since this is our prime purpose, the need of agriculture is for a bonus to offset the amount being paid industry by virtue of our tariff walls. It has been indicated that the amount for the year 1938 to be used in bringing agriculture to a parity with industry will not exceed $500,000,000. This, Mr. Chairman, is not enough money for these purposes. As this bill will work out, the cotton farmer of the South will receive no more than he has been heretofore paid for conformity with the soil-conservation program.

Since our purpose is to make payments to the farmers of the Nation to place them on a parity with industry, it oc-

curs to me that this could be done without a great deal of the red tape and procedure as set forth in the bills pending before both House and Senate. It is true an allotment must be given each farmer in order that the parity money available must be distributed correctly among the cotton farmers of the South; but in order that this be done it is not necessary that a complicated method be established, which we in Congress have difficulty in understanding, and which we cannot expect the millions of farmers of the Nation to understand.

I am impressed by the plan that the parity payment to the farmer should be made, as a matter of simple justice, to place the farmer on an equality with the tariff-protected industries of the Nation. Since this is our primary object, I believe that this can be done without restricting production. The farmer who desires to grow only in accordance with domestic needs and consumption can voluntarily curtail his production accordingly. The farmer who desires to grow a large amount of cotton, expecting to use some of it in export, will still be entitled to a payment which will place his operations on an equality with industry, and which will leave him free to speculate with his operations either on a large or a small scale. This is the plan which I think is best suited for the cotton production in the South, and this is the plan which I urge today.

Because of the conditions prevailing in Congress and because of the fact that legislation of this sort is still in its experimental state, I appreciate the fact that my plan has no chance at present of being adopted. I believe it is the plan which ultimately will bring about a solution of our problem. This plan has the advantage of placing agriculture on a parity with industry. It has the possibility of giving the farmer the same income and the same standard of living as those who are engaged in manufacturing enterprises. At the same time it does not restrict production of agricultural products, and permits the cotton farmer to produce or to fail to produce as he desires. If the price of cotton is high, this plan will give him much prosperity. If the price is low, it still permits him to earn a decent living and to care for himself, his wife, and his children as they should be cared for in this great country.

As the only bill before the House of Representatives at the present time is H. R. 8505, and this is the only way that we can hope to get any farm legislation through at this session of Congress, I hope to be able to vote for it. Another bill will be passed by the Senate and these two bills will be sent to conference. I appreciate the shortcomings of both bills, and I know that they are not going to be satisfactory to the farmers of the South. Since the conferees to be appointed by both House and Senate will have an opportunity to correct many of the mistakes made in these two bills, I want to give them this opportunity, reserving to myself the right to vote either for or against the bill as reported by the conference. My hope, however, is that the plan which I previously set forth in this speech may be the one which the Congress will ultimately enact as a solution of the farm problem.

I do not believe restriction of production will solve the problems of agriculture. I cannot believe that this idea is anything but a makeshift arrangement that must alternately give way to a wider distribution of farm products. I believe that the farm land of America is provided by Almighty God for the purpose of being used. I believe that every bale of cotton and every bushel of wheat has its place in the distribution of this universe. I believe that for every bushel of wheat and corn and every bale of cotton produced in America there are, some place in this world, people in need of food and clothes who will gladly use and sorely need these things.

As long as there is need for these commodities, either in this land or in foreign lands, our problem is not production but distribution. Our work here should accordingly be devoted to an attempt to solve the problems of distribution in the world today which has caused agriculture and industry at the present time to be so much out of joint. [Applause.]

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. MICHENER. Mr. Chairman, I move to strike out the last word for the purpose of asking the author of the amendment a question. I have not had time to read this long amendment, but I understand from the explanation given by the gentleman from Illinois that the adoption of this amendment will add acreage to the commercial corn area. It seems to me that the amendment will bring into the area any county in which there is found to be a township having a single farm on which 400 bushels of corn, or 4 bushels to the acre of the entire farm, is grown. In short, will the township unit control? For instance, I have the county of Lenawee within the commercial corn-producing area. Adjoining is the county of Jackson, which is not included. Under this amendment, if there is a single farm in the county of Jackson producing 400 bushels of corn, or 4 bushels to the acre, then will the entire county automatically come within the quota-controlled area?

Mr. LUCAS. It is my understanding that the counties which have been added under this amendment are contiguous to and border on the commercial corn area as set forth in the original bill.

Mr. MICHENER. I have the only three counties in Michigan in this controlled area. Adjoining one of those counties is another county. If there happens to be one farm in that county qualifying for quota control, will that condition automatically bring in the entire county? It seems to me, from a cursory reading of the amendment, that it would.

Mr. LUCAS. I do not agree with the gentleman on that at all.

Mr. MICHENER. Well, is that true or is it not?

Mr. LUCAS. I think the gentleman is in error.

Mr. MICHENER. Well, is the gentleman positive?

Mr. LUCAS. I think I understand this amendment, if the gentleman would just give me an opportunity to explain. It is my understanding that the farm you are now discussing bordered on the territory. That farm would possibly come within the amendment. But the gentleman is now talking about the rest of the farm land in that county not producing over 4 bushels to the acre, or 400 bushels to the farm. Consequently the rest of it would not be included in this bill.

Mr. MICHENER. That is what I am trying to find out. If there is one farm, for instance, on the opposite side of a county which is adjacent to a commercial corn-producing county, a distance of say 30 miles away, would that fact bring in the county, the township, or just the particular farm?

Mr. LUCAS. I just finished stating to the gentleman that the reason we put in the county subdivisions was to eliminate the rest of the county that the gentleman is talking about, but it might take in a township, provided that farm bordered upon that territory which is now designated in the commercial corn-producing area. If it is 30 miles away it would not be in, I will say to the gentleman.

Mr. MICHENER. The committee clerk indicates that this one farm might bring in the township in which the farm is located as the unit, but not the entire adjoining county. If this is true then the amendment simply changes the unit from county to township. This will add immeasurably to the expense of administration if these townships are to be scattered over all counties adjoining all controlled areas.

[Here the gavel fell.]

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. LUCAS. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. LUCAS: On page 34, line 24, before the word "or", insert "plant disease."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. LUCAS. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. LUCAS: Section number amendments in corn: Page 35, line 8, strike out "(m)" and insert "(l)."

Page 35, line 9, strike out "328" and insert "329."
Page 36, line 5, strike out "327" and insert "328."
Page 39, line 20, strike out "(d)" and insert "(c)."
Page 42, line 5, strike out "326" and insert "327."
Page 42, line 11, strike out "327" and insert "328."
Page 43, line 2, strike out "328" and insert "329."
Page 43, line 23, strike out "329" and insert "330."

The committee amendment was agreed to.

Mr. LUCAS. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. LUCAS: Page 36, line 20, after the word "referendum", insert a comma and the words "by secret ballot."

The committee amendment was agreed to.

Mr. VOORHIS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS: Page 36, line 20, after the word "shall", insert "give due notice and an opportunity for a hearing upon the proposed marketing quotas for the purpose of permitting livestock and poultry feeders, and consumers in general, to present objections to the establishment of marketing quotas as provided in this section. After such notice and opportunity for hearing the Secretary shall."

Mr. VOORHIS. Mr. Chairman, all this amendment proposes to do is give a chance for those farmers who are consumers of corn to be heard at a hearing conducted by the Secretary, before quotas are put into effect. It so happens that in my district I have a large number of poultry raisers, small farmers, who in the past few years have had a very difficult time. They are marketing their eggs in a market over which they have absolutely no control whatsoever, a market that is controlled by people who buy and sell eggs, and manipulate prices so that when the poultryman has an abundance of eggs the price is kept very low, but when the poultryman has very few eggs and the speculator an abundant cold-storage supply the price is forced up. On the other hand, their cost of feed has been increased and will be increased in future by the degree to which the price of corn is raised. This amendment merely provides for giving to such farmers an opportunity to be heard under such circumstances. It is an attempt to make the bill a little bit better balanced. It is unfortunately true that the bill does not assist all agriculture but only the five commodities.

I believe very heartily that all farm prices need to be raised—prices to the farmer. I think one reason we have so much difficulty is that there is such a large spread between the price to the farmer and the price the consumer pays; and I hope the time will come when we are willing to sacrifice gambling in farm commodities for the purpose of reducing that spread. [Applause.]

The thing with which I am more immediately concerned, however, is this amendment. I do not think it will hurt the bill. On the other hand, I believe it will strengthen it. It is an amendment I should like to see adopted in order to give these consumers of corn who are farmers just as much as the corn growers a chance to be heard upon a matter which is of vital importance to them. They are farmers who are up against the same problems, but who have much less capital and much less backing than a great many of the farmers in America.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS. I yield.

Mr. DONDERO. Does the gentleman think this would in any way affect the price of the corn that his farmers have to buy?

Mr. VOORHIS. I am not sure; but at least it would enable them to be heard on the matter and to present their case.

Mr. DONDERO. If it did not, it would be useless to adopt the amendment.

Mr. VOORHIS. I understand, but presumably testimony would be taken and some publicity given to that which might have some effect.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS. I yield.

Mr. GILCHRIST. In how wide an area would the vote be taken under the gentleman's amendment?

Mr. VOORHIS. It had nothing to do with a vote, I will say to the gentleman.

Mr. GILCHRIST. I did not hear the gentleman's amendment read.

Mr. VOORHIS. It merely provides for hearings where poultry raisers, stock raisers, and consumers of corn may have an opportunity to be heard before the referendum is had.

Mr. GILCHRIST. After the hearings what would be the result?

Mr. VOORHIS. As I explained, my amendment would simply give these men a chance to present their case. I presume some publicity would be given to it and it might have the effect of putting them in a better position in the matter. It seems to me this is little enough to ask.

Mr. GILCHRIST. Would the gentleman have hearings all over the whole country?

Mr. VOORHIS. I do not conceive that they would be held over the whole country. I imagine that would be arranged by the Secretary much as similar things are done now under our farm program. There might be regional hearings.

Mr. GILCHRIST. Not confined to the corn area, but everywhere.

Mr. VOORHIS. That is right.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last word of the amendment and I make this pro forma motion as the friend of the bill, in an effort to be helpful and constructive, and especially for the benefit of the members of the Committee on Agriculture, when I say that the allotment for field corn among farms as shown by section 328, paragraphs (a) and (b), page 43 is sound. The State allotments and the county allotments are made on the basis of the acreage devoted to the production of field corn, plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs, with adjustments for abnormal weather conditions and trends. The same yardstick substantially applies to allotments among farms within the county. This rule obtains with respect to the allotments of tobacco, as shown by section 2, subsection (c), paragraph (5), page 7. It obtains with respect to wheat, as shown by section 336, paragraphs (a), (b), and (c), pages 49 and 50.

I regret that this yardstick does not obtain in the case of cotton. I believe that the same yardstick should cover cotton, wheat, corn, and tobacco.

The soil, the topography, and production facilities vary in each county in Mississippi, and especially in the hill counties. The average farmer cannot be allotted a fixed percentage of the tilled acres without doing him injustice. In some counties the tilled acres are rough and not suitable to cotton. This is true in the hill counties in Mississippi, in creek bottoms and river bottoms and valleys. Some of the hill land is not suited to cotton; some of the bottom land is too wet; and some of the tableland is good cotton land. In allotting acres to farm in a county the type of soil, production facilities, topography, as well as tilled acreage, should be taken into consideration. This is recognized in the allotment of the 2½ percent of the State acreage on pages 6 and 7 of the bill.

I commend to the members of the Committee on Agriculture from the cotton States the wisdom of following the example of the members from the wheat, corn, and tobacco belts. Consideration should be given to tilled acreage. I call attention to a discrepancy in the tilled acreage provision of section 2 respecting wheat in the allotment among farms and the provision under the quota. Under the quota provision the allotment of acreage is on the basis not only of

tillable acreage but type of soil, topography, and production facilities. The quota provision has been stricken out of the bill, but if it is restored to the bill on the floor of the House or in conference I take it that the tilled acre basis in section 2 (c) will be made to conform to section 336, subsection (c), page 50 of the bill. I am not suggesting that tilled acreage should not be considered. There are other factors, however, than tilled acres. Types of soil, topography, production facilities, and crop-rotation practices are to be considered.

I emphasize the point that the wheat growers, the corn growers, and the tobacco growers have adopted the production yardstick rather than the prescribed percentage of tilled acres which obtains only in the case of cotton. I respectfully submit, in an effort to be helpful and to aid the cotton program, that the conferees should modify the prescribed percentage of tilled acres for cotton and adopt the same yardstick that has been adopted for wheat, corn, and tobacco.

The types of land in the greater part of the district that I represent are similar. The tilled acreage basis would probably be better for the Delta lands of Mississippi than for any other section of the State. In at least 60 percent of the counties of the State of Mississippi the tilled acreage basis would do an injustice. I am advised that the same situation obtains in other States from South Carolina to Texas. I am further advised that the Delta along the Mississippi River and the alluvial States from Cairo to the Gulf and the Black Belt of Texas would more nearly receive fair treatment under the tilled acreage basis than would any other sections of the Cotton Belt. Yet even in these counties there is enough variation in soil and topography to make uniform allotments on the basis of tilled acreage unfair in many instances.

I believe that the allotment should be made not only on the basis of tilled acreage but types of soil and topography of the land. This yardstick is right for corn, wheat, and tobacco. It should certainly be right for cotton. I believe that the tilled acreage basis alone for cotton will cripple the program. I trust that in conference the yardstick for cotton may be put on a parity with the yardstick for the other major commodities.

The tilled acreage yardstick for cotton will result in a smaller acreage being allotted to the smaller farms in the hills, and to a larger acreage being allotted to the larger farms in the so-called upland or hill sections of Mississippi and other States.

Moreover, the tilled-acreage basis in the valley or Delta counties will tend to increase the cotton acreage of the larger farms and decrease the cotton acreage of the smaller farms in those counties. I am speaking after having made investigation.

It is passing strange that if other commodities are entitled to a definite yardstick, as in the case of wheat, corn, and tobacco, cotton should be given an unfair and unworkable yardstick.

In behalf of the tilled-acreage apportionment the illustration is frequently used that a farmer in the upland areas of the Cotton Belt, cultivating 25 acres, has diversified, and that his neighbor across the road cultivating 100 acres has not diversified, but has planted all that he possibly could to cotton. The owner of the smaller acreage has diversified because it was more profitable, because his lands were not suitable for cotton, and because it was more profitable to grow other crops than cotton thereon. In the far greater number of cases the small farmer with 25 acres in cultivation has not diversified in an effort to make a living for his family, but has planted all of his 25 acres that he could to cotton. The tilled acreage operates against the small growers who have not diversified and who compose the great majority of small cotton growers, and the records of the Agricultural Administration will verify the statement.

It might be admitted that tilled acreage would benefit one farmer, but a careful analysis will show that while it may benefit one it would injure nine or more others. The program is for the general benefit. The tilled acreage yardstick is unsound. The production on the farm is the best rule or yardstick that has been proposed. Corn, wheat, and tobacco have adopted the rule. No better one has been suggested or proposed.

The prescribed percentage of tilled acres which obtains only as to cotton will materially change the entire cotton set-up and cripple, if not disastrously injure, the cotton program. This is especially true inasmuch as there is another provision under the cotton sections that limits the maximum production on any farm in any county in any State to 60 percent of the acreage of the farm. I conclude by saying that the prescribed percentage of tillable acres applies only as among farms. It is a mistake to take the example of one farm and undertake to adopt a general rule that would help or hurt that farm. The family-size cotton farms have not diversified. It is desired to help them. In an effort to help the one out of the great number who have diversified, the remainder of the family-size farms would be injured by the tillable acreage basis. Farm and farmers are similar everywhere. I submit to the distinguished chairman of the Committee on Agriculture and to the cotton members of the committee especially that the cotton provisions cannot be right unless the provisions for wheat, corn, and tobacco are wrong. A rule should not be adopted unless calculations are made as to the effect of the rule in all counties and in all States. The prescribed percentage of tillable acres has all of the earmarks of being a rule intended to apply in some one or few instances of alleged diversified farming, but when applied to the great body of farmers would be most detrimental to those who need help most. I am not asking the members of the committee to rely upon my judgment. I respectfully suggest and recommend that they confer with the officials who have had charge of the administration of the programs and that they ask for facts and figures respecting the prescribed percentage of tillable acres before this unfair and unsound yardstick is fastened upon the cotton growers of the South.

The gentleman from South Carolina [Mr. FULMER] refers to tilled or valley lands on which 80 or 90 percent has heretofore been cultivated. He is confusing base acres with acres actually cultivated under the program. There has been a reduction from these base acres in the area that I represent of around 35 percent. There is less now than 60 percent planted. It is easy to make statements, but if the gentleman and the other Members from cotton districts will investigate, they will find out that in South Carolina on the small farms of 1 to 19 acres, family-size farms, the tilled acre yardstick will result in a larger percentage of reduction on those farms than on the large farms in that State. I have investigated the matter. Statements and conclusions must yield to facts. The same situation is applicable not only to South Carolina but to Georgia, Texas, Arkansas, and other cotton-growing States.

Mr. FULMER. Will the gentleman yield?

Mr. WHITTINGTON. I yield to the gentleman from South Carolina.

Mr. FULMER. In the gentleman's own section it may be you would get as much as 60 percent of the tilled acres because in that section you have planted a larger crop than in other sections of Mississippi. The matter of tilling and bales has been the trouble in the past.

Mr. WHITTINGTON. With deference, the gentleman begs the question. I will gladly answer. With the prescribed percentage tillable acreage yardstick, plantings in the past have no application. Under the yardstick all farms will plant the same percentage regardless of whether they have planted more than their proper allotment or less than their proper allotment in the past. For the gentleman's information, I will state that in the district that I represent I doubt if as much as 60 percent of the land is now planted to cotton. I repeat, he has confused base acres and planted acres. The production, as well as the tillable acres, are more beneficial to the small farmer. I want to help the bill. I am not asking you to take my statement; but, as the friend of the bill, I do ask you to call upon the Agricultural Department to advise you by giving you the facts in South Carolina and in other States as to the effect of the tillable acreage yardstick. When this has been done I am confident that

the gentleman from South Carolina will be the first to urge that the same basis be adopted for cotton as has been adopted for corn and other commodities.

[Here the gavel fell.]

Mr. LUCAS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California [Mr. VOORHIS].

Mr. Chairman, if I understand the amendment submitted by the gentleman from California, it has no legal significance whatsoever. It merely provides that within 15 days of the referendum some sort of a hearing shall be held for the benefit of certain individuals who are interested or who may come to protest or do something else. In other words, the amendment is not of benefit to the bill. We went over the provisions of this particular phase of the legislation very carefully, and we believe it is better the way it is. I hope, therefore, the amendment offered by the gentleman from California will be voted down.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from California [Mr. VOORHIS].

The amendment was rejected.

Mr. CARLSON. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CARLSON: Page 37, line 12, after the period, add the following: "*Provided further*, That the quota provisions of this section shall not apply in any county where, during the previous year, the average yield of corn is less than 50 percent of the average yield for the 5-year period immediately prior thereto."

Mr. CARLSON. Mr. Chairman, I offer this amendment to deal with a practical situation. In the pending bill we are establishing a commercial corn area. I know from actual experience in this area that there are a large number of counties that did not produce corn this year and have not produced corn for from 3 to 5 years. If the amendment which I have offered is not agreed to, a quota may be established for these counties that did not produce 50 percent of a crop of corn.

I think this will result in one of two things. In the first place, these farmers are allowed to vote on whether or not we will have corn quotas. It takes only one-third of the farmers of the United States. Therefore, if we want corn quotas in the corn area, I think we should give these counties a leeway. To me it is a practical amendment, and I hope the chairman of the corn section of the Committee on Agriculture will accept the amendment, because it will have no effect on the great corn sections of the country. These counties for the past few years have not produced corn. It happens that they are in this corn quota. In some counties we have a large acreage in these farms, and it only takes 400 bushels per farm, or it takes 4 bushels per acre per farm.

Mr. ANDRESEN of Minnesota. Will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from Minnesota.

Mr. ANDRESEN of Minnesota. I call the gentleman's attention to a provision on page 38, line 22 of the bill, which reads:

In no case shall the storage amount exceed the difference between the estimated total production of field corn on the farm and the normal production of the marketing percentage of the farm acreage allotment.

Mr. CARLSON. I appreciate that.

Mr. ANDRESEN of Minnesota. This in part would correct the situation.

Mr. CARLSON. I still do not believe this corrects the situation when we have placed on a quota basis a farm which did not raise a corn crop for 1, 2, or 3 years, or in fact raised no corn. To establish quotas in those counties seems ridiculous and absurd, and these people will not vote to go in under a corn quota. I believe this amendment is an improvement to the bill.

Mr. ANDRESEN of Minnesota. Will the gentleman read his amendment if he has it there?

Mr. CARLSON. My amendment reads that—

The provisions of this section shall not apply in any county where, during the previous year, the average yield of corn is less than 50 percent of the average yield for the 5-year period immediately prior thereto.

This is in the commercial corn area only.

Mr. ANDRESEN of Minnesota. I have no objection to the amendment.

[Here the gavel fell.]

Mr. LUCAS. Mr. Chairman, may I ask that the gentleman's amendment be printed in the RECORD, so that I may study it overnight?

Mr. CARLSON. Mr. Chairman, I ask unanimous consent that my amendment may be considered as pending, to be acted on tomorrow.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN of Minnesota: On page 39, add a new subsection to read as follows:

"(e) The provisions of this section, 325, shall not be applicable to any farm on which the total acreage devoted to field corn less the acreage used for silage is 20 acres or less."

Mr. ANDRESEN of Minnesota. Mr. Chairman, if I may have the attention of the Committee with reference to this amendment——

Mr. GILCHRIST. Mr. Chairman, I wish to reserve a point of order on this amendment. I thought the matter of silage was going over until tomorrow by agreement.

Mr. ANDRESEN of Minnesota. I beg the gentleman's pardon, but this has nothing to do with silage.

Mr. Chairman, this amendment embodies the recommendation of the Secretary of Agriculture as originally made to our committee, exempting 20 acres of field corn. We have made exemptions for tobacco, exempting production of from 2,400 to 3,200 pounds of tobacco. We have made exemptions for 1,500 pounds of cotton. This amendment provides for an exemption of 20 acres of field corn before the marketing quota becomes effective.

Mr. JONES. Mr. Chairman, if the gentleman will yield, would the gentleman mind withholding his amendment and letting the Committee rise now, finishing his statement tomorrow?

Mr. ANDRESEN of Minnesota. I will be pleased to do so.

Mr. Chairman, I ask unanimous consent that my amendment may be considered as pending, to be acted on tomorrow, and that I be given time to speak on my amendment tomorrow.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and, the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 8505, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein certain excerpts in explanation thereof; and I make the same request in behalf of my colleague the gentleman from Texas [Mr. DIES].

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in connection with the housing bill and include a statement of my own in connection therewith.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LUECKE of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter written by me to the Chairman of the Federal Trade Commission.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DOWELL. Mr. Speaker, I ask unanimous consent to extend in the RECORD the remarks I made today.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. JONES. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

Mr. SNELL. Reserving the right to object, Mr. Speaker, does the gentleman believe the bill now under consideration will come to a vote by tomorrow night?

Mr. JONES. I may say I had hoped to get through the reading of the bill for amendment by tomorrow night, but I doubt that we can reach a vote by that time. I had hoped heretofore to reach a vote by tomorrow night, but I do not believe this is possible. We are going to try, at least, to finish the reading of the bill for amendment tomorrow.

Mr. SNELL. So the vote would come the first thing the next day?

Mr. JONES. The vote will probably come the next day.

Mr. SNELL. I have no objection, Mr. Speaker.

Mr. PATMAN. Reserving the right to object—and I shall not object—the Committee on Banking and Currency is considering the housing bill, which is considered a very important measure. This request will probably deprive us of the opportunity of holding a hearing tomorrow and will delay the presentation of the bill to the House.

Mr. JONES. Does not the committee meet near enough so it could hold a hearing?

Mr. PATMAN. The committee meets at 10:30 in the morning, and I do not think it would meet. Of course, I am not the chairman of the committee.

Mr. JONES. The extra hour will probably be taken up with a discussion of the corn features of the bill.

Mr. PATMAN. The gentleman does not believe this would interfere with the committee's meeting, then.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DEMPSEY, on account of illness.

To Mr. FLANNERY, for Thursday, on account of death in family.

To Mr. QUINN, for 3 days, on account of official business.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.), under its previous order, the House adjourned until tomorrow, Thursday, December 9, 1937, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Thursday, December 9, 1937, at 10 a. m.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. CROSSER's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on House Joint Resolution 389, distribution and sale of motor vehicles.

There will be a meeting of Mr. MALONEY's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on S. 1261, through-routes bill.

There will be a meeting of Mr. MARTIN's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday, January 4, 1938. Business to be considered: Hearing on sales tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, train-lengths bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

880. A letter from the Secretary of Commerce, transmitting the Twenty-fifth Annual Report of the Secretary of Commerce for the fiscal year ended June 30, 1937; to the Committee on Interstate and Foreign Commerce.

881. A letter from the Secretary of War, transmitting the draft of a bill for the relief of the Comision Mixta Demarcadora de Limites Entre Colombia y Panama; to the Committee on Claims.

882. A letter from the Chairman, Reconstruction Finance Corporation, transmitting a report covering the activities of the Reconstruction Finance Corporation for the third quarter of 1937, and for the period from the organization of the Corporation on February 2, 1932, to September 30, 1937, inclusive (H. Doc. No. 452); to the Committee on Banking and Currency and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOCKWEILER: A bill (H. R. 8647) to provide for the establishment of minimum labor standards in employments in and affecting interstate commerce, and for other purposes; to the Committee on Labor.

By Mr. MOSIER of Ohio: A bill (H. R. 8648) to amend section 903 (a) (2) of the Social Security Act to permit the States to begin State unemployment compensation payments; to the Committee on Ways and Means.

By Mr. KLEBERG: A bill (H. R. 8649) to amend the Commodity Exchange Act, as amended, to extend its provisions to wool and other agricultural commodities traded in for future delivery; to the Committee on Agriculture.

By Mr. MAAS: A bill (H. R. 8650) to establish a Board of Civil Service Appeals; to the Committee on the Civil Service.

By Mr. CROWE: A bill (H. R. 8651) to authorize a preliminary examination and survey of Lost River and its tributaries in the vicinity of Orleans, Ind., with a view to providing flood protection for the town of Orleans; to the Committee on Flood Control.

By Mr. McGEHEE: A bill (H. R. 8652) to amend section 204 of the act entitled "An act to provide for the termination of Federal control of railroads and systems of transportation; to provide for the settlement of disputes between carriers and their employees; to further amend an act entitled 'An act to regulate commerce,' approved February 4, 1887, as amended, and for other purposes," approved February 28, 1920; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITE of Ohio: A bill (H. R. 8653) to amend the Tariff Act of 1930, as amended; to the Committee on Ways and Means.

By Mr. CLARK of North Carolina: A bill (H. R. 8654) to amend the act entitled "An act authorizing the Secretary of

the Treasury to convey to the city of Wilmington, N. C., Marine Hospital Reservation", being chapter 93, United States Statutes at Large, volume 42, part 1, page 1260, approved February 17, 1923; to the Committee on Public Buildings and Grounds.

By Mr. DUNN: A bill (H. R. 8655) to provide $200,000,000 for the prevention and the cure of cancer, infantile paralysis, tuberculosis, blindness, deafness, and other social diseases; to the Committee on Interstate and Foreign Commerce.

By Mr. CELLER: Joint resolution (H. J. Res. 529) providing for the postponement of filing undistributed profits tax returns; to the Committee on Ways and Means.

By Mr. DORSEY: Joint resolution (H. J. Res. 530) authorizing the President to invite foreign countries to participate in the ceremonies to commemorate the one hundred and fiftieth anniversary of the national ratification of the Constitution of the United States in Philadelphia, Pa., June 17 to 21, 1938; to the Committee on Foreign Affairs.

By Mr. HEALEY: Joint resolution (H. J. Res. 531) to express the disapproval of Congress of the entering into of a reciprocal-trade agreement between the United States and Czechoslovakia; to the Committee on Ways and Means.

By Mr. SHANLEY: Joint resolution (H. J. Res. 532) creating a joint committee to hold hearings, study the antitrust problems in all their interlocking components and recommend legislation for the third session of the Seventy-fifth Congress not later than February 28, 1938; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOYLAN of New York: A bill (H. R. 8656) for the relief of James M. D'Arcy; to the Committee on Claims.

By Mr. DOWELL: A bill (H. R. 8657) for the relief of Mary P. Fairfield; to the Committee on Claims.

By Mr. MARTIN of Massachusetts: A bill (H. R. 8658) for the relief of Antone C. Teves; to the Committee on Naval Affairs.

By Mr. SACKS: A bill (H. R. 8659) for the relief of Harry George Drachmos; to the Committee on Immigration and Naturalization.

By Mr. SHEPPARD: A bill (H. R. 8660) for the relief of Ray Woolven; to the Committee on Pensions.

Also, a bill (H. R. 8661) for the relief of Roy Masters Worley; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3545. By Mr. CURLEY: Petition of the Chamber of Commerce of State of New York, urging immediate repeal of undistributed-profits tax and the capital-gains tax; to the Committee on Ways and Means.

3546. Also, petition of the employees of Army base, Brooklyn, N. Y., endorsing the McCormack bill establishing a 5-day week for Federal employees; to the Committee on the Civil Service.

3547. By Mr. JARRETT: Petition of the Warren County (Pa.) Pomona Grange, No. 10, opposing the Black-Connery bill; to the Committee on Labor.

3548. By Mr. BOYLAN of New York: Resolution adopted by the board of directors of the American Institute of Architects favoring the repeal of the surtax on undistributed profits; to the Committee on Ways and Means.

3549. Also, resolution adopted by the Chamber of Commerce of the State of New York, favoring the repeal of the undistributed-profits tax and a modification of the capital-gains tax; to the Committee on Ways and Means.

3550. By Mr. COFFEE of Washington: Resolution of the Central Labor Council of Seattle and vicinity, affiliated with the American Federation of Labor, wholeheartedly endorsing and urging the prompt enactment of House bill 8239, known as the Federal arts bill, introduced by Mr. COFFEE of Washington; to the Committee on Education.

3551. By Mr. CULKIN: Petition of the Union Grange, No. 5, Belleville, N. Y., with 180 members, opposing enactment of the wage-hour bill; to the Committee on Labor.

3552. Also, petition of the Northeastern Forest Research Council, urging the United States Department of Agriculture to take immediate steps for control of the European spruce sawfly through use of parasites; to the Committee on Agriculture.

3553. Also, petition of the Kirkland Grange, No. 684, Redwood, N. Y., opposing passage of the train-limit bill; to the Committee on Interstate and Foreign Commerce.

3554. Also, petition of the River Bank Grange, P. of H., No. 534, Lewis County, N. Y., opposing passage of the wage and hour bill; to the Committee on Labor.

3555. By Mr. KEOGH: Petition of the United Paperboard Co., New York City, concerning the undistributed-profits tax; to the Committee on Ways and Means.

3556. Also, petition of the Greater New York Retail Furnishings & Dry Goods Association, Inc., New York City, concerning the Patman bill (H. R. 4722), manufacturer-retailer bill; to the Committee on Interstate and Foreign Commerce.

3557. By Mr. MEAD: Petition of the National Maritime Union of Buffalo, N. Y., urging boycott of goods manufactured in Italy and Germany until those countries cease participation in Spanish difficulty; to the Committee on Foreign Affairs.

3558. By the SPEAKER: Petition of the American Legion, Kings County, N. Y., concerning American citizenship certificates; to the Committee on Immigration and Naturalization.

SENATE

THURSDAY, DECEMBER 9, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, December 8, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	Overton
Andrews	Davis	King	Pepper
Ashurst	Dieterich	La Follette	Pittman
Austin	Donahey	Lee	Pope
Bailey	Duffy	Lewis	Radcliffe
Bankhead	Ellender	Lodge	Reynolds
Barkley	Frazier	Logan	Russell
Berry	George	Lonergan	Schwartz
Bilbo	Gerry	Lundeen	Schwellenbach
Borah	Gibson	McAdoo	Sheppard
Bridges	Gillette	McCarran	Shipstead
Brown, Mich.	Glass	McGill	Smith
Brown, N. H.	Graves	McKellar	Steiwer
Bulkley	Green	McNary	Thomas, Okla.
Bulow	Guffey	Maloney	Thomas, Utah
Burke	Hale	Miller	Townsend
Byrd	Harrison	Minton	Truman
Byrnes	Hatch	Moore	Tydings
Capper	Hayden	Murray	Vandenberg
Caraway	Herring	Neely	Van Nuys
Chavez	Hitchcock	Norris	Wagner
Clark	Holt	Nye	Walsh
Connally	Johnson, Calif.	O'Mahoney	

Mr. LEWIS. I announce the absence of the Senator from Washington [Mr. BONE] and the Senator from Delaware [Mr. HUGHES], who are detained from the Senate because of illness.

The Senator from New Jersey [Mr. SMATHERS] is detained because of illness in his family.

The Senator from Montana [Mr. WHEELER] is necessarily detained from the Senate.

I ask that this announcement go into the RECORD for the day.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

DISPOSITION OF OLD OR OBSOLETE MERCHANT TONNAGE

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Maritime Commission, transmitting, pursuant to law, a report dealing with the scrapping or removal from service of old or obsolete merchant tonnage owned by the United States or in use by the merchant marine, which, with the accompanying report, was referred to the Committee on Commerce.

PETITIONS

The VICE PRESIDENT laid before the Senate a resolution adopted by Philippines Post, No. 1164, the American Legion (Kings County), Brooklyn, N. Y., favoring the enactment of legislation admitting Filipino World War veterans to American citizenship without limitation as to time of application, which was referred to the Committee on Immigration.

Mr. TYDINGS presented a petition of sundry citizens of the State of Maryland, praying for the adoption of the so-called Ludlow resolution, being the joint resolution (H. J. Res. 199) proposing an amendment to the Constitution of the United States to provide for a referendum on war, which was referred to the Committee on the Judiciary.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HATCH:

A bill (S. 3110) for the relief of Dixon A. Gregg;

A bill (S. 3111) for the relief of the estate of Lillie Liston; and

A bill (S. 3112) for the relief of Mr. and Mrs. B. W. Trent; to the Committee on Claims.

By Mr. LEWIS:

A bill (S. 3113) for the relief of George W. Mason, trustee for the Congress Construction Co.; to the Committee on Claims.

AMENDMENT OF TAX LAW

Mr. KING submitted an amendment intended to be proposed by him to the bill (H. R. 6215) to repeal provisions of the income tax requiring lists of compensation paid to officers and employees of corporations, which was ordered to lie on the table and to be printed.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. LEE, Mr. SMITH, Mr. CAPPER, Mr. CONNALLY, and Mr. REYNOLDS each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were severally ordered to lie on the table and to be printed.

INVESTIGATION OF DOMESTIC ALLOTMENT PLANS

Mr. HATCH submitted the following concurrent resolution (S. Con. Res. 22), which was referred to the Committee on Agriculture and Forestry:

Resolved by the Senate (the House of Representatives concurring), That the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives are directed to make a complete study of the various so-called domestic allotment plans which have been proposed as the bases of legislation to improve American agricultural conditions, the cost of same, and to report to their respective Houses of Congress, at the earliest practicable date with respect to the most desirable method or plan for applying the domestic allotment principles to American agriculture.

NATIONAL LABOR RELATIONS BOARD

Mr. BURKE submitted the following resolution (S. Res. 207), which was referred to the Committee on the Judiciary:

Whereas for the purpose of diminishing the causes of labor disputes and assuring to all industrial workers the full and free right of collective bargaining Congress enacted the National Labor Relations Act and placed the administration of said act in the National Labor Relations Board; and

Whereas said Board is vested with judicial or quasi-judicial powers which necessitate the fair and impartial performance of its functions under said act; and

Whereas there are widespread charges that said Board has been guilty of continuous and flagrant violation of the will of Congress as expressed in said act, and has failed to conduct itself, and to require the proceedings of its examiners and agents to be conducted, in the impartial manner required of a body exercising judicial or quasi-judicial powers, in the following particulars, among others, to wit:

(a) That it has favored one type of union organization as opposed to all other groups;

(b) That it has intimidated local public officials, witnesses, employers, and workers;

(c) That it has ordered the cancelation of valid contracts between employers and workers in defiance of the decrees of Federal courts;

(d) That it has violated the right of freedom of speech and freedom of the press;

(e) That its conduct has been such as to engender disrespect for law and order, increase dissension in industrial relations, and defeat the purposes of the National Labor Relations Act; and

Whereas it is imperative that the truth or falsity of these charges be ascertained by an investigation of the activities of the National Labor Relations Board in order that Congress may be guided in the enactment of such remedial legislation as may be necessary: Therefore be it

Resolved, That the Committee on the Judiciary of the Senate be authorized and directed to make an investigation of the administration of the National Labor Relations Act by the National Labor Relations Board.

The committee shall report to the Senate as soon as is practicable the results of its investigation, together with its recommendation for the enactment of any remedial legislation it may deem necessary to insure that said Board shall function in an impartial and judicial manner.

For the purposes of this resolution the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-fifth and succeeding Congresses, to employ clerical and other assistance, to require by subpena, or otherwise, the attendance of such witnesses and the production of such correspondence, books, papers, and documents; to make such investigations, to administer such oaths, to take such testimony, and to incur such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per 100 words. The expenses of the committee, which shall not exceed $25,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

BRITISH IMPERIAL WAR COUNCIL REPORT

[Mr. LODGE asked and obtained leave to have inserted in the RECORD a dispatch carried by the International News Service on November 14, 1937, relative to a secret report made to the British Imperial War Council in the Spring of 1917, which appears in the Appendix.]

INDUSTRY'S OUTLOOK—ADDRESS BY LAMMOT DU PONT BEFORE THE NATIONAL ASSOCIATION OF MANUFACTURERS

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD an address entitled "Industry's Outlook," delivered on the 7th instant before the luncheon meeting of the National Association of Manufacturers at the Waldorf-Astoria Hotel, New York City, by Lammot du Pont, president of E. I. du Pont de Nemours & Co., which appears in the Appendix.]

AGRICULTURAL RELIEF—ADDRESS BY SENATOR REYNOLDS

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an address on the subject of agricultural relief, delivered by him before the North Carolina Farm Bureau of Federation at Raleigh, N. C., September 8, 1937, which appears in the Appendix.]

REDEALING THE NEW DEAL—EDITORIAL FROM THE WASHINGTON TIMES

[Mr. MINTON asked and obtained leave to have printed in the RECORD an editorial from the Washington Times of December 8, 1937, entitled "Redealing the New Deal," which appears in the Appendix.]

ADDRESS BY LOUIS JOHNSON BEFORE THE INDIANA DEPARTMENT OF THE RESERVE OFFICERS' ASSOCIATION

[Mr. MINTON asked and obtained leave to have printed in the RECORD an address delivered by Hon. Louis Johnson, Assistant Secretary of War, at the annual dinner of the Indiana Department of the Reserve Officers' Association, held at the Claypool Hotel, Indianapolis, Ind., December 4, 1937, which appears in the Appendix.]

ADDRESS BY HON. HENRY A. WALLACE, SECRETARY OF AGRICULTURE

[Mr. HERRING asked and obtained leave to have published in the Appendix of the RECORD a radio address delivered by Hon. Henry A. Wallace, Secretary of Agriculture, on the mutual problems of agriculture, business, and labor, which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. POPE. Mr. President, on yesterday I had a colloquy with the Senator from Oregon [Mr. MCNARY] with reference to an amendment concerning marketing quotas. The illustration which I gave had to do with a noncooperator. The Senator requested me to use the same period, and to have calculated the amount of the marketing quota and the amount that would need to be stored by a cooperator farming the same number of acres under the same conditions. That I have done, and I should like to introduce it in the RECORD as part of my statement.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Base acreage	acres	200
Assume 77 percent (marketing percentage) of base	do	154
Assume that cooperator's contract calls for a diversion of 15 percent of the base.		
Then acreage planted by cooperator	acres	170
If actual yield is 15 bushels per acre?		
Then actual production	bushels	2,550
Acres planted in excess of marketing percentage (170 minus 154)	acres	16
Normal yield of excess acres (at 10 bushels per acre)	bushels	160
Then marketing quota	do	2,390
Amount to be stored	do	160

The VICE PRESIDENT. When the Senate took a recess yesterday the Senate had reached what is known as the tobacco schedule. A number of amendments had been passed over. Unless some Senator requests a return to those amendments the clerk will state the first amendment in the tobacco schedule.

Mr. PEPPER. Mr. President, I have some amendments to section 42 which I should like to present when that section is reached.

The VICE PRESIDENT. The Chair is advised that we have not yet reached section 42.

Mr. MCNARY. Mr. President, as the Chair has stated, a number of amendments have been passed over. They reach back to some very fundamental principles in the bill. I think we should consider and dispose of those amendments, if possible. The whole philosophy of the bill runs clear through some of them. I think the argument on the various commodities could be shortened by reverting to those amendments over which we have passed.

The VICE PRESIDENT. Without consulting the Parliamentarian, the Chair would hold under general parliamentary law that if any Senator asks to return to the amendments which have been passed over that request would have to be granted, unless the amendments should be again passed over. The order of the Senate was to consider the committee amendments first. The amendments referred to were passed over, but to no definite time, so today they are subject to be brought up by any Senator unless they are again passed over by unanimous consent.

Mr. HAYDEN. Mr. President, the committee amendments which were passed over late yesterday afternoon were paragraphs (b) and (c) on pages 34 and 35. As to paragraph (c), the Senator from Louisiana [Mr. OVERTON] desires to offer an amendment. The Senator telephoned me this morning, saying that he could not be present promptly when the Senate assembled, and asked me to request that until he returns paragraph (c) be not considered.

As to paragraph (b), I have an amendment prepared to that paragraph which depends upon the adoption of the definitions in the committee amendments on pages 68 and 69 of "normal yield" and "normal production." If the definitions of "normal yield" and "normal production" there contained in the bill are adopted, then we shall know what is meant by "normal production" in paragraph (b) and what "normal yield" means in the amendment I shall propose to the bill. For that reason I ask that amendment (b) go over until we adopt the definitions on pages 68 and 69. Those were the reasons for passing over paragraphs (b) and (c). There may be other amendments that I know nothing about.

Mr. MCNARY. I make no reference to those amendments passed over in the cotton section.

Mr. MCKELLAR. I, too, should like to have the paragraphs mentioned go over.

The VICE PRESIDENT. They went over. The Chair has been advised that eight amendments have been passed over up to the present time.

Mr. MCNARY. My record indicates that the first one is found on page 3.

The VICE PRESIDENT. The Chair is advised by the Parliamentarian that that amendment was agreed to yesterday.

Mr. MCNARY. The next one is on page 10.

The VICE PRESIDENT. The next amendment that was passed over, in the order in which they were passed over, is on page 10, passed over at the request of the Senator from Alabama [Mr. BANKHEAD] and the Senator from Arizona [Mr. HAYDEN].

Mr. MCNARY. I am not asking that we take up these amendments. I think if the Senators are ready to proceed, we ought to clean up the bill as far as we can up to this point. If they are not ready, I suggest that whoever is responsible for the section of the bill dealing with tobacco make a statement with regard to what it is attempted to accomplish by the language referring to that subject.

The VICE PRESIDENT. Without objection, the clerk will state the first amendment in the tobacco section of the bill.

The CHIEF CLERK. On page 40, after line 11, it is proposed to insert the word "Tobacco."

Mr. ELLENDER. Mr. President, I have an amendment to line 12 which I should like to have stated.

The VICE PRESIDENT. Is it an amendment to the committee amendment? This committee amendment has not been disposed of.

Mr. ELLENDER. What is the amendment?

The VICE PRESIDENT. The amendment will be restated.

The CHIEF CLERK. On page 40, line 12, it is proposed to insert the word "Tobacco."

Mr. ELLENDER. That word is there now.

Mr. BARKLEY. That is simply the title.

Mr. ELLENDER. I should like to have my amendment stated.

The VICE PRESIDENT. The amendment offered by the Senator from Lousiana to the amendment of the committee will be stated.

The CHIEF CLERK. On page 40, line 12, it is proposed to strike out the word "Tobacco" and to insert in lieu thereof the following:

Title IV—Marketing Quotas for Tobacco.

Mr. ELLENDER. Mr. President, the purpose of the amendment is self-evident.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana to the amendment reported by the committee.

Mr. COPELAND. Mr. President, I desire to take this opportunity to call again to the attention of the Senate the unsatisfactory state of business activity in the country. I realize that to those who have a supreme interest in the one-crop farmers of America, the general state of the business activity of the country is at the moment of small concern, as compared with the proposals of the pending bill. But it is not of small concern to me, and it should not be of small concern, of course, to any Member of the Senate.

I have told the Senate that I never fail to read the weekly review of business conditions as prepared and issued by the

Department of Commerce. For a long time there has been nothing in these reports to cause any cheering, but the worst of recorded conditions is disclosed by the report received today.

According to the official chart, we have a marked decline in industrial activity, down now to 80 percent of normal. We have a tremendous decline in steel-ingot production, down to about one-third of normal. This particular decline indicates the failure of the building of heavy machinery and other construction in the country.

Even more distressing is the record as regards carloadings, which are now not only very much below last year but even below the year before. The industrial output in most major lines of production, according to this report, was substantially lower. While activities sometimes fall off at this time of the year, they are very much below any previous year. The consumption of electric power fell off 7 percent. This is the first occasion since September 1934, when there was a decline in the use of electric power.

We find that crude petroleum production has declined 4 percent. It is 73,000 barrels below the daily output recommended by the Bureau of Mines as being adequate for the anticipated demands of November.

Mr. GUFFEY. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Pennsylvania?

Mr. COPELAND. I yield.

Mr. GUFFEY. Does the statement show they were shut down for 4 days and that 10,000,000 barrels were withdrawn from stock deliberately?

Mr. COPELAND. Production is far below the production of the same week last year and the year before when there was a shut-down on account of a holiday.

Mr. GUFFEY. Does the statement show there were 10,000,000 barrels withdrawn from stock during the same period?

Mr. COPELAND. It does not. The Senator may be interested, however, to know there has been a very marked decline also in car loadings relative to coal and coke, as well as largely relative declines in other classes of freight.

Mr. President, these are matters of great concern. They have their effect upon unemployment. I noticed that in one of the small cities of my State yesterday there was not money enough in the city treasury to pay the sanitation employees of the city. All such employees were dismissed. The situation has gone to such an extent that in my city employment is reduced to an extent which is startling.

Mr. President, there is much confusion and disorder in the Chamber. I know this statement I am making is not important to some, but I should like to proceed uninterrupted. All I will get out of this bill for my people in New York State is simply a reminder of conditions, because, knowing how the ways are greased, there is no doubt about the pending bill passing. When it does pass it will be calamitous to the dairy farmers and to the one-family farms of the State of New York and other States of the Union.

This morning I saw in a New York paper a statement that a man was arrested for stealing a quart of milk in order that he might feed his baby. Of course, we must have prosperity for the cotton farmer, the wheat farmer, the corn farmer, and the tobacco farmer, no matter what happens to the poor of the cities; but are we going forward with this measure which means another added tax to the burden of our country and more distress in our country? It is all right for us to give thought to these matters relating to agriculture, but why not give some thought, and serious thought, too, and take effective action looking to such peace in the industrial world that there may be normal and legitimate employment for the people?

I received a very interesting letter yesterday pointing out a statement made by a friend of mine—I do not happen to have the letter here at the moment—that when he found it necessary to lay off his bricklayers in New York because of his inability to go forward with construction, the workmen, presumably unfamiliar with the laws of economics, although I think many of them are familiar with them, said, "Why is not peace made so there may be employment through the investment of private funds?"

I have said a thousand times that I have no interest in New York City below Seventeenth Street. I am not interested in Wall Street, but I am interested and every man with humane instincts must be interested in recovery founded upon normal conditions and not simply upon a continuance of methods for "priming the pump."

No one knows the probable cost of the bill now before us. No one seems to be able to estimate its probable cost. It may run to a billion or two billion dollars. It is all right that under order we must go forward with the consideration of the bill, but, so far as I am concerned, I never was more distressed or disheartened over what may occur in America. But in contrast to that feeling is this thought: I believe sincerely if more than a gesture were made, if actual evidence of peace between the administration and industry could be presented, that by the 1st of February we would find an upbuilding of activity in our country such as it has not witnessed for years. To me, Mr. President, that is far more important than what can be done for the one-crop farmers of the country, particularly when we remember that the bill is seeking to do for other farmers the greatest sort of injustice.

I have spoken here for the dairy farmer. The bill as it is now written imposes upon him and upon the one-family farm exactly the same restrictions and penalties that will be imposed upon the one-crop farmer, while the latter gains great monetary benefit by the enactment of the bill into law.

Why should we seek here, Mr. President, to impose burdens upon those who can in no way whatever benefit by the terms of the bill? They will suffer all the penalties of the bill without any possibility of advantage. It is unfair, it is unjust, and I hope the Senate in its wisdom may see fit to do something more for the dairy and one-family farmers so they may escape these penalties.

In the meantime I should not be true to my conscience or true to my conception of my oath or true to the needs of my country if I did not call attention, whether that call is agreeable or otherwise, to what I regard as a serious menace to the welfare of America. Why place over the American people continued restrictions and disabilities when by the exercise of common sense in another field we might create a situation which would bring on recovery? That is a matter of importance far greater to the one-crop farmer who is to be benefited by the bill and would give him more benefits than he may receive from the Treasury of the United States by the application of the provisions of the bill which we are now considering.

Mr. LEE. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LEE. Is it in order for me to offer at this time a substitute for the cotton title?

The PRESIDENT pro tempore. When the committee amendments to the cotton title are disposed of the Senator may offer an amendment to the entire cotton title in the nature of a substitute. It will not be in order, however, until the committee amendments to that title are completed.

Mr. LEE. Then am I to understand that it would not require a motion to reconsider in order that I might offer a substitute after the committee amendments to the cotton title have been agreed to?

The PRESIDENT pro tempore. It would not require such a motion.

Mr. LEE. Mr. President, I have never been one to object to something proposed unless I could offer something else that I at least thought was better. No Member of this body is going to be able to say, if he votes for the committee bill, that he did not have anything else for which he could vote.

I intend to offer a substitute for the cotton title at the proper time. The committee bill as it stands, according to the admission of its proponents, will give no help to the cotton farmer this year, or next year, and very little is promised for the next year.

Mr. BANKHEAD. Mr. President, I do not know whether the Senator includes me in that or not, but I certainly made no such assertion.

Mr. LEE. I understood the Senator from Alabama to say on the floor of the Senate twice that he could not promise much help under this bill next year.

Mr. BANKHEAD. I should like to have the Senator find that language.

Mr. LEE. If I misunderstood the Senator, I shall be glad to be corrected.

Mr. BANKHEAD. I will tell the Senator what I do think about next year. I think that unless this bill shall be enacted, or the principles contained in the bill shall be put on the statute books, we will have the worst condition in the South we have had in many long years. That is what I think about next year.

Mr. LEE. Does the Senator think his bill will give the farmer any more for his cotton next year?

Mr. BANKHEAD. Of course I think so, and I argued it here by the hour. How the Senator has drawn that construction from what I have said it is impossible for me to understand.

Mr. LEE. At the proper time I will present the Senator's own statement, after I have had time to look it up in the RECORD. If I have misunderstood him, it was, of course, unintentional.

In my opinion the bill offered will not be worth any more to a farmer next year than a glass eye to an old maid at a keyhole. [Laughter.] I do not see how it will raise the price, when we have on hand such a tremendous surplus, and I think it will put us in the position of not having any more chance at the foreign trade than a one-legged man at a pants kicking. [Laughter.] If that reduction is put on us, away goes our foreign trade. So I propose to offer a substitute.

Mr. President, I know farming. I live in the little town of Norman, Okla., where two State institutions are located—the State university and the State asylum for the insane. The difference between the two is this: It is absolutely necessary to show some mental improvement in order to get out of the asylum. [Laughter.]

I got out of the university in 1917, but I at least learned something from the other institution. When farmers were breaking their backs picking cotton at 4½ cents a pound, a farmer started home, and his road led past the asylum for the insane, around the grounds of which is a woven wire fence. There are beautiful flowers and shrubs, on a well-kept lawn, croquet yards, and things of that sort, and the inmates are allowed to roam about at will.

The farmer to whom I have referred pulled his car up beside the woven wire fence to do some work on the car. One of the inmates walked up to the fence and began to engage the farmer in conversation. He said, "You live here?"

The farmer said, "No; I live down the road a couple of miles."

"What do you do?"

"Oh, I am a farmer over here."

"Were you ever crazy?"

The farmer replied, "No; I never was."

The inmate said, "It beats farming." [Laughter.]

When a man is trying to raise cotton without aid from the Government to equalize the injustice brought about by the tariff, I can fully sympathize with that statement.

The substitute I intend to offer I wish to explain as briefly and as clearly as possible. It is based on the domestic allotment plan, of allotting to each farmer his fair share of the American market. It provides that the Secretary of Agriculture shall issue to each farmer tags for his part of the cotton, which will be used for domestic consumption.

This plan does not contemplate any appropriation from the Treasury. The plan is based upon a pegged price, which I will explain. That price is 20 cents a pound, a 20-cent bottom for cotton. It is provided that the farmer can either get a loan from the Commodity Credit Corporation at parity, if parity is above 20 cents, or at 20 cents a pound for cotton seven-eights of an inch in length, middling grade.

The loan method of pegging the price has been used before, so that is not unusual. The cotton that is tagged is the amount that is meant for domestic use, and it shall be unlawful for any processor to process cotton that is not tagged, except for export trade. In that case he may process untagged cotton if he can satisfy the Secretary that he exports that amount. That, in brief, is the plan.

So far as the cotton surplus now on hand is concerned, the plan provides that those who already have it shall have one-fourth of the domestic market allotted to them next year, and one-fourth the next year. It means that over a period of 2 years there will be a chance of at least half the cotton on hand being sold in the domestic market.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. LEE. I yield briefly.

Mr. SCHWELLENBACH. In view of the fact that the Senator is intending to propose this amendment as a substitute for the cotton title, is it now the Senator's plan to eliminate wheat and corn from the printed substitute?

Mr. LEE. I intend to propose that as an amendment if the amendment in the nature of a substitute shall not be agreed to.

Mr. SCHWELLENBACH. If this is agreed to, will the Senator then abandon the substitute so far as wheat and corn are concerned?

Mr. LEE. I have not decided. This amendment would take care of a most acute situation at the present time. The cotton farmer is in a class by himself, so far as the emergency is concerned, and certainly we would be within our rights and doing our duty in giving special attention to his situation.

I fully sympathize with the members of the committee. I know them to be as sincere in their efforts as men can possibly be. I simply see the problem from a different angle, however. I want something that will help the farmer next year, something that will not strangle him.

The only argument that has been raised against the substitute I propose to offer later has been that it would take money out of the Treasury. This plan will not take money out of the Treasury; it will mean the use of the loan price pegging device in the case of cotton.

Some raised their eyebrows at 20-cents-a-pound cotton, but I adopted that figure after a consideration of all the figures to which I have had access. I quote in particular, Colonel Westbrook, formerly of the W. P. A., who is accustomed to figuring man-hour labor. His statement is that for every pound of cotton produced it takes 1 man-hour of labor, and exactly the number of cents a pound we allow for cotton is the number of cents we are allowing for an hour of labor. If cotton is 7½ cents per pound that means that the labor that produced cotton received 7½ cents per hour, and if cotton is pegged at 20 cents per pound that means that the labor that produced it receives 20 cents per pound.

In our provision for hourly wages under the wage-hour bill, we have fixed a minimum of 40 cents an hour, and we pay the relief labor 40 cents an hour, then surely we are not being extravagant when we peg the price of labor for those who bend their backs in the cottonfields and pick the cotton, the most drudgerylike farming there is—we are not beyond reason when we allow them 20 cents an hour for that labor.

Some argue that this proposal would encourage an unlimited production. I argue that it will not. Let me show how it will work. The farmer will be allotted his fair share of the home market, let us say 10 bales. I have provided a 10-bale ceiling, which is graduated above that in a fair ratio. So that each family will have a chance. The ceiling will be 10 bales, and graduated above that as follows: The next 4 bales would be reduced 25 percent, the next 4 bales reduced 50 percent, and all above that reduced 25 percent.

But let us say that a farmer's allotment is 10 bales. He will know that for the 10 bales he will receive at least 20 cents a pound.

The other day I made that statement on the floor of the Senate that under this plan the farmer will be confronted with producing part of his crop at a profit, the part allotted to him for domestic use; and part at a loss, the part he produces above his allotment, which must be sold abroad, and the junior Senate from Texas [Mr. CONNALLY] asked, "Why raise part of it at a profit and the other part at a loss?" Exactly! I thank the Senator for that contribution. Is not that the same question the farmer will ask himself—Why raise this other at a loss? Will not that be the effect of causing him to curtail his production? He will plant just enough to allow for a lean year, a bad year, so that he can get his full allotment, and thus this plan will not result in unlimited production, but will result in an automatic voluntary limitation on the part of the farmer.

The proposal I intend to submit will also allow him to carry over as many bales from last year, for which he has no allotment, and allow him to use it for the allotment of next year. So that if there is a condition, as we have had in Oklahoma, where the boll weevil ate up everything but the mortgage, the farmer can take the stored cotton and use it for his allotment next year, and in that way there will be an ever-normal supply of cotton, without all the procedure provided in the committee bill.

Mr. President, that will mean that the farmer will say, "The more I put in the more it lowers my average." Would not the farmer say that? Will he not say, "I dare not plow up the face of the earth and raise an unlimited amount, because it will lower my income"?

The farmer has never had a chance to choose as between profitable cotton and unprofitable cotton. He has had only unprofitable cotton, at 4½ or 5 cents a pound, at the worst. He said, "I have a fixed obligation in the way of taxes, I have a fixed obligation in the way of interest. It will take so many bales of cotton to meet those obligations." So he expanded, by force of sheer necessity, whereas under my proposal it will not be necessary for him to increase his production in order to make up for its decreased value, but he will receive a fair price for enough that he will not be forced to so increase his crop.

Mr. President, the greatest law of life is the law of self-preservation. The farmer is not going to dissipate the income he gets for his profitable cotton and use it to produce unprofitable cotton. But he will plant only enough to allow a margin of production sufficient to insure him his full quota of allotment.

I should like to have the Senator from New York give me his attention. He has been doing his best, along with the Senator from Wisconsin and other Senators to protect the dairy farmer from competition that will result from the diverted acres as provided in the committee bill, and every time he turns around he runs into a new obstacle.

Senators cannot predict what will be done or what will not be done with the acres diverted from production of these crops it is proposed to reduce. If the cotton is swept from the fertile acres of Dixie, the farmers will raise other commodities. The Senators who represent States that produce other commodities have a stake in this game. Sweep cotton off the fertile black lands of Texas, and with the sunshine of Dixie, and a little or no frost, the farmers there can produce anything, and they will produce other commodities. If a program to curtail the production is put into effect, of course those diverted acres will be planted to other things. They can raid the dairy markets, they can raid the fruit markets, and what market will they not raid if cotton is swept from those acres?

The PRESIDENT pro tempore. The Senator's time on the amendment has expired.

Mr. LEE. I will take my time on the bill.

I now come to the question of foreign trade. What chance have we to trade with the world? Can we sell our commodities on the world market if we raise cotton to 16½ cents a pound? If the plan of Senators who are proposing the committee bill would work out smoothly, which I doubt very seriously, and they could raise cotton to 16½ cents a pound today, what would happen to the over 5,000,000 bales of cotton we export? Do Senators think we could sell those 5,000,000 bales in competition with 6½-cent cotton from the Orient, from Egypt, from Africa, and from India? Do they think we could compete with cotton from those areas if we raised the price of American cotton?

I agree with Senators who say that people prefer American cotton because of its quality; but they will not prefer it to the tune of 9 cents a pound difference. We like American goods; we can swell out our chests with a certain national egotism and say that American cotton is so good that no matter what price we fix, people will buy it. But how can the Senators answer the figures which show that from 1934 to 1937 the decline in our foreign trade has been over 2,000,000 bales, at the same time the world consumption has increased 5,000,000 bales? Will Senators argue that off?

Let me ask Senators something else. How are we accounting for the fact that for the year of 1936–37 the importation of cotton into the United States increased more than 100 percent over the year 1934–35? The exact figures being 116,000 bales imported in 1934–35 and 266,000 bales imported in 1936–37. It is said that is only a small amount. But it was an increase of more than 100 percent over the year before—266,000 bales. If the bill under consideration goes into effect, in a short time we shall be coming in here asking for a tariff to protect the American growers from the importation of cotton.

I desire to read some telegrams. I have several telegrams from Texas—Texas which produces about one-fourth of the cotton of the United States. I read:

> Present indications point to an increased demand for State registered cottonseed for foreign shipment during the current season.

I read another telegram:

> Expect ship about 25 percent my certified seed on foreign orders this season regards.

I read a telegram from another certified seed company——

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. CONNALLY. Who sent the telegrams the Senator read?

Mr. LEE. One was from A. D. Medbane Cotton Seed Co.; the other from John D. Rogers. In the latter case it does not say what company. The next one is signed by R. V. Miller, secretary, State seed and plant board:

> State registered certified cottonseed shipments to foreign countries during period 1927–1935, inclusive, 83,000 bushels. Total seed produced during this period amounted to 5,000,000 bushels. In 1936, 89,000 bushels exported, approximately 34 percent of amount produced that season. Present foreign inquiries brisk, and indications are for heavier shipments this season.

One from W. W. Bagley & Sons, State registered cotton breeders:

> For past two seasons demand for our Bagley State registered cotton planting seed has been increasing in foreign countries. Past season 42 percent of our entire output was exported. Present indications are all export larger percentage this season.

Here is one from Ferris Watson & Sons:

> Fifteen percent of our pedigreed cottonseed last season went to foreign countries. Percent indications are that our foreign demand this season will be more than double. We strongly favor the domestic allotment plan for cotton program as sponsored by Congressman Page, of Waco.

Much of that same plan is involved in the substitute I am offering.

I have a telegram from the bookkeeper of the Texas Department of Agriculture:

> One Texas certified seed grower has received order from Italian Government for shipment of 33,000 bushels cottonseed to Ethiopia. In addition, 10 metric tons of other varieties to be shipped. At least one-third Texas certified seed sold to foreign countries. Thought you might want this information.

That amount, according to the commissioner of agriculture of the State of Texas, Mr. McDonald, will plant 100,000 acres of cotton.

Last year, or whenever it was that we made the cut, we cut 12,000,000 acres off of American production and the world

production increased 15,000,000 acres. How are we going to hold our market in the face of these cold-blooded facts? How can we sell our commodities unless we contemplate in legislation here a two-price system or some other sort of device that involves guaranteeing the farmer his share of the home market at a fair price and then let the surplus seek its level in the world market? It is not material to me whose plan it is or how it is arranged. Our standard of living in America is higher than that of other competing countries, and unless we give our farmers some kind of advantage in the home market we are forcing them to compete with pauper labor, making them come in competition with the Hottentots, with the coolies, Hindus, and all of those lowest types of labor. We cannot compete with that kind of labor unless we give our farmers the American market at a profitable price for his commodities. But if we give the American farmer the economic advantage of a fair price on what we wear in this country, he can whip the stuffings out of those foreign markets in his competition because of that economic advantage, and he will go in and do it. We could sell our surplus today, we could have sold it yesterday, if we put the price down to the point where the world will buy, but we cannot do that and sell it to the advantage of the American farmer today, because that would also lower the price he gets for what we use in this country.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. LEE. I yield briefly, if the Senator pleases, because my time is limited.

Mr. REYNOLDS. North Carolina produces more cotton per acre than any other State in the Union. I know that Texas produces one-fourth of America's cotton. I am naturally very much interested in what the Senator is saying. I should like for him to tell us how we in the United States, producing 18,000,000 bales of cotton and more, as we have done this year, and the world outside of the United States having produced in excess of 20,000,000 bales of cotton this year—how we are going to compete with the other cotton-producing countries of the world, particularly Russia, China, India, Egypt, and above all Brazil, where they can produce cotton at 5 cents a pound and be satisfied with the profit? That is the thing in which I am vitally interested now. I make that inquiry, I will say to the Senator from Oklahoma, for the reason that I believe the day is not far distant when we in the United States are going to have to cease to raise cotton if we depend upon foreign markets for the consumption of our products.

Mr. LEE. The Senator is exactly right. That is why I say that the American farmer should not have to depend on the world price; and that is what the committee bill before us provides, that he must depend on the world price. That we must cut American production enough to raise the whole world price. We must make the sacrifice in America large enough to raise the whole world price level to give the farmer a fair price is the principle upon which the committee bill is based. Unless we contemplate a two-price system we cannot buck foreign competition, and we are faced with the situation of building a Chinese wall around America and producing for America only. I am not willing to do that. I am not willing to teach other countries to farm on a great scale; I am not willing to furnish them certified seed and power machinery and then bow out of the picture, and give them the world market. If our farmers want the liberty of competing with them I am willing to give the American farmers that liberty by taking off the halter and letting them produce as much cotton as they want. It is their backache if they want to do it; why not allow them that privilege. Let them produce a margin over the amount used in this country, if they desire, and that will give them an exportable surplus for foreign trade, but let them get an economic advantage by giving them a decent price on what we wear in this country—that is what I am arguing for—and giving them the liberty of producing what they want.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. SCHWELLENBACH. The Senator said that his substitute will not cause the expenditure of any money from the Treasury, and he has said that it would peg the price. Will the Senator explain in detail the mechanism that we would use in pegging the price?

Mr. LEE. Yes; by a loan from the Commodity Credit Corporation to the farmer at not less than 20 cents a pound. What does that mean? That means that the manufacturer would know that the amount we are using in this country is all that the loan is made on, and that all of that amount would be used. He knows that he has to go to the Commodity Credit Corporation and buy that cotton if the farmer has gotten a loan on it, but he knows that when the Commodity Credit Corporation buys it there will be the interest charges, carrying charges, warehouse charges, and other charges added onto it. So he will go on the market and buy directly from the farmer. Therefore it will be necessary to make very few loans, and they will be repaid, because the manufacturer cannot use any cotton that is not tagged for domestic use and since all that is tagged will be needed for domestic use the Commodity Credit Corporation will be sure to sell all it lends on. Thus there will be no cost to be paid from the Treasury; that is the answer.

Now, as to unemployment. We flinched here when I proposed this other bill. I am going to propose it. If this does not stick, I may propose it anyhow. We flinched at the idea of voting $500,000,000 additional, or whatever it would take additional to pay the farmer a decent price on what we use in this country, because we say it is raiding the Treasury, and propaganda is being put out that "the JOSH LEE's bill will cost too much. He is raiding the Treasury. It will cost too much money." We flinched at that. Yet last year we voted one and one-half billion dollars for relief. The year before that we voted $4,800,000,000 for relief, and yet we are sponsoring a program here under the present committee bill that will take men away from work and will put them on relief.

Mr. President, I wish to give an example. I used it before, but I will use it again. I have the name of the man in question and can submit it if desired. The man is on the pay roll helping to administer the soil-conservation program. He had a black-land farm in Texas, as rich land as lies out of doors. He had 34 tenants. When he saw the opportunity to get the payments on that land under soil conservation he turned those tenants off the land. His land is lying out there idle. Being a big corporation farmer he finds that he is getting more clean-cut cash by taking that land out of cultivation than he was getting the other way. Those 34 tenants are on the march. They are on relief. And we are paying them 40 cents an hour, those that are on relief, instead of the 20 cents an hour that would be provided under 20-cent cotton.

There are 3,000,000 people employed in the handling, the transporting, the ginning, and compressing of cotton, after it leaves the farmer, before it gets to the mill. And thus with the curtailed production, many of them will lose their jobs. How many of the tenants of the South will be turning to relief? We will have to come back here and we will have to pass legislation appropriating money to take care of them. I do not doubt at all, knowing cotton as I do, that the figures of Colonel Westbrook are correct. For every pound of cotton we are cutting off we will have to pay for a man-hour of labor somewhere in relief. Which would you prefer to do? Give them a decent price for the cotton they raise, or appropriate for outright relief, which all of us agree is undesirable?

Mr. President, the program I am sponsoring is of real benefit to the farmer and of real aid to the farmer. It gives him something. The bill I propose will give him aid. The committee bill will give him a law, an empty sack, an empty purse, and an empty stomach. My program will give him aid. It will give him absolute money in his hands. It will increase his gross income. Even from that which he sells, which is not allotted to him, there will be a certain income, which added to what he receives for his allotted quota will increase his gross income just that much. Every time

we sell a bale of cotton to a foreign country we, as a nation, are just that much wealthier. If it brings only $25 we are $25 wealthier in the United States than we were before we sold it. That is the way you create wealth—by selling to somebody else. You get the price and they get the cotton which is the source of embarrassment to us, because it is surplus, and they take it away.

Mr. President, my program is a real aid to the little farmer. I provide a graduated payment. I wonder if Senators desire to continue payments to the big men, to the big corporation farmers, such as we paid under Triple A—such as we are paying now under the soil-conservation program.

Let me read just a few of the payments that we made under the A. A. A. program. Here are some payments to Louisiana corporations—$59,689.34, another $171,084.06, another was for $121,879.49, another was for $46,148.70, and so on down two typewritten pages of such payments. Then another typewritten page to California companies, still another to Puerto Rico—the largest single payment was to one Puerto Rico company, it was for $961,064; then there were unbelievable payments on rice, wheat, tobacco, cotton, and corn, and hog contracts to big corporation farms.

But what is more to the point we are still making these big payments under the soil-conservation program. Let me read you just a few. Here is one to the Delta Pine & Land Co., of Mississippi, for $60,388.06; another, the Arizona Citrus Land Co., of Arizona, for $47,682.47; and another to the United States Sugar Corporation, of Florida, for $80,821.92; and a whole string of them to life-insurance companies. Here are five to Equitable Life Assurance Society totaling $53,976.80. I have two typewritten pages of such payments all above $10,000. I gave the largest ones, but we are making those payments now under our soil-conservation program and the committee bill will continue them. Do Senators want to keep on paying out this money to the big corporations in large payments such as I have been reading?

Mr. President, when I offered a provision for graduated payments as an amendment to the bill, it was said we cannot graduate payments. Why? Because the big corporation farmer is the one that is upsetting the market, and if we do not get him in by paying this big bounty, these tremendous payments, he will plant all of his acres and upset the balance again. He will produce so much he will flood the market. Therefore we must kowtow to him.

His margin of profit is greater than the margin of profit of the little fellow. Therefore, under this plan, unless you graduate the allotment to him, he is the one that is going to profit the most, until he puts the little farmers out of business. You are going to bankrupt the man who farms for his family, the man who farms with his family, the man who feeds his family from his farm, the man who educates his family on a little farm. You are putting him out of the picture.

My bill will give the little farmer a chance. It will give him a Chinaman's chance at least. Because it graduates the allotments to the big corporation farmer, the committee bill increases the advantage to the corporation farmer. It does not curtail the production of the corporation farmer. It does not scale that production down.

Mr. President, the resolution adopted by Congress before we adjourned last year said that any farm bill which we pass ought to graduate the payments to the big farmer. But you cannot do it under the committee bill, at least so we are told, because its purpose is acreage reduction. I really wonder if the main purpose is to help the farmer or if that has not become the secondary purpose. I wonder if the proponents of the bill have not swung around from the purpose of helping the farmer to the purpose of acreage reduction. Some cannot seem to see that acreage reduction should be only a means to the end, and not the end itself.

So this bill provides an exemption to the little farmer that will be helpful to him. Yesterday I heard the debate on the amendment of the Senator from Mississippi [Mr. BILBO] to help the little farmer. He is just as sincere as I am. He is going to give a 5-acre exemption for the little fellow. Well, anybody knows that on 5 acres of irrigated land you can raise 16 bales of cotton, and we have cotton on upland in the arid parts of the country that is considered to have a pretty good crop when it produces 1 bale on 5 acres; and then you have Bryan's ratio of 16 to 1. I ask you is that a just yardstick? Is that a just exemption? Is it a correct exemption? On this subject my bill provides that all figures are in terms of units, pounds, and bushels—something exact, something just—whereas the other proposal is based on the variable yardstick of acres, which differs with every farm and with every locality, and is not a fair one; and it is difficult to express it in any other way in the committee bill in order to help the little farmer.

Then I come to the subject of independence. In my honest opinion, the bill before the Senate today will cause more strife, will foment more trouble in every community than the Ku Klux Klan ever dared to foment. One man's hand will be raised against his brother. I have a letter from Major County in Oklahoma in which the writer says that when the farmers met in a county-wide meeting the county agent would not let those vote who were not in favor of reduction; so over half of them walked out in indignation, the letter said. I want to tell you that we shall be splitting communities wide open with all the schisms and all the hatreds known if we try to enforce the drastic control measures provided in the committee bill. Did not a man in your hearings at Memphis—if not, it was soon afterward, as I read in the papers—say in the fervor of his speech: "We will make them cut their production. We will get out the old night riders again." That means farmers' crops will be destroyed. That means farmers' barns will be burned. That means bloodshed.

Are you going into a program that will encourage lifting one man's hand against his brother and creating strife within communities?

I say the program I am sponsoring will restore to the farmer his independence. He is the last individualist left. The merchant kowtows to different factions; the professional man tries to please every side; but the farmer stands on his two legs and looks the world in the face, and if you protect him he will tell them to go to a place that is hotter than this one. There is an independence, there is a spirit of independence that I believe is worth preserving in America.

Thomas Jefferson said—I wish he had said it louder, but he said:

> It is not by the concentration of powers that good government is attained, but by their dissemination.
> If we are told from Washington—

He said—

> when to sow and when to reap, we shall soon want bread.

Did the founder of the Democratic faith look down through the years and see this very situation? He could not have drawn a better picture of it if he had done so. If we are told from Washington when to sow and when to reap, we shall soon want bread.

Senators, I ask you, in the name of a degraded people—degraded because of economic conditions—in the name of the cotton farmer who is on his knees, literally and economically, to give consideration to a bill of the kind I have introduced. It will not raid the Treasury. It will give the farmer a chance, the first decent chance he has had since the tariff was put on this country. I am asking you for a program that will work automatically to redistribute the wealth of America, that will rake money off the mountain tops of wealth in America and hurl it back into the valleys of despair in the cotton States. I am asking for a program that will not give us a nation with a few people who are very rich. I have a statement here from the Federal Trade Commission saying that five and a fraction percent of the people of the United States today own over 54 percent of the wealth of this country, and the income is just as poorly distributed as the wealth.

I am asking for a program that will level up the valleys of despair, and give us a greater prosperity, not with many people very poor and a few very rich, but with many people neither poor nor rich, a great plateau of prosperity where

the herdsman's call can be heard as well as the turmoil of the stock exchange; where we can hear the whistle of the plowboy as well as the hum of the factory wheel. Then Stalin and Hitler and all the rest who have sneered at democracy will know that this Government still stands and the Constitution is still supreme, the haven of refuge for the depressed.

I submit my amendment in the nature of a substitute for title III, and ask to have it printed and lie on the table.

The PRESIDENT pro tempore. That order will be made.

Mr. BANKHEAD. Mr. President, I desire to make a parliamentary inquiry with reference to the ruling announced in response to a parliamentary inquiry propounded by the Senator from Oklahoma.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BANKHEAD. There are a number of sections of the bill that are not immediately in the cotton title, but apply entirely to the cotton title. They are definitions upon which some of the provisions of the cotton title depend for proper understanding and for application. I wish to inquire whether all of those provisions relating directly to cotton would have to be disposed of before a substitute would be in order, or whether they would be in order simply as amendments to this title, which, if a substitute were adopted, would still leave in the bill a number of sections relating only to cotton?

Does the Chair understand the question?

Mr. McNARY. Mr. President, I inquire what this discussion is about.

The PRESIDENT pro tempore. The Senator from Alabama has been trying to propound a parliamentary inquiry. There are so many conferences going on in the Chamber that it is difficult for the Chair even to hear the Senator from Alabama.

The Chair understands the inquiry to be whether or not all amendments to the cotton schedule, or all proposed perfecting amendments, must be disposed of before a substitute will be in order. Is that correct?

Mr. BANKHEAD. That is what I wish to find out; yes. That is my inquiry—no; not all amendments.

The PRESIDENT pro tempore. We are dealing now with particular amendments to the cotton schedule.

Mr. BANKHEAD. Yes.

The PRESIDENT pro tempore. The cotton schedule may be perfected by amendments before a substitute is offered. After that particular title is perfected, an amendment in the nature of a substitute for that title will be in order, and, except by unanimous consent, amendments to other portions of the bill will not be in order.

Mr. BANKHEAD. I simply wanted to get a ruling of the Chair so that we will know the situation. I do not care in which way it is done.

Mr. BARKLEY. Mr. President, may I make a further parliamentary inquiry?

The PRESIDENT pro tempore. The Senator from Kentucky will state his parliamentary inquiry.

Mr. BARKLEY. I understood that when we met today, the question came up whether the Senate would first consider amendments to the cotton title which went over from yesterday. By unanimous consent those amendments again went over, and the clerk began to read the title with respect to tobacco; and the Senator from Louisiana [Mr. ELLENDER] offered an amendment to the title of the tobacco section. Therefore, it seems to me we are not now considering the cotton schedule.

The PRESIDENT pro tempore. The Senator from Kentucky is correct. The Chair was only answering a parliamentary inquiry with regard to the cotton schedule. The amendment of the Senator from Louisiana, to amend the title, is in order.

Mr. McKELLAR. Mr. President, there is no question about paragraphs (b) and (c) on pages 34 and 35 having been passed over again, as I understood, at the request of the Senator from Arizona [Mr. HAYDEN].

The PRESIDENT pro tempore. They have still been passed over. They have not been taken up.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the amendment of the committee.

Mr. McNARY. I ask to have the amendment stated from the desk.

The PRESIDENT pro tempore. The clerk will state the amendment offered by the Senator from Louisiana.

The LEGISLATIVE CLERK. On page 40, line 12, Mr. ELLENDER proposes to strike out the word "Tobacco", being the title, and in lieu thereof to insert:

Title IV—Marketing Quotas for Tobacco.

Mr. ELLENDER. I may state that the purpose of this amendment is simply to give a title number to the tobacco section, and to add to that title number the words "Marketing Quotas for Tobacco."

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Louisiana to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment reported by the committee.

The LEGISLATIVE CLERK. The next amendment is on the same page, line 13, to insert:

National marketing quota.

The amendment was agreed to.

The LEGISLATIVE CLERK. On the same page, beginning with line 14, it is proposed to insert:

SEC. 40. (a) The marketing of tobacco constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Tobacco produced for market is sold on a Nation-wide market and, with its products, moves almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes and are widely scattered throughout the Nation; in many cases such farmers carry on their farming operations on borrowed money or leased lands and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government protection and sanction. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the price for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of tobacco exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

Mr. McNARY. Mr. President, in the interest of expedition I think it would be well for the Senator in charge of the section referring to tobacco to make a statement regarding these provisions, what they are intended to accomplish, and how they will operate. I understood yesterday that no bill proposing agricultural legislation was taken to the South. This part of the bill is a development of a few days' study on the part of the subcommittee, and I should like to hear it discussed by someone capable of explaining it. I have in mind the able Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER obtained the floor.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield to the Senator from Maryland.

Mr. TYDINGS. In order that the Senator from Louisiana may also cover the subject raised by the Senator from Oregon, I desire to ask him if he knows whether or not the tobacco farmers of my State were contacted with reference to this matter, and whether all tobacco grown is in the

bill, or what parts of the country or what kinds of tobacco are not in the bill?

Mr. ELLENDER. Mr. President, directly answering the question of the Senator from Maryland, I may state that the committee held hearings at Winston-Salem; and I believe that was the nearest place to Maryland where we held hearings. As I recall, there were a number of witnesses present from Maryland. If the Senator will refer to page 70 of the bill he will note, under the definition of tobacco, the various kinds of tobacco that are affected by the bill; and each kind of tobacco as described on page 70 is treated separately for the purpose of establishing quotas.

Mr. TYDINGS. I may say to the Senator from Louisiana that I read that section this morning; and I note that Maryland tobacco is defined in the bill, along with other tobaccos. It so happens that Maryland tobacco is mentioned by name, while the other tobaccos are mentioned not by the name of the State but by the classification to which the tobacco is assigned. Therefore I was led to ask the Senator whether all of the tobacco grown in Maryland is included, or whether only a part of the tobacco grown in Maryland is included.

Mr. ELLENDER. Some tobacco is left out, whether produced in Maryland or not I cannot answer at this time.

Mr. TYDINGS. What tobacco?

Mr. ELLENDER. For instance, we grow a peculiar kind of tobacco in Louisiana known as perique. That is left out of the bill because suitable land is not available in Louisiana to grow enough of that tobacco to supply the demand for it.

Mr. TYDINGS. What other tobaccos are left out?

Mr. ELLENDER. I cannot give the Senator the description of every kind of tobacco; but the Department placed in the bill such tobaccos as are at times produced in excess of home consumption and export needs.

I may further state to the Senator from Maryland that tobacco, as I said, is defined under types; and it may be that when a marketing quota is fixed, the quota may be fixed covering only one type, and no quota fixed for the other types.

Mr. TYDINGS. The Senator will see the purpose of my question. First of all, the only Maryland tobacco is what is called type 32 Maryland tobacco. My question was, Did the representatives of the Maryland tobacco growers ask that type 32 be included, all the tobacco included, or other types eliminated? Certainly we ought to have testimony on that subject, because I have no way of knowing why this particular type was included and the other types left out.

I am simply seeking information.

Mr. ELLENDER. My information from the Department is that this bill was prepared in collaboration with representatives from various tobacco States, and an understanding was reached as to which types of tobacco would be eliminated and which would be included; and my information is that all tobaccos that were produced in excess of home consumption and export needs were included in the bill. There are some types of which there is very little produced, and consequently they were left out of the bill. I further understand that few types were excluded from the bill.

Mr. TYDINGS. Mr. President, if the Senator will yield further I shall conclude by saying that I understand that his impression of the bill is that as presented it represents the thought of the tobacco growers of Maryland, and insofar as he knows there have been no tobacco growers from Maryland who have objected either to the inclusion of this particular kind of tobacco or the exclusion of other kinds of tobacco.

Mr. ELLENDER. That is my information.

Mr. TYDINGS. I would be grateful if the Senator would confer with those in contact with the Agricultural Department who are here on the floor, and check that statement to make sure it is accurate.

Mr. ELLENDER. That is my information and I will be glad to confirm it.

Mr. POPE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. POPE. At the hearings before the subcommittee in New York a number of witnesses appeared from the Connecticut Valley. They testified that they were operating very satisfactorily under a marketing agreement for tobacco grown in that valley. They simply expressed their appreciation for their condition under the marketing agreement. They were entirely satisfied with it and my understanding was they did not desire to be included in the bill.

Is it the understanding of the Senator from Louisiana that that No. 61, a cigar-wrapper type of tobacco, is grown in the Connecticut Valley?

Mr. TYDINGS. That is correct.

Mr. ELLENDER. That is correct.

Mr. POPE. Then No. 61 is not included in the bill?

Mr. ELLENDER. That is correct.

Mr. POPE. I understand also there is a No. 62 and a No. 70 not included in the bill.

Mr. ELLENDER. That is correct.

Mr. POPE. Those are the tobaccos to which the Senator has referred in his statement?

Mr. ELLENDER. That is correct.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. ELLENDER. I yield.

Mr. TYDINGS. I should like to point out that Maryland tobacco, unlike most other tobaccos, is an export tobacco. Many who have been in France have often seen cigarettes with the word "Maryland" printed on the side. For a long time the French Government used to buy our entire crop, which is of such a nature that it keeps a cigarette lighted after once lit, which is not true of other cigarette tobaccos. Without the Maryland tobacco in their cigarettes, the cigarettes will not hold their fire, and will go out. It is a peculiar kind of tobacco for cigarette domestic purposes and also for export purposes.

Not being as familiar with all the applications as perhaps are the experts, my question was why one kind was inserted and the other kind eliminated, why Maryland tobacco was indicated by name while other tobaccos were not identified in that way. I am afraid, because we have only six counties in my State raising tobacco, that someone has not given it the consideration in the general plan which it warrants. I know the Senator is in touch with the authors of the bill and I ask him if he will not try to ascertain that information so I may know exactly what the circumstances are.

Mr. ELLENDER. I shall gladly do that and have it placed in the RECORD, not later than Friday.

Mr. President, on the 30th of November I took the floor and explained to the best of my ability the provisions of the tobacco title. I am wondering if the Senator from Oregon [Mr. MCNARY] desires that I go through an explanation of the entire tobacco section again, or did he have reference to the amendments which I intend to propose?

Mr. MCNARY. All the references to the tobacco section have been in the nature of amendments. I thought the Senator could give an airplane view of the purposes intended to be covered by the tobacco title.

Mr. ELLENDER. Under the terms of the bill the Secretary of Agriculture fixes the national quota on or before November 15 of each year. That quota as fixed is submitted to the tobacco growers by referendum. If more than one-third of the tobacco producers participating in the referendum vote against the plan, the quota does not go into effect. But if more than two-thirds vote for the quota, then of course it goes into effect. When the quota becomes effective, it is apportioned to the States on the basis of the following: The average production in the 5 years immediately preceding the year when the quota becomes effective, plus the normal production on acreage diverted under A. A. A. programs, with adjustments to correct for small farms, for abnormal conditions affecting production such as weather or plant diseases, and for trends in production during the 5-year period.

After the quota is fixed for the various States, it is then distributed through local committees in the counties. Each farm is allotted so many pounds, as is provided in the

formula contained on page 44. I shall have some amendments to that particular section relating to the allotments to farms, and in connection with the amendments perhaps I shall go more into detail as to the amount that will be allotted to each farm.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Tennessee?

Mr. ELLENDER. I yield.

Mr. McKELLAR. In States like Tennessee, where only certain counties produce tobacco, how is it to be allotted?

Mr. ELLENDER. Only to farms that produce tobacco.

Mr. McKELLAR. To those that produce it now?

Mr. ELLENDER. Yes.

Mr. McKELLAR. Is there any provision made for new growers?

Mr. ELLENDER. Yes; 3 percent of the national quota is set aside for new growers. I shall explain that later. There is an amendment to that particular section raising the percentage of the national quota from 3 to 5 percent for new growers, and another amendment by the Senator from Florida [Mr. PEPPER] changing a new grower from one who has not grown tobacco within the past 10 years to one who has not grown it in the past 5 years. In other words, one who has not grown tobacco in the past 5 years will be recognized as a new grower.

Mr. McNARY. Mr. President——

Mr. ELLENDER. I yield to the Senator from Oregon.

Mr. McNARY. How many States are affected by the tobacco title?

Mr. ELLENDER. About 20.

Mr. McNARY. Can the Senator name them?

Mr. ELLENDER. With reference to flue-cured tobacco, there are the States of Virginia, North Carolina, South Carolina, Georgia, and Florida. There may be a small amount grown in other States, but those named are the principal flue-cured tobacco-producing States.

Fire-cured tobacco is grown in Virginia, Kentucky, and Tennessee, and possibly in small amounts in other States; but those mentioned are the main fire-cured tobacco-producing States.

The dark air-cured tobacco is produced in Tennessee, Kentucky, Indiana, and Virginia.

Burley tobacco is produced in Kentucky, Tennessee, North Carolina, Virginia, West Virginia, Ohio, Indiana, Missouri, Kansas, and Alabama.

Maryland tobacco is produced in Maryland, as the Senator from Maryland [Mr. TYDINGS] has just stated. That tobacco is referred to and designated as No. 32.

The cigar filler and binder types are grown in Massachusetts, Connecticut, Vermont, New York, Pennsylvania, Ohio, Wisconsin, Minnesota, Florida, and Puerto Rico.

On page 70 of the bill the word "tobacco" is defined to mean each of these various kinds of tobacco. The marketing quota can be put on any one or two or three kinds and the others remain out, depending on the amount of tobacco of each kind on hand.

After the allotments are made to the farms, as I have just indicated, and as I shall explain in further detail later, the farmer plants an acreage sufficient to produce the poundage allotted to his farm. Should he produce in excess of the poundage allotted he may do one of two things: He may sell that tobacco and pay a penalty of 50 percent of the market price, or 3 cents a pound in case of flue-cured, Maryland, or burley, and 2 cents a pound in the case of all other kinds or tobacco, whichever is the higher; or he may keep such tobacco on hand and sell it the next year. In taking such a step as the latter, he might have to curtail his production of tobacco for the following year.

Mr. McNARY. Under this provision of the bill is the tobacco producer required to sign an adjustment contract in order to obtain benefits?

Mr. ELLENDER. No; he is not. The reason for that is the same as in the case of the cotton farmer, for whenever a referendum is voted on favorably by the cotton growers, then it becomes compulsory for all cotton growers. In like manner, when a marketing quota is fixed by the Secretary and submitted to the tobacco growers and two-thirds of the farmers participating in the referendum vote for the marketing quota, then it becomes obligatory on all tobacco growers. In other words, it is a control program on a poundage basis, and one which I conceive to be on the same basis as that applying to cotton. Therefore, it was not believed necessary to have the tobacco growers sign a contract, because all tobacco growers would have to conform anyway.

Mr. McNARY. Mr. President, will the Senator yield again?

Mr. ELLENDER. I yield.

Mr. McNARY. Is the tobacco grower permitted to take advantage of the parity payments and the soil-conservation benefits and reserve loans without signing a contract?

Mr. ELLENDER. Yes.

Mr. McNARY. He would get all of those privileges without signing a contract?

Mr. ELLENDER. He would not get parity payments. All he would get under the bill would be soil-conservation payments. Reserve loans are authorized but are not mandatory. I am trying to explain to the Senator from Oregon why it is not necessary for the tobacco grower to enter into a contract. In the case of wheat and corn the program is entirely voluntary. Any marketing quotas on corn and wheat become effective after the commodities are produced and after a referendum is favorably voted upon. In the case of cotton and in the case of tobacco the marketing quotas are voted on before production and are made obligatory on all producers of those commodities if more than two-thirds of those engaged in the production of those commodities vote for the quota.

Mr. McNARY. I think we might well make this modification. As to wheat and corn, the adjustment contracts are required before the crop is harvested, and it takes 51 percent of the producers of wheat and corn to fasten those adjustment contracts on the producer. That is before even the planting season and far in advance of the day of harvest.

Mr. ELLENDER. But the bill does not contemplate, insofar as wheat and corn are concerned, preventing production, even after the marketing quota is established. The corn or wheat farmer, although he votes for a marketing quota affecting the wheat and corn on hand, is not prevented from producing the year following. The marketing quotas are voted on for tobacco before production and are obligatory on all producers.

Mr. McNARY. I do not want to take the Senator's time. He makes a distinction wholly without a difference. It is just as binding or more binding on the corn and wheat man because he signs a written contract, and if he does not sign that contract he is not entitled to the so-called benefits.

In my judgment there is no point in the distinction attempted to be drawn by the Senator. If contract is not required, the farmer does not get parity payments; you are not seeking parity payments.

Mr. ELLENDER. No; the tobacco section and the rice section deal with soil-conservation benefits.

Mr. McNARY. You deal with reserve loans and soil-conservation benefits?

Mr. ELLENDER. That is correct.

Mr. President, this about explains the main provisions in the tobacco section and I shall gladly explain in connection with the amendments, further details as to the allocations among the farmers.

Mr. VANDENBERG. Mr. President, in connection with each explanation of each section of the bill apparently the situation finally reverts to the referendum. I wish to make an appeal to the authors of the bill, while there is yet time to deal with the situation, that in the name of simple democracy, and ordinary, elemental, electoral honesty, there ought to be some provision in the bill defining the method of holding the referendum.

As nearly as I can discover, there is not a line in the bill which fixes the character of the referendum. It is to be entirely and exclusively in the control of the Secretary of

Agriculture. The referendum may be held in mass meetings. The mass meetings may be conveniently located or they may not. The referendum may be taken through a canvass by county agents. That may be fair or it may not be. I am about to read to the Senate a letter which I received this morning from an Iowa farmer indicating precisely how that phase of the situation may operate.

In any event the entire case against compulsion is rested upon a free referendum, but having thus fixed a referendum as the base of the freedom, the bill is completely silent in respect to defining the referendum that is to do what it is pretended will be done.

In the case of the referendum held in respect of cotton it appears to have been a rather representative referendum. I think the Senator from Alabama told me that something over 90 percent of the effective growers voted for the compulsion. But we know that in the case of the potato referendum less than 4 percent of the potato raisers of the country voted 100 percent of the potato raisers of the country into a compulsory system.

What I am trying to say is that it simply is not fair to leave the process of referendum wholly open to any vicissitude which may flow from secretarial regulation.

Let us see what happened in Iowa. I am about to read from a letter which comes unsolicited to me this morning from Webster City, Iowa. Let us see what happened in the last referendum in that section of Iowa. I may say parenthetically that, inasmuch as the bill is completely silent on the question of referenda, we are entitled to assume that the experience which we previously have undergone in this connection is the criterion. I read:

> Under the election held over the State that year we were not favorable to a continuation of the program and voted against it. The voting places were usually at a school in the center of each congressional township. The official for the township called at my office with a ballot asking me to vote for it, and he would take my ballot to the election to save my making a trip. I told him I was not favorable to the program, and my reasons. His question then was, "Do you want to vote me out of a job?" This was the appeal to the farmers, and these township members were active in their solicitation of votes not so much for the proposition as for themselves to be continued in office. I do not know how many people actually attended or, rather, went to the polling place to vote, but I was informed that more than half of the votes cast were brought there by the township representative.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. VANDENBERG. In just a moment. While it is rather inconceivable that the voting farmer would be moved by an appeal to save these Agricultural Department agents their jobs, I submit that it is utterly incongruous in a democracy that a man who has a job at stake in respect to a referendum should collect half the votes and cast them. I yield to the Senator from Kentucky.

Mr. BARKLEY. Did I understand the writer to say that this ballot dispenser came to his office and gave him the ballot?

Mr. VANDENBERG. Yes.

Mr. BARKLEY. Was his office on a farm or in town? Is he a lawyer or a doctor, just owning a farm out in the country? What does he say about that?

Mr. VANDENBERG. What difference does it make?

Mr. BARKLEY. If he does not live on a farm, but has a farm probably miles from town, and the man came around to his office to get his vote, I am wondering whether he really represented the other farmers who actually had a desire to vote. I am merely seeking information. The letter did state that the ballot was presented to him at his office, and the average farmer does not have an office.

Mr. VANDENBERG. He is the owner of a farm. I have no idea were his office is. He has voted in each referendum, and he is stating that half the votes cast were collected by a party in interest. What difference does it make where the letter comes from, inasmuch as he is a bona fide farmer, if the statement is true?

Mr. BARKLEY. I wonder whether this man knows that is true or not, unless he followed the man around to the different places where he took the other ballots and solicited that they be voted?

Mr. VANDENBERG. I do not know whether it is true or not, but he is innocent until he is proven guilty, under the general American system.

Mr. BARKLEY. I concede that, too; but in the tobacco section of my State, and in Tennessee, since they are closely allied in the production of tobacco, the same sort of a referendum was held, under the same law and the same regulations, and never at any time, prior to or during or after the holding of that referendum, did I receive any complaint at all from any tobacco grower as to the method of carrying on the referendum.

Mr. VANDENBERG. Let me ask the Senator a question, if I may. If this statement of facts is true, would the Senator not agree that that is not an appropriate method for obtaining the result of a referendum upon so fundamentally important an economic question as this?

Mr. BARKLEY. I would say that as a rule the referendum ought not to be sponsored by men whose jobs depend upon the result of the referendum; and that might bear investigation, too. It is hard to conceive how anyone's job under the Department of Agriculture, that of a county agent or of anybody else, would depend upon the conduct of a referendum. I agree with the Senator that the method described is not the best method of carrying on a referendum. Yet I do not know how we can write into the pending bill a provision setting up machinery similar to the provisions which are carried in all State laws for the holding of political elections in State, county, city, or township. Unless there is some concrete suggestion which could be offered as a guide to the Secretary of Agriculture, it seems to me it would be better to leave it to his discretion and his regulation, because I assume that all farmers interested in any crop that comes under this bill will be given an opportunity to vote. If they do not take advantage of that, it is no one's fault but their own, and I understand that they are pretty well circularized and propagandized and publicized with respect to the holding of the referendum at a given time and in a certain manner, so that they cannot plead ignorance of the referendum itself.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. NORRIS. The Senator has not yet given the Senate the name of the writer. Does he intend to do so?

Mr. VANDENBERG. No; I do not. It is a personal letter. I will be perfectly glad to show it to the Senator. I do not want to subject the gentleman to any reprisals.

Mr. NORRIS. I wish to say that the method set out in the letter for carrying on a referendum is simply indefensible, reprehensible; but I do not believe we ought to give publicity to a letter of that kind without giving the name of the man who writes it, affording an opportunity to investigate in order to see whether it is true or not. It is stated in part of the letter at least, "I am told that so-and-so happened." I know, and I think every other Senator knows, that complaints of the most bitter nature, which are made in all lines of human endeavor, when investigated often disappear in thin air. What is stated in the letter may all be true. If it is true, it ought to be condemned and ought to be rectified. But I would not want to condemn the entire system on the basis of a letter of an anonymous person, who states in the letter that he understands that so-and-so happened. It seems to me that is not fair to the Department of Agriculture, which will administer the law, and would not be fair to any department administering any other law.

Mr. POPE rose.

Mr. VANDENBERG. Just a moment, and then I will yield.

I wish to reply to the very vehement attack of the Senator from Nebraska on this method of raising a fundamental question regarding a decent election. I have not presented this letter as an indictment of the Department of Agriculture. I am fully aware of the fact, as the Senator has related, that many letters come to us which upon investigation prove to lack the substance they pretend to possess. But we all know there has been repeated complaint about the nature of these referendums. I have read from this letter solely to indicate the extent to which it may be believed that

this method of referendum is unfair. I am not indicting the Department. What is here said may not be true, but I am saying to the Senator from Nebraska and to my other colleagues that when we put such stake upon a referendum as we do in the pending bill, it is not fair not to define the referendum and see to it that such things as this could not happen, if they ever did happen.

I now yield to the Senator from Idaho.

Mr. POPE. Mr. President, let me suggest to the Senator that two or three different times during the course of the hearings held by the subcommittee we received complaints quite similar to the one to which he has referred. In one instance I recall a charge was made by a witness that the franked envelopes of the Department of Agriculture were used by a farm organization in sending out notices for dues. That was a serious charge. It was investigated, and it was determined, or at least the evidence of everyone who knew anything about the matter was to the effect, that directly the contrary was true. The committee came to the conclusion, I am very sure, that there was not a word of truth in it. Similar charges were made which we insisted upon investigating, as the charges had been made, and we found in every case that there was no foundation for the charge.

Mr. VANDENBERG. To what was the franked letter to which the Senator referred supposed to relate?

Mr. POPE. It was charged by one witness that the Farm Bureau Federation used franked envelopes of the Department of Agriculture to send out notices of dues of that organization, and the charge was made by one who was supposed to be quite a respectable witness. Upon investigation it was testified by all who knew anything about the sending out of the letters that it was positively untrue.

In another case a witness claimed that he offered to vote at a referendum and was denied the right to vote.

Upon investigation it appeared that he had offered to vote in the election of a county committee, when only cooperators could vote. That is the truth of the matter.

I will say to the Senator that in every case in which witnesses were willing to come and be known and testify with regard to alleged irregularities, we took the trouble to investigate them, and found that none of the charges were true. In my opinion, that adds great strength to what the Senator from Nebraska [Mr. NORRIS] has said, that it does seem unwise to take a letter, without giving any opportunity for investigation, and use it for the purpose—at least, so it seems to me—of casting some reflection upon the Department of Agriculture.

Mr. VANDENBERG. Mr. President, it does not make the slightest difference whether the letter is true or not. Certainly there is some presumption of truth when it comes from what appears to be a responsible person who makes a statement upon his own responsibility.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. VANDENBERG. Mr. President, how much time have I left?

The PRESIDING OFFICER (Mr. HERRING in the chair). The Senator's time has expired.

Mr. VANDENBERG. Mr. President, I shall proceed on the bill, because I want to finish what I have on my mind.

Mr. BARKLEY. Mr. President, will the Senator yield before he starts out on what he has on his mind?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. VANDENBERG. It is a rather dangerous lapse, but I will do it.

Mr. BARKLEY. The Senator said he did not care to give the name of the writer of the letter. I forget whether or not he said he voted. Did he deliver his ballot to the job keeper referred to? Did he vote in that case?

Mr. VANDENBERG. Yes.

Mr. BARKLEY. Would the Senator be willing to put in the RECORD the heading or the letterhead of the letter, if he does not want to give the name of the writer?

Mr. VANDENBERG. No; I do not think I shall identify the person, because I have had some experience with respect to correspondents of this character who have had some rather unhappy reprisals result.

Mr. LOGAN. Mr. President——

Mr. VANDENBERG. Just a moment. There is a fundamental question involved here which cannot be laughed away as an attack by one Iowa farmer who writes me a letter purporting to describe a reprehensible situation. This bill depends upon a referendum for its equity and its democracy. Depending upon a referendum, I assert that the authorship of the bill should bring us some reasonable protection for that referendum so that anything of this nature may, if possible, be prevented.

I now yield to the Senator from Kentucky.

Mr. LOGAN. Mr. President, it does not make any difference whether the letter is true or not; but if such things could ever happen in the past, or if they may happen in the future, they ought to be prevented in the future.

I simply rose to say to the Senator that I agree with him 100 percent that something should be written in the bill defining what is meant by "referendum." Since the sponsors of the bill have not offered anything—I am not one of the sponsors—if the Senator from Michigan will propose some effective language upon that point as an amendment to the bill, I shall support his proposal just as far as I can. No one man should have the power to determine how the referendum shall be held, or what the result shall be, and someone in the Senate should be able to work that out.

I have the greatest confidence in the Secretary of Agriculture. I think he is a great man. I should not want to be elected United States Senator and have the State of Kentucky say that I should appoint the officers who would conduct the election, the officers who would count the votes, and determine whether or not I should be declared elected. I think that would hardly be fair.

Mr. VANDENBERG. I thank the Senator from Kentucky for his usual candor. The statement he has made is a complete expression, much better than I could make it, of the thing that is in my mind.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. VANDENBERG. In just a moment. The idea that this bill should pretend to avoid obnoxious compulsion because it permits a referendum to decide by democratic process what the farmer wants—the idea that such a bill, with such a referendum in it, of such magnified importance, should fail absolutely to protect by law the integrity of the referendum is just more than I can understand.

The Senator from Kentucky [Mr. LOGAN] says he does not know how to remedy the matter. I am frank to confess that I do not know what ought to be written in. As I said in the beginning, I rose solely for the purpose of presenting this situation to the authors of the bill themselves, while there is still time, in the hope that they may figure out some method wholly consistent with the bill itself which will prevent the exploitation of a referendum, if such a thing is remotely possible.

I now yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, am I to understand that the Senator from Michigan is supporting the bill?

Mr. VANDENBERG. No; but the Senator from Michigan does not have to support the bill in order still to have an interest in free, honest elections in the United States.

Mr. CONNALLY. That is all that the Senator ought to have any fear of.

Mr. VANDENBERG. I strongly suspect we shall come as close to it in Michigan as they do in Texas. I am unwilling to grant, and, as said by the Senator from Kentucky himself—who, I think, is supporting the bill—I am objecting to granting the Secretary of Agriculture blanket authority to hold elections pursuant to any method or process he may choose; and I am insisting that that is a travesty upon representative government, and upon self-expressive democracy.

Mr. NORRIS obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield so that I may make a parliamentary inquiry?

Mr. NORRIS. I yield.

Mr. BARKLEY. I am simply trying to get the status of this matter. Unless we are reading the text of the bill paragraph by paragraph, as it was agreed yesterday to do, all this debate is on the bill and not on any specific amendment, and those who speak ought to understand that.

Mr. NORRIS. I understood that there was a pending amendment.

The PRESIDING OFFICER. There is a pending amendment.

Mr. NORRIS. Yes. That is what I am talking on.

I do not disagree—and in my interruption of the Senator from Michigan I plainly indicated that I did not disagree—with the idea of having a fair, honest election. That is not the point. The Senator from Michigan has put on the stand a witness whose identity he has concealed, except to say that he is a farmer; but he does not even read the letterhead on which the letter is written. He does not give the writer's name. The only identification of the witness is that the letter he wrote came from Webster City, Iowa.

That man undertakes to cast a reflection upon the administration of the law by the Secretary of Agriculture and makes a charge which, if true, is serious; and the conditions ought to be investigated and ought not to be permitted to continue. If the methods he describes are employed they are indefensible.

With respect to a great portion of the charge, the writer says "I am told." Somebody has told him that something has occurred, and he writes it to the Senator from Michigan; and the Senator from Michigan, without disclosing the identity of the writer, without giving the Department of Agriculture any opportunity to investigate or reply, places the statement before the world through the instrumentality of the Senate.

I do not think that is fair. I think that is reprehensible. I do not think that is the right way to get at the facts. It seems to me that the Senator from Michigan owes it to the Department of Agriculture to submit this letter to it and let the Department investigate. If the Department finds that the facts therein stated are true, that the conditions recited are true, as stated in the letter, let the Department punish the guilty persons and remove from office those who are responsible for that illegal method of carrying on an election.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. VANDENBERG. I submit to the Senator that the method is not illegal under any of the referendum laws in connection with the Department of Agriculture. That is precisely the point I am making, and the only one.

Mr. NORRIS. No; the Senator produced a letter from a writer who makes charges which, if true, place the Department of Agriculture and its methods of carrying out the law in disrepute and in disgrace, I should say. Such a thing should never be permitted. The identity of the witness ought to be disclosed, and we ought to investigate to see whether or not his charges are true. If the man is making the charges in good faith, he will not conceal his identity.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. CONNALLY. Is it not to be assumed that the Secretary of Agriculture in adopting his plan of referendum would prepare regulations, and announce them in advance, so that everyone would have an opportunity to know what they were?

Mr. NORRIS. I have not heard anything about that. I do not know.

Mr. CONNALLY. How could a referendum be conducted otherwise?

Mr. NORRIS. I do not know. I have not heard about that. The bill leaves it to the Secretary to issue regulations.

The Senator from Michigan himself confesses that he is unable to write an amendment which will provide for taking this referendum. I, myself, should support an amendment which was reasonable and which I believed to be fair. I think we ought to make such a provision. However, it is a difficult thing to do. I believe we are placing in the hands of the Secretary of Agriculture a power which is too great. If we can, we should provide for the method of taking this referendum.

That, however, is all beside the point I am making. Here is a charge made by an unidentified witness, the only hint as to whose identity is that the letter he writes was written in Webster City, Iowa, in which he makes serious charges. If the charges he makes in the letter are true, then the methods carried on by the Secretary of Agriculture are unwise. Perhaps the referendums are being carried out without the knowledge of the Secretary of Agriculture. I take it that the Secretary would be glad to receive any information of that kind.

The letter refers to a man who asked, "Do you want to take away my job?" The Secretary of Agriculture would take away his job before the sun set on the day he found out about such a thing as the letter describes. That man was alleged to have called upon the writer and said, "I want you to vote so-and-so, and I will carry your ballot to the voting place, and you need not go." When the writer of the letter refused to give it to the other man, the latter said, "Do you want to take away my job?" That man ought to lose his job. He ought to lose it at once. He ought not to have any job, and the Secretary of Agriculture ought to be the first man in the world to displace him.

Mr. President, everyone knows that that is not the way to carry out a referendum. Nobody defends that course. So far as I know, the Secretary of Agriculture may not have any knowledge of what is alleged to be going on. It seems to me that if I received that kind of a letter, before I gave publicity to it I should give the Department of Agriculture an opportunity to defend itself, to say whether or not what was charged was true, and whether it agreed to that method of voting a farmer at a referendum.

TAXES ON UNDISTRIBUTED PROFITS AND CAPITAL GAINS

Mr. KING. Mr. President, I have heretofore expressed at some length my opposition to the pending bill, believing as I do, that it will prove injurious not only to agriculture but to our country as a whole; and also that it contains oppressive and dictatorial features and unconstitutional provisions. It delegates to the Secretary of Agriculture autocratic authority and unlimited discretion upon a multitude of matters vital to the farmers and to the country without fixing any proper standards and also contains many provisions infringing upon the rights of individuals and in violation of the Constitution of the United States.

I have taken the floor, however, not to discuss the so-called farm bill but to consider modifications of the undistributed-profits tax and the tax upon capital gains.

I now offer amendments to the Revenue Act of 1936 dealing with the undistributed-profits tax and the capital-gains tax and ask that the amendments be printed and referred to the Committee on Finance.

The PRESIDING OFFICER (Mr. HERRING in the chair). Without objection, the amendments will be received, printed, and referred to the Committee on Finance.

Mr. KING. Mr. President, the present economic and industrial situation should challenge the attention of Congress and compel legislation to relieve the tension and arrest a recession movement pregnant with serious peril. The special session, in my opinion, should have promptly addressed itself to a modification of our revenue laws and the adoption of policies that would have inspired confidence in labor and business circles and arrested the recession movement, which has assumed alarming proportions. Instead, Congress has wasted its time in futile discussions and added to the fears and uncertainties in business, industry, and in the fields of labor.

We cannot sit idly by in the face of these disturbing conditions which menace business and all forms of industry. The present unsatisfactory industrial condition need not continue, and the recession can be arrested and placed in reverse. In my opinion, the underlying economic conditions in our country are sound, but there are many contributing psychological conditions which can easily lead into a serious depression, from which recovery may prove difficult. A recurrence of

the conditions of 1932 and 1933 would produce a serious economic and political condition.

An article appearing in the Washington Post on the 6th instant under the heading "The Recession," discussed the Nation's fears; and after indicating a number of causes contributing to the uncertainty and fear, the writer states that—

> These items, singly or collectively, could not account for the abrupt decline during the past few months which assumed the threat of a major depression. * * *

He states that—

> There is widespread fear of the policies of our Government, and that when fear seizes the minds of numbers of people we hear much unreasonable discussion of conclusions. * * *

He further adds:

> The main fear apparently was the fear of the results of the Government's financial policies and its attitude toward business. * * *

The writer further states that—

> The only way to remove mass fear is to be sure that certain justifiable fears have been removed. The Government seems to be in process of doing this at the present time. But words alone will not do—action, and consistent action, must follow. At the present crisis our greatest difficulty is to secure prompt action. It is almost impossible to move rapidly in governmental fields, and yet at the present time speed is of the essence of recovery. * * *

Without assenting to all the views contained in the article referred to, I am inclined to believe that one of the most important contributing factors to our present disturbed condition is fear—fear of the Government and its apparent policies—and perhaps one of the most serious factors contributing to the situation is that resulting from our present tax policies. I sometimes think that Congress is largely to blame for the troubles and difficulties that beset the Nation. It is charged that Congress often abdicates its functions and placidly and silently waits for admonitions or flagellations from the executive department of the Government.

Indeed, we often hear the criticism that Congress lacks initiative, and acts only when prodded by forces outside the legislative branch of the Government. Whether or not the criticism as to the apathetic attitude of Congress toward national policies is justified I shall not now pause to consider. I believe that Congress is in a position to contribute materially to the restoration of confidence—confidence in our Government, and in those principles upon which it was founded, and upon which our Nation has attained heights of progress and prosperity unprecedented in the annals of history—and that immediate action is needed by Congress to arrest the movement toward depression.

Appropriate tax relief should be enacted before this special session ends. There is no need for delay. As I view the situation, there is practical unanimity that there should be tax relief. If Congress willed, a tax measure could promptly be passed through both branches of Congress. Upon every hand we hear protests against the undistributed-profits tax and the capital-gains tax. These protests do not come from a limited number of individuals or business enterprises, or from organizations reputed to be possessors of wealth and influence; but, as indicated, they come from persons of limited means and from small corporations.

I think all persons are vitally concerned as a result of the devastating effect of the undistributed-profits tax upon the business of our country. It has been in effect only 1 year, but the complaints against it have been more numerous than those directed against most revenue measures.

I stated in the Senate on June 2, 1936, when the undistributed-profits tax bill was under consideration, that during my 19 years of service in the Senate I had never witnessed such a united front against any revenue measure. The testimony of witnesses—and there were nearly 100 appearing before the Committee on Finance, and about 60 before the Committee on Ways and Means—was practically unanimous in opposition to the provisions of the bill.

Permit me to refer to a number of the oppressive and inequitable provisions of the tax:

Let us consider a new corporation organized by a small group of individuals who employ their time and entire efforts for the purpose of developing a business, either in manufacturing, mining, or some other field of industry. As we know, small corporations are vital enterprises in our industrial life. They have frequently been called the "backbone of our country's business." We are indebted to them in a large degree for the development of our natural resources.

Those from the West, the mining districts particularly, will appreciate the significance of that statement. Many corporations within this category can be organized and financed only by obtaining credit from banks or from other financial institutions. The undistributed-profits tax declares that unless these corporations distribute a certain percentage of their earnings in the form of dividends, the Government will take such earnings from them. The effect, of course, is that new enterprises are prevented from growing and expanding. The tax destroys the development of small corporate business enterprises. These corporations are not able to borrow money, owing to the fact that they are required to distribute what little earnings they may have to their shareholders, and the banks and other financial institutions do not regard them as good risks. Their large competitors, with their accumulated surplus and unimpaired credit, are placed in a highly advantageous position.

Not only does this tax create a strangle hold upon new corporations, but it heavily penalizes those which are in debt, and which therefore cannot obtain the advantage of this dividend-paid credit to reduce their undistributed-profits tax. Corporations with impaired capital, and which, in many instances, are unable to distribute dividends because of the provisions of State laws, must feel the burden of the undistributed-profits tax law; and the relief provisions of the law afford but little redress in major cases. Indeed, there are no relief provisions for deficit corporations, no relief provisions to aid new corporations in accumulating a little surplus in order that they may survive the later years, and no relief provisions to afford redress to a great number of debt-ridden companies.

In examining the entire picture of the undistributed-profits tax, it is apparent that it burdens the small and unfortunate corporations, and, in some instances, benefits the wealthy corporations which have large accumulated surpluses. Our whole principle for justifying an income tax is that it is based upon ability to pay; but the undistributed-profits tax has just the reverse result. It taxes those corporations which are least able to pay, those that are debt-ridden and have deficits, and new and struggling corporations, and exempts those corporations which are most able to pay by giving them dividend credits for disbursements out of accumulated surpluses.

Last January, in order to bring to the attention of Congress the unfairness and evils of the undistributed-profits tax and the unwisdom and harshness of the capital-gains tax, I introduced two measures calculated to afford proper relief to corporations and to permit business expansion, with resulting increase in employment. I proposed to allow a credit, for the purposes of the undistributed-profits tax, of an amount equal to the sum paid out during the taxable year for the construction and improvement of real property, for the purchase and installation of plant and machinery, and for the expansion or replacement of plant and other productive facilities, and also an amount equal to all amounts paid within the taxable year in discharge of a debt or irrevocably set aside within a taxable year for the discharge of a debt.

Mr. CONNALLY. Mr. President, will the Senator yield so that I may ask him a question?

Mr. KING. I yield.

Mr. CONNALLY. I do not want to break in upon the thread of the Senator's argument.

Mr. KING. Proceed.

Mr. CONNALLY. The Senator will remember that when we adopted the undistributed-profits tax, we reduced the normal tax on corporations. Does the Senator think it would be fair to exempt profits from the tax, and allow them to be used for expansion or for the payment of debts at the reduced normal tax; or would the Senator favor the

restoration in such cases of the normal 15 or 16 percent tax?

Mr. KING. We now have a 15 percent normal tax.

Mr. CONNALLY. No.

Mr. KING. That is the maximum.

Mr. CONNALLY. It varies. For the smaller rates it is smaller. Then it goes on up.

Mr. KING. The maximum is 15 percent. Slightly below the former 1935 normal tax.

Mr. CONNALLY. I have great respect for the Senator's views and his tireless efforts on the Finance Committee properly to adjust taxation; but I cannot see any great harm in taxing profits when that is all that is taxed. If a concern does not make profits, it does not have to pay the tax.

While I did not favor the undistributed-profits tax as it came over from the House, putting all of the tax on undistributed profits, I did support, as most other Senators did, the Senate amendments which became the law in effect, whereby we reduced the normal tax on most corporations, and then put on a surtax in the form of an undistributed-profits tax.

If we are going to exempt anybody from the undistributed-profits tax, it seems to me we ought to reimpose on those particular classes of corporations the normal tax to recoup the revenue. Otherwise, they will be getting off at a lighter rate of tax than before the adoption of the undistributed-profits tax.

Mr. KING. Mr. President, my friend from Texas and myself may not be very far apart in our views. The Revenue Act of 1934, as I recall, imposed a normal corporate tax considerably less than that of 1935. My recollection is that the normal tax in 1935 was 13¾ percent. In the 1936 Revenue Act, the normal tax was graduated, the lower rate being, as I recall, 8 percent, and the higher rate 15 percent. I was of the opinion when the undistributed-profits tax was under consideration that it would fail to yield the revenues claimed for it by the Treasury officials. It was my view that it would work irreparable injury particularly to smaller corporations, and would result in reducing revenue instead of increasing it. I stated, however, that if the normal taxes provided in the bill were inadequate to meet Treasury demands, I would be willing to increase the normal tax. My position is that the undistributed-profits tax is unfair and is a serious handicap to our industrial development. Before taking my seat, I shall submit some reasons in support of this conclusion.

The word "debt," as used in my proposed amendment, includes obligations assumed after April 30, 1936, for the purpose of refunding debts incurred prior to May 1, 1936.

The PRESIDING OFFICER. The Senator's time upon the amendment has expired.

Mr. KING. I shall proceed on the bill.

I may say that the undistributed-profits tax has borne heavily upon the small corporations and has been destructive of many corporations which under State laws were prohibited from paying dividends or distributing profits until their obligations were paid. Yet under the undistributed-profits tax they were prevented from meeting their obligations and some were thereby forced into bankruptcy.

Germany for the past 3 years has allowed a deduction from its income tax for expenditures for machinery and like facilities, and I am advised that this course has had a most favorable economic effect and that because of the increased profits the revenues have increased instead of decreased. It was my view when the undistributed-profits measure was under consideration that if corporations were permitted to employ their net profits in the discharge of their debts and in expanding their business, important benefits would result not only to labor but to the entire country. It was my view that the increased taxes resulting from increased business activities would supply larger revenues to the Government than those that would be realized under the undistributed-profits system.

Mr. President, appropriate tax relief at this session will revive business and increase employment. There is no need for delay. We should lay aside measures now under consideration and pass a measure relieving from the oppressions of the undistributed-profits and capital-gains taxes. While favoring the repeal of both of these taxes, in order to secure prompt relief, I have offered two amendments to the existing law. The first exempts 40 percent of the corporation's adjusted net income from the penalty of the undistributed-profits tax, and the second cuts in two the existing tax on capital gains.

Mr. MINTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Indiana?

Mr. KING. I prefer not to yield, because my time is limited.

Mr. MINTON. I merely desire to ask a brief question about the amendments to which the Senator has just referred.

Mr. KING. Very well.

Mr. MINTON. Would the Senator's proposal refund the taxes for this year or would it relate only to the future?

Mr. KING. It would relate only to the future.

Mr. MINTON. Does the Senator think that might not well be taken care of in the ordinary course of the next regular session?

Mr. KING. Probably that is true; but, as Senators know, the regular session will be overwhelmed with hundreds of important measures, including appropriation bills for the next fiscal year, that will require considerable time for their disposition. It is evident that a general revenue measure, such as will probably be considered, will consume weeks and perhaps several months of the time of the House and the Senate. The relief which I am now seeking will be an important contribution to the revival of business and will be convincing proof of the desire of the administration and the Congress to improve present economic and industrial conditions. In my opinion, there are many reasons justifying Congress in immediately providing the relief called for in the two amendments which I have suggested.

Undoubtedly much can be said in favor of the position taken by the Senator from Indiana that we should pretermit consideration of tax matters until the regular session; but, as I have indicated, the important advantages which would result to the country in obtaining the relief the amendments will afford not only justify, but, in my opinion, demand, that Congress lay aside the consideration of other measures and promptly amend the provisions of the 1936 law dealing with the capital-gains and undistributed-profits tax.

I might add that the undistributed-profits tax has failed to produce the revenue claimed for it by its proponents. They estimated that it would produce from six to seven hundred million dollars of revenue annually. I make the prediction that it will not yield to exceed $300,000,000 for the year in which it has been operating.

(1) Undistributed profits tax amendment: The amendment to section 14 (a) (2) of the act provides for a credit against adjusted net income, in computing undistributed net income, of 40 percent of the adjusted net income. This amendment is designed to afford some relief to corporations from the penalties of the undistributed-profits tax for the taxable year 1937.

The undistributed-profits tax in its present form adversely affects business in the following respects:

(a) It has prevented the normal growth and expansion of industry. The tax places an economically prohibitive burden on any part of current income devoted to the expansion of productive facilities.

(b) It has imposed a tremendous obstacle in the path of the replacement of worn-out and obsolete plant and machinery. During the depression of 1929 industry was compelled to forego such replacement and modernization. Machinery was worked long past its ordinary period of usefulness and new types of machines were not adopted because of the lack of funds. This accumulated backlog of necessary replacements could be made now if not for the penalties of the undistributed-profits tax.

(c) It has prevented the reemployment of those now unemployed. If the expansion, replacement, and modernization of productive facilities were permitted, it is estimated

that the durable-goods industries alone could give employment to the greater portion of our present unemployed.

I want to commend the President for the effort which he is making to increase the production of durable goods and to improve the housing situation. Increased employment in the durable-goods fields would increase purchasing power and would result in increased employment in other fields. By discouraging this, the tax conflicts with the administration's policy that industry should absorb the unemployed.

(d) It has jeopardized—and actually curtailed—the employment of those now employed. By compelling corporations to distribute everything, the tax has not permitted the accumulation of necessary reserves for contingencies. The slightest recession in business activities requires business to cut down existing employment.

(e) The tax has promoted monopoly, and if continued in force it would more than overcome the continued efforts of the Department of Justice and the Federal Trade Commission. It has also placed small business in a strait jacket and has given undue advantage to some businesses at the expense of their competitors.

(f) It violates the tax principle of ability to pay by imposing penalties on those least able to pay. Those corporations which are in financial difficulties and so are in no position to distribute earnings to stockholders are compelled to pay a heavier tax than corporations with large accumulated surpluses.

(g) It has penalized the payment of debts and has discouraged the extension of further credit. This has tended to cut down the volume of business.

(h) It has introduced elements of uncertainty into business which have discouraged and curtailed normal business activity. Corporations are compelled to make a host of complicated calculations before the end of the year and determine their dividend policy accordingly.

Of course it is impossible, in the mercurial, fluctuating conditions of business, to determine what the business profits of corporations could be. Assets may diminish and goods on the shelves may seriously decline in value before sold.

In rendering tax reports it is impossible, because of the uncertainty in business conditions, to determine what one's future policy in business shall be and what taxes he shall be required to pay or what dividends he may be permitted to distribute.

It is no wonder that business, as some people have said, using the parlance of the street, is afflicted with the "jitters" today.

(i) It arbitrarily measures the penalty by an artificially defined, statutory concept of "undistributed net income," and not by the true or book income of the corporation, which is the only income available for the payment of dividends.

(j) It has tended to produce unsound corporate financing which jeopardizes the investor. The effect of this on the security markets has already made itself felt.

These and innumerable other defects of the tax are now evident. The present business recession is definitely attributed in large part to the tax and threatens to become more serious daily.

I believe the importance of immediate legislation modifying the undistributed-profits tax is recognized by such administration financial experts as Governor Eccles, of the Federal Reserve Board; Jesse H. Jones, Chairman of the Reconstruction Finance Corporation; and Joseph Kennedy, Chairman of the Maritime Commission. And it was recognized by the President in his recent statement, if I properly interpret the same.

It is conceded by the Subcommittee of the House Committee on Ways and Means, which has recommended a program for the revision of the undistributed-profits tax at the regular session in January.

I may say that other countries, particularly Great Britain, which investigated the capital-gains tax, have abandoned it, believing it is unwise and unproductive of desired results.

Mr. President, the downward trend of business activity must be stopped now.

A blanket credit of 40 percent of the adjusted net income would accomplish this. It would afford immediate relief of substantial proportions—either for expansion and replacement, for the repayment of indebtedness, for the accumulation of necessary reserves, or for correlating undistributed net income with the "true income" available for dividend distributions, and so forth.

It would evidence the bona fides of Congress in promising to revise our revenue system at the next session.

And its effect in stimulating business would be immediate.

(2) Amendment to capital gains tax: The amendment to section 117 of the act provides that only 50 percent of the capital net gain will be included in computing net income. Capital net gain is determined by computing capital gains and losses as under the present law—that is, only certain percentages of capital gain and loss are recognized, depending on the length of time the capital asset has been held. Capital losses so determined are then set-off against capital gains. If gains exceed losses, the resulting figure—capital net gain—is included in computing net income only to the extent of 50 percent. If losses exceed gains, the resulting figure—capital net loss—is deductible in computing net income only to the extent of $2,000. This amendment will offer some measure of relief to taxpayers from the present provisions taxing capital gains.

The present method of taxing capital gains seriously affects all businesses as follows:

(a) It interferes with normal business transactions. Taxpayers delay taking a gain until an equivalent amount of loss can be taken or until they are entitled to the benefits of a reduced percentage of recognizable gain because of the length of time for which the asset has been held.

(b) It tends to raise market prices to unwarranted levels, by creating an artificial scarcity of securities and then accentuates a falling market, as persons hasten to sell in order to wipe out capital gains. This factor has been increasingly evident in the present market.

(c) It treats capital losses inequitably by limiting their deductibility while capital gains are taxed in full.

(d) It artificially measures the taxpayer's ability to pay by the transactions of a single year, even though the net result of his investment transactions over a period of years show no profits or even a loss.

(e) It retards business recovery by discouraging profit-taking, thus reducing the velocity of the circulation of money.

(f) Insofar as it taxes retained corporate earnings which are reflected in the appreciation in the market value of stock, the tax duplicate, the undistributed-profits tax.

(g) It discriminates against the taxpayer who is forced to sell as compared with the taxpayer who may pick and choose the most appropriate time.

(h) It discriminates without cause against corporations by denying to them the advantages of the decreasing percentages of recognized gain, although they are not subject, like individuals, to graduated surtaxes.

These factors have contributed to the present shortage of capital in industry. Moreover, because of them men of outstanding ability, who in the past have provided employment and opportunities for others, are retiring from active business and are refusing to assume the risk of new enterprises. Finally, large capital has tended to gravitate toward tax exempts.

All this is recognized. The House subcommittee has also recommended substantial changes in this tax for consideration at the regular session. But here, too, the need for revision is immediate.

While I should be glad to see both of the taxes to which I have referred repealed, I believe that the relief sought by the two amendments, which I have offered, will encounter no opposition and can be immediately obtained, and therefore justify the course which I am pursuing. Accordingly I suggest the taxation of capital net gains only to the extent of 50 percent, and that the amendment dealing with the undistributed-profits tax be adopted.

Mr. President, the amendments I have offered relate to House bill 6215, an act to repeal provisions of the income-tax law requiring a list showing the compensation paid officers and employees of corporations. I take the position that the measure to which I have referred is a revenue measure. It has been reported favorably by the Committee on Finance, and is now upon the calendar, so the amendment which I have offered is to a measure now pending which deals with the subject of revenue, and therefore the amendment may not be subject to a point of order as being a revenue measure, which would have to originate in the House of Representatives.

In my opinion, there is a general feeling throughout the country that the undistributed-profits tax and the capital-gains tax should be drastically modified or repealed. Indeed, I believe that those who have given most thought to the question of taxation regard both of these taxes as unwise and favor their repeal.

Hon. Joseph P. Kennedy in a recent article entitled "Big Business, What Now?" appearing in the Saturday Evening Post under date of January 16, 1937, discusses this question, and I ask permission to include as a part of my remarks excerpts from his article.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXCERPTS FROM AN ARTICLE BY JOSEPH P. KENNEDY ENTITLED "BIG BUSINESS, WHAT NOW?" APPEARING IN THE JANUARY 16, 1937, ISSUE OF THE SATURDAY EVENING POST

These are some of the outstanding evils in the conduct of capital and finance that need correction. But there are two suggestions I am taking the liberty of making herein for real consideration by Government authorities. These suggestions have two purposes: The establishment of the safe and sane economic conditions to effect which President Roosevelt has pledged himself; and real and substantial aid to business.

I propose:

First. Real modification of the capital-gains tax:

a. To accelerate money.

b. To soften sharp breaks in the stock-exchange prices.

c. To eliminate the real handicap to American investors as against foreign speculators.

Second. A revamping of the economic features of the new corporation tax.

a. To benefit new corporations, which must be encouraged.

b. To permit corporations to maintain surpluses to take care of times of depression.

In considering modification of the capital-gains tax, I think the Government should allow increment growing out of sound investment to a man while he lives and not take it away from him in wholly disproportionate taxes. England has found it salutary to encourage initiative by permitting a man to enjoy the fruits of his earnings from investments while alive, and has been satisfied to take its proportionate share of those earnings from the beneficiaries—recipients of wealth unearned by themselves—after the death of the man whose labors purchased the wealth.

The argument for the repeal of the present tax should not only be a traditional one; it should also be based upon the fact that while American citizens are taxed on their security appreciation, other countries impose no such tax upon their nationals; the foreigner can trade to tremendous advantage in our security market, sell at the appropriate time and avoid assessment on his profits, whereas the American citizen is prevented, by the taxation laws of his country, from exercising even ordinary prudent judgment. Incidentally, of course, the effects are also harmful. If Americans in large numbers are prevented from selling the securities and capturing profits, then stock inflation is accentuated, because there is a premium put on holding stocks off the market. An artificial scarcity is thereby created that will make effective unwarranted price levels which inevitably and ultimately must collapse.

Without spelling the matter out in detail, I can also see a benefit to the general economy of the country by the free exercise of judgment of practically all security holders.

The profits in security appreciation in recent years have been very great in the aggregate. If these profits were taken and used, then, on the mere principle of velocity of money circulation, business would be stimulated by the increased purchasing power thereby created. As it is, an inert and frozen mass of purchasing power remains idle.

My reasons are several for hoping that the Administration will take steps to undo the harm it has done to shrewd corporate management by the oncoming undistributed-profit tax on corporations. It is not enough to point out that the act has accomplished its purpose; that the $650,000,000 additional revenue needed by the Administration is assured by the flood of taxable dividends currently being made by American business corporations. The larger consideration, to my way of thinking, should prevail. The larger consideration calls for our restoring as a virtue in American business life the corporate practice of providing a reserve against the inevitable rainy day.

We have all had experience with corporations which, no longer than 3 or 4 years ago, had substantial operating deficits and would have been plunged into bankruptcy had they not accumulated surpluses in former prosperous years. It is a terrible thing to contemplate another period of business recession with large American corporations inadequately equipped to ride through the storm.

* * * * * * *

But these few instances do not offer justification of a tax which weakens the structure of a typical American business corporation and which actually penalizes the small and younger concern that has never been able, in the course of its development, to accumulate a treasury surplus.

I hope and confidently believe that these inequalities and shortcomings in the present law taxing corporation surplus earnings will receive the prompt attention of the Senate Finance Committee.

Mr. KING. I also ask permission to insert in the RECORD as a part of my remarks, several paragraphs from an address delivered by Hon. Jesse H. Jones, before the Independent Petroleum Association of America at Houston, Tex., under the date of October 14 last.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

As for taxes, it is well known that the Treasury is making a study of the entire tax situation with a view to recommending adjustments that will better distribute the tax burden. Taxes will, of course, continue high, and must needs be levied upon business, industry, and income, but should, and I believe will, be fairly distributed. I have no check of taxes in other countries, but we know they are very high and are being largely expended for military purposes rather than civil, as with us. Our Government expenditures are to build people; not to destroy them.

We hear more criticism of the undistributed-surplus tax and the capital-gains tax than almost any other Federal tax. I do not know to what extent these are under consideration by the Treasury or the congressional committees that report on tax matters, but certainly the Treasury and these committees will have ample information of the objections to them by those most affected. Personally I am inclined to the opinion that the principle of the undistributed-surplus tax is right, in that it prevents undue accumulations which naturally tend to monopolies. Certainly provisions should be made for corporations in debt; otherwise a great many can never get out of debt, especially those who suffered most during the depression and the little corporations. Some allowance should also be made for plant expansion and replacement, including equipment, modernization, etc., and corporations should be allowed to set aside some part of their net earnings as a reserve against contingencies without too much extra tax upon this reserve. I doubt if there will be any serious objection to some such adjustments, but it may be necessary to add something to the normal tax. This business can stand.

I have no fear that Government will tax business to the extent that there will not be a fair profit left. Undoubtedly the high brackets discourage initiative and investment by those best able to invest and take a risk. This phase of the tax situation should also be given consideration in whatever tax changes are undertaken, not for the purpose of lightening taxes on the rich, but to restore and preserve the incentive for initiative and investment. The hope of reward in every field of endeavor is our most effective spur.

THE NATIONAL LABOR RELATIONS BOARD

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD two editorials, one from the Pittsburgh Press of December 7, 1937, entitled "This Is the Law," and the other from the Philadelphia Inquirer entitled "N. L. R. B. Spells Persecution," of December 9, 1937.

Mr. CONNALLY. Mr. President, will not the Senator speak a little louder? We are interested. I assume the Senator's remarks are addressed to this side, because there is no one on the other side except the assistant Republican leader, the Senator from Vermont [Mr. AUSTIN], and one Democrat, the senior Senator from Illinois [Mr. LEWIS], who does not belong over there, and I know he will not stay over there long. [Laughter.] I should be glad if the Senator would speak so that we can hear him, because we are interested.

Mr. DAVIS. Mr. President, this is the first time I have known the Senator to be interested in the number on this side.

Mr. CONNALLY. That is all the more reason why the Senator should accede to my request and speak so that he can be heard.

Mr. DAVIS. Mr. President, the first editorial I have asked to have printed in the RECORD comes from a newspaper which has long represented the desires of a great host of people in western Pennsylvania, eastern Ohio, and northern West Virginia, who have upheld the cause of collective bargaining. The Pittsburgh Press has been a strong champion

of labor's rights. Now we witness, not a change in the editorial labor policy of that paper, but its frank recognition that the National Labor Relations Act, to which we had looked with such hope as an instrument of industrial peace, is being administered in a partisan fashion.

Freedom of speech and of the press is one of the primary rights of American citizens. Abridgment of the freedom of press by the National Labor Relations Board is now the occasion of comment from one end of the country to the other. I am not sufficiently acquainted with the exact details of this controversy to express a definite opinion concerning it. It involves the publication of a trade paper which criticized the Board's handling of an industrial labor dispute. I dare say that if the periodical in question was an organ of the A. F. of L. or the C. I. O. the threat made against its right of free speech would be heralded to high heaven, and justly so. I am convinced that an apparently endless amount of strife which has been aroused by the activities of the Board does not point in the direction of industrial peace, which is the object so many of us had hoped would be attained by it. When I voted for the creation of the Board, I hoped that it would promote the cause of collective bargaining in such a way as to bring peace in industry, without which we can have no lasting prosperity. Certainly, the editorial policy of the Pittsburgh Press would not have become so pronounced as shown in this article if there were not strong reasons for believing the Board to be partisan in its activities.

The article from the Philadelphia Inquirer represents the progressive point of view of that publication under its new management. I have talked recently with its editor and have learned from him his interest in the cause of collective bargaining and his experience in this field with the various newspapers with which he has been associated. Although the Inquirer is traditionally conservative, its new management has adopted a point of view in keeping with present needs. An examination of these two editorials coming from both ends of the great labor State of Pennsylvania will show their mutual agreement that the Labor Board requires investigation.

I repeat my request that these two editorials be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Pittsburgh Press of December 7, 1937]

THIS IS THE LAW

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances."

This is the first amendment to the Constitution of the United States—the first article of the Bill of Rights.

It does not say anything about whether a "free press" or "freedom of speech" or the right to "petition the Government" shall be exercised in the form of a newspaper article or editorial, or a paid advertisement, or a circular, or a reprint of a magazine article, or what other form it shall take.

It gives to any American citizen the right to speak his piece, as he sees fit, in whatever form he may choose, and to circulate it where and how he pleases.

It makes no difference what the article may say. The charges which an article contains may be true or false. It makes no difference whether they were inspired by the Weirton Steel Co. or the Emperor of Swat. It makes no difference how an article came to be written, or who passed on it, or what correspondence was exchanged regarding it.

The Constitution of the United States gives to any American—be he labor leader or corporation executive, editor or advertiser, individual or group or corporation, the right of free speech. He can speak his mind when, where, and how he chooses.

He is subject to certain limitations of law. He can be punished for defamation of character and libel and inciting to rebellion and violence. But he can say his say; he can speak his mind; he can circulate his views when, how, and as he sees fit—and he is not answerable as to why he arrived at a particular opinion, or who influenced him to reach that view, or how his views came to be circulated.

This is his constitutional guaranty as an American citizen.

It is the basic guaranty of his freedom.

All the labored excuses and apologies of the National Labor Relations Board, all its attempts to differentiate between what a paper said and how its views came to be circulated, all its technical explanations of the differences between the publication of a piece and the circulation of that piece—every excuse for invading the rights guaranteed by the first amendment to the United States Constitution fall flat when read in the light of what that amendment actually says.

The Labor Board tries to find a basis for denying, under certain conditions, the right of American citizens to speak their piece. The Constitution sets up no such limitations.

The Board holds that under certain circumstances the exercise of the privileges granted by the first amendment may violate the Wagner Act. The exercise of those privileges might tend to defeat the purposes of the act.

During prohibition it might have been claimed, with equal logic and validity, that attacks on the eighteenth amendment tended to defeat the effectiveness of the act.

It might be claimed that criticisms of and attacks on the income-tax law tend to encourage tax violations.

It might be claimed that verbal assaults on the rulings of the Interstate Commerce Commission tend to hamper their enforcement.

It might be claimed, in short, that criticisms of the actions of any branch or department or bureau of the Government tend to handicap the activities of that particular arm of Government. They do. But that's what the Constitution guaranteed they could do.

John L. Lewis or E. T. Weir or Joe Butch have a right to differ with what the Government is doing—and to express those differences in print—in a newspaper or magazine, or by letter, or sign, or mimeograph, or picture, or word of mouth.

No law—not even the Wagner Act—invalidated that right. It is written into our basic guarantees—the first provision of what we proudly refer to as the Bill of Rights—the most high-sounding title bestowed on any portion of our basic law.

This is the article which the National Labor Relations Board now attempts to limit and circumscribe, by technical interpretations. And the first invasion of it which succeeds is the gateway to eventual invalidation.

[From the Philadelphia Inquirer of December 9, 1937]

N. L. R. B. SPELLS PERSECUTION

By its shockingly inquisitorial conduct of two cases now before it, the National Labor Relations Board invites a searching congressional investigation as to its personnel, its methods, and its place in the American scheme of things.

In one case it has jumped on an obscure editor of a trade paper who had dared to criticize its handling of an industrial dispute. With appalling arrogance it has demanded that the editor produce all the material on which his critical article was based; copies of letters, memoranda, telegrams, cables, radograms, reports, and other communications.

In the other case the editor of a small-town newspaper in Pennsylvania who published a contributed editorial displeasing to the Labor Board is being given the razzle-dazzle by the inquisitorial outfit. The editor, pounced upon by the Board, was hornswoggled into revealing the name of the author of the editorial. That the writer, although an experienced newspaper woman, turned out to be the wife of an employee of the company involved in the labor dispute under inquiry was one of those revelations so dear to this amazing Board.

It should be borne in mind that these two inquisitions are not major undertakings by the N. L. R. B. They are merely offshoots from its deliberations on labor disputes. They represent side excursions into fields peculiarly attractive to the Board's members. They have none but the most indirect bearing on the adjudication of industrial cases. If the Board's grant of power by the Wagner Labor Act permits such brilliant demonstrations of its trouble-making ability in the relatively short time it has been in operation, what may be surmised as to the future if it is allowed to proceed unchecked?

The Board's bulldozing of two small-time editors is, at best, a revolting example of official ineptitude. But it is far more than that. The first article of the Bill of Rights reads, in part: "Congress shall make no law * * * abridging the freedom of speech or of the press." If the N. L. R. B.'s treatment of these two little editors isn't a violation of the constitutionally guaranteed freedom of the press to express opinions that are not slanderous or libelous, what is it?

But the Labor Board's drive on editors who displease it is only the latest exhibition serving to confirm grave doubts of its policies and methods. Last winter it came in for a general roasting for its abysmal failure to do anything about the wave of sit-down strikes. By April it was being freely criticized for the one-sidedness of its rulings—in most cases against industry. In July an analytical report by the United States Chamber of Commerce cited marked inconsistencies in the N. L. R. B.'s findings, but President Roosevelt immediately gave his opinion that it was operating fairly.

This called forth from Congressman RANKIN, Mississippi Democrat, and certainly no enemy of the administration, the charge that the Labor Board was an "unholy combination" carrying on "intolerable inquisitions" that threatened to "wreck southern and western industry." More recently other Senators and Representatives have demanded curbs on the Board and inquiries into its operations.

Obviously the N. L. R. B. has puffed itself up to be an overgrown bully, an arrogant, bludgeoning dictator over whatever and whomever comes within its reach. How does it get that way? Is it the fault of its personnel? Is it because the Wagner Labor Act

which brought it into being must be amended or drastically revised before the Nation can be assured of the fair judgment of labor disputes by any board?

It was plain from the first that the N. L. R. B. was to be a quasi-judicial body. But it certainly was not plain that it would be a high-handed, swaggering agency that was not only judge but prosecutor and jury to boot. Instead of a calm, judicial referee which should be unprejudiced and impartial in the industrial disputes coming before it we seem to have been saddled with a Board that could give Hitler and Mussolini lessons in how to crack down, a Board that has added persecution to its other insufferable injustices.

The blame for this situation unquestionably is due in part to the act which created the Board. The Wagner labor relations law itself, one-sidedly against industry, does not conduce to fair and impartial judgments by its Labor Board. The Wagner law should be brought up for reappraisement and revision by Congress as early as is practicable.

But it is unthinkable that the Wagner Act contemplated or intended to permit the operation of such a blunderbuss as the N. L. R. B. has shown itself to be. It is the almost unbelievable ineptitude and crass ruthlessness of the Board's activities that prompt strong doubts concerning its personnel. Surely Congress should make it a point as soon as possible to hold these roughshod tramplers upon constitutional rights up for rigid inspection and considered judgment.

Whether the N. L. R. B. gets that way from its parent Wagner Act or from its highly dubious personnel, it is for Congress to remedy. The one thing now certain is that this high-handed, dictatorial prosecutor-judge must not be permitted to go on lording it over American industry and the American people. There is nothing but ruination in its methods.

If the N. L. R. B. made ghastly mistakes before, it hit a new high for ineptitude when it picked on two little editors who displeased it. After all, this is the United States, not Russia or Germany.

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. BARKLEY. Mr. President, I want to make an appeal to the Senate, to see if we cannot make more progress. We have been in session nearly 3 hours today, and have not even voted on the title to the tobacco section as yet. It seems to me that if we expect ever to finish the consideration of the bill we will have to begin to consider the amendments proposed by the committee, and after those are disposed of we will have to vote on a lot of amendments offered to the text by Senators. I appeal to Members of the Senate to let these extraneous matters go over until the pending bill shall be disposed of, and let us see if we cannot make some headway on the bill this afternoon.

The PRESIDING OFFICER. The question is on agreeing to the amendment inserting subdivision (a) of section 40.

The amendment was agreed to.

The next amendment of the committee was, on page 41, after line 9, to insert the following:

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the price for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

The amendment was agreed to.

The next amendment of the committee was, on page 41, after line 20, to insert the following:

(c) Whenever an abnormally excessive supply of tobacco exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

The amendment was agreed to.

The next amendment was, in section 41, page 42, after line 3, to insert the following:

SEC. 41. (a) Whenever, on the 15th day of November of any calendar year, the Secretary finds that the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level therefor, the Secretary shall proclaim the amount of such total supply, and, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the tobacco marketed during such succeeding marketing year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the total quantity which may be marketed, which will make available for marketing during the succeeding marketing year a supply of tobacco equal to the reserve supply level. Such proclamation shall be made not later than the 1st day of December in such year.

Mr. ELLENDER. Mr. President, I have an amendment on the desk to this provision, which I ask to have reported.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 42, lines 15 and 16, it is proposed to strike out the words "for marketing."

The amendment to the amendment was agreed to.

Mr. LOGAN. Mr. President, I send to the desk an amendment which I desire to offer to the section now under consideration, and will ask to have it read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 42, between lines 19 and 20, it is proposed to insert the following:

(b) Whenever in the case of burley tobacco and fire-cured tobacco, respectively, the total supply proclaimed pursuant to the provisions of subsection (a) of this section exceeds the reserve supply level by more than 7 percent and a national marketing quota is not in effect for such tobacco during the marketing year then current, a national marketing quota shall also be in effect for such tobacco marketed during the period from the 1st day of December to the end of such current marketing year, and the Secretary shall determine and specify in the proclamation made pursuant to subsection (a) of this section the amount of such national marketing quota in terms of the total quantity which may be marketed, which will make available during such current marketing year a supply of tobacco equal to the reserve supply level.

Mr. LOGAN. Mr. President, I desire to offer a brief explanation of the proposed amendment. I had hoped that the Senator from Louisiana, who seems to be the sponsor of the tobacco section of the bill, might accept the amendment so that it might go before a conference committee for consideration. The amendment comes to me from the tobacco growers in my own State, where we produce about 75 percent of the entire burley crop. It applies only to burley and to the fire-cured tobacco, the two types of tobacco being grown in Kentucky.

When the bill was prepared by the committee it appears that because tobacco cannot be sealed or stored on the farm the ever-normal-granary idea could not be embodied in the tobacco section. The amendment I have offered does apply the plan of the ever-normal granary to tobacco, as it is applied to corn and cotton, and perhaps to all the other commodities. At all events, the amendment would place tobacco under the ever-normal-granary plan.

It is well known that sometimes there is a very great surplus of tobacco; at other times the crop is much smaller. Under the plan as expressed in the bill as reported by the committee the farmer must sell his surplus at the end of the year and pay a penalty of 50 percent, or he may, as I understand, carry it over for another year without paying a penalty. If the amendment should be agreed to, the farmer might store his tobacco in a warehouse, either a private or public warehouse, and keep it there until the following year without paying the penalty, and in subsequent years he could dispose of it.

The difference is that if the farmer sells the tobacco and pays the 50-percent penalty, he loses all ownership of the tobacco; but if he should put it in a warehouse and should be permitted, as the amendment would allow, to borrow perhaps not to exceed 50 percent on it, he would still have an equity in the tobacco.

This amendment would also put marketing quotas into effect immediately, before an excessive crop could be produced, instead of after, or perhaps both before and after, as I understand.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. LOGAN. I am glad to yield.

Mr. ELLENDER. As I understand the principle of the amendment, it is to put a marketing quota on tobacco after it is produced, and in cases where a marketing quota was not put on the year before.

Mr. LOGAN. That seems to be the purpose of the amendment. Let me say to the Senator that I do know something—not much—about the growing and the marketing of tobacco. We have the craziest method of marketing tobacco that could exist anywhere in the world about marketing any product. It seems to me that if this amendment to the committee amendment should be adopted—I do not know whether it will work or not, but I believe it will because the best tobacco man I know of in the United States tells me that it will, and that is the reason I think so—if it would work it would enable us to work out an orderly, sensible marketing plan that would be to the great benefit of all the tobacco growers in Kentucky.

The purpose of the amendment is to level out the production of tobacco. It will keep a uniform quantity of tobacco as nearly as may be. That is the sole purpose of the amendment.

Mr. ELLENDER. The marketing quota that would be authorized under the Senator's amendment would be put into effect only after the supply level is reached?

Mr. LOGAN. Yes.

Mr. ELLENDER. And in effect it would be the same as though a marketing quota had been put on production the prior year?

Mr. LOGAN. I think so. That is my understanding.

Mr. ELLENDER. The same penalties apply.

Mr. LOGAN. The same penalty would apply, except the farmer is not compelled to sell his surplus during the year in which it was produced. He may put it in the warehouse and, like corn or wheat, he would be enabled to borrow on it. I do not think the Government ought to loan on any product more than 50 percent of its value, but the farmer could hold the tobacco and borrow on it until he could sell it.

Mr. ELLENDER. I may state that that same amendment was discussed with me 2 or 3 days ago. The objection that I had to it was that the same penalties as apply to the marketing quotas fixed in advance of production would apply to this. But since the amendment now provides a different method I have no objection to it.

Mr. BARKLEY. Mr. President, will my colleague yield to me at that point?

Mr. LOGAN. I am glad to yield.

Mr. BARKLEY. Would not this amendment also operate to encourage among farmers cooperating marketing associations, some of which still exist in Kentucky and Tennessee, with respect to storage of their tobacco, and taking advantage of the facilities offered by the bill?

Mr. LOGAN. That was the most important point I wanted to stress. I forgot it, as I frequently do. The amendment will enable them to dispose of the tobacco cooperatively.

Since the Senator from Louisiana [Mr. ELLENDER] accepts the amendment, I am very glad to close my remarks.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. LOGAN] to the amendment reported by the committee on page 42, between lines 19 and 20.

The amendment to the committee amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment on page 42, being section 41 (a), as amended.

The amendment of the committee, as amended, was agreed to.

The PRESIDING OFFICER. The next committee amendment will be stated.

The next amendment was, on page 42, line 20, to insert the following:

(b) Within 30 days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who would be subject to the national marketing quota for tobacco to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 1st day of January, proclaim the result of the referendum and such quota shall not become effective.

Mr. ELLENDER. Mr. President, I understand that the Senator from Kentucky offered an amendment, appearing between subsections (a) and (b).

Mr. LOGAN. That is correct. I send to the desk another amendment and ask that it be stated.

Mr. ELLENDER. Is the amendment to change the subsection letter from (b) to (c)?

Mr. LOGAN. That will come later. The amendment I now propose appears in line 25, after the word "quota", at the bottom of the page.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 42, line 25, following the word "quota", it is proposed to insert the following new sentence:

If in the case of burley or fire-cured tobacco farmers would be subject to a national quota for the next succeeding marketing year pursuant to the provisions of subsection (a) of this section, and also to a national marketing quota for the current marketing year pursuant to the provisions of subsection (b) of this section, the referendum shall provide for voting with respect to each such quota.

Mr. LOGAN. I believe the Senator from Louisiana has no objection to the adoption of that amendment to the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. LOGAN. Mr. President, I send to the desk a further amendment to change letter designations, and also to make an amendment on page 43, line 3.

The PRESIDING OFFICER. The amendments will be stated.

The CHIEF CLERK. On page 42, line 20, it is proposed to strike out "(b)" and insert in lieu thereof "(c)"; on page 43, line 4, it is proposed to strike out "(c)" and insert in lieu thereof "(d)"; and on page 43, line 3, it is proposed to strike out "become effective" and insert in lieu thereof "be effective thereafter".

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Kentucky.

The amendments to the committee amendment were agreed to.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. On page 43, line 4, it is proposed to insert the following:

(c) In connection with the determination and announcement of any marketing quota for the 1938–39 marketing year, the determination by the Secretary pursuant to subsection (a) of this section shall be made as of the 15th day of January and proclaimed not later than the 1st day of February, and the proclamation of the Secretary pursuant to subsection (b) of this section shall be made prior to the 1st day of March.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The next amendment was, on page 43, line 12, to insert the following heading:

Apportionment of National Marketing Quota.

The amendment was agreed to.

The next amendment was, on page 43, beginning in line 13, to insert the following:

SEC. 42. (a) The national marketing quota for tobacco established pursuant to the provisions of this title shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the 5 calendar years immediately preceding the calendar year in which the quota is proclaimed (taking into account the base acreages and goals for tobacco established under previous agricultural adjustment and

conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production for small farms, and for trends in production during such 5-year period.

Mr. ELLENDER. I offer an amendment on page 43, line 14, which I ask to have reported.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 43, line 14, after the word "title", it is proposed to insert a comma and the following: "less the amount to be allotted in subsection (c) of this section,".

Mr. ELLENDER. The purpose of that amendment is to deduct from the national quota that part under subsection (c) to be allocated to new growers.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. ELLENDER. I send to the desk another amendment, on page 43, lines 18 and 19, which I ask to have reported.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 43, lines 18 and 19, it is proposed to strike out the words "(taking into account the base acreages and goals for tobacco established" and insert in lieu thereof the following: "(plus, in applicable years the normal production on the acreage diverted."

Mr. ELLENDER. That amendment simply clarifies the language, Mr. President.

Mr. GEORGE. Mr. President, would that still leave it free for the Secretary to consider the base acreage?

Mr. ELLENDER. It is changed so that the diverted acreage in the past shall be taken into consideration in figuring out the quotas.

Mr. GEORGE. So it would take into consideration the diverted acreage in the preceding years?

Mr. ELLENDER. Yes, sir. That is the purpose.

Mr. GEORGE. Is there any disagreement about that? I should like to have that point made very clear.

Mr. ELLENDER. There is no disagreement of which I know.

Mr. GEORGE. The language as it stands I understand to mean that same thing?

Mr. ELLENDER. It means that same thing.

Mr. GEORGE. I am very anxious that there be no change in the meaning of this particular phrase.

Mr. ELLENDER. I can see no difference. That same language has been used, I may say to the Senator, in reference to other commodities. The acreage diverted is taken into consideration. It will be noticed, particularly with reference to the rice section, that similar language is used there. It was the desire to make the language more nearly uniform.

Mr. GEORGE. Mr. President, I merely wish the RECORD to show that that does not interfere with the consideration—on the contrary, it requires the consideration of the production on the diverted acreage during the period used as the basis of arriving at the national quota.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] on page 43, lines 18 and 19.

The amendment to the committee amendment was agreed to.

Mr. PEPPER. Mr. President, I send forward an amendment which I ask to have stated. It is the amendment proposed by my colleague [Mr. ANDREWS] and myself.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 43, line 24, it is proposed to strike out the period at the end of the line and to insert therein a colon and the following:

Provided, however, That to prevent in any case too sharp and sudden reduction in acreage of tobacco production in any State, the marketing quota for flue-cured tobacco for any State (1938–39) shall not be reduced to a point less than 80 percent of the production of flue-cured tobacco in such State for the year 1937.

Mr. PEPPER. Mr. President, before I address myself to that amendment. I ask to correct the amendment so as to eliminate the figures 1938 and 1939, and insert in lieu thereof "for any year", so that the amendment will now read:

Provided, however, That to prevent in any case too sharp and sudden reduction in acreage of tobacco production in any State, the marketing quota for flue-cured tobacco for any State for any marketing year shall not be reduced to a point less than 80 percent of the production of flue-cured tobacco in such State for the year 1937.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PEPPER. Mr. President, the purpose of that amendment is this:

In the bill on page 42, the discretion of the Secretary of Agriculture to make an acreage reduction is unlimited. So far as the provisions of the bill are concerned, he could reduce all existing acreage 50 percent, and there would be no contradiction in the terminology of the bill. My State produces flue-cured tobacco in a relatively small acreage. Whereas Florida produced flue-cured tobacco in the year 1937 on only 13,000 acres, North Carolina had 661,000 acres. So if the reduction of acreage in my State were too severe, it would leave us hardly anything at all upon which to proceed in the future.

Therefore I have not restricted this language to our State, but have written into the bill by this amendment a limitation upon the discretion of the Secretary in the reduction of acreage; namely, that in no case can he reduce acreage in any State below a point equivalent to 80 percent of the production in acreage for the year 1937. I respectfully submit that that is only a fair provision, and that the intent of the amendment is that the adjustment shall be made not in any other State quota, but in the national quota, and therefore there would be no perceptible influence upon the quota of any particular State.

Mr. GEORGE. Mr. President, so that that part of the matter may be put at rest, will the Senator accept an amendment to his amendment, which I will read:

Provided further, That this provision shall be applicable only to the adjustment of the national quota, and not in adjusting the quota of the several States producing tobacco.

Mr. PEPPER. I shall be glad to accept that, Mr. President, because that is the intent of my amendment—not to affect any other State adversely, but only to affect the national quota to the extent to which that principle may be employed.

Mr. McNARY. Mr. President, I do not understand the proposal of the Senator from Georgia. I ask the clerk to read it.

The PRESIDING OFFICER. The clerk will read the amendment suggested by the Senator from Georgia.

The CHIEF CLERK. At the end of the amendment proposed by the Senator from Florida it is proposed to add the following:

Provided further, That this provision shall be applicable only to the adjustment of the national quota and not in adjusting the quota of the several States producing tobacco.

Mr. BARKLEY. Mr. President, does the Senator's amendment to the amendment refer only to flue-cured tobacco, as the amendment itself does?

Mr. GEORGE. "Such tobacco."

Mr. PEPPER. Only to flue-cured tobacco. I am glad to accept that amendment.

Mr. BYRD. Mr. President, I desire to ask the Senator whether his amendment is approved by the Department of Agriculture.

Mr. PEPPER. It has not been presented to the Department in that language. The Department did not approve an amendment, which I at one time considered, to limit the discretion of the Secretary with respect to Florida to a reduction of not more than 20 percent of our 1937 production; but I have not had an opportunity to present the amendment in this phase, which is a development of several conferences on the floor with Senators from tobacco-producing States. I do not believe the Department would have any

appreciable objection to it, because it would have an imperceptible influence upon the national quota.

We produce tobacco on only 13,000 acres altogether. I am merely proposing that no State shall have its quota reduced more than 20 percent of its production in 1937, because that would still reduce us 2,600 acres, and that is enough for anybody to be reduced, certainly in the case of a little State.

Mr. BYRD. Is the Senator willing to defer the consideration of the amendment until he can communicate with the Secretary of Agriculture and ascertain the attitude of the Department? This is a very complicated question involving the acreage of a number of States.

Mr. PEPPER. I am not in position to do that, because that would mean the postponement of the whole section so far as I am concerned; and if the Department should have any violent objection, I feel that in conference that objection could be made known.

Mr. BYRD. I understood the Senator to say to me that he had conferred with the Department with respect to a number of other amendments.

Mr. PEPPER. That is true.

Mr. BYRD. Why did not the Senator confer with them with respect to this particular amendment?

Mr. PEPPER. I did confer with the Department with respect to this subject; and in the form in which the amendment was originally presented, the Department did not approve 80 percent. I am not saying what other percentages they would have approved; but after consultation with other Senators, and after hearing the suggestion offered by the Senator from Georgia [Mr. GEORGE], and seeing, as I hope everybody will see, that my amendment does not affect the individual States, but the adjustment would be made in the whole national quota, I cannot see why anybody should have any objection to the amendment.

Mr. BYRD. What I am unable to understand is why the Senator conferred with the Department about five or six other amendments that he had and at the same time did not confer with them about this particular amendment.

Mr. PEPPER. I desire to make it clear to the Senator that I did confer with the Department about this general subject.

Mr. BYRD. Do they favor it or do they not favor it?

Mr. PEPPER. They have not been conferred with about this point in the form in which it is now presented because the issue in that form arose just a few minutes ago here on the floor of the Senate after conferences with other Senators.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. BARKLEY. As I understand, as originally offered, the Senator's amendment applied only to Florida by name.

Mr. PEPPER. That is correct, and the Department was opposed to that.

Mr. BARKLEY. The Department objected to that?

Mr. PEPPER. That is correct.

Mr. BARKLEY. In order to get away from naming any State in the amendment the Senator has used general terms, so that the amendment would apply to flue-cured tobacco so far as the national quota is concerned?

Mr. PEPPER. That is correct, and giving it the additional safeguard of the amendment of the Senator from Georgia.

Mr. BYRD. Then, as I understand, this particular amendment has not been submitted to the Department.

Mr. PEPPER. That is correct.

Mr. BYRD. But the Department disapproved one which had virtually the same effect?

Mr. PEPPER. No; I will not admit that. The Department disapproved one that named Florida as an individual State whose quota could not be reduced more than 20 percent but has not disapproved the amendment in its present form. I talked with a representative of the Department of Agriculture a while ago, but the individual to whom I talked stated he was not in position to express any opinion about the matter. At this time I cannot see anything wrong with the principle of limiting the discretion of the Secretary so that he cannot reduce the acreage of any State more than 20 percent of the acreage in 1937, because that is enough reduction for any State, whether a little one or a big one.

Mr. ELLENDER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. PEPPER. I do.

Mr. ELLENDER. As I understand the amendment of the Senator from Florida, it would make some changes in the flue-cured-tobacco quotas of the States in which this kind of tobacco is grown. This would result from the fact that the 1937 production, taken alone, is more favorable to some States than others. I have here a table which shows the 1937 production of flue-cured tobacco by States as compared with the average production in the 5-year period 1933–37. Partly because of unfavorable growing conditions in some States as compared with others, the 1937 production alone is not representative of the normal production in different States. Thus the amendment might operate to favor growers in some States at the expense of growers in other States—especially States where unfavorable conditions of production prevailed in 1937.

A greater difficulty might arise, however, if it should become advisable to have a national marketing quota less than 80 percent of the 1937 production which, incidentally, was about 135,000,000 to 140,000,000 pounds, or about 20 percent above the present level of consumption. The amendment in such case would operate to defeat the purpose of the bill by making necessary a quota larger than that originally intended in the bill.

It may be noted, as I have said earlier today, that the bill as drafted provides for recognition of trend or increased production in any State in apportioning the national quota.

Mr. President, I ask leave to insert at this point the table I have just referred to showing production of flue-cured tobacco in the several States for 1937 as compared with production for the 5-year period 1933–37:

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

There being no objection, the table referred to was ordered printed in the RECORD as follows:

	5-year average production (1933–37)		1937 production	
	Pounds	Percent	Pounds	Percent
Virginia	64,114,000	8.8	71,710,000	8.6
North Carolina	507,315,000	70.1	569,790,000	68.2
South Carolina	82,994,000	11.5	106,400,000	12.7
Georgia	63,310,000	8.7	76,893,000	9.2
Florida	6,249,000	.9	10,920,000	1.3
Total	723,982,000	100.0	835,713,000	100.0

Mr. ELLENDER. As I stated a moment ago, the way in which tobacco is allotted to the various States is on the average production for the past 5 years, with adjustments for trend and for abnormal conditions of production. If this amendment should be adopted, in my opinion it would change the allotments along the lines I have just suggested.

Mr. BYRD. Mr. President——

Mr. PEPPER. I yield to the Senator from Virginia.

Mr. BYRD. The Senator from Louisiana has been in touch with the Department of Agriculture in connection with all these matters. Do they favor this amendment, so far as the Senator knows, or are they opposed to it?

Mr. ELLENDER. I had occasion to talk to a member of the Department this morning, and, judging from my conversation with that gentleman, the Department is not much in favor of it.

Mr. CONNALLY. Mr. President, what does the Senator state is the attitude of the Department?

Mr. ELLENDER. The Department does not favor it.

Mr. PEPPER. Mr. President, let us take the language of the bill and then apply the amendment to it and see how it will operate.

On page 42 the following language appears:

The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the total quantity which may be marketed, which will make available for marketing during the succeeding marketing year a supply of tobacco equal to the reserve supply level.

If there is any other provision in the bill which lays down a standard to govern the Secretary of Agriculture in fixing the national marketing quota, I should like to have it pointed out.

Mr. BAILEY. Mr. President, let me suggest to the Senator that probably that point of the national quota is a point for his amendment. The Senator's amendment relates to any State. Suppose he should write his amendment so as to provide that the national quota shall not be reduced in any year by more than 20 percent; then he would have the cushion that he wishes to have. The cushion would apply equally to all the States; but, as I understand the way the Senator's amendment is drawn, it relates to any State. Under it the Secretary could cut the quota of my State and not cut the quota of the Senator's State.

Mr. PEPPER. Yes; but, in reply to the inquiry of the Senator from North Carolina, I will say that the Secretary could not cut the quota of either the Senator's State or mine more than 20 percent. In other words, there is a limit to the exercise of his discretion.

Mr. BAILEY. Is the Senator asserting the principle of allowing the Secretary of Agriculture to cut the quota of my State and not cut the quota of the Senator's State?

Mr. PEPPER. I am allowing the Secretary of Agriculture a continuation of the discretion vested in this bill, with a limitation.

Mr. BAILEY. I ask the Senator a very simple question. Let us get the facts. Is the Senator asking, by his amendment, to empower the Secretary of Agriculture to cut the quota of the State of Virginia and not cut the quota of the State of Florida?

Mr. PEPPER. I will answer that question "No," with this supplement to my answer: I am diminishing the Secretary's discretion instead of increasing it.

Mr. BAILEY. With all due respect, I think the Senator's answer is like the one the Senator from Louisiana [Mr. ELLENDER] made just now—"not much." [Laughter.]

Mr. PEPPER. All right, Mr. President. I am sure the Senator will let me explain the reason for that statement.

Mr. BAILEY. Yes; I am perfectly willing, but I do not want any of this "not much" answer. I want to know what we are doing.

Mr. PEPPER. All right. I prefaced my statement with "no." This is section 42:

The national marketing quota for tobacco established pursuant to the provisions of this title shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the 5 calendar years immediately preceding the calendar year in which the quota is proclaimed (taking into account the base acreages and goals for tobacco established under previous agricultural adjustment and conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production for small farms, and for trends in production during such 5-year period.

Under that language there is no limitation whatever on the discretion of the Secretary. What I do is to impose upon him the limit that he cannot in any case, in the adjustment of quotas, restrict the quota of any State below 80 percent of the production of that State in 1937.

Mr. ELLENDER. Mr. President——

Mr. PEPPER. I yield to the Senator from Louisiana.

Mr. ELLENDER. In justice to the Senator from Florida, on the question whether or not the Department favored his amendment, I desire to state that I have a written statement from the Department with reference to the amendment as it was originally drafted.

The amendment as it was originally drafted, and to which the Department has objected, reads as follows.

On page 43, line 24, after the word "period", insert a colon and the following: *"Provided,* That any marketing quota for flue-cured tobacco for the State of Florida for the 1938-39 marketing year shall not be less than 80 percent of the production of flue-cured tobacco therein in 1937."

The statement of the Department goes on to say that this amendment is undesirable "for the following reasons," then follows the reasons why it is undesirable. I do not believe the language that has been added by the Senator from Florida has been submitted to the Department.

Mr. PEPPER. Nor has the language of the amendment offered by the Senator from Georgia [Mr. GEORGE] been submitted to the Department.

Mr. ELLENDER. That is correct.

Mr. PEPPER. Mr. President, let me make just this statement in conclusion:

We are not dealing, as we were in the case of the sugar bill, with the allocation of additional acreage. We are dealing with the reduction of existing acreage. This is the reason why I am so much interested in it, as will become apparent:

During the past 5 years, in production of tobacco, the acreage of the State of Florida has increased from 5,000 acres to 13,000 acres—a greater percentage of increase than any other State has shown. But I say that in the year 1937 we had the same right to grow tobacco that North Carolina had, the same right that Virginia had, the same right that every other tobacco-growing State had.

When you reduce existing acreage, you have no right to reduce our acreage more than you reduce the acreage of anybody else. That is what I am getting at; and yet, if you use the 5-year standard that has been written into this bill, you will cut my people back nearly 50 percent of the existing acreage, more than in the case of any other State in the Union.

So I say the principle is not the same one that we had in the sugar bill for the allocation of future allotments of acreage. You are talking about cutting out existing acreage, and you go down to my State of Florida and say to my tobacco farmers, "You were growing tobacco illegally last year," or, in substance, "Because you were not producing tobacco 5 years ago, we are going to penalize your existing acreage."

That is not right. I know that in substance the authorities are going to reduce the national quota about 20 percent, and I just do not want them to reduce my acreage more than they reduce Virginia's acreage, because we had the same right to grow tobacco last year that they had.

Mr. BYRD. Mr. President——

Mr. PEPPER. I yield to the Senator from Virginia.

Mr. BYRD. Is it not true that from 1936 to 1937 the number of pounds of tobacco produced in Florida was increased by 50 percent?

Mr. PEPPER. Yes.

Mr. BYRD. No such condition as that existed in Virginia.

Mr. PEPPER. That is correct. What has that to do with the matter? That did not make our acreage illegal last year.

The PRESIDING OFFICER. The time of the Senator from Florida on the amendment is exhausted.

Mr. ANDREWS. Mr. President, I think that it has been the policy of the Federal Government and the policy of the Agricultural Department of the Federal Government and of each State to encourage rotation of crops. If agriculture is ever to pull itself up to the point where the people will feel safe in undertaking that vocation for a livelihood, it will be through rotation and diversification of crops. It will reach that only through a system of change of crops on the various kinds of land. In accordance with that theory in the State of Florida the farmers have undertaken to vary their crops, to plant something on acreage that they were not allowed to plant under other conditions. Our Florida farmers have undertaken in the last 4 or 5 years to increase their production of flue-cured tobacco. I understand that flue-cured tobacco is the choice filling for cigarettes. The consumption of cigarettes since the war has more than doubled. Accordingly the farmers of certain counties in northern Florida have undertaken to vary their crops in order to keep from planting cotton or sugarcane.

We ran against the same situation when we undertook to procure more acreage for the production of sugarcane. We are now told that we cannot increase our acreage but must decrease because we must take an average production for the last 5 years. The last 5 years are the years when the production of flue-cured tobacco has gone from a few hundred acres up to 13,000 acres. If the bill becomes a law without our amendment, it is going to penalize the men who have spent their money to build their curing barns and other places for curing tobacco at great cost, and may cause at least half or more of their property to be confiscated.

I am perfectly confident that the adoption of this amendment would not seriously affect the other States. If it is the desire to aid in the rotation of crops, we now have a chance to encourage and help. I ask Senators not to cut the throats of those who are trying to better the conditions of agriculture by rotation of crops. We ask their vote for this amendment.

Mr. BAILEY. Mr. President, I should like very much to go along with the Senator from Florida, but if I do I will have to go the entire distance and destroy the bill. The arguments of the junior Senator from Florida [Mr. PEPPER] were to the effect that because Florida is being discriminated against and in danger of being injured because she did not produce tobacco in the last 5 years, it is a great wrong not to let them produce it on that ground. Every farmer in America could say the same thing because it relates to farming with respect to each man's opportunity in the last 5 years. If his argument is good for Florida, it is good against the whole bill.

The senior Senator from Florida [Mr. ANDREWS] followed with the statement that Florida had been producing other crops and now wishes to go into the growing of tobacco, that happening to be at the present time a profitable crop. He says it is a great wrong not to let them do it. If that is a good argument it can be made against the bill in behalf of every farmer in the United States. We could at once proceed to make the same argument with respect to burley growers in western North Carolina. I want to notify my friends from Kentucky that North Carolina is very much interested in burley tobacco. We produce 3,000,000 pounds. We would like to produce 5,000,000 or 6,000,000. We would like to have some arrangement like the one proposed whereby we can open up territory for the production of burley, because burley tobacco is a very good tobacco to produce. I could make the protest that it is a great injustice, just as my Florida friends, because the protest would go to the whole root and conception of the bill.

I suggest to my friends that if they wish to put a cushion under the whole proposition I will go with them. That is what I understood the senior Senator from Florida [Mr. ANDREWS] to say his amendment meant. If he wishes to forbid the Secretary of Agriculture from reducing the production of crops by more than 20 percent in all States and to make it even in all respects, that is just, that is fair, and we should provide that he shall not fix a national quota at less than 80 percent of the quota for 1937 and then make his distribution on the basis of the provisions in the bill. I should be in favor of that sort of cushion.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BAILEY. Certainly.

Mr. PEPPER. The Senator asked me a question a moment ago. I should like to ask the Senator a question along the same line. The proposal of the Senator, which he has just indicated he would be agreeable to adopt, would carry with it no limitation upon the ability and power of the Secretary of Agriculture to make a larger percentage of reduction of the 1937 acreage in Florida than he makes in North Carolina, would it?

Mr. BAILEY. I am contemplating that he will make one that will carry 80 percent right through the entire United States.

Mr. PEPPER. I should be willing to accept that amendment.

Mr. BAILEY. I am perfectly willing to vote for an amendment based on the suggestion of the Senator that would strictly forbid the Secretary of Agriculture from reducing the quota of flue-cured tobacco, or any other product, so far as that is concerned, under authority of this bill, below 80 percent of the production for a 5-year period, and when that quota is reached it shall be divided among the States pro rata according to their production in the years involved in the average or in the year 1937.

Mr. PEPPER. Oh, no; the average is the point in controversy here.

Mr. BAILEY. That is the cushion and I will support that cushion. That is the restraint on the Secretary of Agriculture to which the Senator from Florida referred just now. The amendment is not that at all. The amendment plows right straight down through the principle of the whole business and paints to the Senate, I believe for the first time in this long debate, the picture of the Congress of the United States laying out the farms and crops all over the United States.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Florida as modified by the Senator from Georgia.

On a division, the amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the adoption of the subdivision as amended.

Mr. ELLENDER. Mr. President, I have another amendment to this section.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 43, line 23, after the word "production", it is proposed to insert a comma.

The amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The CHIEF CLERK. On page 44, beginning in line 1, it is proposed to insert the following new paragraph:

(b) The Secretary shall provide, through local committees of farmers, for the allotment of the marketing quota for any State (less the amounts to be allotted under subsection (c) of this section) among the farmers producing tobacco therein on the basis of the following: Past production of tobacco; land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That except for farms on which for the first time in 10 years tobacco is produced to be marketed in the marketing year for which the quota is effective, the marketing quota for any farm shall not be less than the smaller of either (1) 2,400 pounds or (2) the average tobacco production for the farm during the preceding 3 years, not exceeding the normal production of the average of the base acreages or goals for tobacco established for the farm under agricultural adjustment and conservation programs during any of such preceding 3 years.

Mr. GEORGE. Mr. President, will the Senator from Louisiana permit me to offer an amendment at this point?

Mr. ELLENDER. Certainly.

Mr. GEORGE. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, in line 6, after the word "tobacco", it is proposed to insert "making due allowance for drought, flood, hail, other abnormal weather conditions, plant, bed, and other diseases."

Mr. GEORGE. Mr. President, this simply carries into the allotment to the individual farms within the State, after the State quota is determined, the same principle that the Secretary is enjoined to observe in fixing the national quota. In some States during this particular year very great ravages have occurred from plant diseases such as the blue mold, and from hail in certain sections. It is merely a precautionary injunction to the Secretary to take into consideration these abnormal conditions in dividing the allotment within the State to the individual farms within that State.

Mr. ELLENDER. I can see no objection to the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Georgia to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, in line 5, it is proposed to strike out the word "production" and insert "marketing", so as to read:

Past marketing of tobacco.

The amendment to the amendment was agreed to.

Mr. ELLENDER. I send to the desk another amendment, which I offer.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In lines 4 and 5 it is proposed to strike out, "farmers producing tobacco therein" and insert "farms on which tobacco is produced", so as to read:

The Secretary shall provide, through local committees of farmers, for the allotment of the marketing quota for any State (less the amounts to be allotted under subsection (c) of this section) among the farms on which tobacco is produced on the basis of the following.

The amendment to the amendment was agreed to.

Mr. PEPPER. Mr. President, I have an amendment which I desire to offer at this time.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, line 10, in the committee amendment, it is proposed to strike out the word "ten" and insert "five", so as to read:

Provided, That except for farms on which for the first time in 5 years tobacco is produced to be marketed in the marketing year for which the quota is effective—

And so forth.

The amendment to the amendment was agreed to.

Mr. PEPPER. I ask now that another amendment which I have sent to the desk may be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, in the committee amendment, it is proposed to strike out lines 13 to 18, inclusive, as follows:

(1) 2,400 pounds or (2) the average tobacco production for the farm during the preceding 3 years, not exceeding the normal production of the average of the base acreages or goals for tobacco established for the farm under agricultural adjustment and conservation programs during any of such preceding 3 years.

And insert in lieu thereof the following:

(1) 3,200 pounds, in the case of flue-cured tobacco, and 2,400 pounds, in the case of other kinds of tobacco, or (2) the average tobacco production for the farm during the preceding 3 years adjusted upward, if necessary, so as to equal the normal production of the highest tobacco acreage grown on the farm in such years plus any tobacco acreage diverted under agricultural adjustment and conservation programs during any such preceding 3 years.

Mr. PEPPER. Mr. President, the purpose of the amendment is merely to raise the minimum which any small farmer can have as his quota up to 3,200 pounds, which is the equivalent of about 4 acres of production, instead of 2,400 pounds, as is provided in the written bill. As I have said, these amendments are approved by the Department.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the committee amendment.

The amendment as amended was agreed to.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was on page 44, after line 18, where the committee proposed to insert the following:

(c) The Secretary shall provide, through local committees of farmers, for the allotment of not in excess of 3 percent of the national marketing quota apportioned to any State to farms in such State on which for the first time in 10 years tobacco is produced to be marketed in the year for which the quota is effective on the basis of the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That farm marketing quotas established pursuant to this subsection shall not exceed 75 percent of the farm marketing quotas established pursuant to subsection (b) of this section for farms which are similar with respect to the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco.

Mr. PEPPER. Mr. President, I offer an amendment on line 20, page 44.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Florida to the committee amendment.

The CHIEF CLERK. On page 44, line 20, it is proposed to strike out the figure "3" and insert in lieu thereof the figure "5."

Mr. PEPPER. Mr. President, the only effect of this would be to increase the national quota which is available for allocation to 5 percent, instead of having it 3 percent.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Florida.

The CHIEF CLERK. On page 44, lines 21 and 22, it is proposed to strike out the words "apportioned to any State to farms in such State" and to insert in lieu thereof "(1) to farms in any State whether it has a State quota or not."

Mr. PEPPER. Mr. President, the effect of the amendment would be to make possible the allocation of 5 percent of the whole national quota to new producers wherever they may happen to be.

Mr. BARKLEY. Mr. President, instead of allotting them 3 percent, as is provided, the Senator would allot the new producers 5 percent of the total quota for the whole United States?

Mr. PEPPER. That is correct.

Mr. BARKLEY. Regardless of how much or how little they have heretofore produced or may hereafter produce?

Mr. PEPPER. That is correct.

Mr. BARKLEY. Would not that possibly be out of all proportion to the amount that would be produced by the new producers?

Mr. PEPPER. Mr. President, the bill as written provided that 5 percent of the quota apportioned to any State could be apportioned in that State to new producers. The effect of that would practically limit new producers to the States which had already been growing tobacco for a long time unless a change were made in the law.

The principle embodied in the amendment is that 5 percent of the whole national quota is to be available to the Secretary for apportionment to new producers, whether they happen to be in a State which has been growing tobacco or happen to be in another State. The way in which the Secretary shall make the apportionment is, of course, entirely within his discretion.

Mr. BARKLEY. Are the new producers all to be within one State?

Mr. PEPPER. Just the contrary. The language of the amendment is "in any State, whether it has a State quota or not."

Mr. ELLENDER. It is to take the tobacco-producing area as a whole?

Mr. PEPPER. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Florida.

The CHIEF CLERK. On page 44, line 23, it is proposed to strike out "ten" and insert in lieu thereof "five."

Mr. PEPPER. This is consistent with the other amendment made on line 10.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Florida.

The CHIEF CLERK. On page 44, line 24, after the word "effective", it is proposed to insert "(2) for further increase of allotments made to small farms pursuant to the proviso in subsection (b) of this section."

Mr. PEPPER. Mr. President, this simply carries out the amendment made on line 22.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Florida.

The CHIEF CLERK. On page 45, line 4, after the word "subsection", it is proposed to insert the words "for farms on which tobacco is produced for the first time in 5 years."

Mr. PEPPER. Mr. President, this merely carries out the amendment made in line 10. I ask for the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

The next amendment of the committee was, on page 45, after line 9, to insert the following:

(d) Farm marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

Mr. BAILEY. Mr. President, I send forward an amendment and ask to have it read.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from North Carolina.

The CHIEF CLERK. On page 45, after line 12, it is proposed to insert the following:

(e) In making allotments hereunder with respect to bright tobacco the officers administering this act shall not reduce the quota of a farmer living on his farm and deriving his livelihood therefrom more than 10 percent of his 10-year average if such average is 15,000 pounds or less, and if his 10-year average is 10,000 pounds or less his quota shall not be reduced more than 5 percent, provided in either case such farmer shall comply with the soil-conservation policy.

Mr. BAILEY. Mr. President, this is an effort to provide a reasonable cushion for the smaller farmers. It relates to farmers whose average production in a 10-year period in the first case is 15,000 pounds, in the second case 10,000 pounds. It would prohibit the Secretary of Agriculture, or other authorities making quotas, from cutting the quotas of those farmers, because they are small farmers, by more than 5 and 10 percent, respectively.

Mr. President, I think the amendments are equitable, they are considerate, and they are necessary. I believe them to be within the general intent of the proposed legislation. We wish to help all the farmers, to be sure, but we wish first of all to help the smaller farmers. One of the great concerns of the Congress has been the small farmers, and especially the tenant farmers. The amendment would prevent that class of farmers from suffering from large reductions in their quotas.

It may be considered that it might give them a better chance than the big farmer would have. The big farmer might be cut 25 percent, but it is not right to make any horizontal cut in the farmer's output or production without regard to his condition. The big farmer can stand a big cut; the tobacco raiser with a production of 50,000 pounds can stand a big cut; but the man with a production of only 10,000 pounds cannot stand a 25-percent reduction, he cannot stand a reduction of the 20 percent contemplated.

Mr. President, the figures are very simple. Ten thousand pounds of tobacco today at 26 cents a pound amounts to $2,600. If it cost the farmer half that to produce the tobacco, it would mean his income would be only $1,300. It is not right to cut that man 25 percent. I have fixed a limit so that it cannot be done. It might be right to cut the fellow with a production of fifty or sixty or seventy or one hundred thousand pounds.

I do not know that there was any subject of complaint in North Carolina more acute under the operations of the A. A. A. than as to this matter. The general impression was good, I agree. People became attached to it in great numbers, but the little fellows, who were voiceless, never have been heard except as they got an occasion here and there, and I am going to tell a story to the Senate as to the reason why I am offering this amendment.

I was on the way to make a speech in defense of the Democratic administration, going to Pittsboro, in Chatham County, during the campaign. A ragged man met me on the street with some papers in his hand and asked me if I was to be the speaker that day. I said I was to be. He said, "You are Senator BAILEY?" I said, "Yes." He said, "Look at these papers." I looked at them and said, "It appears to me that they have taxed you $12 on your cotton. Am I right?" He said, "Yes." I said, "How much cotton did you produce?" He said, "Two bales." I said, "The tax is $12?" He said, "Mr. BAILEY, they have taken $12 from me, when my whole crop did not bring me a hundred dollars. I do not understand it. Will you explain it?" I said, "I cannot explain it. It is wrong. Come on down to the courthouse with me and I will give a pledge that I will never vote for legislation that will permit that to be done."

Mr. President, I ask the Senate to vote in good faith to prevent the little farmer being ground to powder by some horizontal order issued by some irresponsible bureau. I ask that the amendment be agreed to.

Mr. ELLENDER. Mr. President, if this amendment should be adopted it would of course affect the method of allocation now provided in the bill, and there are so many farmers coming within the class affected by the amendment that it would be impossible for a marketing quota to be dealt with adequately.

Actually if all growers entitled to the proposed exemption should market such an amount of tobacco, the present production would be increased several times. For example, in the case of flue-cured tobacco there are about 150,000 farms. This figure times 15,000 pounds would mean 2,250,000,000 pounds production, when present estimated world consumption is only 700,000,000 pounds.

The method of allocation as provided in the bill is just, as I see it, in that it exempts small growers from adjustment below their normal production; that is, any producer of flue-cured tobacco who grows 3,200 pounds or less and any producer of other kinds of tobacco who grows 2,400 pounds or less can continue to grow his normal amount without adjustment downward, and the quota for any such grower would be the highest amount of tobacco produced by him in any of the 3 years prior to the year in which the quota becomes effective. Also, any grower producing slightly more than 3,200 pounds of flue-cured tobacco or 2,400 pounds of other kinds of tobacco would not have his quota adjusted lower than 3,200 or 2,400 pounds, as the case may be. In effect, small growers can continue to produce tobacco as usual without adjustment because of marketing quotas. I personally cannot see how the method of allocation could be dealt with better.

Here we have a formula by which to go, and if it is followed the Secretary can better establish the quota and more justly allocate it among all the tobacco growers in proportion to their past production and ability to carry the burden of any adjustment downward.

As I have said, and I repeat, if the amendment should be adopted, it would absolutely throw the entire tobacco section of the bill out of balance.

Mr. BARKLEY. Mr. President, I dislike very much to disagree with my friend the Senator from North Carolina with respect to this amendment, but I do feel somewhat like the Senator from Louisiana that this will upset the question of allotments and curtailments to such an extent perhaps as to make the program ineffective. It does not apply to dark tobaccos, of course, and applies only to bright tobaccos. I happen to know more about the dark than the bright, because the section of Kentucky where I live produces dark fired and dark air-cured tobacco.

I think it would be true that if this amendment were adopted it would eliminate a large number of growers of tobacco who produce less than 15,000 pounds on their individual farms, and even less than 10,000 pounds on their farms, from any regulation or curtailment whatever. They would be lifted by the amendment out of this program.

Mr. President, we have had a great deal of experience in Kentucky in the effort to organize tobacco growers for marketing purposes, and also for curtailment purposes; and many of the troubles that grew out of our efforts to organize tobacco growers resulted from the fact that about 25 percent of the tobacco growers would remain outside of the organization, refusing to cooperate with their neighbors, taking onto themselves no responsibility and no burdens, but at the same time expecting to reap a higher price because of the burdens taken on by the other 75 percent who were willing to organize and to curtail their crop, and to hold back the tobacco from the market until it could be fed to the market as it might be needed.

Because of that unfortunate experience and the feeling frequently engendered among those willing to cooperate against those who were not willing to cooperate, I think I can truthfully state that without exception all the letters and telegrams I have received from the farmers in Kentucky on the subject of tobacco are in favor of the most effective law that can be enacted to bring about control of production. They feel that whatever law is passed and whatever curtailment is inaugurated, whatever program is intended to adjust production to consumption, should be made applicable to all farmers alike. If those who produce less than 15,000 pounds are exempted, that would mean, I should say, on the average at least a maximum of 15 acres, because a thousand pounds to the acre is a very good average for a farm producing tobacco. In certain sections the average is 800 pounds per acre. So when we have exempted 15,000 pounds we have practically exempted 15 acres of tobacco-producing land from the operations of this measure.

Mr. BAILEY. Mr. President, I do not have the opportunity to make a second speech, so I shall have to interrupt the Senator and ask him to yield.

Mr. BARKLEY. I gladly yield.

Mr. BAILEY. I am not proposing to exempt them. I am simply proposing to fix the limit below which the Department officials cannot go. I ask that the Senator not argue to the Senate, when I have no chance to come back and reply, that I am arguing for exemption.

Mr. BARKLEY. The Senator's amendment prohibits the Secretary of Agriculture from making an exemption below a certain point.

Mr. BAILEY. The amendment provides—

> (c) In making allotments hereunder with respect to bright tobacco, the officers administering this act shall not reduce the quota of a farmer living on his farm and deriving his livelihood therefrom more than 10 percent of his 10-year average, if such average is 15,000 pounds or less; and if his 10-year average is 10,000 pounds or less his quota shall not be reduced more than 5-percent, provided in either case such farmer shall comply with the soil-conservation policy.

Mr. BARKLEY. It does make the distinction, however, by authorizing the Secretary to make an unlimited curtailment when the farmer produces more than 15,000 pounds, and a limited curtailment when he produces less than 15,000 pounds down to 10,000 pounds, and then a still more limited curtailment below 10,000 pounds. The point I am making is that these restrictions apply in various sections of the country to the majority of the farmers who produce tobacco, because it is above the average, in my section of the country at least, for any one farmer to produce more than 15,000 pounds of tobacco. That represents practically 15 acres of the best tobacco-growing land in the country.

The Senator from Texas, I believe, asked me to yield to him.

Mr. CONNALLY. Mr. President, the Senator refers to 15,000 pounds. Is that the cured weight?

Mr. BARKLEY. Yes; that is the cured weight. That is the way the tobacco is marketed. It excludes all stalks and everything except the leaf itself.

Mr. BAILEY. Mr. President, will the Senator yield to me for a question?

Mr. BARKLEY. I yield.

Mr. BAILEY. The Senator has taken the position that if a man has a thousand acres, and produces 100,000 pounds, there should be the same reduction upon him under the Federal power that there is upon the little fellow who is just making a living and is living on his land. That is the position the Senator has taken.

Mr. BARKLEY. No; I think if this tobacco program is to be effective, just as I think if it is to be effective in the case of cotton, corn, and wheat, it must apply to all of them alike. An exemption of 3,200 pounds has been made in one case and 2,400 pounds in another.

Mr. BAILEY. Mr. President, I do not want to interrupt the Senator, but I have no right to speak further on this matter, so I must ask the Senator to yield. I should like to have the facts presented.

Mr. BARKLEY. The Senator does not have to apologize for asking me to yield to him. I yield.

Mr. BAILEY. There is no exemption of 3,200 pounds. The Senator is wrong about that.

Mr. BARKLEY. The Senators from Florida offered an amendment which applied to flue-cured tobacco.

Mr. BAILEY. There is an exemption of 3,200 pounds only on condition that that amount had been previously produced. If the farmer had produced less, the exemption is less. Let us have the picture as it is.

Mr. BARKLEY. I am not quibbling as to the number of pounds.

Mr. BAILEY. That is not a quibble.

Mr. BARKLEY. The point I make is that unless this program applies to all alike, or practically alike, then it is ineffective. Then we might as well not have any legislation on the subject.

I know how easy it is to argue on behalf of the man who produces 5,000 or 10,000 pounds of tobacco. I am familiar with that sort of producer. I was raised on a tobacco farm, and my father grew tobacco until he died, 4 or 5 years ago, at the age of 78; and he raised a crop of tobacco the last year of his life. I know something about the small tobacco growers, because I was raised among them. I understand their problems. I am just as much interested in bringing about a program that will increase their price per pound as they are interested in being permitted to produce 11,000 pounds instead of 10,000 pounds without any restriction being imposed by the Secretary of Agriculture.

For that reason, in order to make this program effective and apply as nearly equitably as possible, I am constrained to express the hope that my friend's amendment will not be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Carolina [Mr. BAILEY] on page 45, after line 12.

Mr. BAILEY. On that question I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the name of Mr. ADAMS.

Mr. BARKLEY. Mr. President, no Senator has yet answered. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	Overton
Andrews	Davis	King	Pepper
Ashurst	Dieterich	La Follette	Pittman
Austin	Donahey	Lee	Pope
Bailey	Duffy	Lewis	Radcliffe
Bankhead	Ellender	Lodge	Reynolds
Barkley	Frazier	Logan	Russell
Berry	George	Lonergan	Schwartz
Bilbo	Gerry	Lundeen	Schwellenbach
Borah	Gibson	McAdoo	Sheppard
Bridges	Gillette	McCarran	Shipstead
Brown, Mich.	Glass	McGill	Smith
Brown, N. H.	Graves	McKellar	Steiwer
Bulkley	Green	McNary	Thomas, Okla.
Bulow	Guffey	Maloney	Thomas, Utah
Burke	Hale	Miller	Townsend
Byrd	Harrison	Minton	Truman
Byrnes	Hatch	Moore	Tydings
Capper	Hayden	Murray	Vandenberg
Caraway	Herring	Neely	Van Nuys
Chavez	Hitchcock	Norris	Wagner
Clark	Holt	Nye	Walsh
Connally	Johnson, Calif.	O'Mahoney	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present.

Mr. REYNOLDS. Mr. President, naturally I was exceedingly interested in what my colleague the senior Senator from North Carolina [Mr. BAILEY] had to say to the Members of this body in regard to that all-important subject—the production of tobacco. I am naturally interested in that subject because, as the Presiding Officer probably knows, North Carolina not only produces more tobacco than any other State in the Union, but it produces the best tobacco in the world.

Mr. President, North Carolina is exceedingly important in that respect, and I know has the envy of the able Senators from the great State of Kentucky. We are exceedingly fortunate, and we are indebted to the prosperity that has been brought to this country by our great President, and we farmers of North Carolina are keen in our recognition of that fact, because this year our tobacco in North Carolina produced for the fortunate, prosperous tobacco farmers of eastern and western North Carolina, an average of 26 cents a pound.

As a consequence thereof I am very happy to be afforded the opportunity of saying that our tobacco farmers of North Carolina are today experiencing a large degree of prosperity, which I hope will continue for many, many years.

As to the amendment which has been proposed here this afternoon by my able and distinguished associate the senior Senator from North Carolina [Mr. BAILEY] I see no reason why we should not adopt that amendment. It certainly is not contrary to the spirit of the interests of the Members of the lower House of Congress, who likewise have interested themselves in the tobacco farmers and other producers of American agricultural products.

My colleague, as he has plainly told you—and as are you, for that matter—is interested in the little man of this country; and such an interest I found evidenced earlier in the day by my distinguished colleague the junior Senator from the great State of Oklahoma [Mr. LEE], when he was speaking on behalf of the small cotton producers of America. We are all now, and more so than ever, interested in the little man, because the little men have the votes; and the closer we come to the primaries of June 1938 the more intensely interested will we become and continue to be interested in the little man. [Laughter.]

So far as I am concerned, I have always been interested in the little men. Before I could vote I was interested in the little men, because I did not know the big men. I was interested in the little men before I was able to vote, because before I voted for the first time I expected to enter politics, and I thought I ought to get my road set so that I should not experience any difficulty after I entered the political arena.

By the way, let me digress to remark that I do not believe I have ever seen so many Members of the United States Senate present at one time as are now present, all of which goes to prove that truly they recognize the fact that we are to have an election about 6 months from now, and that the boys back home are watching to see who is here looking after their interests. [Laughter.]

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Washington?

Mr. REYNOLDS. I am always happy to yield to my distinguished colleague from the great State of Washington, who extended to me such generous hospitality when I was his guest in the city of flowers—Seattle, Wash.—in October.

Mr. SCHWELLENBACH. Let me ask the Senator if it has not occurred to him during the past few minutes, as he looked about the Chamber and noticed the large attendance here, that probably it was because of the desire upon the part of the Members of this body to listen to the Senator from North Carolina. [Laughter.]

Mr. REYNOLDS. I thank the Senator for asking that question, which I suggested that he ask [laughter], because I knew I was going to speak this afternoon, and I wanted all the Senators here. I therefore consider it a high tribute and want my fellow Members to know that I am deeply grateful for the attention they give me at this hour, at which time, of course, they all know that I am not speaking to them; I am speaking to the people back in North Carolina, because I myself come up for renomination next June. [Laughter.]

Mr. President, in all seriousness, I think we should support the amendment which has been offered by my colleague, the senior Senator from my State, because his amendment looks to the interest of the small producer of tobacco in the tobacco-producing States of this Union of ours. As a matter of fact, it calls for a small reduction of the average over a period of 10 years in cases in which the producer has grown less than 15,000 pounds annually. It calls for a small reduction of the average over a period of 10 years in cases in which the production has not exceeded 10,000 pounds annually. In employing the figures 10,000 and 15,000 pounds, I desire, if possible, in my simple way to drive home to the Members of this body this afternoon just what that means, how far that goes in the consideration of the situation of the small farmer.

The average farmer, if he is attentive upon his fields, will probably produce a thousand pounds of tobacco to the acre. I am going to use North Carolina as an illustration, because I am very unhappy to be forced to state that my State, unfortunately, uses a great deal of fertilizer. That is attributable to the fact that the soil of North Carolina has been cultivated for several hundred years; but that is not a strange statement to the ears of these gentlemen, because they all know that civilization in this country began in North Carolina.

Mr. ANDREWS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Florida?

Mr. REYNOLDS. I shall be happy to yield to my friend from the great State of Florida.

Mr. ANDREWS. I desire to know whether the amendment in behalf of which the Senator from North Carolina is speaking limits the amount of chewing tobacco that a person may have. [Laughter.]

Mr. REYNOLDS. The amount of chewing tobacco that one may chew is entirely dependent upon the amount of saliva that one can produce. [Laughter.]

Mr. President, I say that in North Carolina unfortunately we have to use a great deal of fertilizer. As a matter of fact, some of you will be astonished to know that in North Carolina we utilize more fertilizer than in any other State in the Union. That is not to be boasted about. As a matter of fact, I deplore it; but we cannot help it. We have been tilling the soil down there for hundreds of years, whereas some other parts of the United States are just beginning to destroy their virgin forests.

North Carolina will produce, we will say, an average of 1,000 pounds of tobacco to the acre. The man who cultivates 10 acres has 10,000 pounds of tobacco. That figure was used

in the amendment which my distinguished colleague has just offered. During the past year we secured in the great warehouses of North Carolina an average price of 26 cents a pound. Therefore, the farmer producing 10,000 pounds of tobacco earned for himself a gross income of $2,600. Half of that $2,600, or $1,300, he must spend for the production of that tobacco, which leaves him at this juncture of my argument, $1,300, which is only a few dollars over $100 per month, spread over the year of 12 months.

That does not take into consideration the fact that upon the farmer's land he must pay taxes. That does not take into consideration the fact that he has an initial investment there in the form of money paid for the land of which he is the possessor, and upon which he resides with his family. So if we deduct from that $1,300 the interest upon his original investment, and the annual amount of taxes that he must necessarily pay to be able to bear his proportion of the cost of administration of his local political government, we find that man winding up with only $100 a month.

The PRESIDING OFFICER. The time of the Senator from North Carolina on the amendment has expired.

Mr. REYNOLDS. I will now speak on the bill.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the Senator from North Carolina may proceed at his pleasure, and speak as long as he desires.

The PRESIDING OFFICER. Is there objection?

Mr. BARKLEY. Mr. President, in order that we may proceed in an orderly fashion, I am compelled to object to that request. The Senator from North Carolina has 30 minutes on the bill which he may use. Other Senators have been required to observe the rule and if we start out to make an exception in this case we shall have to do it in others.

Mr. CONNALLY. Other Senators have not spoken so entertainingly nor so infrequently as has the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina has 30 minutes on the bill.

Mr. REYNOLDS. I am very grateful to the Senator from the Lone Star State of Texas for the suggestion he made, because after I have exhausted my time upon the bill—the period of 30 minutes—if I find that I need more time I shall take additional time on the amendment of the Senator from Oklahoma [Mr. LEE], and if I find that that is not sufficiently long I shall then ask unanimous consent that my time be extended, and, if necessary, ask for a vote on the matter. [Laughter.] I thank the Senator from Texas.

Mr. CONNALLY. If the Senator can take all the time he desires, I will not press the matter. Many of us, however, are not from tobacco States, and we want information on tobacco; and I think the Senator has made the most interesting and aromatic contribution so far to that subject. [Laughter.]

Mr. REYNOLDS. I appreciate that statement immensely, particularly as coming from one whom I greatly admire.

Mr. CONNALLY. As I understand the Senator, he is going to stand by the small farmer even if it defeats him for renomination. [Laughter.]

Mr. REYNOLDS. Absolutely, absolutely; and, like the Senator from Texas, I do not care what the world says; regardless of the outcome we are against communism. [Laughter.]

Mr. President, I had arrived at the point in my argument where I had shown, I believe to the satisfaction of those present, that the small farmer of whom my colleague [Mr. BAILEY] spoke has left, after the liquidation of taxes and providing for himself a fair interest upon his original investment in his farm, $100 a month. Out of that $100 a month he has to provide for his children, send them to school, buy clothing, shoes, medicine, pay for the services of doctors, and all that sort of thing. I believe the amendment of my colleague should be adopted, because the little farmers of North Carolina and the other small producers of tobacco in the other tobacco-producing States of the Union should first be taken care of; and if we take care of them by means of the language employed in the amendment offered by the senior Senator from North Carolina, I do not believe anyone could possibly raise an objection, because the man who is producing annually ten or fifteen thousand pounds of tobacco, even at the fine average price of 26 cents a pound, at the end of the year has left only $1,200 with which to liquidate every single obligation he has incurred during the year.

Mr. President, so much for tobacco. In view of the fact that I stated that I should take additional time upon the bill as a whole, and since the probabilities are that I shall not again have the opportunity to address myself to this body, I wish to talk about another matter that is of great interest to North Carolina. The other matter is of secondary importance to that of tobacco. I may mention incidentally in connection with tobacco, before leaving that subject, that North Carolina is about the second or third largest contributor to the Federal Treasury of the United States, paying some two hundred and seventy-five or three hundred million dollars annually into the Treasury, attributable to the tobacco industry.

As I stated a moment ago, I desire now to address myself to this body in reference to cotton. When I mention the subject of cotton I recognize the fact that I am not talking only to the farmers of North Carolina, where we produce cotton, where we produce more cotton per acre than is produced in any other State in the Union, although the State of Texas produces one-fourth of the cotton that is annually produced in this country.

Mr. McADOO. Mr. President——

Mr. REYNOLDS. I yield to my able friend from California.

Mr. McADOO. I only wish to correct an error on the part of the Senator. I may tell him that California raises 530 pounds to the acre, and I do not believe North Carolina reaches that production.

Mr. REYNOLDS. Our average is 534 pounds to the acre, according to my information. [Laughter.] I am going to come to the State so ably represented by my beloved friend, the junior Senator from California. I am going to make some personal references to some observations I made there month before last.

Coming back to cotton, the farmers of North Carolina are not the only ones interested, but the farmers of our sister States of South Carolina, Tennessee, Alabama, northern Florida, Mississippi, Arkansas, Louisiana, Texas, southern Utah, Arizona, New Mexico, California, and Oklahoma, are interested in the subject of cotton. There is no subject confronting the public of the cotton-producing States of the South, Southwest, and extreme West that is of the importance that is cotton. I shall have no difficulty in establishing the truth of that statement in the minds of those representatives of the cotton-producing States of America.

My distinguished colleague from Oklahoma [Mr. LEE] this morning stated that the amount of cotton shipped into this country from other countries of the world increased 100 percent in 1936 over 1935. The Senator from Oklahoma also stated——

Mr. BANKHEAD. Mr. President——

Mr. REYNOLDS. Pardon me just a moment. The Senator from Oklahoma also stated that although the world's consumption of cotton in the past year had increased 5,000,000 bales, the exports of the United States had decreased 2,000,000 bales.

Mr. LEE. Mr. President, will the Senator yield in order that I may give him the exact figures?

Mr. REYNOLDS. I yield for that purpose.

Mr. LEE. I said our loss in exports was over 2,000,000 bales since 1933–34.

Mr. REYNOLDS. And the world consumption has increased 5,000,000 bales?

Mr. LEE. That is correct. In 1933–34 we exported 8,366,000 bales and in 1936–37 we exported only 5,722,000 bales.

Let me correct the Senator as to the import of cotton. My statement was that the increase of imported cotton for 1936–37 was 100 percent over the year before. The year before the import of cotton was 146,000 bales and in 1936–37 the importation was 266,000 bales. In 1934–35 the importation was only 116,000 bales.

Mr. REYNOLDS. I thank the Senator from Oklahoma. I am now delighted to yield to the senior Senator from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. I inquire if the Senator understood that the cotton importations were practically all long staple inch-and-a-half Egyptian cotton that is not produced in this country?

Mr. BAILEY. That is my understanding from inquiries I have made.

Mr. LEE. Mr. President, last year we imported 100 percent more of long-staple cotton than the year before. That is in competition with our cotton, no matter what the length of it may be.

Mr. REYNOLDS. I thank both Senators.

Mr. President, I say the subject of cotton is of more vital interest to the representatives of the cotton-producing States than any other subject before their respective constituents today—and why? One of the members of this body this morning stated that after the cotton leaves the farmer some 5,000,000 men in this country are directly involved in the various processes through which it passes.

Mr. LEE. Three million.

Mr. REYNOLDS. Very well; three million. In that connection I wish to state that I believe the statistics will show that throughout the 11 or 12 cotton-producing States of the United States, 10,000,000 people are employed either directly or indirectly, whole time or part time, in the handling of cotton from the soil to the finished product upon the backs of mankind. When 10,000,000 people are directly affected by one agricultural product, limited in its production to 12 States of the Union, that product becomes a subject materially important to all the millions residing within those 12 States.

I am greatly interested in the subject. Cotton is referred to as the billion-dollar crop of America. At one time we had what we might call a monopoly of world production of cotton. But times have changed, not only in the production of cotton, but in the manufacture of cotton into finished goods. There are some who would dare to tell us that the textile plants of this country are running only 2 or 3 days a week on account of this administration, when we know that cannot be true. Neither the President of this country nor any of those associated with him in the administration of the affairs of the Government had anything to do with the situation which arose in the world affairs of the textile industry.

What do I mean by that? I mean simply that it was only a few years ago that Great Britain, with her 40,000,000 or 50,000,000 people residing in the British Isles, had centered there the textiles of the world. It was only a few years ago, comparatively speaking, that there were more spindles upon the isles of Great Britain than in any other concentrated point upon the face of the earth.

Is that true today? Not at all. Why? It is because times have changed. Times have changed in that respect since the year 1853, when Japan began her period of expansion. Times have changed since that day when we sent Admiral Perry with our Navy over to Japan with instructions to the effect that unless that hermit nation opened her gates of commerce to the world he should destroy them and force relations with them. Within a few years we found Japan, possessing about 65,000,000 people, competing with the great textile-producing nations of the earth. The result is that she became so powerful in the manufacture of textiles, finishing the raw products of cotton, and her competition was so thoroughly keen with Great Britain that Great Britain had to dismantle her great textile plants in the British Isles, in Birmingham, Lancaster, and perhaps 20 other cities, and send the spindles to Bombay, Calcutta, and other points in India. That was because India produced the raw material and because England's greatest market for the finished cotton products was to be found in India, which has a population of 375,000,000 people.

We of the South and of the Southwest and of the great West are confronted with a very serious problem, because the time will come—and it is almost here—when we cannot compete with the other cotton-producing countries of the world. We might as well face the issue now and prepare for the day when it shall arrive, when our farmers who have been producing cotton will have to limit their acreage and produce only for American consumption, produce only for the consumption of the 130,000,000 people of this country. That statement I can prove. How am I going to do it? It is simple. All I have to do is recite facts.

Who are our competitors in cotton? Russia. Russia is three times the size of the United States. Russia has a population of 178,000,000. Those who have visited Russia know as well as I do that Russia has available in that vast territory, a territory covering one-sixth of the surface of the earth, twice as much land adaptable to the production of cotton as we have in the United States. Labor in Russia is many times cheaper than labor can be procured for in the United States.

Who else is competing with us in the world market for cotton? China. China has a population of 500,000,000 souls. Some of the best soil on the face of the earth for the production of cotton is to be found in China. Japan knows that, and that is why she has confiscated by the sword so much of Chinese territory.

Who else is competing with us in the cotton market? India, with a population of 375,000,000 people, is producing cotton and sending her products annually into this country. I remember when I was last in Singapore, with other Members of this body, note was taken of the fact that hundreds of bales of Indian cotton were being placed aboard ships there for export into the United States in competition with the product of the American cotton producers.

Who else is competing with the American producer of cotton? Egypt! Mention was made a moment ago by my distinguished friend and colleague from Alabama [Mr. BANKHEAD] in answer to an inquiry directed to the Senator from Oklahoma [Mr. LEE], that Egypt produces long-staple cotton. Nevertheless, Egypt is one of our competitors.

Who else is competing with the American producers of cotton? Brazil. Where is Brazil? We had better find out right now, because we are going to know where she is in the next 10 years, and cotton farmers of North Carolina and the United States will know where she is. Brazil is one-third larger than the United States. There is not a square mile of territory in the Republic of Brazil, a Portuguese republic, that is not capable of producing cotton. I flew over thousands of miles of Brazilian territory last year. I was making some observations because I am interested in my constituents in North Carolina who produce cotton. Brazil has a population of only 55,000,000 people. She is one-third larger than the United States in territory. Land can be cleared there and prepared for the production of cotton at a cost of $10 an acre, when it would cost at least $50 in North Carolina. In Brazil, cotton can be produced for 5 or 6 cents a pound and a profit thereupon can be made satisfactory to the Brazilian people.

How are we to produce cotton in this country in competition with Brazilian cotton? It is well enough to talk about the fine cotton we produce, it is all well enough to talk about the long-staple cotton of California, but we must remember that science is advancing daily, hourly, and that the great textile plants and inventions have advanced to that point where the length of the staple has nothing to do with the value of the cotton, and the short staple is just as good as the long staple. Those are facts which we have to confront.

Mr. President, to what is that attributable? It is attributable to the fact that nearly all the countries of the world are going into cotton raising. Incidentally, there are 52 countries upon the face of the earth producing cotton in competition with us. Right at our back door there are 22

republics in the Western Hemisphere which are producing cotton in competition with that which we are producing in this country—Mexico, and the countries constituting Central America, and those constituting South America, from the Canal Zone to the pampas of the Argentine, Haiti, and the Dominican Republic, of the West Indies, as well as innumerable islands which are governed by the British and the French, as well as those possessed by us.

Mr. President, they can produce that cotton cheaper than we can for the reason that labor there is cheaper. Not only will those 52 countries, within a few years, come into the production of cotton in competition with our States in this Union, but the planting of cotton is being increased everywhere, as evidenced by a statement made today by the junior Senator from the State of Oklahoma [Mr. LEE], when I believe he referred to a report to the effect that so many thousand pounds of cottonseed had been ordered by the Italian Government for planting in Ethiopia, or Abyssinia.

Mr. Mussolini is interested in procuring cotton from markets other than the American cotton. Mr. Mussolini, the dictator of Italy, believes that 15,000,000 blacks of Abyssinia should lay the tongue of the plow into thousands upon thousands of acres in that great territory capable of producing cotton, and they are buying seed of American cotton because it is the best in the world.

Unfortunately, the small cotton planters of North Carolina and South Carolina and Georgia and portions of Arkansas and Alabama are going to be harder hit than those of any other State in the Union, even when we come to the point of producing cotton only for home consumption, because we are never standing still, because we are always advancing, and we are now advancing in respect to the picking of cotton.

For 15 years many manufacturers of harvesting machinery in this country have been devoting their time and their millions to the perfection of the cotton-picking machine. I am interested in that, because I recognize the fact that when at last a cotton-picking machine is perfected it will lay idle millions of hands, both black and white, hands which have been engaged in the picking of cotton in the fields. So, being interested in the farmers of my State of North Carolina, whom I am endeavoring to represent in my humble way, I began to investigate this cotton-picking subject. I went to Chicago. I talked with Mr. McAllister, the president of the International Harvester Co. I talked with him at great length only a month ago. I learned from Mr. McAllister, the president of the greatest company manufacturing farm machinery in the world, that they have actually perfected a cotton-picking machine, and today, down in the State of Mississippi, which has been so ably represented by my friend the senior Senator from Mississippi [Mr. HARRISON] for many, many years, the International Harvester Co. have three different machines mechanically picking cotton.

Mr. President, two men engaged in the operation of a cotton-picking machine will pick as much cotton with that machine in 1 day as 50 cotton pickers can pick in the cotton fields in a day with their hands. At the present time those mechanical cotton pickers will function properly only upon land that is level, I am informed. Cotton-producing sections of North Carolina principally—most certainly those of the western Piedmont section—are hilly, and those cotton pickers could not well be brought into utilization, so to speak, in that section of our State. The same condition of terrain, of the lay of the land, is to be found in portions of Alabama and in the sister States of Tennessee, South Carolina, and Georgia. So, when the time arrives when the cotton picker shall be mechanically perfected, it will be placed in use in those States of the Union where cotton is planted upon practically level ground, such as Louisiana, such as the great State of Texas, the plain lands of Arizona and New Mexico, and the fertile fields of California.

If I may speak enviously, I say very frankly that we of North Carolina could not very well, from the standpoint of self-preservation, relish the advent of the cotton picker, because it will not be peculiarly adapted to North Carolina. Our plantations are small. We have a great many small farms, and such machines will be adaptable peculiarly to such great Commonwealths as the great State of California, where for hundreds of miles one observes the magnificent cotton fields, such as were mentioned a moment ago by the junior Senator from California [Mr. MCADOO].

Mr. President, this reminds me that when I was in California not so long ago I had the very great pleasure of greeting in the Palace Hotel there my friend, and the friend of the American people, the Honorable TOM CONNALLY, of the Lone Star State of Texas. He had just returned from the Hawaiian Islands, where he was endeavoring to ascertain as to whether the people of those islands and possessions were entitled to the benefit of statehood. I had just returned from Los Angeles by way of a motor trip, at which time I motored over the broad expanses of that magnificent land in California, where I made observations of thousands upon thousands of acres utilized expressly for the purpose of producing the long-staple cotton, and every 20 or 25 miles I observed, as I sped along the velvety and newly constructed highways of that great State, that unfortunately there were placards, "Wanted, cotton pickers," advertisements everywhere for people to pick the cotton.

The PRESIDING OFFICER. The time of the Senator upon the bill has expired.

Mr. REYNOLDS. I will take a little time on the substitute of the Senator from Oklahoma [Mr. LEE].

The PRESIDING OFFICER. The substitute has not yet been submitted.

Mr. REYNOLDS. I thank the gentlemen of the Senate for their very unusual attention, and I wish to assure them of my gratitude at their interest in the subject of cotton, which is of vital interest to the people of North Carolina.

Mr. SMITH. Mr. President, I do not care to make a speech, but I wish to call attention to my conception of the pending amendment. I think it is preeminently one of the most just amendments offered while the pending bill has been under consideration.

The practical fact is that in my State there is at least one farmer I know of growing in the neighborhood of 13,000 acres of tobacco, and several growing two, or three, or four hundred acres, but the vast majority grow considerably less, and the real number who need the assistance contemplated is composed of those men who have barns, but they are of hardly any use to them unless they can produce the amount exempted by the amendment.

The question before us is, Shall we, as careful legislators, cut the man who makes 10,000 pounds the same as the man who plants 13,000 acres, or the man who plants 200 acres? The amendment provides that, in accordance with the practice followed in the case of the income-tax law, we shall take cognizance of the fact that personal income should determine the extent to which we will exact a tax for the Government.

The man who makes up to 15,000 pounds is to be cut 10 percent. The man who makes any of the graduated amounts less than 10,000 is to be cut 5 percent, and it is proposed that we restrict the little fellow whose whole cash crop is tobacco, because of the fact that he cannot buy these large farms, to a mere subsistence. He will be cut just as ruthlessly as is the man with a thousand acres.

Mr. President, I had not intended to discuss any of these schedules, for reasons satisfactory to myself. Among them was the inability of the committee of which I have the honor to be chairman to find the time to frame a permanent farm measure.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. SMITH. I yield.

Mr. BARKLEY. I have already made a few remarks on the amendment, and I should like to get certain information in the Senator's time, if he will yield for that purpose.

Mr. SMITH. I yield.

Mr. BARKLEY. Personally I have no interest in what may happen to the amendment, but I should like to call attention to the fact that according to a table prepared by the Department of Agriculture, the number of farmers producing more than 10 and less than 19 acres of flue-cured tobacco was 68 percent. In the case of the fire-cured tobacco the percentage was 82 percent. Of course, the pending amendment applies to 15,000 pounds; but if we take an average of a thousand pounds to the acre, that would mean 15 acres, which, of course, would come between the 10 acres and the 19 acres.

As to the fired tobacco, the percentage is 82 percent. In the case of burley it is 93 percent. All the tobacco of the burley type is produced on farms containing between 10 and 19 acres. In the case of the dark-fired tobacco it is 92 percent.

Those percentages show that if the limitation carried in the amendment is to be placed on the amount of production, it will affect from 68 percent in the flue-cured area to 92 percent in the burley and dark-fired areas of the United States.

Mr. SMITH. Mr. President, I perhaps would not advocate the amendment of my colleague from North Carolina [Mr. BAILEY] if it were to exempt them; but the percentage has been cut down to 10 percent. Take 10 percent from 1,500 pounds and 150 pounds are deducted. Ten percent represents a deduction of 100 pounds from 1,000 pounds. I think that is a fair reduction, considering what is involved. In the case of flue-cured tobacco, according to the Senator from Kentucky, the percentage is 68 percent. I would rather leave that 68 percent with enough to make a reasonable living than to have the other 32 percent given an almost unlimited income.

I suppose the Senator could bring in a table showing that those having incomes of less than $5,000 compose 90 percent of all those who have incomes. That did not deter us from putting the burden in the higher brackets and showing mercy to those who, unfortunately, were in the lower brackets.

I think the amounts of 10 percent and 5 percent prescribed in this amendment are just and fair.

Mr. President, I live in the heart of the best section in all the United States for growing what is known as bright-leaf flue-cured tobacco. There is one section there, about 10 miles long and 5 miles wide, which, by reason of some peculiarity in soil or otherwise, produces tobacco which would compete with the best Habana tobacco.

The only interest I have in this bill, or in any other bill affecting the farmers, is in equalizing the burden and giving a chance according to what a man has. I think the figures proposed in the amendment—10 percent cut, on a certain amount, and 5 percent on another amount—are in keeping with our sense of justice; and I hope the amendment will prevail.

Let me repeat: The Senator from Kentucky [Mr. BARKLEY] has said that 65 percent of the producers are in a certain category. Perhaps 90 percent of our income-tax payers are in the brackets below $5,000; yet we provide that the percentage paid by them to the Government shall be based upon the size of their incomes.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BARKLEY. I appreciate the force of what the Senator says; but it seems to me there is no analogy between a high rate in the higher brackets of income-tax payers, and the reduction of the authority of the Secretary under a program of crop curtailment so far as tobacco is concerned with respect to from 68 to 92 percent of the product.

What we are trying to do here, it seems to me, is to make an effective program that will inure to the benefit of all the growers of tobacco as well as these other products. If we are going to place 68 percent of flue cured, 86 percent of open-air cured, and 92 percent of burley and dark fired in a different category, so that the program cannot operate as to them in the same way, I fear the Department of Agriculture will not be able to put into effect any program at all with respect to tobacco.

Mr. SMITH. Mr. President, we have sense enough to adapt our legislation to the benefit of the producer. The analogy as I have drawn it holds good between the incomes in the higher and lower brackets, because in the last analysis the income of the farmer is derived from his tobacco. If fire-cured and burley tobacco are in a different category from flue-cured tobacco, we ought adapt our legislation to take care of them; but because of mental inability or laziness we propose to make a general rule as to plowing without regard to whom the plowshare goes over.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BARKLEY. In regard to wheat, there was an exemption of 100 bushels, I believe. In regard to corn, there was an exemption of 300 bushels. So the curtailment program does not apply to the first 100 bushels of wheat and 300 bushels of corn. There is in the bill, as I read it, especially in the section which was previously adopted, a provision with reference to 3,200 pounds and 2,400 pounds, which is analogous to 100 bushels of wheat and 300 bushels of corn. Beyond that, in this amendment it is provided that the Secretary of Agriculture cannot bring about a reduction of more than 5 percent on any farm that produces as much as 10,000 pounds of tobacco, which is a big crop for the average small farmer, and the Secretary cannot reduce the crop more than 10 percent up to a 15,000-pound production, which is a whale of a crop to the average tobacco grower.

It seems to me we are running the risk of making our legislation ineffective if it is to be applied in its fullest force and effect to only about 30 percent and 20 percent and 10 percent of the crop.

Mr. SMITH. Mr. President, I wonder if any Senator on the floor knows the human drudgery and human manipulation of a crop of flue-cured tobacco. I wonder if anyone here does.

In the first place, the farmer has to fix a bed in January in which to plant the infinitesimal seed. He must cover it with frost-proof cloth. Then when the little plants come up they must be treated in order to get them to grow fast enough to get them out in the proper time.

Then human fingers pick every stalk, every plant, and carry them to the fields, and then human hands set out every plant. If the weather is dry, every plant must be watered until the roots get hold. When the time comes that the plant begins to ripen the farmer goes out in the field, and, working in the broiling sun, lifts the plants, and they are put in hampers and carried to the barn. Human hands take every leaf and string it up on a stick, and the sticks are then hung on bars in the barn.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. SMITH. Mr. President, I have several amendments. I will talk on an amendment. Then, when the tobacco is put in the barn, for 3 nights and 3 days the curer has no sleep. He works all night long.

Mr. President, it has been suggested to me that in connection with a certain amendment which I have pending I may need my time on the bill. I do not know what the rule is in reference to substitutes. The leader on our side, the Senator from Kenucky [Mr. BARKLEY], says my time is up. I just wanted to convince Senators that they have no idea of the human drudgery necessary to produce what we call flue-cured tobacco. The exemption provided in the amendment is honest and just, and gives some hope to the small tobacco producers.

I reserve my 30 minutes on the bill.

The PRESIDING OFFICER. On the amendment of the Senator from North Carolina [Mr. BAILEY], on page 45, after line 12, the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BARKLEY (when Mr. LOGAN's name was called). I wish to announce that my colleague the junior Senator from Kentucky [Mr. LOGAN] is unavoidably absent. He is paired

with the Senator from Pennsylvania [Mr. DAVIS]. If present, my colleague [Mr. LOGAN] would vote "nay."

Mr. NORRIS (when his name was called). Upon this vote I am paired with the Senator from California [Mr. JOHNSON]. If that Senator were present, he would vote "yea." If I were at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. MINTON. I wish to announce that the Senator from South Carolina [Mr. BYRNES] is detained in an important committee meeting. If present, he would vote "yea."

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. If present, that Senator would vote "nay." I transfer that pair to the junior Senator from New Hampshire [Mr. BRIDGES] and vote "yea." If present, the junior Senator from New Hampshire [Mr. BRIDGES] would vote "yea."

Mr. McNARY. My colleague the junior Senator from Oregon [Mr. STEIWER] is necessarily absent. He is paired with the junior Senator from Georgia [Mr. RUSSELL]. If present, my colleague would vote "yea."

Mr. MINTON. The Senator from Maryland [Mr. TYDINGS] is paired with the Senator from Illinois [Mr. DIETERICH]. If present, the Senator from Maryland would vote "yea", and the Senator from Illinois would vote "nay."

Mr. HALE. I have a general pair with the Senator from South Carolina [Mr. BYRNES]. I am advised that he would vote as I intend to vote, and I therefore vote "yea."

Mr. AUSTIN. I desire to announce that the Senator from Minnesota [Mr. SHIPSTEAD] has a general pair with the Senator from Virginia [Mr. GLASS].

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE], the Senator from West Virginia [Mr. HOLT], and the Senator from Delaware [Mr. HUGHES] are detained from the Senate because of illness.

The junior Senator from New Jersey [Mr. SMATHERS] is detained because of illness in his family.

The Senator from Arizona [Mr. ASHURST], the Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. PITTMAN], and the Senator from Montana [Mr. WHEELER] are unavoidably detained.

The junior Senator from Illinois [Mr. DIETERICH], the Senator from Ohio [Mr. DONAHEY], the senior Senator from Illinois [Mr. LEWIS], the senior Senator from New Jersey [Mr. MOORE], the Senator from Nevada [Mr. MCCARRAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Wyoming [Mr. SCHWARTZ], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER] are detained on departmental matters.

The result was announced—yeas 34, nays 36, as follows:

YEAS—34

Adams	Clark	Harrison	Radcliffe
Andrews	Connally	Johnson, Colo.	Reynolds
Austin	Copeland	King	Smith
Bailey	Davis	Lee	Thomas, Okla.
Bilbo	Frazier	Lodge	Townsend
Borah	George	McNary	Van Nuys
Bulkley	Gerry	Maloney	Walsh
Burke	Gibson	Miller	
Capper	Hale	O'Mahoney	

NAYS—36

Bankhead	Duffy	Hitchcock	Neely
Barkley	Ellender	La Follette	Nye
Berry	Gillette	Lonergan	Overton
Brown, Mich.	Graves	Lundeen	Pepper
Brown, N. H.	Green	McAdoo	Pope
Bulow	Guffey	McGill	Schwellenbach
Byrd	Hatch	McKellar	Sheppard
Caraway	Hayden	Minton	Thomas, Utah
Chavez	Herring	Murray	Truman

NOT VOTING—26

Ashurst	Holt	Norris	Tydings
Bone	Hughes	Pittman	Vandenberg
Bridges	Johnson, Calif.	Russell	Wagner
Byrnes	Lewis	Schwartz	Wheeler
Dieterich	Logan	Shipstead	White
Donahey	McCarran	Smathers	
Glass	Moore	Steiwer	

So Mr. BAILEY's amendment to the committee amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 45, inserting paragraph (d).

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next amendment of the Committee on Agriculture was, on page 45, after line 12, to insert a subhead "Adjustment and suspension of quotas."

The amendment was agreed to.

The next amendment was, on page 45, after line 13, to insert:

SEC. 43. If the Secretary has reason to believe that any national marketing quota for tobacco will not make a normal supply of tobacco available for marketing during the marketing year for which such quota has been established, he shall cause an immediate investigation to be made with respect thereto, in the course of which due notice and opportunity for public hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact he shall proclaim the same and upon such proclamation the amount of such national marketing quota shall be increased to such amount as he shall have determined upon the basis of such investigation will make available for marketing during such marketing year a normal supply of tobacco and shall announce such increased marketing quota. The amount of such farm marketing quota shall be increased in the same ratio.

Mr. KING. Mr. President, I inquire of the Senator having the tobacco title in charge what fact, if any, must be relied upon or brought to the attention of the Secretary to motivate him in proceeding to make the investigation? The language is "if the Secretary has reason to believe." Is there anything in the bill that calls for the presentation of facts or may he, out of a clear sky, so to speak, affirm that he believes a certain course should be pursued, without any evidence whatever to justify it?

Mr. ELLENDER. On page 46, in paragraph (b) we have an outline of factors which the Secretary must take into consideration. When we reach that paragraph I shall discuss it and offer certain amendments which will be explanatory of the inquiry of the Senator from Utah.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 46, after line 4, to insert:

(b) If the Secretary has reason to believe that because of a national emergency or because of war any national marketing quota for tobacco should be terminated, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding and thereupon such quota shall terminate.

Mr. ELLENDER. Mr. President, I send to the desk an amendment, which I offer.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 46, line 5, after the word "that", it is proposed to insert "and national marketing quota for tobacco should be terminated", so as to read:

If the Secretary has reason to believe that any national marketing quota for tobacco should be terminated because of a national emergency—

And so forth.

The amendment to the amendment was agreed to.

Mr. ELLENDER. I have another amendment to that paragraph, which I offer.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 46, lines 6 and 7, it is proposed to strike out the words "because of war any national marketing quota for tobacco should be terminated" and insert in lieu thereof the following:

A material increase in export demand, or because the total crop as a result of unfavorable conditions of production will be substantially less than the marketing quota therefor—

So as to read:

If the Secretary has reason to believe that any national marketing quota for tobacco should be terminated because of a national emergency or a material increase in export demand, or because the total crop as a result of unfavorable conditions of

production will be substantially less than the marketing quota therefor, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding and thereupon such quota shall terminate.

Mr. KING. Mr. President, I inquire what are the factors which justify the application of the amendment just offered. Who finds the facts?

Mr. ELLENDER. The Secretary does, of course. If there be an increase in export demand then the marketing quota can be terminated, or if because of total failure of growing conditions the Secretary then has a right to terminate the quota.

Mr. KING. I inquire whether there is any definition of the words "material increase"? What is a material increase? Would it be 10 percent or 1 percent or 20 percent? It seems to me the Senator, under this provision, is proposing to give authority to the Secretary of Agriculture, an unlimited authority, too, without any guidepost whatever to determine what is material and what is immaterial. It seems to me it is entirely too great discretion to give to an official of the Government as the basis of action which may affect seriously the grower or the producer or the vendee of tobacco.

Mr. ELLENDER. Under the terms of the bill the Secretary has a certain yardstick by which he must fix the national quota. He also has a yardstick as to how much tobacco should be on hand for domestic consumption. Tobacco that is produced this year usually remains in storage for 2 or 3 years before it is used. Therefore, in establishing a quota the Secretary must be guided by the amount of tobacco that is on hand and needed to maintain a normal supply of tobacco as defined in the bill.

Whenever there is a material increase in export, the Secretary would have the authority to terminate the quota. He would have a yardstick, as provided for in the bill, in that he necessarily would have to take into consideration the increase of tobacco exports above a normal year's exports as defined in the bill.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. AUSTIN. Suppose the Secretary of Agriculture and those interested in the production of tobacco should disagree about the existence of a national emergency. Who would determine that question?

Mr. ELLENDER. The Secretary.

Mr. AUSTIN. So that there would be no opportunity, under this provision of the bill, to disagree with the Secretary?

Mr. ELLENDER. These quotas are fixed from year to year, and of course when the Secretary does fix a marketing quota for any particular year, that must be referred to the tobacco growers for their vote.

Mr. POPE. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. POPE. I call the Senator's attention to page 42, section 41 (a), which refers to the reserve supply level of tobacco. I ask the Senator if that would not be a guide to the Secretary in determining the amount which would be necessary in the case of an emergency of the sort indicated in the provision now under consideration?

Mr. ELLENDER. That is what I explained to the Senator from Utah a few minutes ago. The Secretary would have a yardstick by which to proceed, and I defined what that yardstick was, and, of course, he would be guided thereby.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment proposed by the Senator from Louisiana to the amendment of the committee.

The CHIEF CLERK. On page 46, line 11, it is proposed to strike out "such war or emergency" and insert in lieu thereof the words "such emergency or export demand."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 46, after line 14, to insert:

PENALTIES

SEC. 44. (a) Any person who knowingly acquires from a producer tobacco marketed by such producer from a farm in excess of the marketing quota for such farm shall be subject to a penalty of 50 percent of the market price of the tobacco on the date of such acquisition or 3 cents per pound in the case of flue-cured Maryland or burley or 2 cents per pound in the case of all other kinds of tobacco whichever is the higher. If the tobacco is acquired by sale the purchaser may deduct the amount of the penalty from the price which would otherwise be paid for such tobacco. All penalties shall be remitted to the Secretary and shall accrue to the United States.

Mr. ELLENDER. Mr. President, I send to the desk a proposed substitute for the entire section.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to insert, in lieu of the amendment of the committee, on page 46, after line 14, the following:

SEC. 44. (a) The marketing of any tobacco in excess of the marketing quota for the farm on which the tobacco was produced shall be subject to a penalty of 50 percent of the market price of the tobacco on the date of such marketing or if the following rates are higher, 3 cents per pound in the case of flue-cured, Maryland, or burley and 2 cents per pound in the case of all other kinds of tobacco. Such penalty shall be paid by the person who acquires such tobacco from the producer, but an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer in case such tobacco is marketed by sale; or, if the tobacco is marketed by the producer through a warehouseman or other agent, such penalty shall be paid by such warehouseman or agent who may deduct an amount equivalent to the penalty from the price paid to the producer: *Provided*, That in case any tobacco is marketed directly to any person outside the United States the penalty shall be paid and remitted by the producer. All penalties shall be remitted to the Secretary and shall accrue to the United States.

Mr. ELLENDER. Mr. President, the purpose of the amendment is merely to clarify a question as to the amount of penalties on excess marketings which was raised by the Senator from North Carolina when the bill was under debate some time ago, and further to clarify questions as to the persons responsible for payment of the penalty.

Whenever the tobacco is sold for the producer by a warehouseman, then the warehouseman will pay the penalty and deduct it from the sale price of the tobacco and remit direct to the Secretary. In case the tobacco is produced and sold for export, then the penalty is to be paid by the producer himself. This will prevent shipping of tobacco outside of the United States prior to the sale of such tobacco for the purpose of avoiding the penalty.

Mr. KING. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. KING. I am not very familiar with the provision, but as it was read, I gathered that the man who produces the tobacco and sells it is not the guilty man, though he may know that he is violating the law in selling something he should not sell, but the purchaser, who perhaps may be innocent, is the one who is condemned and is to pay the penalty; but the tobacco grower is to be immune from prosecution. Is that the purpose of the amendment?

Mr. ELLENDER. Mr. President, that is not the intent of it at all. As I interpret the amendment, the penalty imposed is to be deducted from the purchase price of the tobacco, and the producer of the tobacco is the one who is really to be penalized.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment of the committee was, on page 47, after line 2, to insert the following:

(b) All persons, in whatever capacity acting, including producers, warehousemen, processors of tobacco, and common carriers and persons engaged in the business of purchasing tobacco from farmers, or of redrying, prizing, or stemming tobacco for farmers, shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500.

Mr. BAILEY. Mr. President, I send an amendment to the desk which I desire to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 47, after line 2, it is proposed to insert the following:

(c) In making allotments hereunder with respect to bright tobacco the officers administering this act shall not reduce the quota of a farmer living on his farm and deriving his livelihood therefrom more than 10 percent of his 10-year average if such average is 15,000 pounds or less, and if his 10-year average is 10,000 pounds or less his quota shall not be reduced more than 5 percent, provided in either case such farmer shall comply with the soil-conservation policy.

Mr. BAILEY. It is simply changing the 15,000 to 12,000.

Mr. BARKLEY. That simply changes the 15,000 to 12,000. I suggest that it go over until tomorrow, if the Senator from North Carolina does not object

Mr. BAILEY. Very well.

Mr. BARKLEY. I hope we can finish the tobacco sections tonight, with the understanding that this amendment shall go over until tomorrow.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next committee amendment was, on page 47, line 3, to insert:

(b) All persons, in whatever capacity acting, including producers, warehousemen, processors of tobacco, and common carriers and persons engaged in the business of purchasing tobacco from farmers, or of redrying, prizing, or stemming tobacco for farmers, shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500.

Mr. BARKLEY. Mr. President, in line 4 I move to strike out the word "producers."

This section requires certain reports from all persons, in whatever capacity acting, including producers, warehousemen, processors, common carriers, and others; and the reports which are required cannot be filed with the Secretary except by those who have some form of bookkeeping. We all know that the average farmer keeps no books. It seems to me that in harmony with what we have already done with respect to other parts of the bill, the word "producers" ought to be eliminated. I move that it be eliminated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. BARKLEY. On the same page, line 23, I move to strike out the figures "500" and insert "100." That amendment is in harmony with what the authors of the bill have indicated will be done when we get to it in respect to the penalties in other sections of the bill, which will not be reached until the committee amendments are agreed to. This, however, is the place to handle this particular matter; and I therefore move to strike out the figures "500", and to insert in lieu thereof the figures "100."

Mr. McGILL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McGILL. In order that there may be no misunderstanding about the matter, I will say that the penalties in other provisions of the bill with reference to buyers, warehousemen, and so forth, are $1,000 fine; but we have an amendment pending to strike out all penalties with reference to producers. So reducing the penalty from $500 to $100 on warehousemen, producers, and so forth, will be materially different from what we shall have in the original bill.

Mr. BARKLEY. Mr. President, I thought the Senators agreed the other day that when that part of the bill was reached, which was a part of the regular text, a motion would be made on the part of the sponsors of the bill to reduce the amount.

Mr. McGILL. If the Senator will look at pages 29 and 30, he will notice that section (d), beginning on page 29, reads:

Any person engaged in the business of purchasing wheat or corn from farmers or of processing—

And so forth. At the end of that paragraph, on page 30, the Senator will see that the fine imposed on such persons may be as much as $1,000; but with reference to farmers or producers, in the next section, where there was a $100 fine for not making reports or keeping records, the amendment pending is to strike out the penalty of $100.

Mr. BARKLEY. If we should adopt the amendment I have just offered, it would make this provision as to the others—processors and buyers and handlers and rehandlers of tobacco—more out of line than it is now with the corresponding requirement as to wheat and corn. Is that true?

Mr. McGILL. That is correct.

Mr. BARKLEY. That being so, I will withdraw the amendment as to the penalty; but the word "producers" has been stricken out.

The PRESIDING OFFICER. The question is on agreeing to subdivision (b) on page 47, as amended.

Mr. KING. Mr. President, I understand that the Senator from Kentucky has withdrawn his motion to strike out "500" and insert in lieu thereof "100."

The PRESIDING OFFICER. The Senator from Kentucky has withdrawn the motion.

Mr. KING. I should like to renew the motion and have it considered tomorrow, that on page 47, line 23, the figure "500" be stricken out and the figure "100" inserted.

Mr. BARKLEY. Does the Senator desire a vote on the motion now?

Mr. KING. I think it would be better to wait until tomorrow, and have a larger attendance of Senators.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

Mr. KING. Mr. President, I do not desire to ask for a quorum call now. I ask the Senator to let my amendment go over until tomorrow, to be considered fully then.

Mr. BARKLEY. I understand, then, that the amendment offered by the Senator from North Carolina [Mr. BAILEY] and the amendment offered by the Senator from Utah [Mr. KING] will go over until tomorrow.

Mr. McGILL. The amendment offered by the Senator from Kentucky strikes out the word "producers."

Mr. BARKLEY. Yes. That amendment has been acted upon.

The PRESIDING OFFICER. The next committee amendment will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 47, to insert subdivision (c), as follows:

(c) The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of

this section. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this section. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

Mr. POPE. Mr. President, in connection with the remarks made by the Senator from Kentucky [Mr. BARKLEY] a few minutes ago, and by the Senator from Utah [Mr. KING], I will say that I expect to offer an amendment on page 30 with reference to the penalty provision of $1,000. In order to make it consistent with the provision as to tobacco, I shall, at the appropriate time, move to strike out "$1,000" and insert "$500."

Mr. REYNOLDS. Mr. President, while we are discussing the tobacco provisions of the bill, I should like to have the opportunity of sending to the desk an amendment, which I desire to offer as a substitute for section 44 of the bill, on page 46. I ask that the amendment be printed and that it lie on the table, so that I may take it up and discuss its features tomorrow.

The PRESIDING OFFICER. The amendment will be printed and lie on the table. The question is on agreeing to the committee amendment designated as subsection (c), on page 47.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 48, to insert a new subsection, as follows:

(d) All information reported to or acquired by the Secretary pursuant to this section shall be kept confidential by the Department, except that such information as the Secretary deems relevant may be disclosed in a suit or administrative hearing involving the administration of this title.

Mr. ELLENDER obtained the floor.

Mr. REYNOLDS. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield.

Mr. REYNOLDS. I am desirous of offering the amendment which I mentioned a moment ago and sent to the desk, which I propose as a substitute for section 44 of the bill on page 46. I have been advised that page 46 of the bill has been passed, and, as a result thereof, that I would not be placed in a favorable position for the consideration of my amendment by having it printed and placed on the desk tomorrow. Therefore, if it is proper, I ask unanimous consent that my amendment be now considered. It is a very simple amendment. It will require no discussion whatsoever.

Mr. ELLENDER. Mr. President, I may state to the Senator from North Carolina that section 44 as written has been stricken from the bill and an entirely new section written, and I suggest that he look at that new section. It may cover the point he has spoken of.

Mr. BARKLEY. The Senator offered a substitute, which was adopted, for Section 44 (a) but not for subsections (b), (c), or (d). The substitute for section 44 (a) was agreed to a while ago.

Mr. REYNOLDS. Mr. President, I ask the Senator from Louisiana what words were embodied in that section.

Mr. ELLENDER. The purpose of the amendment, as I explained a while ago, is to make it clear that the penalty applies on all tobacco marketed in excess of farm marketing quotas, that the penalty is to be paid by the purchaser or warehouseman, and that it may be deducted by the purchaser or warehouseman from the price paid to the producer. It provides for fitting the method of penalty payments to the mechanics of the industry. That is, the easiest place to determine penalties, as I understand it, is at the time of sale and the person in the best position to pay the penalty is the warehouseman or purchaser.

Mr. REYNOLDS. Will the Senator accept an amendment to this effect? Under the bill as at present written the penalties are to be paid by the purchaser of the tobacco. That is manifestly unfair because the man who purchases the tobacco does not know whether the producer has violated the provisions of the law or not. I suggest that the penalty be paid by the producer, because he knows whether or not he has violated the law. The man who buys the tobacco does not know whether or not the producer has violated the law, because he has no way to ascertain whether the man has produced more tobacco than he had a right under the law to produce.

Mr. ELLENDER. I think the Senator will find that the amendment itself provides for that contingency.

Mr. REYNOLDS. Does it provide that the penalty shall be paid by the purchaser?

Mr. BARKLEY. The purchaser must have knowledge of the violation brought home to him.

Mr. REYNOLDS. Why not spare the court and the Government the expense of trying the man? All court procedure and trial could be eliminated by the simple substitution of the words employed in my amendment, providing that the penalty, if any, shall be paid by the man who produces the tobacco. The man who produces the tobacco is the man who knowingly violates the law. Will the Senator accept such an amendment?

Mr. ELLENDER. I suggest that the entire matter go over until tomorrow.

Mr. REYNOLDS. If I shall not lose anything by going over, that would be agreeable to me.

Mr. ELLENDER. The Senator will not lose such rights as he may have at present.

The PRESIDING OFFICER. The matter will go over with that understanding. The question is on agreeing to the committee amendment on page 48 inserting paragraph (d).

The amendment was agreed to.

Mr. ELLENDER. At this point I desire to offer an amendment to insert a new paragraph.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 48, after line 13, it is proposed to insert the following:

(e) The Secretary of Agriculture shall prescribe (1) regulations with respect to the time and manner of the payment of the penalties provided for in subsection (a); (2) regulations with respect to the identification of marketings of tobacco; and (3) such other regulations as he deems necessary for the enforcement of the provisions of this section.

The amendment was agreed to.

Mr. BARKLEY. Mr. President, that concludes the tobacco title except as to the amendments which have gone over. Is not that correct?

The PRESIDING OFFICER. That is correct.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEE ON POST OFFICES AND POST ROADS

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters, which were ordered to be placed on the Executive Calendar.

The PRESIDING OFFICER (Mr. HERRING in the chair). If there be no further reports of committees, the clerk will state in order the nominations on the Executive Calendar.

THE JUDICIARY

The legislative clerk read the nomination of Joseph R. Jackson, of New York, to be associate judge, United States Court of Customs and Patent Appeals.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Henry White Edgerton, of New York, to be associate justice of the United States Court of Appeals for the District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of FRED M. VINSON, of Kentucky, to be associate justice, United States Court of Appeals for the District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John P. McMahon, of the District of Columbia, to be judge of the police court for the District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the Executive Calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 33 minutes p. m.) the Senate took a recess until tomorrow, Friday, December 10, 1937, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 9 (legislative day of November 16), 1937

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

Joseph R. Jackson to be associate judge, United States Court of Customs and Patent Appeals.

UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA

Henry White Edgerton to be an associate justice, United States Court of Appeals for the District of Columbia.

FRED M. VINSON to be an associate justice, United States Court of Appeals for the District of Columbia.

POLICE COURT FOR THE DISTRICT OF COLUMBIA

John P. McMahon to be judge of the police court for the District of Columbia.

HOUSE OF REPRESENTATIVES

THURSDAY, DECEMBER 9, 1937

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Drawn by the countless memories of Thy mercy, our Father, we seek these moments of prayer. Thou who art the font whence flow the cleansing streams of the higher life, be pleased to forgive us our sins. Do Thou preserve our going out and our coming in from this time forth and forevermore. Clothe us with that strength that comes from knowledge, conviction, and courage that we may stand for the right. Heavenly Father, when we live by rectitude, by justice, and by honesty, we are secure in the presence of temptation, pride, and false presumption. By example and precept may we be better men, better neighbors, and better citizens. We pray that the spirit of our Lord and Savior may lift us above all littleness, all narrowness, and all untruth. In His holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. ANDERSON of Missouri. Mr. Speaker, I renew my request to extend my remarks in the RECORD by including therein a statement of Mr. Albert L. Dean. I have an estimate from the printer and the cost of printing will be $630.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. DIES. Mr. Speaker, I ask unanimous consent to insert in the CONGRESSIONAL RECORD a statement by H. C. Fleming, president of the Oil Workers' International Union, giving the grounds of the opposition of that organization to the pending wage and hour bill, and also to include therein an amendment proposed by him.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SHAFER of Michigan asked and was given permission to extend his own remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that the gentlewoman from Massachusetts [Mrs. ROGERS], who has been assigned time to address the House today, may be permitted to speak tomorrow following the special orders already entered.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE FARM BILL

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8505, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. ANDRESEN of Minnesota. Mr. Chairman, we have some important amendments coming up and there are very few Members present. I therefore make the point of order there is not a quorum present.

Mr. JONES. Mr. Chairman, I think the Members will gather in a little while, and I wonder if we might have, perhaps, a little discussion or dispose of some other amendments that are not controversial.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I withhold the point temporarily.

Mr. RICH. Mr. Chairman, does not the gentleman think we ought to have more than a dozen Members here when we are discussing this farm bill?

Mr. JONES. Of course, the gentleman can be the judge of that, but if the gentleman wants to insist on the point of order——

Mr. RICH. Mr. Chairman, it seems to me we ought to have more Members here, but I shall not insist on the point of order.

The CHAIRMAN. When the Committee rose on yesterday three amendments had been offered, and, by unanimous consent, their consideration went over until today. One amendment was offered by the gentleman from Wisconsin [Mr. REILLY], another by the gentleman from Kansas [Mr. CARLSON], and the third by the gentleman from Minnesota [Mr. ANDRESEN].

Mr. JONES. Mr. Chairman, I ask unanimous consent, notwithstanding the pending amendments, that the Committee may consider an amendment which will be offered by the gentleman from Iowa [Mr. GILCHRIST].

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GILCHRIST. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST: On page 39, line 7, strike out the first two sentences in paragraph (b), down to and including the word "amount" in line 16, and insert:

"A farmer shall be presumed to have complied with his farm-marketing quota with respect to any crop as long as there is stored under seal on his farm or in a storage crib rented by him or under his control an amount of field corn equal to the storage amount applicable to his crop, as ascertained under section 324.

If there is not stored under seal on the farm or in such cribs an amount of field corn equal to such storage amount, the farmer shall be presumed to have marketed field corn in excess of his farm-marketing quota to the extent that the amount of field corn so stored is less than such storage amount."

Mr. GILCHRIST. Mr. Chairman, this amendment is uniform in its operation. The present bill reads that the corn shall be stored on the owner's farm. It so happens that oftentimes an owner may have other use for the crib on his farm, and he may have a crib or a storage bin on some other piece of property that he owns which would be equally serviceable in storing the corn.

Mr. JONES. It seems to me, Mr. Chairman, that is an improvement. Is that the only change made by the amendment?

Mr. GILCHRIST. That is absolutely the only change. Instead of saying "on his farm" the amendment adds "or in storage rented by him or under his control."

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Yes.

Mr. ANDRESEN of Minnesota. Does the gentleman strike out all of subsection (b)?

Mr. GILCHRIST. No; I propose to strike out the first two sentences of subsection (b). That is all. It relates to nothing in the world except to allow the farmer to store corn not alone on his farm, but also to store it in a crib controlled by him. If he has some other suitable place rented by him or under his control, this amendment will permit him to store it there also. There are some farmers who may not be able to store corn on their own farms but who have some suitable place elsewhere. I know of such cases.

Mr. JONES. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I offer the following amendments which I send to the desk and ask to have read.

The Clerk read as follows:

Committee amendment offered by Mr. JONES: Page 35, line 20, after the word "year", insert "and shall remain in effect until terminated in accordance with the provisions of this part."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

Committee amendment offered by Mr. JONES: Page 41, lines 6, 15, and 23, before the word "percentage", insert "marketing."

The amendment was agreed to.

Mr. JONES. Mr. Chairman, we are going to try to finish the reading of the bill today. I understand it is the purpose of the gentleman from Nebraska [Mr. COFFEE] to move to strike out the marketing quotas for corn, that is, all of part III. I ask unanimous consent that when the other amendments are disposed of and his amendment is under consideration, the time for discussion of that particular motion be limited to 30 minutes. The whole subject has been gone over very thoroughly.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that when the amendment to be offered by the gentleman from Nebraska [Mr. COFFEE] to strike out part III, is presented, the time for debate upon it be limited to 30 minutes. Is there objection?

Mr. STEFAN. Mr. Chairman, I reserve the right to object. Is that a similar amendment to the one we had with reference to wheat?

Mr. JONES. It is. It is just a motion to strike out.

The CHAIRMAN. Is there objection?

Mr. RICH. Mr. Chairman, I reserve the right to object. What arrangement has the Chairman made to add to this bill some amendment whereby it will take care of the expense in connection with the operation of this agricultural bill?

Mr. JONES. No provision is being made for the raising of any money. As the gentleman knows, the question of raising revenue is primarily within the jurisdiction of another committee.

Mr. RICH. Did not the President send word down to the gentleman as chairman of this committee that he should make arrangements to take care of raising the additional funds?

Mr. JONES. No. If the gentleman will read that letter again, he will see that it refers to any expenditure in excess of existing planned expenditures. The present Soil Conservation Act authorizes the appropriation of the $500,000,000, and no additional funds are made necessary by this bill. Some may be needed. I wish we had some method of raising the money.

Mr. RICH. If the gentleman can read into the President's message that he did not want to raise the additional funds, well and good. I could not read that. If the gentleman will look at the Treasury statement, he will find that somebody in this House is responsible for getting the money to take care of this bill, and on whom is it intended to place that burden or who is going to assume that responsibility?

Mr. JONES. The gentleman himself has been lecturing the House continuously about matters of this kind. Perhaps he can suggest a method?

Mr. RICH. Oh, the House will pay no attention to me. I have asked continually where they are going to get the money and they have paid no attention to the question at all.

Mr. JONES. Does not the gentleman think that I have enough of a job here without undertaking what he has in mind?

Mr. RICH. Yes; the gentleman has a real job on his hands.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, what is the first amendment to be considered?

The CHAIRMAN. The first amendment is the amendment offered by the gentleman from Wisconsin [Mr. REILLY].

Mr. REES of Kansas. Mr. Chairman, I offer a substitute amendment for the amendment of the gentleman from Wisconsin [Mr. REILLY], which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. REES of Kansas as a substitute for the amendment offered by Mr. REILLY: On page 36, line 9, after the word "corn", insert "which is not used as silage."

Page 37, line 15, after the word "corn", insert "which is not used as silage."

Page 38, line 3, after the word "corn", insert "which is not used as silage."

Page 38, line 6, strike out "No corn used for silage."

Page 38, line 7, after the word "corn", insert "which is not used as silage."

Page 38, strike out lines 10 to 21, inclusive, and in line 22 strike out subsection "(c)" and insert subsection "(b)."

Page 38, line 24, after the word "corn", insert "which is not used as silage."

The CHAIRMAN. The Chair informs the gentleman from Kansas that he cannot offer that as a substitute, because it is not a substitute. The Chair will permit the gentleman from Kansas to offer it as an amendment to the amendment offered by the gentleman from Wisconsin.

Mr. REES of Kansas. Mr. Chairman, I offer it as an amendment to the amendment of the gentleman from Wisconsin.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I make the point of order that there is no quorum present. This is an important amendment, and the Members should be here to listen to the discussion.

Mr. JONES. Will the gentleman withhold that for just a moment?

Mr. ANDRESEN of Minnesota. I wonder if there was an effort made by the various gentlemen to come to an agreement on the question of silage?

Mr. REES of Kansas. There was.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I insist on the point of no quorum.

The CHAIRMAN (Mr. WARREN). The Chair will count. [After counting.] Forty-seven Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 11]

Aleshire	Driver	Jenkins, Ohio	Pettengill
Allen, Del.	Eicher	Johnson, Minn.	Phillips
Andrews	Elliott	Kitchens	Polk
Atkinson	Engel	Kniffin	Quinn
Binderup	Evans	Kocialkowski	Reece, Tenn.
Boylan, N. Y.	Faddis	Lamneck	Schrugham
Brooks	Farley	Lea	Simpson
Buck	Ferguson	Lemke	Smith, Maine
Buckley, N. Y.	Flannery	Lewis, Colo.	Smith, Va.
Caldwell	Ford, Calif.	Lewis, Md.	Smith, Wash.
Cannon, Wis.	Frey, Pa.	McClellan	Smith, W. Va.
Clark, N. C.	Gamble, N. Y.	McGehee	Somers, N. Y.
Coffee, Wash.	Gambrill, Md.	McLaughlin	Stack
Cole, Md.	Gasque	Maas	Sweeney
Costello	Gearhart	Magnuson	Swope
Cravens	Gifford	Maloney	Taylor, Colo.
Crosby	Green	Meeks	Thurston
Crosser	Gwynne	Mouton	Tolan
Daly	Haines	O'Connell, Mont.	Weaver
Delaney	Hamilton	O'Connor, Mont.	Whelchel
Dempsey	Harlan	O'Day	White, Ohio
Dingell	Harter	Palmisano	Williams
Dixon	Hendricks	Patterson	Withrow
Dorsey	Hildebrandt	Pearson	Woodruff
Douglas	Holmes	Peterson, Fla.	
Drewry, Va.	Imhoff	Peterson, Ga.	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 8505; and finding itself without a quorum, he directed the roll to be called, when 328 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER. The Committee will resume its sitting.

The CHAIRMAN. The gentleman from Kansas, [Mr. REES] is recognized for 5 minutes.

Mr. JONES. Mr. Chairman, I desire to prefer a unanimous-consent request. I understand these gentlemen are about to work out an agreement on the question of silage. I ask unanimous consent that all amendments respecting silage be deferred for the present, and that we take up other amendments which will be offered by the gentleman from Illinois [Mr. LUCAS], temporarily.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

There was no objection.

Mr. LUCAS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois.

Mr. LUCAS. Mr. Chairman, I have two other amendments in addition to the one now offered. Each amendment rather hinges upon the other, and I ask unanimous consent that the three amendments, all of which are short, may be read at this time.

The CHAIRMAN. And be considered together?

Mr. LUCAS. No, Mr. Chairman; not considered together.

The CHAIRMAN. Without objection, the Clerk will report all three amendments.

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. LUCAS: On page 32, line 6, strike out the figure "15" and insert in lieu thereof the figure "10."

On page 35, line 17, strike out "the normal supply thereof by more than 15 percent" and insert in lieu thereof "the reserve supply level."

On page 37, lines 8 and 9, strike out "the normal supply plus 15 percent thereof" and insert in lieu thereof "the reserve supply level."

The CHAIRMAN. The gentleman from Illinois is recognized for 5 minutes.

Mr. LUCAS. Mr. Chairman, a great majority of the Members of Congress coming from the commercial corn-producing area honestly and sincerely hope that the majority Members of this House will respect our desires and our wishes in connection with a redefinition of "reserve supply level." Under the definition of "reserve supply level," as written in this bill, we find that a normal year's domestic consumption and export of field corn is 357,000,000 bushels, when the 15 percent is applied. We of the Corn Belt district have considered this base in attempting to treat adequately the normal supply of field corn, in cases of drought, in cases of flood or other adverse circumstances, as well as in the cases of years of plenty. We undertake to say that if this bill is to become effective, from the standpoint of the corn producer in the agricultural areas, the reserve supply level must be decreased, and these other amendments, hinging upon the first, should be adopted.

It should be remembered that this redefining of "reserve supply level" in no wise affects the definition of "reserve supply level" in wheat, cotton, or any other basic commodity. It is truly a corn problem, and does not affect any other sections of the country.

Some 60 Members of the House of Representatives in this commercial corn-producing area request that these amendments be adopted by the House. If the amendments are adopted it will be the first step in reducing the quotas on corn to an amount where we feel it will justify the corn men in this Congress voting for this bill.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. LUCAS. Yes; I yield.

Mr. HOPE. Has the gentleman given any consideration to the problem of the use of substitutes in the event that the supply of corn is reduced below the amount which it would be if the present terms of the bill are carried out?

Mr. LUCAS. I have given some thought to that, but I feel, with all due deference to the suggestion of the gentleman from Kansas, that if we have to wait in the Corn Belt district for 600,000,000 bushels of corn to be placed as surplus, under storage, before marketing quotas go into effect, the financial structure, in attempting to take care of that 600,000,000 bushels, will absolutely decrease to the level of ruin as far as corn is concerned. In other words, if you are going to have quotas, and if you believe in quotas, you ought to operate from an effective base and not attempt to delude the farmers in any section of the country. But you have passed on wheat and you have passed on cotton, but we are still making an honest attempt to write legislation which will not fool the American farmer insofar as corn is concerned. When I return to my district and the farmers ask me what we did for them in constructive legislation, I sincerely submit that I would be compelled to say absolutely nothing, unless my amendment is adopted. As a member of the Agriculture Committee I have labored long and faithfully during the last few weeks trying to bring to this Congress what I believe the commercial corn-producing area needs for an effective program. For 20 years we have tried to control the chronic surplus, and that is presumed to be the philosophy of this bill, but if I can read the English language this bill increases the surplus. Yes, my colleagues, the old story familiar to the farmer is being rewritten:

> The more he raised the less he got;
> The more he worked the harder his lot.

I trust that our wishes may be respected and the amendment will be adopted.

Mr. NELSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I trust that this amendment may not be adopted. I want to vote for this bill. The result of this amendment, if adopted, will be that we shall have a corn quota, a marketing restriction, in effect practically all the time.

As a member of the subcommittee that worked on the subject of corn, I may say to you that we gave most careful consideration to it; it was thoroughly threshed out in our committee and we reported back to the full committee and that report was approved by the entire committee. I want you to get a picture of the whole question which is whether

you want a corn quota in effect most of the time or only when it is needed, only when we have a large crop.

Secretary Wallace in a letter to Senators POPE and MCGILL a few days ago declared that the bill was unduly restrictive. We had with us before our committee Administrator Tolley who agreed that the figures as written in this bill are reasonable and proper. They were approved by Administrator Tolley and also by the Secretary of Agriculture.

Let me add that I speak for the general farmer, the man who feeds hogs, cattle, and other livestock, or is engaged in dairying or poultry raising. I fed $1.45 corn to my stock last spring, and I can say to you that $1.45 corn, if it were possible to raise it to that figure—and it is a very high price that the commercial corn areas of this country want—would be just as hurtful to the average farmer, who feeds livestock instead of selling his corn, as 25- or 35-cent corn.

Mr. LUCAS. Mr. Chairman, will the gentleman yield at that point?

Mr. NELSON. Let me continue my statement first, please.

The proposal, I feel, is based largely on the thought that a small yield means a high price. This is not true; small yields have frequently brought low prices, and large yields have brought high prices; in fact, throughout a term of years, if you will turn to the official figures of the United States Department of Agriculture, you will find that the corn farmer of this country, the average farmer, has gotten more for a good crop than he has when we had a crop failure. Listen to these figures: In 1930 the corn yield for the United States was a record high. We had 3,071,000,000 bushels. That crop brought an average price of 61 cents a bushel; in other words, it brought $1,873,000,000. Keep these figures in mind. In 1934 the corn yield was very low; it was below 1,381,000,000 bushels, and it sold at 85 cents. It brought, not $1,873,000,000, but only $1,381,000,000. Despite a somewhat smaller price for the big 1930 crop the farmers of this country got $700,000,000 more for it than they did for the short crop.

Mr. Chairman, I speak for the real corn growers of this country, for all the corn growers, not for a limited number in a restricted district in Illinois, Iowa, and Indiana.

So, Mr. Chairman, I feel that the amendment as proposed by my colleague from Illinois should be defeated. The figures as written in the bill have the approval of the Committee on Agriculture, of Administrator Tolley, and Secretary of Agriculture Wallace. Furthermore, they represent the views of most farmers, the men whose interests should be placed foremost. [Applause.]

[Here the gavel fell.]

Mr. THOMPSON of Illinois. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it is to be assumed that the purpose of this proposed farm legislation is to stabilize prices for the farmers of the United States. Coming from the Corn Belt of the Middle West I believe that I can speak for most of my colleagues, both on the Republican as well as the Democratic side of the aisle, and say that it is absolutely essential that we have the adoption of the Lucas amendment if this bill is to be in any way effective as far as the corn farmer is concerned.

The bill as written and reported to the House by our Committee on Agriculture provides that the size of the granary as far as corn is concerned shall be about 15 percent above the normal consumption and export; and the records of the Department will show that we have never carried over more than 7 percent in a normal year over a long period of years.

We have heard much this year, Mr. Chairman, about the bumper corn crop. We have had a good corn crop, yet it is only about 300,000,000 bushels more than normal. With this comparatively small increase, however, we have seen the price of corn drop from $1.35 to about 35 cents or 40 cents on the farms of Illinois, Indiana, Missouri, and Iowa. If a small carry-over, comparatively speaking, of 300,000,000 bushels in 1 year—or, rather, an excess production in 1 year—will crash the price more than 50 percent, all of us shudder to think what will happen if we are going to have a perpetual carry-over of 15 percent of the normal crop.

I make the prediction that if this bill becomes a law and the corn provision remains intact as reported by the committee, we shall see in this country in another good crop year, so far as corn is concerned, the price tumble down to 25 cents or 28 cents a bushel, and certainly make a mockery of the Congress of the United States in its attempt to write a farm bill to stabilize prices at somewhere near a parity level. The parity price of corn today is approximately 87 cents, yet we are witnessing the spectacle of the farmers of the Middle West receiving less than half of this price.

We are asked to support a provision in this bill that will increase the carry-over to such an extent that nothing can be expected except abnormally low prices, almost as low, I may say, as we experienced in 1932 and early 1933.

On yesterday the Committee in its wisdom saw fit to knock out the mandatory-loan feature for corn, and I have no hesitancy in saying, speaking for myself only, because I have no right to speak for any of my colleagues from the Corn Belt, that if we cannot get the Lucas amendment written into this bill the entire piece of proposed legislation is nothing but a gesture. It is a misnomer and will not help anybody in the Corn Belt. As much as I would like to see constructive farm legislation written into law, I will be obliged to vote against the bill, because I cannot go back to my corn farmers and tell them I attempted to and helped to pass a law which actually reduced the price of corn, and I cannot tell them I am in favor of a bill that will do almost everything but stabilize the price of corn and the price of all other farm commodities directly dependent upon the price of corn. Therefore, I trust the Committee will adopt the amendment offered by my colleague the gentleman from Illinois [Mr. LUCAS]. [Applause.]

[Here the gavel fell.]

Mr. GREENWOOD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in favor of the Lucas amendment as the last vestige of hope this bill has of helping the corn producers of the Middle West. I represent part of this territory. Many of my farmers are also feeders of livestock.

A large proportion of the corn produced in Indiana and Illinois is fed by the farmers on their own farms, therefore my problem is not different from that of my colleague from Missouri [Mr. NELSON] or the gentleman from Nebraska [Mr. COFFEE]. I am also interested in the price of livestock. But the statistics for the last series of years show that the price of hogs and cattle on the market follows the price of corn. It has not been over 4 weeks since the Department of Agriculture advised the farmers that the price of hogs and cattle was not going down because of scarcity. However, corn went from over a dollar to less than 40 cents a bushel, and the price of livestock has followed, as it always does, this phenomenal decrease in the price of corn.

The normal supply of corn figured throughout many years has been 2,380,000,000 bushels on an annual basis. They propose a marketing quota be placed in the bill at 2,900,000,000 bushels, more than 600,000,000 bushels above the normal supply. This year, with a so-called bumper crop, we had 2,600,000,000 bushels, and with the 60,000,000 bushels carry-over, a total of 2,700,000,000 bushels; in other words, 200,000,000 bushels less than the figures placed in this bill—2,900,000,000 bushels—before any marketing quota can go into effect.

Why deceive the American farmers into believing they will get a bill which will work so far as marketing their products in an orderly manner is concerned? Why place a limitation so high it will be absolutely impossible to work or even operate under it? If there is anything in this bill, so far as concerns marketing quotas, that will help corn, cotton, or anything else I fail to find it. I am surprised a bill should come from a great committee like the Committee on Agriculture based on a theory you can have regulation of market quotas or markets and yet be absolutely devoid of any provisions that will offer any hope, under the philosophy

as advocated by that committee. Therefore, I am in favor of helping at least one branch of American agriculture, the American corn farmer and stock raiser, because my friends have adopted a fatal view so far as the price of cattle is concerned.

Mr. MAY. As I understand the gentleman's argument, this bill will not apply to the corn crop until there is a crop totaling 2,900,000,000 bushels?

Mr. GREENWOOD. Yes; or 200,000,000 bushels more than this year's crop, which is considered a bumper crop.

[Here the gavel fell.]

Mr. GILCHRIST. Mr. Chairman, I am equally well satisfied, as some of these gentlemen are, that this bill will be ruined if the Lucas amendment is agreed to. The only argument offered here is that we have seen corn drop down to 40 cents from in the neighborhood of 90 cents or $1. But these Members do not tell you why. In the committee they did and that is why the committee brought out the bill exactly as it is now. That is why, when the question came up, the committee believed it ought to follow the advice of the men who will put this law into effect and who will administer it. That is what Mr. Talley, in the Department of Agriculture came before the committee and requested—this quota as written in the bill. That is also what Mr. Claude Wickard, also of the Department of Agriculture, advised, and he will assist in administering the bill.

Mr. Chairman, do you know why corn is so low? It would not be low today if this bill had been in effect during the past 3, 4, or 5 years. The market for corn has been taken away from us because there are not sufficient hogs in this country. Read the market reports.

You will find that at no time during this century has the hog population been as low as in the last 3 years—1935, 1936, and 1937.

The facts are that the hog population has never been so low in this century as it has been during the last 3 years. This has taken away the market for corn, and this is the reason the corn crop now coming on the market is so low in price.

If there had been, during the last 3 or 4 years, a level supply of corn, the hog population would have been level, too. The hog raisers would not have gone out of hog production if the corn supply had been about on a level with what it ought to have been. Therefore, we have lost the market for corn. The only thing the Members in favor of this amendment argue is that corn has gone so low. The answer is because the market has been taken away from corn, because there are so few hogs to eat the corn.

The men who are to administer this bill know what they ought to have. Why should you submit to the opinion of those who are not informed about the question? These men who are to administer the bill have appeared before the committee. The committee has been strong in its support of the quotas in the present bill and has voted down the proposed amendment. We ought to follow the committee. There is something to be said about moderation in respect of when the quotas should go on. We have heard these fervent orators speak about liberty. Of course, there is some argument there, but we ought to be moderate. If the Lucas amendment is agreed to it will put a quota on corn on an average approximating about every other year. That is just too much and too often.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Iowa may be extended 5 minutes in order that I may propound an inquiry to him.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MAY. The gentleman has stated that witnesses from the Department of Agriculture told the committee why corn has gone down.

Mr. GILCHRIST. No; I did not say that. I did say the representatives of the Department of Agriculture who are to administer the bill came before us and told us they wanted the quota fixed as now named in the bill.

Mr. MAY. Did they tell the committee anything about the reason why the prices of corn and cattle have gone down in the last few months, and if so, will the gentleman tell us why?

Mr. GILCHRIST. No; the gentlemen did not tell that to the committee. I told it to the committee. I was informed by the reports which came out in the 1937 yearbook and by statements which were made to me by gentlemen in the Department. I do not know that they specifically spoke about this matter, but they did speak to me about it personally, and the matter of the drop in the price of corn was before the committee.

Mr. MAY. The gentleman from Missouri [Mr. CANNON] yesterday made the statement the price of cattle followed the price of corn, that when corn was down cattle were down, and when corn was up cattle were up. Has the gentleman any answer to this statement?

Mr. GILCHRIST. Yes; that is true, but there is a lag. When corn is low everybody goes into the production of hogs, and about 9 months or so later there is such a large number of hogs the price of hogs goes down. The theory of this bill is to keep the supply level at all times, so there will be a sufficient supply and we shall not have the ups and downs in the market we have heretofore had. That is all there is to this bill. We want a good, fair price for corn at all times. We should have, as much as it costs to produce corn, with a fair profit.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Nebraska.

Mr. COFFEE of Nebraska. Does the gentleman believe the farmers in Iowa want this quota provision to go into effect this next year?

Mr. GILCHRIST. This year?

Mr. COFFEE of Nebraska. Yes.

Mr. GILCHRIST. I have no means of knowing what they would say about it, but I believe the farmers of Iowa do not want the quota to go into effect under present conditions with the amount which is now being produced; because they know what we mean by this bill is to get good, fair prices and then to keep them level in all times and not have the highs and the lows which I mentioned a while ago.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Illinois.

Mr. LUCAS. May I ask the gentleman what he proposes to do with the 600,000,000 bushels of surplus?

Mr. GILCHRIST. My understanding is that the surplus necessary to a safe margin in the ever-normal granary is approximately 350,000,000 bushels. If the gentleman's figures are different, they disagree with mine and with the figures which the Secretary has published and of which he spoke at Indianapolis about 2 or 3 weeks ago.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Minnesota.

Mr. ANDRESEN of Minnesota. It is my understanding the figures already in the bill as to supplies are the ones submitted and recommended by the Secretary of Agriculture.

Mr. GILCHRIST. The gentleman is correct.

Mr. ANDRESEN of Minnesota. This is the understanding that was had in the committee as well.

Mr. GILCHRIST. That is true.

[Here the gavel fell.]

Mr. BIERMANN. Mr. Chairman, I move to strike out the last two words.

Mr. JONES. Mr. Chairman, if my colleague will permit, I would like to submit a unanimous-consent request.

Mr. Chairman, I ask unanimous consent that all debate on this particular amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BIERMANN. Mr. Chairman, the philosophy of this bill is that marketing quotas be used to keep off the market that part of the crop that wrecks the price.

For the past 10 years the average domestic consumption and the foreign exports of field corn have been 2,380,000,000 bushels. The point at which the marketing quota would go into effect under this bill would be 2,928,000,000 bushels. In other words, we would have to have almost——

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. Pardon me, I cannot yield.

Mr. GILCHRIST. The gentleman's figures are wrong.

Mr. BIERMANN. If I make one mistake in what I have to say in my 5 minutes I will still be 10 or 15 mistakes short of the number of mistakes the gentleman made in his 10 minutes. [Laughter.]

In other words, under this bill we would have to have nearly 600,000,000 bushels more than the domestic consumption and the foreign exports would be able to take care of before marketing quotas would go into effect. I submit to you that the marketing quotas so far as corn is concerned would be useless in such circumstances. The price would be ruined before they would go into effect.

This year we have a total supply, which means the carry-over plus this year's production of 2,711,000,000 bushels, and this was sufficient to wreck the market and bring down the price. Under the bill as written we would have to have 217,-000,000 bushels more to get a quota than we had this year when we had the price wrecked.

Something has been said about the corn subcommittee of the Committee on Agriculture. The corn subcommittee is composed of five members and three of those members are in favor of the Lucas amendment.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield there?

Mr. BIERMANN. I cannot yield. The question is whether we are going to have the marketing quotas go into effect at a point where they will keep the price-breaking surplus off the market or whether we are going to wait until the supply gets so big that the price has already been ruined. This is the only question here, and I do not think I am at all inaccurate when I say that nearly all the Congressmen and Congress-women from the corn-producing area of the United States want this Lucas amendment. We feel it is vital to the success of the corn section of the bill and I ask you to go along with us.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, it is unfortunate that there is so much heat amongst the corn farmers here in the Committee with reference to this amendment. Ordinarily, they are together on most problems, but here we have one group of the corn representatives who favor the Secretary of Agriculture and the program that he has announced for corn, and then we find another group coming from the Secretary's own party who are opposing the principles advocated and laid down by him.

If you want immediate control over the corn farmers in the corn area, then you surely should vote for the amendment offered by the gentleman from Illinois; that is, if you want to begin your regimentation next year.

If you want to wait possibly 8 to 10 or 12 or 20 years before the regimentation begins, then you should leave the bill in its present position, having supplies and quotas fixed at about 2,900,000,000 bushels. That is what the Secretary wants to leave it at. However, if you want to injure the dairy sections so that the farmers will not be able to produce enough silage and corn to feed their dairy cattle and their livestock, I suppose you should go for the lower figures.

I am opposed to compulsory control, whether it becomes effective in 1938 or 1958. I think it is un-American and unsound, and any attempt made here to write immediate or future control should be voted down by the committee and by the House.

I have received hundreds of letters during the past 2 weeks during the consideration of this debate on this bill against the compulsory provisions. The letters are coming from the small farmers who have only 40 or 80 or 100 acres of land, who tell me they are opposed to compulsion in any form for the reason that they are now unable to produce enough feed on their farms to feed their dairy cattle and livestock. This amendment is not in their interest.

Mr. REILLY. Is there any compulsion under this bill until two-thirds of the farmers vote for compulsion?

Mr. ANDRESEN of Minnesota. The bill provides that if more than one-third of the farmers, or I might say if less than one-third of the farmers vote against the Secretary's compulsion order, the compulsion will go into effect. If two-thirds of the farmers vote for it, it becomes operative, and under the provisions of the bill, if the referendum is constitutional, the farmers will enact or defeat the legislation or executive order of the Secretary.

In our committe, and I want to be frank on this as long as a disagreement has arisen between the committee Members, we agreed that quotas approximating 2,900,000,000 bushels of corn should be in the bill, and that is the way the bill was written. If you are to stand by the Committee on Agriculture, then you should vote down this amendment, but if you are for immediate control of the corn farmers of the United States, you should vote for the substitute offered.

The CHAIRMAN. The time of the gentleman from Minnesota has expired. All time has expired. The question is on the amendment offered by the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. WADSWORTH) there were—ayes 54, noes 64.

Mr. LUCAS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. LUCAS and Mr. GILCHRIST to act as tellers.

The Committee again divided; and the tellers reported there were ayes 59 and noes 78.

So the amendment was rejected.

The CHAIRMAN. The gentleman from Illinois offers two further amendments.

Mr. LUCAS. Mr. Chairman, in view of the teller vote, I will ask unanimous consent to withdraw the two following amendments.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I desire to offer an amendment.

Mr. JONES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES. Is this the silage amendment?

Mr. ANDRESEN of Minnesota. It is not.

Mr. JONES. Mr. Chairman, I would like to dispose of the pending silage amendment. I think we have come to an agreement. I ask unanimous consent that that be taken up at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Chair will state that some time ago the gentleman from Kansas [Mr. REES], offered what he termed a substitute for the amendment offered by the gentleman from Wisconsin [Mr. REILLY.] The Chair promptly ruled that it was not a substitute, and suggested to the gentleman from Kansas perhaps it could be considered as an amendment to the amendment. The Chair has since studied the amendment and is of the opinion that it is not an amendment to the Reilly amendment, but is merely a perfecting amendment. In view of that, the Chair will recognize the gentleman from Kansas [Mr. REES], to offer a perfecting amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. REES of Kansas: Page 36, line 9, after the word "corn", insert "which is not used as silage";

Page 37, line 15, after the word "corn", insert "which is not used as silage."

Page 38, line 3, strike out "planted to field corn", and insert "of field corn which is not used as silage."

Page 38, line 6, strike out "no corn used for silage."

Page 39, line 7, strike out "planted to field corn" and insert "of field corn which is not used as silage."

Page 38, strike out lines 10 to 21, inclusive, and line 22, strike out subsection "(c)" and insert subsection "(b)."

Page 38, line 34, after the word "corn", insert "which is not used as silage."

Mr. JONES. Mr. Chairman, I think the parties interested in this instance are practically agreed. I wonder if we cannot adopt that amendment without debate?

Mr. BOILEAU. Oh, Mr. Chairman, I am very much opposed to this amendment.

Mr. JONES. I wonder if we cannot agree on time for debate. I ask unanimous consent, Mr. Chairman, that all debate on this amendment and all amendments thereto close in 20 minutes after the gentleman from Kansas has concluded.

The CHAIRMAN. The Chair will state that the only thing now before the committee is the amendment offered by the gentleman from Kansas [Mr. REES]. The amendment offered by the gentleman from Wisconsin [Mr. REILLY] is not now before the Committee. What is the gentleman's request?

Mr. REILLY. Mr. Chairman, in view of the fact that the amendment offered by the gentleman from Kansas [Mr. REES] accomplishes just what I wanted to accomplish and would have had to accomplish by several amendments, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 25 minutes.

Mr. BOILEAU. The time to be divided equally between those for and those against?

Mr. JONES. Those who were seeking recognition: Mr. BOILEAU, Mr. KLEBERG, Mr. ANDRESEN of Minnesota, and Mr. REILLY.

Mr. BOILEAU. Mr. Chairman, reserving the right to object, many Members are not familiar with the purport of this amendment. As the debate goes along, some Members who have not now signified a desire to speak may signify a desire to do so. I hope in the allotment of time it will be equally divided between those for and those against the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. BOILEAU. Mr. Chairman, reserving the right to object, I do not know the attitude of those who have asked for time.

Mr. JONES. Mr. Chairman, I will amend the request—that the additional 20 minutes be divided between those in favor of and those opposing the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas, as modified?

There was no objection.

Mr. REES of Kansas. Mr. Chairman, this amendment simply provides that the corn that goes into the silo is not included in the quota. That is all there is to it. If you are in favor of including the corn that goes into the silo, in the quota, then you are opposed to this amendment. If you are in favor of excluding the corn that goes into the silo, then you are in favor of this amendment.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield.

Mr. KELLER. If I understand the gentleman's amendment, this simply increases the quota. Is that right?

Mr. REES of Kansas. If you want to term it that way, you may. After all, as I understand it, so far as raising corn is concerned, the particular thing in which we are interested is the corn which is used in commercial channels. After all, the corn that goes into the silo is green corn. What you do is grind up green corn together with the fodder and put it in the silo for feed.

It is not used as a fattening feed any more than alfalfa, clover, hay, or feed of that kind; so it really does not affect the corn that is subject to the quota. When we talk of corn as a commercial crop we speak of it as grain. I am speaking about green feed, and silage is green feed. As a matter of fact it amounts to approximately 5 percent of the corn acreage of this country, we are told, over a period of 10 years. That has been the experience.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield for a question.

Mr. MICHENER. As a matter of fact, the tendency would be to avoid the quota by not growing corn as grain but by putting the land into silage and the silage, through cows, into dairy products. This would absolutely ruin the dairy industry.

Mr. REES of Kansas. Oh, I do not think so; I do not think it will ruin the dairy industry at all. It should help it. The theory of this measure is that you are dealing with corn that goes into the channels of interstate commerce. This feed, and that is all it is—feed, therefore, should not be included in the quota; it is not reasonable to include it as such, any more than it would be to include alfalfa, or other feeds that are put in the silo—kaffir corn, sorghum, cane, and so forth. It is not a fattening food; so I say it does not compete with corn as grain and, as a matter of right, ought to be excluded.

We talk a great deal about helping the farmer who owns a family sized farm. This is our opportunity to especially assist such a farmer.

It will help the man who raises a diversity of crops and will prevent him from being penalized under the act if he happens to have a silo full of corn ensilage and at the same time has a crib full of corn. The amendment is fair and equitable. It should be adopted.

The CHAIRMAN. The time of the gentleman from Kansas has expired. The gentleman from Wisconsin [Mr. BOILEAU], is recognized for 5 minutes.

Mr. BOILEAU. Mr. Chairman, the provision that is now written into the bill, I believe, does justice to the hog producers and to the dairy producers. Under the provisions now written into the bill a farmer gets a definite allotment of corn, a definite quota. If he increases the amount of corn that he uses for silage, in other words, if he increases his dairy production, then he is required, when and if the storage quotas go into effect, to store not a larger amount but a larger percentage of the corn that he has for grain. This would prevent the tendency for the farmers in the commercial corn-producing area—bear this in mind, it applies only to the commercial corn-producing area, not to the West, the North or the South—under the provisions now written in the bill there will not be the tendency for the corn farmer to grow less of his field corn at the expense of dairying by increasing the amount he puts in the silo, because if he increases his silage he would do it for the purpose of feeding for milk production. When the storage quotas go into effect he must store a larger percentage of his field corn, not a larger amount. Thus, although there are no benefits given to the dairy industry in this section, the bill has a tendency to protect the dairy industry from an unreasonably increased competition from within the commercial corn-producing area in which area benefits are to be paid to these farmers under the provisions of this bill.

The amendment offered by the gentleman from Kansas provides that silage in the commercial corn-producing area shall not be included as a part of the corn quota. The farmer gets his corn quota of 75 acres, we will say, but plants only 65 acres to field corn. He can take the remaining 10 acres plus the other acreage on his farm, no matter what it is, 25 or 50 additional acres, and use all of that for silage; in other words, he can come within his quota of field corn and increase his production of silage and still have complied with the provisions of the bill.

The natural tendency under such circumstances will be to reduce the production of field corn and to increase more and more the silage. Again I ask you to bear in mind that I am speaking now about the commercial corn-producing area. This does not apply to the other sections of the country. This bill, as I see it, will be an encouragement to every farmer within the so-called corn-producing area to reduce his production of hogs and to increase materially his production of silage, his dairy production.

The provisions of the bill are fair and reasonable. They have the approval of the Department of Agriculture, they had the unanimous approval of the Committee on Agriculture when the matter was under consideration; and I appeal to you not to put this additional acreage into dairy production.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. REES of Kansas. The gentleman understands that this silage is not transported from place to place; it does not go into commerce as such.

Mr. BOILEAU. No. It would not be so bad if it were transported from place to place, because then you might be able to stabilize the dairy industry where it is. The silage is not brought to the cows, the cows are brought to the silage. To adopt this amendment would be to encourage the corn farmer to compete with the dairy industry.

The provisions of the bill as reported by the committee are along the same lines as the so-called Boileau amendment. The provisions now in the bill have the approval of the Department and the approval of the Committee on Agriculture. I appeal to you not to put this additional disadvantage on the dairy industry.

Mr. ANDRESEN of Minnesota. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Minnesota.

Mr. ANDRESEN of Minnesota. Does not the gentleman believe that the so-called Boileau amendment will take care of this proposition?

Mr. BOILEAU. No, it will not; because of the fact you are by specific provision providing that silage shall not be included within the marketing quotas or the storage quotas. The Boileau amendment applied so far as soil-conservation payments are concerned.

Mr. ANDRESEN of Minnesota. And diversification of land?

Mr. BOILEAU. Under the soil-conservation program; but you are saying specifically to the farmer under this provision, "You can take land out of the production of feeder corn and grain and put it into silage."

Mr. Chairman, there is no sense in disrupting the dairy industry, and I appeal to the Members to follow the advice of your committee and the Department in this respect. [Applause.]

[Here the gavel fell.]

The CHAIRMAN (Mr. COOPER). The gentleman from Wisconsin [Mr. REILLY] is recognized for 5 minutes.

Mr. REILLY. Mr. Chairman, on yesterday I offered an amendment to line 12, page 32, of the pending bill, designed to take cornland devoted to the production of silage out of the commercial corn-producing areas of the bill.

I accepted the amendment offered by the gentleman from Kansas [Mr. REES] to my amendment, because it accomplishes the same purpose that my amendment was intended to accomplish; that is, to take cornland devoted to the production of silage out of the terms of the bill.

Corn is one of our great agricultural crops; in fact, about one-third of all farm lands from which crops are harvested is devoted to the production of field corn. Our corn crop has a value of about 25 percent of the value of all farm crops produced.

We have produced in this country as high as 3,000,000,000 bushels of corn in a single year, and the crop for the present year will amount to about 2,600,000,000 bushels.

The pending bill divides the corn producers of the country into two classes—the commercial corn-producing farmers and the noncommercial corn-producing farmers.

Under this classification about 10 States of the Mississippi and Ohio Valleys and parts of States are classified as commercial corn-producing States and will come under the terms of the bill, while the other 38 States and parts of States are not affected in any way by the pending bill as far as corn production is concerned.

These 10 commercial corn-producing States have a corn acreage of about 48,000,000 acres, while the other States outside the limits of the bill have about 54,000,000 acres planted to corn.

Of our total corn crop about two-thirds will be raised on land coming under the terms of the pending bill.

As a general proposition we have two kinds of farmers who raise corn. Farmers who raise corn for the production of silage, for the feeding of dairy cows, and farmers producing corn for feeding cattle and hogs, and so forth. About 10 percent of the cornland of the country is used for the production of silage.

As this bill now stands 18 counties in Wisconsin, where corn is grown largely for silage purposes used in the production of milk, will come under the terms of this bill; and every farmer in these counties who may grow corn for silage purposes will have a quota, if he should raise more than 400 bushels of corn or has a silage acreage enough to have produced that much corn if it was allowed to mature.

Silage has no place in this bill. I understand the Secretary of Agriculture at one time recommended that the cornland devoted to silage be eliminated from the terms of the bill.

Cornland devoted to silage has no effect on the price of corn. The silage farmers of the country could double their production of silage next year, or any year, and thereby affect not in the least the price of corn. You might just as well include the acreage devoted to the raising of alfalfa or soybeans in the commercial corn-producing areas as to include corn used for silage.

I have three counties in my district that will come within the provisions of the pending bill if the silage provisions are not taken out of the bill. These produce practically no corn for commercial use, and 90 percent of the corn raised is devoted to the production of milk; yet these farmers will have to go under a corn quota if the bill is passed as it now stands—that is, providing they raise more than 400 bushels of corn or silage equivalent to that amount of corn; and these said farmers may have the silage acreage that they now deem necessary to feed their herd of dairy cows reduced.

Again under the terms of the bill a farmer in one county who grows corn largely for silage purposes might be subject to a quota, while his neighbor across the road in another county, under the terms of the bill, would not be subject to any control of the corn acreage he might plant.

Mr. Chairman, I cannot understand why a farmer who raises only 400 bushels of corn either in the form of commercial corn or its silage equivalent should be included in any program looking to the control of corn production in this country.

The farmers who affect the corn production of the country are the farmers who produce thousands of bushels of corn, and they are located only in a few States, and any corn-control program should be concerned only with the large producers of corn, who alone are responsible for crops that depress the price of corn.

The farmers of my district who raise any amount of corn are largely engaged in the production of milk and not of commercial corn, and they are in no way responsible for the harvesting of huge crops of corn that depresses the corn market.

Mr. Chairman, I have great admiration and affection for my colleague [Mr. BOILEAU], and I believe him to be an able and valuable Member of this body; but the dairy farmers of Mr. BOILEAU's district will not be affected by the terms of the pending bill whether silage is included within the bill or not.

The farmers of my colleague's district will be permitted to grow as much corn as they may see fit to grow, and to use it for silage purposes or any other purposes without any

interference through the quota program of this bill, while the dairy farmers of three counties of my district will have to submit to corn quotas.

Mr. BOILEAU. Will the gentleman yield?

Mr. REILLY. I yield to my colleague [Mr. BOILEAU].

Mr. BOILEAU. Does not the gentleman believe that he is inconsistent here as compared to his views on the Boileau amendment which he submitted the other day?

Mr. REILLY. No. I am not inconsistent. I supported the Boileau amendment in order to protect the dairy farmers of the country from the use of a Government subsidy to develop the dairy industry, particularly in the South, and I am supporting the amendment to strike silage from this bill in order to protect the dairy farmers in my district in the State of Wisconsin and other States similarly situated, from a silage and dairy standpoint, from the unjustifiable and useless interference with the production of silage corn. Such interference as provided in the pending bill can accomplish no good in the way of solving the corn problem, but might do much harm.

Mr. KELLER. Will the gentleman yield?

Mr. REILLY. I yield to my colleague from Illinois.

Mr. KELLER. How does the committee stand on this question?

Mr. REILLY. I have no direct information but it would appear that the committee is not fighting the pending amendment.

Under the terms of the bill, Wisconsin farmers who have a large acreage of silage could not produce any corn in excess of 100-bushel exemption allowed by the bill. Wisconsin is not a great hog-producing State but many dairy farmers do raise hogs as a side line for home consumption and also for sale on a small scale.

If the pending bill becomes a law such farmers will be obliged to buy the corn to feed their hogs from some neighbor who was fortunate enough not to come under the terms of this corn-control bill.

Mr. SOUTH. Will the gentleman yield?

Mr. REILLY. I yield to my colleague from Texas.

Mr. SOUTH. Is it not a fact that most of the silage in the areas under discussion is not being fed to dairy cattle but will be fed to beef cattle?

Mr. REILLY. Silage in Wisconsin is fed almost entirely to dairy cattle.

Mr. SOUTH. I am talking about the corn areas.

Mr. REILLY. In Wisconsin, as I have stated, silage is used almost entirely for the production of milk.

Mr. SOUTH. The gentleman misunderstands me. Is it not a fact that in the corn areas the gentleman from Wisconsin [Mr. BOILEAU] is so alarmed about, the silage will not be fed to dairy cows as he fears, but, on the contrary, will be fed to beef cattle.

Mr. REILLY. I think the gentleman is correct as regards feeding in the corn areas.

I trust the committee will approve the amendment.

The CHAIRMAN. The gentleman from Texas [Mr. KLEBERG] is recognized for 5 minutes.

Mr. KLEBERG. Mr. Chairman, all of this discussion here about the particular proposition involved, silage, seems to have become quite nebulous. The gentleman from Illinois [Mr. KELLER] wanted to know if this amendment would increase the corn quota. Another gentleman over here, the gentleman from Wisconsin [Mr. REILLY] is worried about a few grains or kernels of corn which he wants to feed to chickens or hogs. The gentleman from Wisconsin [Mr. BOILEAU] is terribly concerned over the proposition involving the dairy industry of Wisconsin.

As a matter of fact, silage has no more place in this bill than does any one or all of the various grains, sorghums, or other roughage feeds that are fed to livestock in various forms. Once you put corn in the silo, its fat-producing qualities, its high protein content, and its ability to fatten cattle or hogs are nil.

That is out of the picture. Silage is very important as a supporting filler or roughage to corn, cottonseed meal, and cake, and other high protein feeds which are also important in the fattening of beef cattle. Many of the feeders in the commercial area of the Corn Belt affected by this amendment would be seriously handicapped in their seasonal feeding of corn to beef cattle, which is their business.

Just to boil the thing down in a nutshell, silage should have been expressly excluded from the operation of the corn section from the time it came out of the committee. We would not only have saved time, but we would have kept out of the intersectional dispute which inevitably arises under this kind of legislation, where somebody in one State attempts to go into a business carried on by others in another State. All of the provisions in this bill which have been favored by the Department, as suggested by the gentleman from Wisconsin [Mr. BOILEAU], having to do with the compulsory provision, have not received the thought, the careful attention, and the study from a practical standpoint they should have with regard to how they affect the farmer.

This is not a bill to freeze the dairy industry in one section of the United States. This is not a bill to prevent a man from raising grain sorghum or from using his corn for silage as a filler if he is a beef-cattle man. This section of the bill is directly attacking the operations of a few men whom it is feared will so increase the corn supply of this Nation as to let prices fall again.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. KLEBERG. I yield to the gentleman from Texas.

Mr. SOUTH. The gentleman is an extensive shipper of livestock and beef cattle. Is it not a fact the silage in the corn area under discussion is adapted largely to beef cattle and not to dairy cattle?

Mr. KLEBERG. In the main, of course. I have just brought that out. That is the feeder belt.

Mr. SOUTH. Will not this have the same effect as the Boileau amendment, heretofore agreed to, namely, of placing these areas in a strait jacket and preventing intelligent diversification, which the farmers must have if they are to continue to progress?

Mr. KLEBERG. Of course. Any legislation of this kind is calculated to disrupt and dislocate the general picture and the general economic unit known as American agriculture. Every one of the quota provisions in this bill from start to finish should be stricken out. These provisions mean a dislocation not only of the economic structure of all agriculture but a dislocation of the economic unit operations of every farmer in America, who up to the present has made a reasonable success of farming by his own genius and applied effort without having his operations directed from a cubbyhole here in Washington.

For my part, I hope the Committee will vote to strike silage from the bill, or, if you want to do a really good job in hamstringing our farmers, vote to include also under quotas all of the field sorghums and all of the other feeds which may be fed to dairy cattle. [Applause.]

[Here the gavel fell.]

Mr. ANDRESEN of Minnesota. Mr. Chairman, I dislike very much to disagree with my very good friend the gentleman from Wisconsin, with whom I have been working here for many years in behalf of the dairy industry. I believe he is misinterpreting this amendment, and that after he has considered it from all its angles he will be enthusiastically for it.

Let me give you just a few moments of history in connection with the silage question in this bill. The Secretary of Agriculture and his associates in the Department recommended that we not include silage with field corn. He stated it has no place in the bill, and that the provision is not workable. After the third draft of the committee print and after the subcommittee on corn had started to function, it was decided to include silage as a part of the corn-control scheme, and apparently the idea was sold to the officials in the Department, so now we have the provision in the bill.

All we seek to do by this amendment is to eliminate silage, which should not have been considered in the bill, and to permit farmers to raise a crop which is absolutely necessary

both in the dairy sections and in the livestock-feeding sections if they are to continue these industries as they have done in the past. This corn proposition is limited to the commercial area in this country, which is in parts of 10 States. These 10 States are now the traditional and historic dairy sections of the United States. Wisconsin is supreme in the production of cheese. Minnesota leads all States in the production of butter. Iowa comes next, and then Illinois with butter and fluid milk. The farmers engaged in dairy operations in these States, and most of them are in this commercial corn area, have small farms which probably average from 120 to 150 acres.

They have wide diversity of production on a limited acreage.

Of course, no farmer in this area will plant all of his allotted acreage to soil-depleting crops or silage or field corn. We raise hogs, beef cattle, and dairy cattle, and we must have different types of feed if we are going to continue our traditional production in these States. Therefore, I hope the amendment will be adopted and that silage will be eliminated from the provisions of this bill. [Applause.]

Now, may I ask the chairman of our committee a question? Is my understanding correct that on the gentleman's side they have agreed to this amendment?

Mr. JONES. No. I understood those interested in the matter had agreed to this amendment. There has been no agreement on the proposition as far as our side is concerned. I am rather inclined to leave this to the corn men.

Mr. BOILEAU. How about the dairymen?

Mr. ANDRESEN of Minnesota. I do not see any of the corn men on the floor. As I understood it, a tentative agreement had been reached from the announcement the gentleman made before we started debate.

Mr. JONES. I do not know what the general attitude is on the subject, but I thought those who wanted it had agreed to this amendment.

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. I yield to the gentleman from Iowa.

Mr. BIERMANN. As long as the gentleman from Wisconsin and others have raised the point of the quota up to nearly 3,000,000,000 bushels, it does not make any difference about this at all. You may as well have the amendment in the bill. It does not make a particle of difference about the quotas.

Mr. ANDRESEN of Minnesota. I think the gentleman is correct.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, under agreement entered into at the beginning of debate on this amendment, the time, 20 minutes, was to be equally divided between those for and those against the amendment. Five minutes have been used by those opposed to the amendment and 15 minutes by those in favor of the amendment. I ask unanimous consent that I may be allowed to proceed for 5 minutes, if no other Member opposed to the amendment desires such recognition.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that he may be allowed to proceed for 5 minutes. Is there objection?

There was no objection.

Mr. BOILEAU. Mr. Chairman, the distinguished gentleman from Texas [Mr. KLEBERG], a gentleman for whom I have a very high regard, has demonstrated during this debate that his views do not coincide with those who come from the large dairy sections of this country. I appreciate his attitude and appreciate the fact he conscientiously believes as he does. Three other gentlemen have spoken in behalf of this amendment, and I think it is only fair and proper to point out that although some of these gentlemen are recognized as men who come from dairy sections, yet I call your attention to the fact that the district from which the gentleman from Kansas [Mr. REES] comes is partly within and partly without the so-called commercial corn-producing area. I also wish to point out the fact that the district represented by my distinguished colleague from Wisconsin is partly within and partly without the so-called commercial corn-producing area.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. In just a moment I shall be pleased to yield.

I wish also to call attention to the fact that the district represented by my distinguished colleague on the committee, the gentleman from Minnesota [Mr. ANDRESEN] is partly within and partly without the commercial corn-producing area.

The gentleman from Minnesota [Mr. ANDRESEN] corrects me and states that his district is entirely within the corn-producing area. I did not understand his district is entirely within the corn-producing area. A large part of his State is not within it and I thought his district was likewise divided.

It seems to me that these gentlemen are acting like they want to eat their cake and keep it, too.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield at that point?

Mr. BOILEAU. I yield; yes.

Mr. WADSWORTH. May I say to the gentleman that I am becoming a little envious. I wish the gentleman would describe my district.

Mr. BOILEAU. Your district, I will say to the gentleman from New York, is situated just about the way mine is. You are going to find that our dairy producers up in your district and in my district, who are not favored by the provisions of this bill, will find dairy cows going down into the commercial corn-producing areas because under the provisions of this amendment they can increase their hog production and at the same time increase their dairy production. There is no restriction at all upon dairy production; and I submit to you that the provisions of this bill, as agreed upon by our committee, under the able leadership of the gentleman from Texas [Mr. JONES], are fair and just; and I further submit that the adoption of the Rees amendment would just mean more dairy cows, more dairy cows, and, yes, more beef cows, too, I will say to the gentlemen from the beef-producing areas of the country, going down into this commercial corn-producing area.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I am sorry, but 15 minutes has been used by those in favor of the amendment, and, standing here alone, I shall have to use the 10 minutes myself.

I submit to you gentlemen that farmers down in this area will be paid money for the purpose of reducing their corn. What corn? Only that part of their corn they feed their hogs, but they will also be paid to reduce their production of hogs, and encouraged by taking out the silage restrictions to go more extensively into the dairy industry.

This is not fair, and I want to point out to the chairman a very significant fact. In this bill, in determining the commercial corn-producing area, you have not stricken out that provision that silage shall not apply, so that the acreage devoted to silage is included in determining what is the commercial corn-producing area, but when it comes to paying benefits, when it comes to giving out benefits to the hog producers, you say to them, "Although we have considered in the formula determining where the corn commercial area shall be those acres devoted to the production of silage, nevertheless, when it comes to getting benefits all you have to do is to reduce or control your production of grain corn, but as to all the acres on your farm that you want to put into another type of corn that competes with the dairy industry, go to it, fellows, go ahead and compete with dairying all you want. We prevent you from hurting the poor hog

farmers, but pay no attention to the dairy farmers. Sock it to them; give them another blow below the belt." This is what you will do if you adopt this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. REES].

The question was taken; and on a division (demanded by Mr. BOILEAU) there were—ayes 51, noes 31.

So the amendment was agreed to.

Mr. CARLSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CARLSON: On page 37, line 12, after the period, add the following: "*Provided further*, That the quota provisions of this section shall not apply in any county where during the previous year the average yield of corn was less than 50 percent of the average yield for the 5-year period immediately prior thereto."

Mr. JONES. Mr. Chairman, I understood the gentleman from Kansas was going to change the "county" to "farm."

Mr. CARLSON. Mr. Chairman, after conferring with different Members of the corn section, especially with the gentleman from Illinois [Mr. LUCAS] and the gentleman from Iowa [Mr. BIERMANN], I am at the suggestion of Mr. BIERMANN asking unanimous consent to modify the amendment so that it will apply to any farm in place of "in any county."

The CHAIRMAN. Without objection the amendment will be so modified, as indicated, and the Clerk will report the modified amendment.

The Clerk read as follows:

Page 37, line 12, after the second period, add the following: "*Provided*, That the quota provisions of this section shall not apply to any farm where during the previous year the average yield of corn is less than 50 percent of the average yield for the 5-year period immediately prior thereto."

Mr. JONES. Mr. Chairman, I think there should be another word changed. I think the word "where" where it follows the word "farm" should be stricken out and the words "on which" substituted.

Mr. CARLSON. That is correct, and I ask unanimous consent for the suggested change.

The CHAIRMAN. Without objection, the Clerk will make the change suggested.

There was no objection.

Mr. JONES. Mr. Chairman, I understand the corn Members have agreed upon this, and I have no objection to it.

Mr. CARLSON. The adoption of this amendment would be very helpful in the practical administration of this section of the bill. Farmers would not feel that quota provisions are forced on them following a year that they did not produce a crop.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The amendment was agreed to.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I have two amendments at the Clerk's desk which I desire to have submitted.

The CHAIRMAN. The gentleman from Minnesota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN of Minnesota: Page 39, add a new section at the end of the page, as follows:

"(e) The provisions of this section, 325, shall not be applicable to any farm on which the total acreage devoted to field corn, less the acreage used for silage, is 20 acres or less."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ANDRESEN of Minnesota. Mr. Chairman, the purpose of this amendment is to secure the same exemption for corn in the corn area as was granted to tobacco and cotton. It will be recalled that amendments have been adopted in the Committee, and also presented by the Committee on Agriculture, which exempt from 2,400 to 3,200 pounds of tobacco and 1,500 pounds of cotton. That is 3 bales of cotton. The only exemption now provided in the bill for corn in the commercial areas is 400 bushels. That is, the quota does not apply unless a farm raises 400 bushels, as I understand it. This amendment is in line with the recommendation of the Secretary of Agriculture, who recommended to our committee—and we have it in our committee print, No. 3—that 20 acres shall not be included in the total acreage devoted to field corn. Therefore, I have taken the Secretary's suggestion as embodied in his original recommendation, exempting 20 acres of field corn used as such.

Mr. DOXEY. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. Yes.

Mr. DOXEY. Of course, whatever suits the corn people suits me, but does the gentleman not think that 20 acres is awfully high? That means nearly 1,000 bushels of corn, if they raise 50 bushels of corn to the acre, and that with the other 400 bushels of exemption seems to me to be pretty high exemption.

Mr. ANDRESEN of Minnesota. Mr. Chairman, it is possible that my distinguished friend from Mississippi can raise 50 bushels or more of corn to the acre in his section. I hope he can. The average production is 30 bushels to the acre, and 20 acres would mean at most 600 bushels.

Mr. DOXEY. Does not the gentleman think that that is pretty high, with the other 400 bushels?

Mr. ANDRESEN of Minnesota. I am sure that amount is not very high, and that more than that is used up on the farm, that is, field corn as feed for livestock and the other animals on the farm. Therefore, I hope the same fairness may be shown to the corn farmers as was shown in the committee in granting the exemption to the cotton and tobacco farmers.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. Yes.

Mr. HOOK. Was it not after due consideration that we reconsidered the provisions in the committee print No. 3, and that the present provisions of the exemption, 400 bushels, were put in after complete consideration by the committee?

Mr. ANDRESEN of Minnesota. No; the 400 bushels came in under the formula in the quota which determines the area that shall come in under the provisions of the bill.

Mr. HOOK. Does the gentleman not think that is enough, and did not the committee think that way?

Mr. ANDRESEN of Minnesota. No. This is only a fair proposition. I am asking the House to adopt the amendment as a matter of fairness.

Mr. CUMMINGS. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. Yes.

Mr. CUMMINGS. That would make practically 1,000 bushels of corn to the farm?

Mr. ANDRESEN of Minnesota. No; 600 bushels on the average production.

Mr. CUMMINGS. Six hundred bushels plus the four hundred?

Mr. ANDRESEN of Minnesota. No; 20 acres is the exemption.

Mr. CUMMINGS. That would be six hundred in addition to the 400 bushels exempted.

Mr. ANDRESEN of Minnesota. No. This just takes in the acreage, and deals only with acreage and not production.

Mr. CUMMINGS. Would they not get both the exemptions?

Mr. ANDRESEN of Minnesota. No; what is produced on the 20 acres would be the maximum amount.

Mr. CUMMINGS. How many farmers would that take in? What percent of the farmers in Pennsylvania, Ohio, and Indiana would that take in?

Mr. ANDRESEN of Minnesota. The farmers of my State are mostly small farmers and we want to protect them.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. JONES. Mr. Chairman, I appreciate the position of my good friend from Minnesota [Mr. ANDRESEN], who has taken very great interest in the shaping of this bill.

At one time we had a 15-acre corn exemption in the bill. After going over it the committee reached the conclusion that 15 acres in one area or in one section of a State or even a county might mean two or sometimes three times as much in bushels as it would in another. We did discuss a 200-bushel exemption instead. The cotton exemption is on a quantity basis rather than an acreage basis. We first suggested two hundred, and I think the gentleman had in mind what we first discussed rather than the present provisions of the bill. If you will turn back to page 37, subsection (b), section 323—

no farm marketing quota with respect to any crop of field corn shall be applicable to any farm on which the normal production on the acreage planted to field corn is less than 400 bushels.

That gives an exemption, it seems to me, that is sufficient, and it seemed so to the corn members on the committee.

I hope the gentleman will not press his amendment in the light of that exemption.

Mr. ANDRESEN of Minnesota. Probably we could compromise and agree on about 600 bushels.

Mr. JONES. I am rather inclined to think that the corn picture is a little different from the provisions as to other commodities. I hope the gentleman will accept four hundred for the present, anyway.

Mr. ANDRESEN of Minnesota. I am sorry I cannot do that, because we granted an exemption here of 1,500 pounds on cotton yesterday. That is 9 acres of cotton.

Mr. JONES. But, you understand, that in the southern cotton area there is a high percentage of tenancy and there are a great many small producers.

Mr. ANDRESEN of Minnesota. That means 7,000,000 bales of cotton is exempted, if that goes in.

Mr. JONES. Oh, no.

Mr. FULMER. With three bales, at the price of cotton today, it will only mean about $150. Four hundred bushels of corn at even as low as 50 cents a bushel would be $200.

Mr. ANDRESEN of Minnesota. But when it gets down to 30 cents a bushel, 400 bushels of corn would only be $120.

Mr. JONES. I think the amendment should not be agreed to, Mr. Chairman.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The question was taken; and on a division (demanded by Mr. ANDRESEN of Minnesota) there were—ayes 24 and noes 41.

So the amendment was rejected.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN of Minnesota: On page 39, line 16, strike out the last sentence in subparagraph (b), beginning "in any action brought."

Mr. ANDRESEN of Minnesota. Mr. Chairman, here we are dealing with a very important provision of the penalty section of the bill. I know those who are interested in the corn farmers and in other farmers will be rather interested to find what there is in the bill.

There are certain penalties provided in the corn section for any farmer who fails to live up to the orders of the Secretary of Agriculture in the storage and marketing quotas. The farmer is required to store a certain percentage of his corn, put it under seal in the granary, and leave it there. If the mice or the rats should get in and eat some of that corn, if the chickens should stick their beaks through the side of the corn crib and eat some of it, if the corn is stolen or destroyed, the farmer who has this corn in storage is presumed to be guilty for causing its disappearance, until he proves his own innocence.

If any of that corn has disappeared, the presumption is that he has marketed it. A penalty is assessed against him for the disappearance of that corn. The corn farmers under this bill are not even given the same consideration as the worst criminal that we have in this country. He is guilty in the first instance, and he must come in and prove his innocence in the United States district court, where we find the United States district attorney and all of the funds and talents of the Federal Government to prosecute him when he stands there convicted before the bar of justice.

I have never heard of a provision being set into legislative form, where they are attempting to collect civil penalties, and where men affected thereby are presumed to be guilty and have to prove their own innocence.

What does it mean? It means that if a farmer is hailed into court under the process established here by the Secretary of Agriculture and the United States Department of Justice, he must employ the most skilled counsel in the United States to defend him, because undoubtedly the Department of Agriculture and the Department of Justice will take his case to the United States Supreme Court. He will have to go to his friends and neighbors and relatives and beg and borrow all the money he can, so as to get the best kind of legal talent to defend himself, in order to show that he is not guilty of a crime in which the law fixes the presumption and the burden of proof upon him.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. I yield.

Mr. KNUTSON. He probably would have to put another mortgage on his farm.

Mr. ANDRESEN of Minnesota. Oh, the chances are he would already have two or three mortgages on the farm, and that they would pick on a man who would be unable to get any funds to go into court and employ talent to defend himself. Fortunately they cannot put a man in jail. The only people they can put in jail, under this act, are the buyers of cotton and tobacco where they fail to keep records.

I hope that this amendment will be adopted, so that the burden of proof may rest with the Government and not upon the farmer. He should be given a fair trial and presumed to be innocent until proven guilty.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 6 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BIERMANN. Mr. Chairman——

The CHAIRMAN. The gentleman from Iowa is recognized for 3 minutes.

Mr. BIERMANN. Mr. Chairman, the speech the gentleman from the first Minnesota district just made probably will read very well out in southeastern Minnesota as a defense of the poor down-trodden farmer, but there is no substance to it at all.

There is no criminal penalty involved in this corn section in any way whatsoever. This section was thoroughly discussed in the committee, and the committee, if I am not badly mistaken, agreed unanimously on exactly this provision.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. In just a minute.

I am not a lawyer, but I know that in trials the burden of proof shifts from time to time. I call the Members' attention to the first sentence in this section:

A farmer shall be presumed to have complied with his marketing quota with respect to any crop as long as there is stored under seal on his farm an amount of field corn equal to the storage amount applicable to his crop.

All the farmer has to do is to show that he has this amount of corn in his bin. It is not a matter difficult of proof, and he does not have to hire all these high-priced attorneys to go down to Washington to defend him.

I now yield to the gentleman from Minnesota.

Mr. ANDRESEN of Minnesota. I did not say that there was a criminal penalty involved, I said that there was a penalty if any of the corn had disappeared; and that is correct, for a penalty would be assessed against the farmer and he would have to prove that he was not guilty of having the corn disappear. Is not this a fact?

Mr. BIERMANN. That is correct. I ask the gentleman if he thinks it is going to be hard on any farmer to prove that something happened to his corn crib in case he is short a few bushels of corn? Answer "yes" or "no."

Mr. ANDRESEN of Minnesota. It may not be difficult, but he has got to go into court to defend himself.

Mr. BIERMANN. Mr. Chairman, it interests me, a layman, to note how difficult it is to get a lawyer to answer a question "yes" or "no." They want us all to answer "yes" or "no," but they will never answer "yes" or "no." The gentleman from Minnesota is a good lawyer. I asked him a simple question which he could answer "yes" or "no" but he refuses to do so.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. STEFAN. I am not a lawyer, but I am wondering if the committee took into consideration what would happen to this stored corn in the case of the sale of the farm? In Iowa, Nebraska, and throughout the corn section, farms change hands quite frequently.

Mr. BIERMANN. There is a provision for exchanges of that kind.

Mr. STEFAN. Is there provision for selling the corn which has been sealed up subject to the order of the Secretary of Agriculture? Does it belong to the farmer who bought the farm or the farmer who sold the farm?

Mr. BIERMANN. There is no particular provision applying to that specific instance, but every possible exigency that may arise is provided for in this bill.

Mr. STEFAN. But I ask my colleague what will happen to this corn that is subject to the order of the Secretary of Agriculture in case of a sale; and we have hundreds of such farm sales in Nebraska and in Iowa, too?

Mr. BIERMANN. He could sell it to the man who purchased the farm.

Mr. STEFAN. He could sell it even though it was under seal?

Mr. BIERMANN. I think so. He could transfer the title. However, if it is put on the market during the time the quota is in effect there would be a 15-cent per bushel penalty.

Mr. STEFAN. The gentleman says he can transfer it, but cannot sell it?

Mr. BIERMANN. The purchaser could pass a receipt to the seller or something like that. The purpose is to keep that corn off the market. The man who bought the farm would get possession of and title to the corn but could not put it on the market so long as the marketing quota remains in effect. This bill does not prohibit the transfer of title to the surplus corn. It merely forbids putting it onto the market so long as the marketing quota is in effect.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Michigan [Mr. HOOK] is recognized for 3 minutes.

Mr. HOOK. Mr. Chairman, my friend from Iowa may not be an attorney, but certainly he has a great legal mind and he is a very good Congressman. He was positively correct when he said that the burden of proof shifted at different times during a lawsuit. In any action at law which may arise on account of the operation of this section the farmer is presumed to be innocent when he enters into that case. After he has placed the corn under seal he is presumed to be innocent, and this presumption follows him until such time as it is shown that he did not keep it so sealed and did not market it.

What happens when suit is brought? All that the farmer has to show is that he did not market the field corn in excess of his farm marketing quota. If he did not, it would be very easy for him to show that he did not, and when he has shown that he has not so marketed the corn, then the presumption of innocence is still with him as it was in the first instance. So he is presumed to be innocent under this section. I ask that this amendment be defeated.

The CHAIRMAN. The time of the gentleman from Michigan has expired; all time on this amendment has expired.

The question is on the amendment offered by the gentleman from Minnesota.

The question was taken; and on a division (demanded by Mr. BIERMANN) there were—ayes 34, noes 47.

So the amendment was rejected.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN of Minnesota: Page 34, lines 10 and 11, strike out the words "poultry or."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this part and all amendments thereto close in 10 minutes, with the exception of the time already agreed to on the motion to strike.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this part, with the exception of the allocation of time heretofore agreed to with reference to the amendment to be offered by the gentleman from Nebraska [Mr. COFFEE], close in 10 minutes. Is there objection?

There was no objection.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I call attention in particular to the following on page 34, beginning with line 9:

(i) "Marketed" shall be the disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are sold, bartered, exchanged, or given away, or to be so disposed of. The term "for market" means for disposition in any such manner.

Now, let us take the case of a typical corn farmer. He puts stored corn in a corn crib. If you are familiar with what a corn crib is you will know it is a type of building in which at least 50 percent of the corn is exposed to the atmosphere. It is possible for poultry to eat the corn through the slats in a corn crib. If any of the corn disappears in that manner, that is, by reason of the man's poultry eating the corn through the slats in the corn crib, the farmer will be subject to a penalty. Do you want to penalize the farmer for what his chickens are able to steal? If so, all well and good. If you do not want him to be penalized, then the poultry feeding provision should be eliminated from this definition.

That is all I have to say.

Mr. HOOK. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Minnesota [Mr. ANDRESEN].

Mr. Chairman, the argument just advanced in favor of the pending amendment is about as fallacious as anything I have heard, because I do not believe anyone is going to penalize a farmer on account of the fact that a chicken, turkey, or duck will nibble a few grains of corn from the side of a crib.

I sat in the committee and I heard different members of the committee make the statement that a great deal of the wheat that was grown and a good portion of the corn that was grown and marketed in this Nation went to poultry feeding. If that is so, it may affect very materially the administration of this bill. Further, poultry played such an important part in the N. R. A. that we should include it here, because it does play a very important part in this bill. If poultry is included in the bill, after the experience in the chicken case with regard to the N. R. A., the gentleman, being opposed to the bill, might have a better chance to cry about it after the bill is adopted.

Mr. JONES. Will the gentleman yield?

Mr. HOOK. I yield to the gentleman from Texas.

Mr. JONES. As a matter of fact this provision forbids the feeding of corn. If the chickens went there and got it the farmer would not be feeding it, would he?

Mr. HOOK. The gentleman is correct. It is just a question of properly interpreting the section. I think the section was put in here for a good purpose and it was adopted after very intelligent discussion in committee. The amendment offered by the gentleman from Minnesota [Mr. ANDRESEN] should be rejected.

[Here the gavel fell.]

The CHAIRMAN (Mr. WARREN). The question is on agreeing to the amendment offered by the gentleman from Minnesota [Mr. ANDRESEN].

The question was taken; and on a division (demanded by Mr. ANDRESEN of Minnesota) there were—ayes 28, noes 46.

So the amendment was rejected.

Mr. COFFEE of Nebraska. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. COFFEE of Nebraska: Page 28, beginning in line 8, strike out part 2 of title III relating to marketing quotas on field corn.

Mr. COFFEE of Nebraska. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes, the extra time not to be taken out of the time already agreed to for the discussion of this proposition.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent that he may proceed for 5 minutes in addition to the time already agreed to. Is there objection?

Mr. COFFEE of Nebraska. Mr. Chairman, I modify my request and will make it 3 minutes, the additional 3 minutes not to be taken out of the time already agreed to.

The CHAIRMAN. Is there objection to the modified request?

Mr. MICHENER. Mr. Chairman, reserving the right to object, I must have been off the floor for a minute this morning at a time when this matter was being discussed. Was unanimous consent obtained to fix time of debate on this matter?

The CHAIRMAN. Yes.

Mr. JONES. Mr. Chairman, may I say to the gentleman from Michigan [Mr. MICHENER] that after debate had run along for some time, there was an agreement entered into that we would have 30 minutes' discussion on the motion to strike. It is practically the same line of discussion that has heretofore taken place.

The CHAIRMAN. Is there objection to the request as modified?

There was no objection.

The CHAIRMAN. The gentleman from Nebraska [Mr. COFFEE] is recognized for 8 minutes, 3 of which will not be taken out of the time heretofore agreed to.

Mr. COFFEE of Nebraska. Mr. Chairman, before we can have national prosperity the farmers must be assured of their fair share of the national income. They must have a fair price level in the American market for the portion of their commodities domestically consumed. However, I realize the impracticability of attempts to write such legislation into a bill on the floor of the House. It must be perfected in the Committee on Agriculture. I can see no immediate nor lasting benefits that will accrue to agriculture through the marketing quota provisions provided in this bill.

The adoption of this amendment will eliminate the unworkable marketing quotas—the referendum—which is of questionable constitutionality; and the 15 cents per bushel confiscatory penalty that would be imposed upon farmers who sold or fed to their livestock corn in excess of their quota. It will eliminate the compulsory provisions pertaining to corn.

Under the old A. A. A. the farmer had an option. He could either participate in the program and receive the benefits or not, as he chose. Such are the provisions of the Soil Conservation and Domestic Allotment Act. However, the provisions I wish to strike out go much further than the old A. A. A. or the Soil Conservation Act, because the farmer, if quotas are established, has no such choice. He is compelled to pay 15 cents per bushel on any corn in excess of his quota sold or fed to his livestock.

This amendment will not interfere with the soil-conservation program under which all contemplated benefit payments to farmers will be made. The adoption of this amendment will eliminate the principal threat of a future adverse Supreme Court decision.

The compulsory-marketing quotas can serve no useful purpose because loans can and should be provided to farmers to store their surplus corn on the farm to prevent forced liquidation and demoralized prices. The Government has been making these loans, without marketing quotas and without the loss of a dollar. In years, like this, of high corn production, a sufficient number of farmers will gladly avail themselves of the opportunity to borrow money on their corn, to relieve the market of the excess. Less than 20 percent of the corn is sold for cash. Ninety percent of it is fed to livestock. If these marketing quota and penalty provisions stay in this bill, the courts will be clogged with lawsuits and the farmers will rebel against such legislation. It will take thousands of Federal employees to administer these compulsory provisions and the cost will be deducted from the appropriation that would otherwise go to the farmers.

Not one farmer in ten will be able to estimate the number of bushels of corn he can market without a penalty. That is no reflection on the farmer, because he will be able to come as close to the answer as the Members of this House.

The Farm Bureau Federation is the only farm organization advocating these compulsory provisions. The National Grange, Farmers' Union, livestock and dairy organizations are all opposed. I quote from the letter of the National Grange to the Members of Congress under date of November 30:

In the opinion of the National Grange, both House and Senate bills should be referred back to the committee and stripped of their compulsory features. In planning a long-time program for agriculture, we should not begrudge the time nor the patience that is necessary to make it sound, workable, and constitutional.

The objective of these marketing quotas is to stabilize the price of corn. I am in accord with the objective, but I am not in accord with the means sought in this bill to attain that end. If these compulsory features remain in the bill, it is the small landowners and tenant farmers who will be penalized most, because many of them are not equipped with adequate storage facilities.

The elimination of these compulsory features will not interfere with these loans. It is a patent insult to the intelligence of the American farmer to assume that his farming operations must be conducted through a centralized bureaucracy here in Washington.

If these compulsory marketing quota provisions remain in the bill, the farmer's liberty will be sold for a mess of pottage. [Applause.]

I appeal to those of you who are opposed to the further extension of bureaucratic control and opposed to compulsory crop control to support this amendment. [Applause.]

Mr. BIERMANN. Mr. Chairman, we are confronted with a situation affecting the farmers at which we cannot wink our eyes unless we are going to have a recurrence of the sort of calamity that has overtaken American farmers several times within the lives of most of us.

The farmers of the United States produce huge surpluses in a number of commodities. If there were just a few farmers, 10 or 15 or 20, operating these more than 300,000,000 of acres, they might get together and decide how much of their product they were going to raise, or how much of it they were going to put onto the market. But 6,500,000 farmers cannot get together on any program of production control or marketing control. Therefore, it is necessary for the Government to come in and supply the plan, and this is all the pending bill does. The bill provides that the Government shall come in at a certain point and notify the farmers they are likely to have a price-breaking

surplus. The Government supplies the figures to the farmers and says, "The corn supply is so large it is likely to wreck your prices. Do you want us to have marketing quotas or do you not?" Two-thirds of the farmers must vote in favor of the marketing quotas before they go into effect. Then what happens? The Government merely allots to these farmers the amount they can safely put onto the market in interstate commerce, and the balance of the crop, probably a small part, 5 percent, 10 percent, perhaps 20 percent in an extreme case, the farmers must keep off the market until the market will absorb the surplus at a decent price. This is all there is to the marketing quotas. It is merely provided that as long as the surplus threatens to break the price the farmer shall keep it off the market.

What about these iniquitous penalties as to corn? This bill merely provides that if a farmer insists on putting his part of the surplus onto the market and breaking the prices of his neighbors he is charged 15 cents a bushel for so doing.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield for a short question.

Mr. HOFFMAN. The gentleman stated just a moment ago that two-thirds of the farmers had to vote in the affirmative to put themselves under a quota. Did the gentleman mean that?

Mr. BIERMANN. Yes.

Mr. HOFFMAN. I thought the Secretary of Agriculture put them under a quota, and one-third of the farmers had to vote against it.

Mr. BIERMANN. That is another of these legal subtleties, on which I am not going to debate. I am a newspaperman. It amounts to about the same thing.

Mr. HOFFMAN. The gentleman is interested in the fact?

Mr. BIERMANN. Yes; very much interested; but I am not very much interested in turning it upside down and inside out.

Mr. HOFFMAN. Is not that what they did with this provision in order to make it constitutional?

Mr. BIERMANN. I am not a constitutional authority.

Mr. HOFFMAN. But as a newspaper man the gentleman is interested in whether or not that is true?

Mr. BIERMANN. Yes.

Mr. HOFFMAN. And the gentleman knows that it is true?

Mr. BIERMANN. I shall have to leave that to a lawyer.

This bill provides that when the supply of corn reaches a figure which the Secretary, after investigation of the facts, and two-thirds of the farmers agree will break the price of corn, the corn farmers in the commercial corn-growing area are then restrained as to a small part of their product, maybe 5 percent, maybe 10 percent.

They have got to keep that in storage and they can get loans on it. If they insist on throwing it onto the market in such circumstances they are penalized 15 cents a bushel.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. GILCHRIST. Does this bill contain one line or one provision limiting the amount a farmer can produce?

Mr. BIERMANN. No; a farmer can produce any amount he wants, but he cannot throw it onto the market when it would break the price.

[Here the gavel fell.]

Mr. MICHENER. Mr. Chairman, this amendment offered by the gentleman from Nebraska [Mr. COFFEE] eliminates the quota provisions of the bill affecting corn. A similar motion eliminating the wheat quota has already been passed by the Committee, so that if the pending amendment carries then there will be no quota control over wheat and corn. We who come from the wheat and corn sections are not fooled, however, because we know that when the administration whip cracks and the roll is called, both of these amendments will be defeated.

This bill would not be here were it not for the fact that it attempts to limit and control production of corn, wheat, cotton, tobacco, and rice, the commodities included—and I mean compulsory control.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. My time is short, but I yield to the distinguished Representative from Iowa, a member of the Committee on Agriculture.

Mr. GILCHRIST. Will the gentleman name the line or place in this bill which limits the production of any farmer?

Mr. MICHENER. There is no specific limitation in any particular line in the bill. Technically speaking, the gentleman is correct when he makes this statement. There are 86 pages in the bill and 60 pages are devoted to compulsory control. The practical and intended result expected to be obtained if this bill becomes a law is the control of production, which means the regimentation of the farmers producing the commodities. This bill is bottomed on the premise that at times there is a surplus of these commodities in this country and that the surplus must be eliminated if the farmer is to receive a fair price for the commodity.

The Agricultural Adjustment Act was ill conceived and hastily enacted. It proceeded on the philosophy of scarcity. The country was to produce less and have more. However, there was no compulsion; that is, the farmer could accept its provisions or leave it alone. He was not subjected to a fine or imprisonment if he did not comply. A processing tax was invoked to pay the benefits and the Supreme Court held the act unconstitutional. Immediately the Department of Agriculture cast about to find some other means of getting benefit checks out of the Treasury into the hands of the farmers. As a result, the Soil Erosion Act was adopted as the vehicle, and by the amendments of 1936, the Soil Conservation and Domestic Allotment Act was set up, under the provisions of which the farmer is able to receive benefit checks in the name of soil conservation. The Soil Conservation Act contains no compulsory acreage or quota control. The farmer is not fined or sent to jail if he does not choose to comply with the provisions of that act.

At the time that act was before the Congress, I called attention to the unconstitutionality of the act. It seems clear to me that the language in the Supreme Court decision holding the A. A. A. unconstitutional applies to the present Soil Conservation Act. We all realize that the constitutionality of that act has not yet been passed upon by the Supreme Court. It is also true that the Tenth Circuit Court of Appeals in the Edwards case, by means of an ingenious legalistic effort, has sustained the constitutionality of the law, but the final word will be spoken by the Supreme Court. There is not a lawyer on the floor of the House who will not agree that to hold this law constitutional the Supreme Court must reverse its holding in the A. A. A. case.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. My time is short, but if the gentleman, good lawyer that he is, wants to state otherwise, I yield for that purpose.

Mr. GILCHRIST. The gentleman intimated that I did not know what was in the Soil Conservation Act.

Mr. MICHENER. I am sorry if I used unfortunate language, but my time will not permit me to yield further.

Mr. GILCHRIST. I want to ask the gentleman if he will name one paragraph in this bill, or in the soil conservation law that compels a farmer not to raise corn. Is it not entirely a voluntary matter on his part? Is it not true that he can stay out of the soil conservation program or he can go into it, according to his own pleasure? And if he stays out, is it not then true that he can get the benefits for raising corn or crops on his farm instead of accepting payment?

Mr. MICHENER. Under the Soil Conservation Act the planting of corn is voluntary; that is, if the farmer wants nothing to do with the Soil Conservation Act, then he can plant as many acres as he sees fit and dispose of it as he likes; but if he is in the commercial corn-growing area, under this bill, if he sells or uses more than his compulsory quota, he is fined if he violates the quota regulations promulgated by the Secretary of Agriculture in addition to losing all benefits under the act.

The gentleman from Iowa places much stress upon technical compulsion. He must remember that there was no

compulsion in the A. A. A., yet the Supreme Court in invalidating that act said:

> The act invalidates the reserved rights of the States. It is a statutory plan to regulate and control agricultural production, a matter beyond the power delegated to the Federal Government.

That case further held that the Government could not legally contract with the farmers to reduce their production, and the Court further held:

> But if the plan were one of purely voluntary cooperation, it would stand no better so far as Federal power is concerned. At best, it is a scheme for purchasing with Federal funds a submission to Federal regulation of a subject reserved to the States.

This bill surely is "a statutory plan to regulate and control." When the formula laid down in the bill is applied, the farmer in the commercial corn-producing area is prevented from disposing of any corn beyond the quota dictated by the Secretary of Agriculture. It is the farmer's corn, he produced it, and he is prevented from disposing of it. If that is not compulsion, then what does my friend from Iowa call it?

There are some things in this bill to which none of us object:

First. We favor the continuance of a soil-conservation program.

Second. We favor a sound lending policy upon agricultural commodities, including dairy products, stored on the farm or in the terminal facilities—a voluntary "normal granary."

Third. We favor any provisions of law which will bring about just and equitable freight rates to the farmer.

Fourth. We favor the provisions of this bill relating to new uses and new markets for farm products.

Fifth. The Federal Surplus Commodities Corporation should be continued as an instrumentality to be used in times of need.

Control of production, whether voluntary or compulsory, is unnecessary to achieve any of the above objectives. Without this law the present soil-conservation law will function as it is now operating.

I do not believe that this bill is the right approach to the agricultural problem. Frankness in the enactment of any law is at least advisable, and to some of us is essential. We may beat about the bush if we so choose, yet we have debated this bill for more than 10 days and not a single Member has discussed improving the soil or soil conservation. On the other hand, the whole debate is over this compulsory control and limitation of acreage and marketing regulations. It is utterly impossible to regulate and control the five commodities in the same manner. Therefore, we find several varieties of control in this bill.

Time prevents an analysis of the several methods. However, I pause long enough to say that with cotton there is an acreage control entirely; that is, the cotton farmer is limited in the number of acres he may plant to cotton. There is no limit on production or marketing of cotton. Therefore, when the cotton farmer is assigned his acreage, he may proceed to produce as much as possible and sell all that he produces without let or hindrance. Now the yield of cotton is controlled largely by the amount of fertilizer used. For instance, in 1936 an average of 170 pounds to the acre was produced, while in 1937 the average was 228 pounds. There was acreage limitation in 1937, and, instead of planting as many acres, the cotton farmer planted less, used more fertilizer, and produced more cotton. Under this artificial control, which produced more, rather than less, the cotton producer has lost 50 percent of his foreign market, and it is interesting to recall that between 1920 and 1930 the average price that the farmer received for his cotton was 17 cents per pound. That was before the flowering of the philosophy of scarcity in our midst. Today, after 5 years of this kind of tampering with the laws of nature, cotton is 7½ cents a pound, and our cotton friends are frantically striving to pass some legislation which will hold out promise to the deluded and the deflated cotton producers. Be it remembered that the authors of this bill refuse to permit this assistance to cotton to be invoked before the year 1939. If this is a good thing and is on the level, why not let it apply to the 1938 crop? The 1938 congressional election will be over before this promised relief becomes effective.

So far as rice is concerned, I do not know why it has a place in this bill. The total production of rice in this country last year was only $40,000,000. There is no surplus, and, therefore, why should we control the production?

The Committee on Agriculture consists of 28 members. The President called the Congress in special session to consider this, his farm program. The committee advises us that the committee was divided into subcommittees, all the members coming from cotton territory being placed on the cotton subcommittee, those from the corn territory on the corn subcommittee, and so on. Each subcommittee was permitted to write its ticket for its own commodity. That would seem easy. Of course, the Department was the guiding spirit back of it all. However, even these small subcommittees have not been able to agree on this monstrosity of a bill. Let it be said, however, that the tobacco representatives have agreed and have a good political bill for their respective districts. It is control and compulsion, but all the small tobacco farmers, where the bulk of the vote is, are exempted. The only penalty invoked is visited on the purchaser, so that the tobacco producer may produce and sell and be in no fear of fine or punishment, while the purchaser, who purchases beyond the quota limit of any tobacco farmer, must pay the price. With this statement let us pass tobacco.

The section of the country from which I come produces two commodities covered in this bill—wheat and corn. While there is compulsory control over the production and marketing of each of these commodities, yet the formula is different in each case. Under the present soil-conservation law it is optional with the wheat grower and corn grower as to whether or not he accepts the program laid down by the Department of Agriculture. If he does accept this program and complies with a contract which is dictated by the Secretary of Agriculture, then he receives certain benefits. If he prefers to run his own farm without the dictation of any Washington bureau, then he is at liberty to do so. If this bill becomes effective, the farmer under the Soil Conservation Act will be given a definite acreage which he may plant to wheat. If the quota provision of the bill becomes effective he will then be given a quota of wheat of which he may dispose by sale, gift, or otherwise. If he sells more than his quota, then he is fined and the fine is collected by the Attorney General of the United States by suit brought in the Federal court of the United States. And yet we are asked by the proponents of this bill to accept the fiction that there is no compulsory control in connection with production and sale of wheat.

The part of this bill referring to corn is of special interest to the Second Congressional District of Michigan, which I represent. There are 83 counties in Michigan. But three of those counties—Washtenaw, Lenawee, and Monroe—in the southeastern corner of the State come within the commercial corn-producing area, as determined by the Secretary of Agriculture, as provided in this bill. This means that the corn producers in those three counties will receive different treatment under this law than all the other corn producers in the State of Michigan. This is because these three counties are especially good agricultural counties and have in the past produced corn in sufficient quantity so as to place them in the same class with the great corn-producing sections of the Middle West. Now this is what will happen to the farmers in these three counties, whether they have signed up on the soil-conservation program or not, if this bill becomes a law:

First. The farmers will be permitted to take advantage of the Soil Conservation Act exactly as they can at this time. An acreage quota will be assigned to them.

Second. When the Secretary of Agriculture estimates that the national corn production will reach a given point, then by his decree the quota becomes mandatory in these three counties.

Third. A national referendum of all the farmers in the commercial corn-producing area will be conducted by the Secretary of Agriculture to determine whether or not the

farmers in the area want to comply with the quota. It is admitted that under the Constitution the Congress cannot pass a law permitting the people to determine by affirmative vote whether a law shall be enforced. Therefore, this referendum is stated in the reverse; that is, if less than one-third of the farmers voting vote against the quota, then the quota shall not become operative. To the average person this seems silly, but it is hoped by those sponsoring this bill that the Supreme Court will find a difference between two-thirds voting for a thing and one-third voting against it. In my judgment, this provision is clearly unconstitutional and will be so held by the Supreme Court.

The farmers within the commercial corn-producing area this year produced 1,700,000,000 bushels, while the small farmers on the outside produced 900,000,000 bushels.

Fourth. The determination of a quota by the Secretary of Agriculture is not made until after the corn crop is planted each year, and is based upon the prospects of the crop in the heart of the corn-producing area. The size of the corn crop is determined by the weather and not by acreage. When this quota takes effect each farmer will be assigned the percentage of his crop which he must store in a terminal warehouse or, preferably, in his own corncrib on his own farm. The amount so stored must be in a corncrib complying with Government specifications. The crib in which the corn is stored must be locked and placed under Government seal, and the corn cannot be disposed of for any purpose whatever until the decree of the Secretary of Agriculture affecting all such stored corn is announced; that is, the farmer, for instance, may be required to store a given number of bushels of corn. Under no circumstances can he break the seal and use any of the corn for any purpose whatsoever until authorized to do so. He cannot even feed this stored corn to his own stock. He cannot sell it or give it away. In short, the purpose is to keep it off the market. Therefore, if he should run out of corn for his own use on the farm, although he has this corn on his own farm, he would be obliged to go into the market and buy corn at the market price. If the farmer does violate any of these rules, regulations, or decrees of the Secretary of Agriculture, he is fined and prosecuted in the United States court and is deprived of all Government benefits under any conservation or loaning act.

Now, remember, only those three counties in Michigan will be compelled to comply with this quota law. On the other hand, the farmer not living within the designated commercial corn-producing area will be limited only by the present soil conservation law; that is, if he does not desire to limit corn production at all, then he will not. He can produce as much corn as fertilizer and God will permit, and sell this corn at any time, anywhere, any place he may desire. In other words, he is his own free moral agent, so far as growing and selling corn on his own farm is concerned, while the farmers in the three counties above-named are placed in a strait jacket and their conduct, so far as corn is concerned, will be determined by the Secretary of Agriculture, when the quota goes into effect. If this bill would work and would increase or stabilize the price of corn, it would be entirely unfair to penalize these three counties in Michigan by making them carry the burden as against the other counties to be benefited. On the other hand, we all know what human nature is, and if this thing should work, the corn farmers not limited by the quota would produce more corn, because there would be more money in it. They would have an artificial price for their corn and would in no way be paying their part of the cost of maintaining such price.

I have called attention to the corncribs in which the surplus corn would have to be stored. The same is true of wheat when the wheat quota takes effect. The surplus wheat would have to be stored in a granary complying with Government specifications and under lock and seal of the Government. In my district many farmers would have to build new cribs and granaries.

An amendment has been placed in the bill providing that whenever a farm in any county adjoining the commercial corn-producing area produces 400 bushels or more to the farm unit, or 4 bushels to the acre of the entire farm unit, then that fact shall automatically bring the township in which the farm is located into the commercial corn-producing area. For instance, Lenawee County has been placed in the area, while Jackson County is outside of the area. If a farm in northern Jackson County, and miles away from Lenawee County, should qualify for the commercial corn area, then the whole township would necessarily be brought under quota regulations. As a practical matter, there are many farms dotting the counties adjoining the commercial corn area having such yields and, therefore, the work of the Government committees and representatives would be immeasurably and expensively increased, and township discrimination as well as county discrimination would prevail.

The country today is confronted with a bumper corn crop. The Corn Belt has had a tremendous yield and will have a large surplus. The three counties in Michigan coming under the quota have had one of the poorest corn crops in years, due to heavy rains throughout the season. Now, if this quota law had been in effect, farmers in these three counties would have been obliged to place in storage, under Government seal, the same percentage of their yield as the farmers in the most prosperous part of the Corn Belt this year. This would have been ruinous because these farmers are going to have difficulty in caring for their stock on the corn they have produced, and it would be monstrous to compel them to lock up a part of that corn and go out and buy corn on the market in order to maintain the price. Think of what the situation would be were the farmers in Lenawee County to be thus regulated, while the farmers across the road in Jackson County would not be compelled to submit to any such unreasonableness.

Ninety percent of the field corn produced in the country is marketed through livestock and only 10 percent is sold as cash corn. The counties in my district are extensive feeders of livestock and operators of family-sized farm dairies. These counties seldom ship out any corn as corn. We ship into these counties, feeder cattle and lambs in the fall and sell our corn in cattle, lambs, and hogs in the spring. My home county of Lenawee has as many or more family-sized farms with wheat fields, corn fields, and small commercial dairy herds as any county in the United States. We are tremendously interested in all crops grown in any part of the country, and especially in the dairy industry. Anything that interests agriculture is of fundamental importance to us.

Compulsory control has been tried on cotton under the Bankhead Cotton Act. It did not work successfully.

Compulsory control was attempted under the Potato Act, about which I addressed the Congress at the time of its consideration. Because of the demand of the family-sized farmers of the country, that act was voluntarily repealed by Congress before the farmer and his wife, who grew a few potatoes in the back yard, were sent to jail. The control in this bill will be just as unpopular with the small producer of corn as was the potato law with the average small farmer. Who is for this legislation?

The farmers themselves are not demanding it. The National Grange, with its 800,000 paid members, is almost unanimously opposed. The National Farmers' Union is unalterably opposed. All national dairy organizations and all local organizations that have been heard from are opposed.

The national leadership of the Farm Bureau Federation has been of different views at different times throughout the consideration of the bill. Mr. Edward O'Neil, the head of this organization, has been an advocate of all proposed control of agriculture submitted to Congress during the last 5 years and has been quoted throughout the debate as being for this bill and against this bill. We are told that Mr. Earl Smith, an outstanding leader in this organization, and to whom the farmers of the Corn Belt give heed, is opposed to the bill as it leaves the House.

Throughout the entire debate not a single Member of the House has approved of the bill. Practically every speech has been an apology for some part of the bill. Even the

conscientious and able chairman of the committee is not proud of the committee parentage. The President has called Congress together to enact permanent agricultural legislation, and this bill is supposed to be that thing, and the passage of this bill at this time is presumed to be a fulfillment of the administration's pledge to do something for the farmers at this special session of Congress. Members are voting for the bill and at the same time stating that the bill must be rewritten in conference and that they will not support this bill if it returns to the House.

The Secretary of Agriculture and the administration alone seem to be for the entire bill.

I am opposed to this bill because—

First. It will not and cannot accomplish that which the farmers are promised it will accomplish.

Second. It regiments and controls the farmers in the operation of their farms. For noncompliance with compulsory quotas they may be fined, prosecuted, and deprived of benefits.

Third. It is unfair and unjust and discriminates against farmers within the quota area as against farmers outside the quota area.

Fourth. It will cause more dissatisfaction, more jealousy, envy, and hatred among farmers themselves than any legislation yet enacted concerning agriculture.

Fifth. It gives more power to a bureau in Washington to control the destinies of the farmer.

Sixth. It has possibilities of ruining the dairy industry of the North, if the South is permitted to rent its cotton land to the Government in order to conserve the soil and then operate dairies on the same land, utilizing alfalfa and other soil-conserving crops to produce dairy products to compete with northern dairies not subsidized by the Government.

The farmers must have some relief or assistance if they are to maintain the standard of living accorded to those in order industries. The protective tariff does not fully protect the farmer on surplus crops. He must, therefore, have its equivalent, call it subsidy or what you will. I believe that the part of his products consumed domestically must be sold at the American price and that his surplus products must be marketed abroad in competition with world prices, and that the Government must by legislation make it possible for the farmer to produce, market, and sell his whole crop and receive the cost of production plus a fair profit.

The venture of the Federal Farm Board to control production was a failure. The Agricultural Adjustment Act did not succeed. The Bankhead Cotton Act and the Potato Control Act were worse than failures. The result of the Soil Conservation Act is to improve the soil and eventually attain a greater production. Any theory of scarcity of the necessities of life is morally and economically wrong.

I believe that the farm problem must be dealt with in at least two parts—the domestic consumption and the foreign surplus. I would give the American market to the American farmer, limited only by his ability to meet the demand. I would repeal the law giving the President authority to make trade agreements with foreign nations, by virtue of which the farmer is the sufferer. I would give consideration to the Eicher-Massingale cost-of-production bill, crop insurance, the McNary-Haugen equalization fee plan, the export-debenture theory; and I believe that after careful consideration a permanent policy can be evolved that will not take away from the 43,000,000 Americans whom the President says are unclothed and unfed food and clothing which our farmers want to produce. If necessary, buy the products of the farm outright to feed those who are hungry; but do not subsidize the farmers in order that there may be less to eat and less to wear.

This bill will take from $500,000,000 to $1,000,000,000 out of the Federal Treasury each year, and it seems like a crime to spend this money for the express purpose of producing less of the necessities of life. The current year $397,000,000 was spent under the Soil Conservation Act, and it took $40,000,000 of that amount to administer the act. The Bureau and administrators got too much in proportion to what the farmers really received.

Let us take more time, because this is presumed to be a permanent law. We should be willing to stay here and hear all sides concerned and work out something that at least has a possibility of succeeding. Enactment of this bill will be just another annual performance by the Congress, and, believe me, the farmer is getting tired of such maneuvers. The farmer wants more substantial encouragement and less bureaucratic coercion.

[Here the gavel fell.]

Mr. KLEBERG. Mr. Chairman, at the outset permit me to correct part of the confusion in the mind of the distinguished gentleman from Michigan [Mr. MICHENER], who was just discussing the constitutional phases of the Conservation Act. He refuses to accept even the bona fide intentions of the members of the committee who drafted that particular act, having to do with the utilization of the spending power and not for the direct purpose of reducing production or controlling production, but having to do with a definite and not an implied endeavor to stop the misuse and destruction of the natural soil resources of our country. It is perfectly patent that after the operation of the Soil Conservation Act, with no controversy or challenge thereto, others accept that bill as having been drawn as a bona fide attempt to conserve the soil.

Addressing myself to the amendment just offered by my distinguished friend the gentleman from Nebraska [Mr. COFFEE] to strike out the compulsory features of the corn section, I call attention, in 1936, to the prices on corn and cotton and other agricultural commodities under the Soil Conservation Act, the operation of which appeared to be perfectly satisfactory. I am not in the corn section. I do not know what rules or regulations were promulgated by the Department of Agriculture in the corn section with reference to the 1937 application of that law, but I do know in the cotton section in 1936 the amount of acreage required to be treated for soil conservation was 25 to 35 percent of the then tilled acreage operated on any of the farms in the country as necessary compliance before benefits were paid. In 1937 the Department, of its own volition, possibly actuated by the hue and cry from the consumers, suggested that compliance would only have to be from 1 percent up to 35 or 36 percent to make farmers eligible to receive benefits.

The immediate replanting of acreage which had been retired and which had regained fertility and strength had more to do with the present condition of surplus, aided and abetted by the natural fine weather conditions than anything else. If we had an administration down here that would really apply itself to following the intention of Congress instead of passing regulations with the effect of law in disregard of those intentions, we would not be here in special session called upon to give a half-cocked judgment on a matter in which every man, woman, and child in the country is interested. I object to these quota provisions for the simple reason that under a referendum one-third of the farmers in all counties in this country can affect the well-being of the balance of the 130,000,000 that compose the citizenship of this country. That legislation is patently not in accord with legislation which has heretofore emanated from the great deliberative body of which we all have the honor of being Members, and I say to you I think the best farm bill we could have under present conditions would be to strike out the quota provisions and make a few amendments to the Soil Conservation Act that would guarantee compliance with the intention of Congress, carry out the research provisions, the provisions having to do with loans, and the provisions to revise freight rates, and then we would have a farm bill. [Applause.] This so it be not said that no recommendation has been made by one who opposes the present bill. I call attention again to the ridiculous aspersions having to do with the application of these quotas at high levels, fixed merely and purely in an effort to avoid the proposition that these quotas might not be considered an

effort to compulsorily restrict and curtail production. As a matter of fact the indirect approach to that matter having to do with dealing in commodities under the commerce clause is only one phase of the evasion practiced.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HOPE. Mr. Chairman, I will regret as much as anyone to see us reach a situation where we have to impose marketing quotas upon the sale of farm products and yet I think that everyone of us, if we face the issue squarely, must consider that as something that we are likely to have to come to, whether we like it or not. It is a realistic situation that confronts us, and one that we might just as well meet now, because eventually we are going to have to meet it any way. Back in 1932 when the Republican Party was in power it had this same situation confronting it, and it is a matter of history that the Republican administration, at that time, first advocated the control of agricultural production. The Democratic Party, at that time, opposed it and went on record in its platform in 1932 and in the utterances of its campaign speakers, from the Presidential candidate on down, as being opposed to that kind of a program. The Republican Party platform in 1932 advocated control. I read just a brief paragraph from that platform:

> The fundamental problem of American agriculture is the control of production to such volume as will balance supply with demand. In the solution of this problem the cooperative organization of farmers to plan production, and the tariff to hold the home market for the American farmers, are vital elements. A third element, equally as vital, is the control of the acreage of land under cultivation as an aid to the efforts of the farmer to balance production.

I mention this matter simply to point out that any administration which has to face this problem is going to come to about the same conclusion that the Republican administration reached after dealing with the problem of agricultural surpluses for 4 years.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Not at this point.

Now, this Administration has gone through the same experience and has reached the same conclusion, namely, that under some circumstances and in an emergency—and that is all this bill provides; it is an emergency measure as far as the marketing quotas are concerned—it is going to be necessary to resort to this type of a program.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Not at this point.

Now, after all, this is not the great departure from traditional American policy that some people seem to think it is. We have for several years past had in the oil industry a system of proration, which is almost identically the same as the marketing-quota provisions in this bill. The only difference is that under the system of proration in the oil industry the producers are allowed to market about 5 percent of their production, whereas under the program contemplated here the percentage, of course, would be many times that. But the principle is the same, and the principle was arrived at by exactly the same type of reason and for exactly the same reasons.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. HOPE] has expired.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I would like to prefer a unanimous-consent request.

I ask unanimous consent to address the House for 5 minutes on this amendment.

The CHAIRMAN. Outside of the time limit?

Mr. ANDRESEN of Minnesota. Outside of the time limit.

Mr. JONES. Mr. Chairman, the opposition has had 18 minutes. However, I will not object.

The CHAIRMAN. Twenty-five minutes have been consumed in this debate. Only 5 minutes remain, which the Chair has granted to the gentleman from Texas [Mr. JONES].

The gentleman from Minnesota [Mr. ANDRESEN] asks unanimous consent that he may proceed for 5 minutes, not to be included within the time limit. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Minnesota is recognized for 5 minutes.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Nebraska [Mr. COFFEE]. The gentleman from Kansas [Mr. HOPE] has very ably stated the political views of the two major political parties in this country with reference to the control of production. We are not dealing here with political propositions. We are dealing with a practical problem that affects every American farmer and no politics should be engendered in this discussion or in the shaping of the legislation. [Applause.]

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. I am sorry, I cannot yield.

Mr. HOPE. The gentleman referred to my remarks. I would like to correct him. I think the gentleman understands my position. The gentleman is not accusing me of bringing politics into this question simply because I mentioned the position of the two political parties in their platforms.

Mr. ANDRESEN of Minnesota. I know that the gentleman from Kansas does not intend to inject politics into this discussion.

Now, what do the corn farmers get if the compulsory features are taken out of this bill? They will get exactly the same benefit and benefit payments under the voluntary program as provided in the Soil Conservation Act. All corn farmers of the country will be treated the same. They will receive 10 cents per bushel on the corn produced on the allotted acreage assigned to them by the Secretary of Agriculture. The program will be voluntary. The farmer who desires to come into the program may do so. The farmer who wants to stay out of it may do as he desires.

Here we have a situation where a certain small area of the United States is called the commercial corn area, where the farmers are controlled and restricted as to production and marketing when the plan goes into effect, while the farmers living outside the area, where they produce nearly 1,000,000,000 bushels of corn, may double their production, which they will do just the same as the cotton farmers did outside of the traditional cotton-producing portions of the South; as they did in Egypt and China and Brazil and the other countries of the world, because there was a control of production in one area, and naturally the farmers outside of the area took advantage of that and increased their production, and took away the markets from the farmers who had been producing these things in a traditional and historical manner.

If this bill remains as it is and this compulsory title remains in the bill, if you, as a corn farmer, have corn in your storage, and your neighbor has no corn and he comes to you to buy feed for his livestock, his hogs and cattle, you will be penalized if you sell that corn to him. If that corn disappears from your farm, the burden of proof will be upon you to show that the corn has disappeared legally, or you will be assessed a penalty.

No one is stronger for helping the corn farmers and the other farmers than I, but this control provision is the most drastic provision in the bill, and if we leave it in the bill, it will not only ruin the farmers within the area, but we will dislocate agriculture generally all over the country, according to the entire scheme in the bill, and we will have passed a measure that will never stand the test of the courts, and will just embroil the American people in another Supreme Court controversy. We want nothing of that in this legislation. We will have a good bill here if we strike out the compulsory control of corn. If anyone tells you there is no compulsory control of corn in this bill, they are just fooling you. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, we are face to face with a very practical proposition. Anyone with even a short memory must remember that in 1932 corn sold in many parts of the West at 10 cents per bushel. Is not this true I ask some of the Members from the corn districts?

Mr. BIERMANN. It sold for as little as 7 and 8 cents a bushel.

Mr. JONES. It sold for as little as 7 and 8 cents a bushel. Farmers burned it for fuel. Of what advantage is it to a farmer—they cannot organize satisfactorily themselves—to have the opportunity to shovel corn into the fire? This is a practical proposition. The quota under the terms of this bill is not anything like as strong as many of the corn Representatives feel it should be. Go out and talk to the farmers in the great corn-producing areas and you will find that many of them want much stronger control provisions, not only as to the penalty but as to the time when the control shall go into effect.

You must remember, too, that in 1932 when corn was selling at 10 cents a bushel and mortgagees tried to sell out the farms and sell the livestock, the embattled farmers, who have always been as loyal a group as America has, took charge of the judge and threatened his life, because they were face to face, not with some man's plea for liberty, but with an actual, stern, and naked fact.

I do not believe this provision will be invoked in many years. This is the way it will operate: When the supply of corn becomes ample for all the markets of the world and we have an additional supply of a certain percentage, then instead of allowing some fellow who says he will not cooperate with his neighbors to pour corn onto the market and break the price down again to 10 cents or 8 cents a bushel, he is told that he can grow all he wants to but that when the point is reached that a market collapse is threatened if he sells more than a certain quota, that is, if he puts it on the market and refuses to seal it up, he is charged 15 cents per bushel.

And he would be further ahead if he does not sell the balance than he would if he sold it. Anybody with any sense about corn marketing, or any kind of marketing on earth, knows this is true. Certainly the same method of marketing that is used by business, as shown by the headlines of the papers a few days ago, is preferable to the old system.

I realize that this man, that man, and the other man thinks he has a plan that is better. Maybe he has, but when you work out any of them, if you are going to have any regulation of commerce, which you have made the duty of the American Congress, you must have some sort of regulatory features; otherwise there will not be regulation. If you investigate, you will find that the corn producers themselves, whose commodity it is we are dealing with, are anxious for a marketing quota when it reaches the time that farmers threaten, not because they want to but because the desperate need of their families calls for something to feed them with; you will find you have a much more stable government and a much more satisfied people if you have reasonable regulation. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired; all time on this amendment has expired.

The question is on the amendment offered by the gentleman from Nebraska.

The question was taken; and on a division (demanded by Mr. ANDRESEN of Minnesota) there were—ayes 71, noes 75.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. COFFEE of Nebraska and Mr. JONES.

The Committee again divided; and the tellers reported that there were—ayes 93, noes 99.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read part V, beginning on page 66.

Mr. JONES. Mr. Chairman, I ask unanimous consent that this part be read by title and that amendments may be offered to any portion of it.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that part V be read by title and that amendments may be offered to any part thereof. Is there objection?

There was no objection.

The Clerk read as follows:

PART V—MARKETING QUOTAS—RICE

LEGISLATIVE FINDING

SECTION 371. (a) The marketing of rice constitutes one of the great basic industries of the United States with ramifying activities which directly affect commerce at every point, and stable conditions therein are necessary to the general welfare. Rice produced for market is sold on a Nation-wide market, and, with its products, moves almost wholly in interstate and foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes, in many cases such farmers carry on their farming operations on borrowed money or leased lands, and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government sanction and protection for joint economic action. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate and foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in interstate and foreign commerce and industrial products therein, with a consequent diminution of the volume of interstate and foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of rice exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate and foreign commerce in such commodity and its products, and the operation of the provisions of this part becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in interstate and foreign commerce.

DEFINITIONS

SEC. 372. For the purposes of this part—

(a) "Marketing year" shall be the period from August 1 of one year to July 31 of the succeeding year.

(b) "Total supply" for any marketing year shall be the carry-over of rice for such marketing year plus the estimated production of rice in the United States during the calendar year in which such marketing year begins.

(c) "Carry-over" for any marketing year shall be the quantity of rice on hand in the United States at the beginning of such marketing year which was produced in the United States prior to the beginning of the calendar year then current.

(d) "Normal supply" shall be a normal year's domestic consumption and exports of rice plus 10 percent of a normal year's domestic consumption and exports as an allowance for a normal carry-over.

(e) "Reserve supply level" shall be a normal year's domestic consumption and exports of rice, plus 21 percent of a normal year's domestic consumption and exports of rice to insure a supply adequate to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

(f) "Normal year's domestic consumption" shall be the yearly average quantity of rice produced in the United States that was consumed in the United States during the 10 marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(g) "Normal year's exports" shall be the yearly average quantity of rice that was produced in the United States and exported therefrom during the 10 marketing years immediately preceding the marketing year in which such exports are determined, adjusted for current trends for such exports.

(h) "Marketed" shall be the disposition by sale, barter, exchange, or gift, of rice used or to be used for human consumption.

DOMESTIC ALLOTMENT OF RICE

SEC. 373. (a) Not later than December 31 of each year the Secretary shall ascertain from the latest available statistics of the Department and shall announce the total amount of rice which will be needed during the next succeeding marketing year to meet the requirements of consumers in the United States, and in Cuba if at the time of such announcement the Cuban tariff rate on not less than 100,000,000 pounds of rice imported into Cuba from the United States is at least $1.70 per 100 pounds less than the tariff rate on rice imported into Cuba from countries other than the United States. Such amount is hereinafter referred to as the "domestic allotment of rice."

(b) Within 30 days after the enactment of this act the Secretary shall ascertain from the latest available statistics of the Department of Agriculture and shall announce the total amount of rice which will be needed during the marketing year commencing August 1, 1937, to meet the requirements of consumers as provided in subsection (a).

(c) The domestic allotments of rice for the marketing years commencing August 1, 1937, and August 1, 1938, shall be appor-

tioned by the Secretary among the several States in which rice is produced on the following basis: First, between California, on the one hand, and all other States, on the other hand, in proportion to the rice base production established for such States under the 1937 agricultural conservation program; second, among the States other than California in proportion to the average of (1) the rice base production established for each State under the 1937 agricultural conservation program, (2) the average amount of rice produced in each State during the 5-year period 1932–36, and (3) the amount of rice produced in each State in 1937. The domestic allotment of rice for each subsequent marketing year shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the larger of (1) the average amount of rice produced in each State during the 5-year period including the calendar year in which such domestic allotment is announced, or (2) the domestic allotment made to each State for the preceding year.

(d) The Secretary shall provide, through local and State committees of farmers, for the allotment of each State apportionment among persons producing rice in such State. Such allotment with respect to the marketing years commencing August 1, 1937, and August 1, 1938, shall be made on the basis of the average of (1), if such a base was established, the rice base production established for each such person under the 1937 agricultural conservation program, (2) the average amount of rice produced by each such person during the 5-year period, 1932–36, including the normal production of any acreage retired or diverted from rice production by such person during such years under agricultural adjustment and conservation programs, and (3) the amount of rice produced by each such person in 1937, including the normal production of any acreage diverted from rice production by such person during such year under the agricultural conservation program, with such adjustments as may be necessary in order that the allotment for each person shall be fair and reasonable as compared with allotments established for other persons having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop rotation practices, soil fertility, and other physical factors affecting the production of rice, and such allotment for subsequent years shall be made on the basis of the larger of (1) the average amount of rice produced by each person during the 5-year period upon which State apportionments pursuant to subsection (c) are based for such year, or (2) the allotment made to such person for the preceding year, with such adjustments as may be necessary in order that the allotment for each person shall be fair and reasonable as compared with allotments established for other persons having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop rotation practices, soil fertility, and other physical factors affecting the production of rice: *Provided*, That not exceeding 3 percent of each State apportionment shall be available for allotment among persons who, for the first time in 5 years, produce rice to be marketed in the marketing year next succeeding the marketing year in which such State apportionment is made, such allotments to be made upon such basis as the Secretary deems fair and just and will apply to all persons to whom an apportionment is made under this provision uniformly within the State on the basis or classification adopted. In determining the average amount of rice produced by any person during any 5-year period there shall be omitted from such computation any year in which the amount of rice produced by such person is less than 75 percent of the average amount computed by including such year, if such deficiency in production for such year was due to damage caused by storms, salt water, or other uncontrollable acts of Nature.

MARKETING QUOTAS

SEC. 374. (a) If at the time of any announcement made under the provisions of section 373 (a) it shall appear from the latest available statistics of the Department that the total supply of rice exceeds the reserve supply level thereof for the current marketing year, the Secretary shall also announce that, beginning on the first day of the marketing year next following and continuing throughout such year a national marketing quota shall be in effect for marketings of rice by producers: *Provided*, That no marketing quota shall be in effect for the marketing year commencing August 1, 1938. The Secretary shall also ascertain and specify in such announcement the amount of the national marketing quota in terms of the total quantity thereof which may be marketed by producers which shall be that amount of rice which the Secretary determines will make available during such marketing year a normal supply.

(b) Within 30 days after the date of the issuance of the announcement specified in subsection (a) of this section the Secretary shall conduct a referendum of all farmers who would be subject to the national marketing quota for rice to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 15th day of February, announce the result of the referendum, and such quota shall not become effective.

(c) The national marketing quota shall be apportioned among States and farmers, including new producers, in the manner and upon the basis set forth in section 373 for the apportionment of the domestic allotment of rice.

(d) Marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

(e) If the Secretary has reason to believe that any national marketing quota for rice will not make a normal supply of rice available for marketing during the marketing year for which such quota has been established, he shall cause an immediate investigation to be made with respect thereto in the course of which due notice and opportunity for public hearing shall be given to interested persons. If, upon the basis of such investigation, the Secretary finds the existence of such fact, he shall announce the same forthwith and shall specify the termination of, or such increase in, the national marketing quota as he finds upon the basis of such investigation will make available for marketing during such marketing year a normal supply of rice. If the national marketing quota is increased pursuant to the provisions of this subsection, the amount of each producer's marketing quota shall be increased in the same ratio.

(f) If the Secretary has reason to believe that because of a national emergency or because of a material increase in export demand any national marketing quota for rice should be terminated, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this act or to meet an increased demand arising from such export demand or such emergency. If upon the basis of such investigation the Secretary finds that such termination is necessary, he shall immediately announce such finding and thereupon such quota shall terminate.

PENALTIES

SEC. 375. (a) Any person who markets rice from a farm in excess of the farm marketing quota and any person who knowingly acquires rice so marketed shall be subject to a penalty of one-quarter of a cent per pound of the excess so marketed, but not more than one penalty shall be collected with respect to the same rice.

(b) The penalties provided for in subsection (a) of this section shall be collected and paid in such manner, at such time, and under such conditions (either by requiring returns to be made and filed, or by stamps, coupons, tickets, books, tags, or other reasonable devices or methods necessary or helpful in securing a complete and proper collection and payment of such penalties or in properly identifying marketings which are free from penalties) as the Secretary may by regulations prescribe. The penalties provided for under subsection (a) of this section shall be collected under the direction of the Secretary and shall be covered into the general fund of the Treasury of the United States.

(c) All persons, in whatever capacity acting, including producers, warehousemen, processors of rice, and common carriers and persons engaged in the business of purchasing rice from farmers, shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this part. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person.

(d) All information reported to or acquired by the Secretary pursuant to this section shall be kept confidential by the Department, except that such information as the Secretary deems relevant may be disclosed in a suit or administrative hearing involving the administration of this part.

PUBLICATION AND REVIEW OF QUOTAS

SEC. 376. The farm marketing quotas for rice established for farms in a county or other local administrative area shall be made available for public inspection and may be reviewed in the manner provided in part VI of this title.

Mr. DEROUEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DEROUEN: Page 68, line 15, strike out the figure "21" and insert in lieu thereof the figure "20."

Page 68, line 22, after the word "the", strike out the word "ten" and insert in lieu thereof the word "five."

Page 69, line 3, after the word "the", strike out the word "ten" and insert in lieu thereof the word "five."

Page 69, line 8, after the last word, "consumption", of line 8, insert the following new paragraph (i) to section 372 and add the new sections 373 and 374:

"(i) 'Normal yield' per acre of rice for any land planted to rice in any year shall be the average yield per acre thereof during the 5 calendar years immediately preceding the calendar year for which such normal yield is determined. If for any reason there is no actual yield or the data therefor are not available for any year, then an appraised yield for such year, determined in accordance with the regulations of the Secretary, shall be used. If the average of the normal yields for all lands planted to rice in any year in the State (weighted by the acreage allotments therein) exceeds the average yield per acre for the State during the period used in determining normal yields, the normal yields for such lands in the State shall be reduced pro rata so that the average of such normal yields shall not exceed such State average yield.

"SEC. 373. National acreage allotment: The national acreage allotment of rice for any calendar year shall be that acreage which the Secretary determines will, on the basis of the national average

yield of rice for the 5 calendar years immediately preceding the calendar year for which such national average yield is determined, produce an amount of rice adequate, together with the estimated carry-over from the marketing year ending in such calendar year, to make available a supply for the marketing year commencing in such calendar year not less than the normal supply. Such national acreage allotment shall be announced not later than December 31 of each year.

"SEC. 374. Apportionment of national acreage allotment: (a) The national acreage allotment of rice for each calendar year shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the average number of acres of rice in each State during the 5-year period immediately preceding the calendar year for which such national acreage allotment of rice is determined (plus in applicable years the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for trends in acreage during the applicable period.

"(b) Not less than 97 percent of the acreage allotted to any State shall be apportioned annually by the Secretary through local and State committees of farmers among the persons producing rice within such State on the basis of past production of rice; land, labor, and available equipment for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice: *Provided*, That not exceeding 3 percent of the acreage allotted to each State shall be apportioned annually by the Secretary through local and State committees of farmers among persons who for the first time in the past 5 years are producing rice on the basis of the applicable standards of apportionment set forth in this subsection: *Provided further*, That a person producing rice for the first time in 5 years shall not be allotted an acreage in excess of 75 percent of the allotment that would be made to him if he were not producing rice for the first time in such 5 years.

"(c) Notwithstanding any other provision of this section, if for any reason other than flood or drought the acreage planted to rice during any calendar year is less than 80 percent of the rice producers' acreage allotment for such year, such acreage allotment shall be 25 percent in excess of such planted acreage."

Page 69, line 10, strike out the section designation "Sec. 373" and insert in lieu thereof "Sec. 375."

Page 69, lines 15 to 20, after the words "United States", line 15, change the comma to a period and strike out all the rest of lines 15, 16, 17, 18, 19, up to and including the words "United States", on line 20.

Page 70, lines 3 to 16, after "(c)", line 3, begining with the word "The" strike out all of the language up to and including the period after the figure "1937", line 16.

Page 70, lines 16 and 17, after the word "each", strike out the word "subsequent."

Page 70, line 19, after the word "to", strike out the language "the larger of (1)."

Page 70, lines 22 and 23, after the comma following the word "announced", strike out the language "or (2) the domestic allotment made to each State for the preceding year." and insert in lieu thereof the following: "(plus, in applicable years, the normal production of any acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during the applicable period."

Page 71, lines 2 to 25, beginning with the first word of line 2, strike out all of the language on lines 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, up to and including the last word "apportion-", of line 25 and insert in lieu thereof the following: "The apportionment of the domestic allotment of rice among persons producing rice in each State shall be on the basis of the aggregate normal yields of the acreage allotments established with respect to such persons."

Page 72, lines 1 to 25, strike out all of page 72, beginning of line 1 to and including the last word of line 25.

Page 73, line 2, strike out the section designation "Sec. 374" and insert in lieu thereof "Sec. 376."

Page 73, line 3, after the word "section", strike out the figure "373" and insert in lieu thereof the figure "375."

Page 73, line 20, after the word "all", strike out the word "farmers" and insert in lieu thereof the following: "producers."

Page 73, line 22, after the word "such", strike out the word "farmers" and insert in lieu thereof the following: "producers."

Page 73, line 23, after the word "the", strike out the word "farmers" and insert in lieu thereof the following: "producers."

Page 74, line 4, after the word "and", strike out the word "farmers" and insert in lieu thereof the following: "persons producing rice in each State."

Page 74, line 5, after the word "section", strike out the figure "373" and insert in lieu thereof the figure "375."

Page 75, line 13, strike out the section designation "Sec. 375" and insert in lieu thereof "Sec. 377."

Page 75, lines 13 and 14, after the word "rice", line 13, strike out the words "from a farm in excess of the farm" and insert in lieu thereof the words "in excess of his."

Page 77, line 4, strike out the section designation "Sec. 376" and insert in lieu thereof "Sec. 378."

Page 77, line 4, after the word "The", strike out the word "farm."

Page 77, line 5, after the word "for", strike out the word "farms" and insert in lieu thereof the following: "persons producing rice."

Mr. DEROUEN. Mr. Chairman, the amendment that has just been read are changes recommended by the Department of Agriculture. They are more or less in the nature of clarifying and perfecting amendments, improving the language so as to fit in with the entire scheme of the bill.

The rice industry of the States of California, Texas, Louisiana, and Arkansas is in agreement on these changes.

Mr. JONES. Mr. Chairman, I understand that all those interested in rice have agreed to these changes. I have no objection to them.

Mr. ANDRESEN of Minnesota. Mr. Chairman, may I inquire of the gentleman if he has not rewritten the entire rice provision?

Mr. DEROUEN. No, I have not.

Mr. ANDRESEN of Minnesota. As I understood it, the gentleman in his amendment struck out sereval pages of the rice-marketing quota.

Mr. DEROUEN. That is correct.

Mr. ANDRESEN of Minnesota. But that the language of the gentleman's amendment accomplishes virtually the same object.

Mr. DEROUEN. Exactly; it accomplishes the same purpose except that it is much shorter.

Mr. ANDRESEN of Minnesota. I just want to point out to the gentleman, and I do not want to delay this at all, that he provides marketing quotas for rice.

Mr. DEROUEN. That is correct.

Mr. ANDRESEN of Minnesota. The gentleman assumes, or attempts at least, to control rice production and I just want to call his attention to the fact that during the first 10 months of this year, from January 1 to November 1, 175,000,000 pounds of rice were imported into this country.

Does the gentleman make any provision at all to stop the importation of rice produced in foreign countries in this general control scheme?

Mr. DEROUEN. No; we did not deal with that.

Mr. ANDRESEN of Minnesota. Does the gentleman mean to tell me this rice is going to continue to come into the country and depress the price of domestic rice when we are trying to control it?

Mr. DEROUEN. The gentleman is well aware of the fact we have a tariff. We are protected.

Mr. ANDRESEN of Minnesota. We also have a reciprocal-trade agreement?

Mr. DEROUEN. That is also true.

Mr. ANDRESEN of Minnesota. Then if we would attempt to restrict the imports of rice into this country, it might interfere with our reciprocal-trade policy?

Mr. DEROUEN. I do not know.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, for some reason the bells failed to ring this morning in the committee rooms of the Committee on Banking and Currency giving notice of a call of the House. On behalf of members of the Banking and Currency Committee who failed to answer to their names on that roll call, I would like the RECORD to show that the bells failed to ring.

Mr. FISH. Mr. Chairman, I move to strike out the last word, namely, the word "farmer."

Mr. Chairman, I do not claim to be a dirt farmer, but I do represent a great agricultural district, a great dairy, vegetable, and fruit-growing and poultry district. I happen to belong to the Dutchess County Farm Bureau, the local Grange, the Pomona Grange, and the National Grange, but I have never laid claim to being a dirt farmer like my distinguished constituent, the President of the United States. The fact is the President is not a dirt farmer. He is not a farmer but a grower of Christmas trees. According to his own word, he grows Christmas trees for sale. [Applause.]

It is very appropriate that he should be growing Christmas trees. It might well be a symbol for the New Deal, as the donkey is for the Democratic party. I am not here as a spokesman of the President from my congressional district. Whether he is my constituent or I am his con-

stituent is a matter that has not been decided. But I am here as the representative of the farmers of my district, the dirt farmers of my district, Republicans and Democrats alike.

There is not a single district in the United States that is discriminated against more by the New Deal and by this type of farm legislation than is the Twenty-sixth Congressional District of the State of New York. As a matter of fact, most of the up-State districts of New York are being crucified by discriminatory legislation. We pay taxes and still more taxes to increase the price of the farm products of the South and West, which we buy for our dairy industry and for our poultry industry.

In addition to that, the Canadian trade treaty permits Canadian farmers to pour their products, including vegetables, cream, milk, fruit, and farm products, into the cities of New York, Boston, and Philadelphia in competition with the farmers of my district. Furthermore, unless the Boileau amendment is agreed to, my farmers, who pay and get nothing in return, who are discriminated against right and left, will be penalized by the pending farm bill because you take acreage out of production through Government subsidies and use it to develop new dairy pastures in order to produce more dairy products in competition with our dairymen of the North and East. There will also be more competition with our vegetable growers, our poultry raisers, and fruit growers if the acreage taken out of production by Government subsidies are used to compete with them.

Mr. Chairman, I think the time has come to let the Congress know that the farmers of my district have been more discriminated against by the New Deal, and unless the Boileau amendment is adopted the farmers and dairymen of the North and Eastern States will continue to pay the bills and receive no benefits. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. COCHRAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the gentleman from New York seeks to strike out the word "farmer." He is really striking at the farmer when he makes such speeches. As usual, the gentleman from New York [Mr. FISH], who is one of the leaders of the wrecking crew, brings in the President's name when there was no reason on earth why he should have done so. What if the President does raise Christmas trees? There is nothing wrong with that. There is nothing in this bill that provides a subsidy for those who raise Christmas trees? At least the President raises something and that certainly is more than the Representative of his congressional district raises, although he admits he belongs to every farm organization in his district, as well as those outside his district.

If the gentleman would only get his rich Republican friends to stop spreading fear among the people of the country and insist that they cooperate with the President conditions would improve, and it would be beneficial to the farmers that he represents. You should have learned a lesson from the last election. All that resulted from your criticism of the President was an increase in the number of votes the President received. Pay a little attention to the Governor of Vermont. He is giving the Republicans some real sound advice.

Mr. Chairman, I have listened to a great deal of the debate on this bill, and I confess I really do not understand the situation, because you hear one argument and then immediately after you hear another representative of the farmer take just the opposite view. For instance, one says the price of corn is reflected in the price of pork and beef. Others do not agree. It so happens that my father was a pork packer. He was engaged in that business from the time he was a young man until he died. I happened to have some of his records, and over 50 years ago he paid more for hogs than hogs brought during 1 year of the Hoover administration. Now during that year of the Hoover administration there was no surplus crop of corn, but on the contrary it was what your farmers call a lean year. There you have facts and figures which do not bear out your contention that you always find the price of hogs low when you have an abundance of corn.

If the argument is sound that during lean years pork is high and during years you have a surplus or large crop of corn pork is low, how do you account for the fact that pork sold for less than $3 during 1 year of the Hoover administration? You had a short crop that year.

I will tell you why the price of pork is low today and was low then. It is because the consumers of pork, like a great many people I represent, do not have purchasing power. Members who represent the farmers, bear that in mind. I am going to help you, but it is very distressing to note that the representatives of the farmers of the country after all these years are unable to come to some kind of an agreement that will solve their problem. We want your problem solved because, as I have often stated, if we can put money in the farmers' pocket, then he will buy what we manufacture in the cities, and that means jobs for our constituents. It likewise means those we represent will have money to buy your corn, wheat, cotton, dairy products, poultry, and everything else the farmer produces. The fathers and mothers in the cities are more than anxious to buy what their children need. The children in the cities are now undernourished because so many of their parents are unable to secure employment. Just get some figures on consumption and you will find it is underconsumption more than overproduction that creates some of the big surpluses that you refer to. If the people of this country were properly fed today you would have no surplus of farm products despite the great yields of the present year. So I say in assisting to solve your problem we likewise are solving our own problem and here again it is cooperation that will bring results How? Well, I will tell you.

When we advance legislation by which we seek to increase the purchasing power of the people whom we represent so they can buy your products, do not oppose us, but vote to help us. Let us increase the purchasing power of the consumers so that instead of buying a piece of salt pork and putting it into a pot of beans, as millions in the cities are forced to do today, they will be buying your hams, your bacon, and your beef, as well as the dairy products and the vegetables that come from the district of the gentleman from New York [Mr. FISH].

The Members here who represent the city districts have joined with you in trying to help you assist your people. Therefore when we have legislation to try to help our people so they can make money to feed their families properly, remember that we helped you, and assist us to pass our bills. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana [Mr. DEROUEN].

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this part of the title and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, I ask unanimous consent to return to page 8, for the sole purpose of considering two amendments to be offered by the gentleman from Louisiana [Mr. DEROUEN] to make that part of the bill conform with the amendments just agreed to.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DEROUEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DEROUEN: Page 8, line 3, after the word "tobacco", insert the following:

"In the case of rice, not less than 97 percent of the acreage allotted to any State shall be apportioned annually by the Secretary through local and State committees of farmers among the persons producing rice within such State on the basis of past production of rice; land, labor, and available equipment for the production of rice; crop-rotation practices; soil fertility and other physical factors affecting the production of rice: *Provided*, That not exceeding 3 percent of the acreage allotted to each State shall be apportioned annually by the Secretary through local and State committees of farmers among persons who for the first time in the past 5 years are producing rice on the basis of the applicable standards of apportionment set forth in this subsection: *Provided further*, That a person producing rice for the first time in 5 years shall not be allotted an acreage in excess of 75 percent of the allotment that would be made to him if he were not producing rice for the first time in such 5 years."

The amendment was agreed to.

Mr. DEROUEN. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. DEROUEN: Page 8, line 11, strike out "rice," and on page 8, line 24, after the period, insert:

Normal yield per acre of rice for any land planted to rice in any year shall be the average yield per acre thereof during the 5 calendar years immediately preceding the calendar year for which such normal yield is determined. If for any reason there is no actual yield, or the data therefor are not available, for any year, then an appraised yield for such year, determined in accordance with the regulations of the Secretary, shall be used. If the average of the normal yields for all lands planted to rice in any year in the State (weighted by the acreage allotments therein) exceeds the average yield per acre for the State during the period used in determining normal yields, the normal yields for such lands in the State shall be reduced pro rata so that the average of such normal yields shall not exceed such State average yield.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that part VI may be considered in its entirety.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

PART VI—PUBLICATION AND REVIEW OF QUOTAS

APPLICATION OF PART

SEC. 381. This part shall apply to the publication and review of farm marketing quotas established for tobacco, field corn, wheat, cotton, and rice, established under this title.

PUBLICATION AND NOTICE OF QUOTA

SEC. 382. The farm marketing quotas established for farms in a county or other local administrative area shall, in accordance with regulations of the Secretary, be made available for public inspection in such county or other local administrative area. Notice of the farm marketing quota of his farm shall be mailed to the farmer.

REVIEW BY REVIEW COMMITTEE

SEC. 383. Any farmer who is dissatisfied with his farm marketing quota may, within 15 days after mailing to him of notice as provided in subsection (a), have such quota reviewed by a local review committee composed of three farmers appointed by the Secretary. Such committee shall not include any member of the local committee which determined the farm acreage allotment, the normal yield, or the farm marketing quota for such farm. Unless application for review is made within such period the original determination of the farm marketing quota shall be final.

REVIEW COMMITTEE

SEC. 384. The members of the review committee shall receive as compensation for their services the same per diem as that received by the members of the committee utilized for the purposes of the Soil Conservation and Domestic Allotment Act, as amended. The members of the review committee shall not be entitled to receive compensation for more than 30 days in any one year.

INSTITUTION OF PROCEEDINGS

SEC. 385. If the farmer is dissatisfied with the determination of the review committee, he may, within 15 days after a notice of such determination is mailed to him by registered mail, file a bill in equity against the review committee as defendant in the United States district court for the district in which he is an inhabitant or operates his farm, for the purpose of obtaining a review of such determination. Bond shall be given in an amount and with surety satisfactory to the court to secure the United States for the costs of the proceeding. The bill of complaint in such proceeding may be served by delivering a copy thereof to any one of the members of the review committee. Thereupon the review committee shall certify and file in the court a transcript of the record upon which the determination complained of was made.

COURT REVIEW

SEC. 386. The review by the court shall be limited to questions of law, and the findings of fact by the review committee, if supported by evidence, shall be conclusive. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the review committee, the court may direct such additional evidence to be taken before the review committee in such manner and upon such terms and conditions as to the court may seem proper. The review committee may modify its findings of fact or its determination by reason of the additional evidence so taken, and it shall file with the court such modified findings or determination, which findings of fact shall be conclusive. At the earliest convenient time, the court shall hear and determine the case upon the original record of the hearing before the review committee, and upon such record as supplemented if supplemented by further hearing before the review committee pursuant to direction of the court. The court shall affirm the review committee's determination, or modified determination, if the court determines that the same is in accordance with law. If the court determines that such determination or modified determination is not in accordance with law, the court shall remand the proceeding to the review committee with direction either to make such determination as the court shall determine to be in accordance with law or to take such further proceedings as, in the court's opinion, the law requires.

EXCLUSIVE JURISDICTION

SEC. 387. Notwithstanding any other provision of law, no court of the United States or of any State shall have jurisdiction to pass upon the legal validity of any determination by the review committee pursuant to this part except in a proceeding under this part. The commencement of judicial proceedings under this part shall not, unless specifically ordered by the court, operate as a stay of the review committee's determination.

NO EFFECT ON OTHER QUOTAS

SEC. 388. Notwithstanding any increase of any farm marketing quota for any farm as a result of the review of the determination thereof under this part, the marketing quotas for other farms shall not be affected.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: On page 77, section 382, of part 6, after the period in line 19, add the following:

"The farm marketing quota for tobacco established for farmers in a county or other local administrative area shall be made available for public inspection by posting in a public place in each township or governmental unit affected the following information: Name of the farmer; the number of tenants and sharecroppers, if any; the total cultivated acreage in the farm; the amount of the allotment or marketing quota; and the percentage of the total cultivated acreage allotted to tobacco. An additional certified copy of this information shall be kept available in the office of the county agricultural agent."

Mr FLANNAGAN. Mr. Chairman, I may state that the tobacco Representatives have gone over this amendment and have agreed to it.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 78, line 21, strike out "he is an inhabitant or operates his farm," and insert "his farm is located."

The amendment was agreed to.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN of Minnesota: Page 80, at the end of the page insert a new title, as follows: "Title IV—Dairy Farmer Benefits", and on page 81, line 1, strike out "IV" and insert "V."

Mr. ANDRESEN of Minnesota. Mr. Chairman, I may say to the chairman of the Committee on Agriculture that a new title is sought to be inserted in the bill by this amendment, being "Title IV—Dairy-farmer benefits."

The chairman will recall that in our Committee on Agriculture a special committee was appointed to secure benefits for the dairy farmers of this country. It is always proper and customary to have a title to what is to follow for a particular group in the consideration of a bill such as this, so I have offered title IV as a title for the dairy farmers. But I must, of course, leave it to the Committee of the Whole

and to Congress to decide whether or not any benefits for the dairy farmers shall be included in the bill. At the present time there are no benefits for the dairy farmers, yet, as you know, this is the largest agricultural industry in the United States.

Mr. Chairman, if this title is adopted, I propose to follow up this amendment with certain other amendments. However, in order to be fair about it, I believe we should at least unanimously adopt the title and then consider the amendments in order as they are offered.

Before presenting the amendments, I desire to point out some pertinent facts in regard to the dairy industry. The production of milk and dairy products is the largest agricultural business in the United States. As compared with the five basic commodities covered by the proposed bill for the 1936–37 crop year, the following figures tell the story: Milk, $1,761,000,000; cotton (lint and seed), $947,797,000; corn, $1,518,411,000; wheat, $624,338,000; tobacco, $269,061,000; rice, $40,730,000.

The dairy industry received no benefits whatsoever from the operations of the Agricultural Adjustment Act or other New Deal legislation. Quite to the contrary, the dairy farmers of this country have been used as trading stock by the administration in the carrying out of its reciprocal-trade policy. Tariff duties have been slashed on dairy products and foreign farmers encouraged to increase their production for shipment into the United States in competition with domestic production. During the first 9 months of 1937, 10,148,000 pounds of butter and 42,000,000 pounds of cheese produced in foreign countries entered our ports for sale in this country. In the same period several hundred million pounds of competitive oils and fats were imported to be used in competition with dairy products. The effect of these importations has been to reduce the price received by American dairy farmers for their products with a consequent loss in purchasing power.

No unit of agriculture has a greater purchasing power than the dairying industry. The dairy farmer has a daily cash income and he is generally a good spender when he has the money. The dairy group has asked very little from the New Deal administration. Their only request, which required no subsidy, was for the preservation of their American market. This has been denied to them, and instead of giving them relief they have been bartered away.

If permanent farm legislation is to be adopted, as proposed in the pending bill, the dairy farmers demand the right to be included in the economic picture for agriculture. Each basic commodity covered by the bill has written its own ticket, and now the following amendments are offered for adoption and inclusion in the bill as the permanent program for the dairy industry.

ANDRESEN DAIRY AMENDMENTS

SECTION 1. The importation of agricultural products into the United States is hereby prohibited where the landed cost of such products plus the tariff duties are lower than the domestic cost of production.

This amendment covers all farm products, since the dairy group is of the firm conviction that all branches of American agriculture are entitled to have the full benefit of the domestic market.

SEC. 2. The Secretary of State is hereby directed to discontinue the practice of binding on the free list or binding at the present rate of excise taxes, agricultural commodities imported into the United States. The Secretary of State is further authorized to advise the Governments of Brazil and the Netherlands that at the expiration date of the respective trade agreements the concessions granted by the United States with reference to binding babassu oil and starches on the free list and freezing the excise tax on palm oil at 3 cents per pound will not be continued.

SEC. 3. That on and after 6 months from the enactment of this act, foreign shipments of dairy products into the United States are prohibited unless said dairy products have been produced from milk or cream of cows which are free from bovine tuberculosis.

This amendment, designated as section 3, only seeks to compel foreign farmers who desire to ship their dairy products into the United States, to comply with the same sanitary regulations and laws as are in effect for American dairy farmers.

In order that Congress may have the benefit of the judgment of one of the leading cooperative dairy associations in this country on the so-called sanitary amendment, which I am about to offer, I will quote from the annual report of Mr. Charles W. Holman, secretary of the National Cooperative Milk Producers' Federation, considered at the annual convention at Baltimore on November 1, 1937.

The program for the eradication of bovine tuberculosis in the United States began in 1917. Since that time the Federal Government and the governments of the several States have expended $267,000,000 in administrative expenses and in indemnity payments to farmers for the slaughter of animals infected with bovine tuberculosis. In addititon to this amount spent from Government funds, at least another $100,000,000 has come out of the pockets of the farmers whose animals have been slaughtered as a result of this long drive in the interest of public health.

The United States is today practically free of bovine tuberculosis. In contrast with this situation, very little has been done by the countries which are sending dairy products into the United States. In some countries tuberculosis among dairy animals is reported to be as high as from 60 to 65 percent.

Our federation is on record in favor of legislation to require that dairy products imported into this country meet the same sanitary standards as are required of our own domestic farmers.

We have suggested to Congress legislation requiring that imports of dairy products be forbidden unless they are produced by herds either free from bovine tuberculosis or under official test for bovine tuberculosis.

It is hard to conceive of the objections which are made by certain administrative officials to this proposed legislation. They denounce the proposed legislation as a use of sanitary requirements for economic benefits. They have not, however, given any argument to substantiate the discrimination which is being practiced against our American dairy farmers.

There is no justification for requiring by law that American farmers test their herds for tuberculosis and slaughter tuberculin animals, while we at the same time permit dairy products to come into this country from herds which are under no such governmental restriction.

It seems that the issue may well be joined on this one phase of equality of treatment as between our own dairy farmers and the producers of foreign countries. We ask for no embargo nor any discrimination against foreign producers. We ask simply that they meet the same conditions when entering our markets as are imposed on our domestic producers. In addition, we are ready to have the same requirements placed on shipments in interstate commerce.

Some arguments have been made by governmental officials that the tuberculin germ is not transmitted to dairy cows or livestock through manufactured dairy products and therefore the sanitary restrictions are unnecessary. This argument presupposes that tuberculosis control in the United States was intended solely for the purpose of preventing the spread of tuberculosis among dairy cows and livestock.

As a matter of fact, the most important consideration was the interest from the standpoint of public health in the development of an adequate and pure milk supply. Scientific data is available showing that tuberculosis may be transmitted to humans through milk and it was for this reason that the tuberculosis-eradication program was started in 1917. It is to the interest of dairy farmers of America to maintain an adequate and safe supply of dairy products for the American consumer. They, in cooperation with the State and Federal Governments, have spent nearly $400,000,000 to do this job. Is it, therefore, unreasonable for them to ask that foreign producers competing with American markets do likewise?

We are hopeful that Congress will consider legislation of this character in the coming session. We will urge that it be included in any general farm legislation. If legislation is to be enacted for the benefit of other farm groups in an omnibus bill, why should not this particular legislation of vital interest to dairy farmers be included?

One of the difficult situations in connection with legislation of this character arises out of the fact that in many, if not all, of the trade agreements already entered into, our State Department has agreed that no new sanitary requirements will be imposed by the United States without consulting the foreign government involved. They have agreed that if the foreign government does not concur in our proposed sanitary requirements, the matter is to be referred to a commission appointed by both parties.

While this action on the part of the State Department has placed a formidable obstruction in the way of putting our proposed sanitary bill into immediate operation, it does not mean that we cannot get ahead with the legislation. The Secretary of State can be instructed to advise the foreign countries of our proposed sanitary regulation and he can be further directed in the legislation to instruct the foreign governments that unless they concur in the proposal, the trade agreement between the foreign government and the United States will be canceled on the date fixed in the agreement for termination.

Mr. JONES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I believe it would be utterly ridiculous to adopt a title when there is nothing in the bill at the particular point. I do not concede, and I am sure the gentleman is not serious when he says it, that nothing has been done for the dairy industry. As a matter of fact, at the insistence and at the urgent request of representatives of the dairy industry we reenacted the marketing agreements last session. We wanted to make them a part of the general farm bill, but it was said that the necessity for these marketing agreements was so urgent, especially in the eastern dairy section, that we were asked to permit such provisions to be enacted at once, which we did, important and far reaching as they are. I understand they are operating with good effect. That is part I.

Mr. HOPE. Mr. Chairman, will the gentleman yield there?

Mr. JONES. Yes; I yield to the gentleman from Kansas.

Mr. HOPE. Do not the dairy marketing agreements the dairymen wanted have the same provisions for the so-called compulsory control on the part of the producers that this bill contains?

Mr. JONES. I am pleased the gentleman mentioned that. They are far more compulsory in their implications and in their terms than the provisions in this bill, because they regulate exactly how much milk a man may feed into the market under the terms of the agreements. The other part of his production may not go into the regular milk-marketing channels. These agreements cover the area from which this fight has come. We took care of the dairy industries, and have gone along with them all the time.

I believe they have received proper consideration in connection with farm legislation. They have a tax on a native commodity, cottonseed, which goes into oleomargarine. They have a tax on oleomargarine even when it is uncolored, and they have a higher tax when it is colored. They have a prohibitive license throughout the country areas on the dealers in that commodity.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield just for a question?

Mr. JONES. Yes; I yield.

Mr. ANDRESEN of Minnesota. The gentleman certainly would not have any objection to simply giving us a title in the bill here?

Mr. JONES. The dairy people are written in all through this bill. They are given the privilege of loans without any marketing quota so far as this bill is concerned. They are protected in every possible way, and I want to state to the gentleman that my people, and I know they are typical of a great many in the South and West, began to go out of the dairy business when prices began to increase. There are 164,000 less milk cows in the South than there were 4 years ago, according to the statistics. Those people do not want to milk cows. If you give them a fair price for their product they will not do that. Both the number of dairy cattle and the amount of cattle products have gone down in these regions in the last 4 years.

We not only have done this, but we have spent under section 32 in the last 3½ years $30,000,000 in buying and distributing dairy products.

We have spent $57,000,000 in the eradication of tuberculosis and Bang's disease. We spent a good portion of the money for the cattle program by which a great many cattle and dairy cows during the great drought were disposed of in the wheat and cotton sections.

I have gone along with the dairy people and have helped them in practically all of their legislation.

Mr. LORD. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. LORD. I think what the gentleman says is true with respect to eradicating tuberculosis, but a great deal of that expense has been put on the farmer and the herds of a great many farmers have been destroyed and he has not received proper compensation. A great many farmers have been put out of business in order to give pure milk to the people and the farmer has been the sufferer in almost all instances.

Mr. JONES. Certainly, I know the dairy people would not want to have tuberculosis among their herds or milk from tubercular cows to be fed to babies. When wheat spoils or when cotton is destroyed, the Government does not take a part of that loss. Under this health measure the dairy farmer is given two-thirds the value of his animal. I am in favor of that; but, certainly, dairy farmers are not discriminated against, and throughout all the legislation are favors that have been given to the dairy industry.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had not intended to take any time to talk about dairying again during the consideration of this bill, but the gentleman from Texas made so many misleading statements in 5 minutes that I think it is necessary to point out where he has been mistaken and to refer to the many misleading statements. I do not say that he deliberately made misleading statements, but it does not make any difference whether it is deliberate or not. If the statements are misleading they should be corrected.

The gentleman talked about marketing agreements being enacted during the last session at the instance of the dairy group. I agree with the gentleman in that statement, but I want to point out to the Members of the House that these marketing agreements are not for the benefit of the cheese producer, the butter producer, the condensery, or for the benefit of other manufactured products from milk. These marketing agreements are for the benefit of those in the milkshed, not in the dairy sections of the country, primarily as such; and, certainly, not in New York State outside of the milksheds, not in Wisconsin, not in Minnesota, not in Iowa, and not in the large dairy States.

These marketing agreements do not help us one iota. They help only those farmers producing milk at the milksheds in Texas, Mississippi, New York, Pennsylvania, all over the country, and they were not essential for the dairy industry as such, but only for fluid-milk producers.

The gentleman talks about oleomargarine and says that there is a tax on colored as well as uncolored oleomargarine. That is true, but he did not mention the fact that the tax on uncolored oleomargarine is only one-quarter of a cent a pound, while the tax on colored margarine is 10 cents a pound, because Congress felt that it was not advisable for the oleomargarine manufacturers to use a color that was a natural butter color, and fool the American people. As a result the protection is only one-quarter of a cent a pound so far as uncolored oleomargarine is concerned.

Then he talked about loans. That is the only thing in this bill that the dairyman can claim as a benefit. This bill provides that the Commodity Credit Corporation can, with the approval of the Secretary of Agriculture and the President, make loans on all agricultural commodities, including dairy products, on the same basis as any other commodity brought into the bill. There is no special treatment, but I say to you that under the present law they can make those same kind of loans they have been making. Under this bill it is only discretionary, and I assume, because of the discretionary features, they probably will not make any more loans on dairying than in the past.

The gentleman says the cow population has decreased. I quoted figures the other day which showed that in 1937, from 1932, the last year during which the program was in effect, there was an increase in the dairy-cow population of the South. Of course, if you use some other figures there may be a different result, but take it in the last year before the A. A. A. went into effect, and the last year of record, and there has been an increase in dairy cows, and then during the period from 1932 to 1935, the last year on which figures are available, at least the last year that I have been able to find, there was an increase in cheese production of

about 80 percent in the Southern States. The national increase throughout the entire country due to an increase of population was 23 percent and in my own State of Wisconsin, which produces over half the cheese of the United States, they increased their production of cheese only 13 percent as against the national average of 23 percent and the Southern States average of 80 percent, and in the State of Texas the increase was 76 percent. That is the competition that we are having.

The gentleman spoke something about purchasing dairy products. Yes, we have purchased some dairy products under the Surplus Commodity Act, a few million dollars have been spent in the purchase of dairying products.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent to proceed for 3 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BOILEAU. Yes; we have purchased some dairy products, but you have already earmarked $65,000,000 a year for this fiscal year and the next fiscal year for cotton, while we get a few measly millions. I do not attempt to quote the exact figures, but the amount of money that we have used for the purpose of buying surplus dairy products in this country is just about equivalent to the amount of dairy products that we have brought into the country—imported. So it has not helped us, as a matter of fact, in our dairy products. As a matter of fact, the only dairy products that we have bought under the Surplus Commodity Corporation Act about equal the amount imported, so that we have been helping the foreigners rather than ourselves, and if we had kept them out we would not have had to spend this money. That is, in other words, you just took off the market the amount in value of dairy products that you let come in here.

The gentleman talked about the tuberculin test in cattle. Of course, the farmers have tried to eliminate Bang's disease and tried to eliminate bovine tuberculosis. We have done that largely as a health measure. Both diseases are detrimental to human life. We have done that as a benefit not for the dairy interest so much as for all of the people. The dairy industry got some help, perhaps, but the people were protected. The people got some benefit because of the fact that we eliminated these diseased cattle, but that should probably be charged to the people and not to the dairy industry, and then let me call attention to the fact that the dairy farmers themselves cooperated and lost a good deal of money not only in revenue during the time they were building up herds but also in the value of the cows that were destroyed by Federal edict.

It is not a one-sided proposition. The gentleman should not say that this is a benefit to the dairy farmers, and if he wants to be consistent he will come up before you in a little while when the gentleman from Minnesota [Mr. ANDRESEN] offers his amendment and help us adopt in the Committee of the Whole House an amendment that will keep out of this country butter and cheese and other milk products from other countries that are not up to the same standard that we have set ourselves, in order to protect the investment that we have made, in order to protect the investment that we have made in human life; and in order to protect the investment that we have made for the purpose of saving our people from tuberculosis, we should require the same standards for milk and cheese and dairy and other commodities coming into this country that we have set up for our own people.

Mr. FERGUSON. Mr. Chairman, I rise in opposition to the pro forma amendment.

I realize that this House has been considering this bill for several days. However, I would like the attention of the House for a few minutes, since the great product, wheat, settled its position in the bill in less than an hour as compared with several hours occupied by dairy products, cotton, and tobacco. You heard no representative from the wheat district quarrel about the privilege of additional acreage in order that they might produce more wheat at less than the cost of production. It seems strange to me that the cotton Members would quarrel about the privilege of planting more cotton to raise at a price less than the cost of production. The Committee of the Whole followed the recommendation of those interested in wheat and took the quotas off of wheat. When you go back into the House I hope this House will sustain the action of the Committee and vote to keep Mr. COFFEE's amendment in the bill.

The philosophy of this bill is this: The conservation payments are made on a reduction of acreage, and the planting of these reduced acres to soil-building crops. That is the only control feature in the bill. Members have said to me time after time, "How are you going to control production if you do not keep the quotas in?" The quotas have absolutely nothing to do with production. Not one thing.

The only control of acreage is in the functioning of the soil-conservation law. That is through diverting wheat acres to soil-conserving crops. That is what the farmer is paid on. As the gentlemen from Texas pointed out, both the chairman of the committee and Mr. KLEBERG, the proper amount of money spent for soil conservation would absolutely control production. The theory of this thing is that if you penalize the wheat farmer 15 cents a bushel, he will keep his wheat on the farm and out of interstate commerce. I wish the Members of this House would turn to page 33 of the report and see the receipts of wheat in the terminal markets of the United States over a period of years. They have hardly varied 50,000,000 bushels over a period of 10 years. Every year the same amount of wheat goes into the terminal markets regardless of the crop. The farmers of wheat actually try to control that marketing and keep it on the farm. We have a fairly stable production of wheat, as you will see if you look on page 32 of the committee report. It has hovered around a billion bushels every year. How any economist, how anyone can reason that to keep wheat off the market and in the granaries in this country can possibly bolster the price of wheat, I cannot understand. It simply cannot be done. It would simply mean that the wheat would have to go on the market at a later date. If Congress really wants to tackle the problem and say we will limit these quotas, and guarantee the farmer the cost of production for the quota, he will be glad to accept those quotas. But when I go back to my wheat farmers, I cannot say, "You will be guaranteed a loan." There have been no loans made on wheat. There have been on corn.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. FERGUSON. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FERGUSON. When I go back to my wheat farmers with this bill I cannot say, "You are subsidized, as the cotton farmers are subsidized, to the extent of 3 cents a pound on cotton." Wheat has had neither loans nor subsidies, yet in this bill, if you take Mr. COFFEE's amendment out, I will have the privilege of saying, and other men from the wheat-producing districts will have the privilege of saying, "You get a penalty, but your benefits under the law are only those under the Soil Conservation Act."

Now, that is not a fair statement to take back to the wheat farmers. The Committee realized the injustice of wheat quotas and the Committee passed the Coffee amendment. I appeal to you when you go back into the House not to penalize the wheat farmers by imposing these unjust and unfair quotas on the producers of wheat. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The question was taken; and on a division (demanded by Mr. ANDRESEN of Minnesota) there were—ayes 26, and noes 78.

So the amendment was rejected.

Mr. WARREN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we are now rapidly approaching the conclusion of a very long and difficult bill. I think I am correct in the statement that this measure has required a longer time for consideration by the House than any measure that has come up in the House of Representatives during my 13 years of service. Through the courtesy of the several Speakers, it has been my privilege to preside over practically every major bill that has been reported out by the Committee on Agriculture during the last 7 years. I think it is generally conceded that the Committee on Agriculture, both from the standpoint of personnel and from sheer ability, is one of the ablest and strongest committees in the House of Representatives. From my association with them I know that every member of that committee, be he a Democrat, a Republican, or a Progressive, is actively and vitally interested in agriculture and the problem of the American farmer. This debate simply goes to show the wide, divergent views when we begin to consider the farmers' problems. I say without reservation that the distinguished gentleman from Texas, Mr. JONES, is one of the fairest men I have ever known in any legislative body to handle a bill on the floor. [Applause.] I have sat here now for 10 days and have marveled at his patience, his unfailing courtesy, and his desire to cooperate and to see every side of every amendment that has been presented.

While I have not always agreed with his method of approach as to the treatment of various commodities, I regard him, and he is regarded in the Nation today, as the outstanding friend of the farmer in the Congress of the United States. [Applause.]

We are very thankful, indeed, for the tobacco provisions of this bill. I may say that the section dealing with tobacco has been under preparation for almost a year and was drawn by about 15 Members from the tobacco sections in collaboration with farmers and Department officials. In my opinion it is one of the very fairest sections in this entire bill and meets with the overwhelming approval of the tobacco farmers of the country. One of the irritating, vexing things that arose under our last tobacco act was the problem of the little farmer. Knowing that he must be provided for, we came in originally with a fair and just provision in his behalf.

This bill is going to be a very deep disappointment as a whole to thousands of farmers not only in North Carolina but in other sections of the country. Personally, I think the cotton sections are ineffective. It is a source of great disappointment to me that two great crops—to wit, peanuts and potatoes—are not included in the bill. I can only see continuous and sustained bankruptcy for the potato growers of the country. I am going to vote for this bill, however, mainly on account of its tobacco provisions and with the hope, Mr. Chairman, that in the quiet council chamber of a conference room a better and more acceptable measure may be worked out. [Applause.]

[Here the gavel fell.]

Mr. PIERCE. Mr. Chairman, I rise in opposition to the pro forma amendment.

My object in rising at this time, Mr. Chairman, when I know all are anxious to quit, is to say a word in reply to our friend from the Middle West who spoke in favor of the Coffee amendment cutting out the marketing quotas on wheat. I, as a Congressman from the wheat section, am very anxious to see that amendment go out and the marketing provisions restored to the bill as it came from the Committee on Agriculture. The Department of Agriculture is very desirous of having the marketing quotas in the law. Our colleague wonders why. He says they are of no effect. It will have some effect. It starts the normal granary. We know that the quota to be withheld, whatever it is, will not be on the market the year it is invoked. He says it is in the showcase. True, we have a record of it, but it is carried over until such time as it can be exported or used to supplement a short crop. It is valuable in the operation of this law.

I am free to admit with our colleague from North Carolina that the bill is going to be a disappointment. It is going to be a disappointment to my section. I cannot see how we are going to get much benefit in the wheat country unless we can get more money. I think the ultimate solution must be for each one of these five commodities to bear its own burden—wheat, cotton, corn, rice, and tobacco. They must not continue to be a drain on the National Treasury. I think cotton ought to bear it. Tobacco is no drain on the Treasury. I think wheat ought ultimately to bear it; in other words, I think the people of this country ought to pay sufficient for their wheat to continue to pay for the production of it.

It is true there is no control over production in the bill even if the marketing quotas are restored, but there is that much of a start toward control. It does provide a penalty for marketing beyond the quota. If we get another 1,000,000,000-bushel crop of wheat this year then we are face to face with 25-cent wheat and a condition that will wreck the wheat farmers from one end of the country to the other. If I had my way I would make the marketing quotas lower than those voted this morning on corn, because I think they were entirely too high. I would have lowered them on wheat; but the figures in the bill as originally reported are the figures the Department wants, and I am asking our colleagues from the cities as well as the wheat country to restore the marketing provisions in the bill. It is a gesture, but it is a mighty strong one and one that will be acceptable to the wheat-producing regions.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: On page 79, line 22, after the word "court", insert "in term time or vacation."

Mr. JONES. Mr. Chairman, I see no objection to this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was agreed to.

Mr. HOFFMAN. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN: Page 78, line 20, after the word "court" strike out the word "for" and insert "or in any court of record of the State sitting in the county or."

Mr. HOFFMAN. Mr. Chairman, it is one thing to pass a bill, but it is another thing to make it work. Some of us still remember the N. R. A. and that men who were charged with the violation of some of the rules and regulations were taken from one part of the State across to another part of the State, to a distant city, to meet charges which were made against them. That procedure involved unnecessary expense, made it, in fact, practically impossible for an individual, unless he was wealthy, to defend himself.

The amendment I have offered has to do with actions against those who are charged with the violation of some rule or regulation of this bill.

If you will turn to page 39 you will find this language:

In any action brought to enforce the collection of penalties provided for in this section the farmer shall have the burden of proving that he did not market field corn in excess of his farm marketing quota.

Under that provision a farmer charged with a violation of a regulation must prove that he is innocent of the charge made against him. That is contrary to the established thought and practice of this country, where every man has always been presumed to be innocent until his guilt was shown. It places upon the individual the burden, sometimes unbearable, of disproving any charge which a Government official or some other person may make against him.

We tried to have that provision stricken, but the amendment was defeated.

Down below, just a few lines, we find this provision:

The penalties provided for in subsection (a) of this section shall be collected and paid in such manner, at such time, and under such conditions as the Secretary may by regulations prescribe.

If under the preceding provision a farmer has not been able to show that he is not guilty, then the Secretary of Agriculture may collect the penalty "in such manner, at such time, and under such conditions" as he, the Secretary, may fix.

Do you realize what that means? A farmer is not entitled to a trial by jury nor even to a hearing before a court.

Mr. JONES. Will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Texas.

Mr. JONES. If the gentleman's amendment is worded properly I am not so sure but what I would be agreeable to the proposed change.

Mr. HOFFMAN. I am sure the gentleman would as an individual.

Mr. JONES. To what courts does the gentleman refer?

Mr. HOFFMAN. Any court of record in the State.

Mr. JONES. It rather occurs to me on first thought that the distance might be greater in the case of Federal courts. If it is a court of record or a State court, that might be all right. However, we would have to strike out section 387.

Mr. HOFFMAN. Yes. I have an amendment covering that also. There is a similar provision in the Federal Employers' Liability Act, which permits an action to be brought in the State court. I hope this amendment will be adopted. [Applause.]

Mr. JONES. Mr. Chairman, I think we can agree on this and I ask unanimous consent that the amendment may be read again.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk again read the Hoffman amendment.

Mr. JONES. I think the amendment is all right.

The CHAIRMAN. Does the gentleman from Texas [Mr. JONES] desire recognition on the amendment?

Mr. JONES. No.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I offer an amendment now that the first sentence of section 387, on page 80, be eliminated.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 80, beginning in line 12, strike out all of lines 12, 13, 14, and 15, and down to the word "Part" in line 16.

The CHAIRMAN. Does the gentleman desire recognition?

Mr. JONES. No.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JONES].

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I offer a further amendment. On page 80, line 11, I offer an amendment to strike out the words "exclusive jurisdiction" and insert in lieu thereof the words "stay of proceedings."

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 80, line 11, strike out "exclusive jurisdiction" and insert in lieu thereof "stay of proceedings."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas [Mr. JONES].

The amendment was agreed to.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Page 80, at the bottom of the page, add a new section as follows:

"SEC. 389. That on and after 6 months from the passage of this act, the importation of dairy products into the United States is prohibited unless such products have been produced from cattle which are free from bovine tuberculosis.

"SEC. 390. The Secretary of Agriculture shall provide for the issuance of certificates under which the importation into the United States of dairy products which are produced, processed, or manufactured from cattle accredited free from bovine tuberculosis shall be permitted. Where it is not practical for the employees of the United States to inspect herds of cattle in foreign countries from which such dairy products are produced, the Secretary of Agriculture may issue certificates when the official diplomatic representative of any foreign country submits satisfactory proof to the Secretary that the dairy products to be shipped into the United States are produced from cattle which are free from bovine tuberculosis, and then only from the foreign countries where the system of accrediting and testing cattle for bovine tuberculosis is equivalent to the officially recognized systems used in the United States."

Mr. JONES. Mr. Chairman, I make a point of order against the amendment in that it is not germane to the paragraph, the section, or the bill itself. This bill does not cover importations. The question involved here is a rather intricate one, and I favor the general proposition.

However, I do not believe, in view of the different departments which are involved in any sort of legislation which reaches out into this field, the matter could well be handled on the floor in this type of bill. This bill does not affect imports or the import question; neither does this part, nor this section, nor this paragraph. While I am in sympathy with the purpose of the gentleman's amendment, I believe most of what he seeks to accomplish is taken care of now. There is, perhaps, some need for legislation along this line, and I would favor its general purpose, but I do not believe the amendment is germane to this bill.

The CHAIRMAN. Does the gentleman from Minnesota desire to be heard on the point of order?

Mr. ANDRESEN of Minnesota. Yes, Mr. Chairman.

I wish to call the Chairman's attention to the fact the purpose of the bill (H. R. 8505), and the entire bill, section for section and title for title, is for the general welfare of agriculture; that the philosophy of the bill is based upon the commerce clause of the Constitution; and that this legislation seeks to regulate the distribution of agricultural products in interstate and foreign commerce.

The bill goes further and attempts to assist in the marketing of such agricultural commodities for domestic consumption and for export, making inclusive the constitutional provision dealing with interstate and foreign commerce. This bill does not specifically deal with only five basic commodities, but all farm commodities, in order to bring about parity income for agriculture. We are writing here permanent legislation for agriculture. Therefore, if all branches of agriculture are to be included, as we have included cotton, wheat, corn, rice, and tobacco, surely it is germane to include the dairy industry, which is the largest industry in agriculture and which needs a certain type of consideration in order to secure the maximum benefit.

I submit, Mr. Chairman, the amendment is germane and should receive consideration by the Committee.

Mr. TOBEY. Mr. Chairman, I should like to be heard for about 3 minutes on the point of order.

The CHAIRMAN. The Chair will be pleased to hear the gentleman on the point of order.

Mr. TOBEY. Mr. Chairman, I concur in the opinion of the gentleman on my right, my distinguished colleague, the gentleman from Minnesota [Mr. ANDRESEN]. I believe this amendment is so much in the public interest as a matter of common justice and in the interest of sanitation and the health of the people of this country that it can well be construed liberally.

I call the attention of the Chair and of the chairman of the Committee on Agriculture to the declaration of policy on the second page of this bill, to the effect that the policy is to preserve, maintain, and rebuild the farm resources in the national public interest. "Farm resources" covers not only the commodities raised on the farm, but the importations which compete with such commodities and affect the farmer's flow of business. These products come from

foreign countries, where they have no sanitary inspection of import grades to compete with the butter, cheese, and dairy products produced by our farmers, who are subject to regulations and milk inspections in the interest of public health. It is a great injustice. This condition is against the public interest and against the preservation of farm resources in the public interest.

I hope the Chair will not rule out of order the amendment of the gentleman from Minnesota. I recall distinctly that I have been on my feet speaking on previous controversial points of order when amendments far less germane than this have been offered and sustained by the Chair. This is a case involving not only the public interest, but the sanitation, health, and lives of the children and the men and women of this country.

I ask the Chair to overrule the point of order.

The CHAIRMAN (Mr. COOPER). The Chair is ready to rule.

The gentleman from Minnesota [Mr. ANDRESEN] offers an amendment to the pending bill which is somewhat lengthy and has been reported. To this amendment the gentleman from Texas [Mr. JONES] makes the point of order that it is not germane to the bill under consideration, or the part of the bill to which it is offered, or the section under immediate consideration.

The purpose of the pending bill is to regulate the marketing of domestically produced farm products. The amendment offered by the gentleman from Minnesota would seek to control importations of farm products, and would go further and seek to control the conditions under which such farm products may have been produced in a foreign country.

The Chair believes the amendment is not germane, and, therefore, sustains the point of order.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN of Minnesota: On page 80, at the end of the page, add a new section, as follows:

"SEC. 3. The Secretary of State is hereby directed to discontinue the practice of binding on the free list or binding at the present rate of excise taxes, agricultural commodities imported into the United States. The Secretary of State is further authorized to advise the Governments of Brazil and the Netherlands that, at the expiration date of the respective trade agreements, the concessions granted by the United States with reference to binding babassu oil and starches on the free list and freezing the excise tax on palm oil at 3 cents per pound will not be continued."

Mr. JONES. Mr. Chairman, I make the point of order that the amendment is manifestly not germane to the bill, the section, or the paragraph under consideration.

The CHAIRMAN. Does the gentleman from Minnesota desire to be heard on the point of order?

Mr. ANDRESEN of Minnesota. Mr. Chairman, I can only reiterate the argument I have made on the other question. If the Chair has made up his mind to rule in a certain way, it is not necessary for me to pursue that argument.

The CHAIRMAN (Mr. COOPER). For the reasons stated by the Chair in the previous ruling and the additional reason that the subject matter embraced in this amendment would come within the jurisdiction of the Committee on Ways and Means of the House and not the Committee on Agriculture, the Chair sustains the point of order.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I offer a further amendment:

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN of Minnesota: On page 80, at the end of section 388, add a new section, as follows:

"The importation of agricultural products into the United States is hereby prohibited where the landed cost of such products plus the tariff duties are lower than the domestic cost of production."

Mr. JONES. Mr. Chairman, I make the same point of order against the amendment and for the same reasons.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I wish to submit to the Chair that the three amendments which have just been offered represent the program of legislation requested by the dairy farmers of this country. The Chair has ruled both amendments out of order and I anticipate a similar ruling will be made in connection with the pending amendment.

It is my hope that the respective committees, particularly the Ways and Means Committee, will take these requests of the dairy industry under consideration so that we may have legislation which will protect the American farmers of this country in their home market. This is all the dairy farmers ask—not a subsidy or any funds out of the United States Treasury.

This is all I have to say, Mr. Chairman, at this time.

The CHAIRMAN. For the reasons previously stated by the Chair in the two rulings recently made, the Chair sustains the point of order.

Mr. SNELL. Mr. Chairman, I move to strike out the last word to get some information from the chairman of the committee.

The amendments just offered by my friend from Minnesota suggest a matter to which I have given considerable thought, although I do not know entirely how to solve the problem.

As I understand the present law, about 30 percent of the receipts of the customhouse is turned over to the Department of Agriculture to assist that Department in the export of farm products. Is not that correct?

Mr. JONES. It is a combination purpose—wider distribution at home and increased exports.

Mr. SNELL. And the amount available for that purpose is about $125,000,000 a year?

Mr. JONES. The amount ranges from $100,000,000 to $125,000,000. This fund may also be used for making some additional payments, but the purposes stated are the primary purposes indicated in the original section.

Mr. SNELL. On the whole, how does that policy work out?

Mr. JONES. The part of the fund that has been used for the purpose which I think the Congress intended has worked out in the best possible fashion.

Mr. SNELL. Can the gentleman tell, in a general way, how the money is distributed at the present time?

Mr. JONES. The amount that is used for these purposes has been distributed all over the country. It has been used, perhaps, more on the west coast in the fruit and vegetable country and in the northwestern wheat areas than any other section. It has also been used for dairy products and, perhaps, more for dairy products than any other purpose. It has also been used for wheat and for peanuts and various other products. I have here a list which gives the various sums that were used. However, the first year a comparatively small percentage of the fund was used and most of it was turned back to the Treasury. This year only about $23,000,000 was used. Two years ago, since they were not using it for these purposes, $42,000,000 was diverted to the cotton loans for absorbing some differentials in connection with those loans. This last summer the Congress voted to commit $65,000,000 of the past year's unused fund and $65,000,000 of the current unused fund for cotton.

I wish to state to the gentleman that I am very pleased he has brought up this question, because I am tremendously interested in it. The committee unanimously adopted this provision for this year, and I hope they will use this fund, or the major portion of it, for a purpose which I think is very fine.

Mr. SNELL. And for the purpose Congress intended it should be used?

Mr. JONES. Yes; and I am going to offer another amendment, which I have not taken up with the committee and which I shall offer as my own amendment, which will have a direct bearing on this question.

We have written into the bill that—

It shall be the duty of the Secretary to use available funds to stimulate and widen the use of farm commodities in the United States and to increase in every practical way the flow of such commodities and the products thereof into the markets of the world.

I propose to offer an amendment for the consideration of the House on my own responsibility that after June 30 of the coming year not less than 50 percent of the fund made

available under section 32 shall be used for increasing exports and domestic distribution.

I expect to offer this amendment for the consideration of the House, because I am very much of the opinion that wherever it is possible, it is much better to dispose of farm commodities both at home and abroad than to refrain from producing them, because I would rather take a little loss in this way and thus get an advantage than to refrain from producing. [Applause.]

Mr. SNELL. Mr. Chairman, I am in entire accord with the statement made by the chairman of the committee with respect to the method of attacking this farm problem. It seems to me this is the most sensible thing we have ever done and is something that should be followed up. I believe this would produce more favorable results in the long run than any that may be expected to come from the measure before the House at the present time.

As I have understood the complaints of the farming population in general, it has always been they have not had the benefits of tariff protection.

In order to clear up and help this problem, as far as I am personally concerned, I would go even further than the gentleman from Texas [Mr. JONES] proposes. I would give every single dollar taken in from the customs to help take care of the surplus products of the farm. [Applause.] I would say to every American farmer, use all of the energy and thrift and knowledge that you have and produce farm products. I would protect the products that are used at home. I would protect the American market for the American farmer, but if I had my way I would go even further than the chairman suggests and I would give this proposition of taking care of the excess farm products the entire benefit of all of the money that comes from the customs. If you do that nobody will be hurt, everybody in the country will have a fair shake, and we would be doing what is just and right to all.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. SNELL. Yes.

Mr. LUCAS. Would the gentleman under that sort of an arrangement agree to continue to permit the Secretary of Agriculture to use his discretion as to how that money should be expended and allocated?

Mr. SNELL. I have not gone quite so far as that. I would make Congress use its own discretion as far as possible. I am a believer in Congress and I never voted to give all those powers to the Secretary of Agriculture.

Mr. LUCAS. Does not the gentleman agree with me that some yardstick or some kind of measurement should be laid down by the Congress of the United States?

Mr. SNELL. I want all of the yardsticks laid down by the Congress and not by the Secretary of Agriculture. [Applause.]

Mr. HOFFMAN. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN: Page 79, line 7, section 386, after the word "shall", insert the word "not"; and in line 9, strike out the clause "if supported by evidence" and the comma preceding clause, and after the word "shall", insert the word "not"; and also in line 9, after the word "conclusive", change the period to a comma and insert "and the court shall consider and determine the case de novo"; line 17, strike out the period following the word "proper", insert a comma and the words "or the court may upon petition, in its discretion, order a hearing with or without the taking of additional testimony before the court"; line 22, strike out the word "shall" and insert the word "may".

Mr. JONES. Mr. Chairman, I ask unanimous consent that debate upon this amendment and all amendments thereto close in 8 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Chairman, this amendment has to do with the means by which this law will be enforced. We are all aware through the newspapers of the increasing lack of confidence in and the wave of criticism of the N. L. R. B. This amendment is to avoid, if we can, in the operation of this law, the difficulty that that Board has gotten into during the last few months.

The local committee fixes the quota. The reviewing committee passes on that quota if review is had. Then if the farmer is not satisfied under the act as it now stands he may appeal, but on that appeal what happens? The court is limited to a review, not of the facts but of the law; the court must take the facts as found. If the Board gives the farmer so many acres, or fixes his quota at so many bushels, that conclusion of the Board is absolutely final. There is no court review of the facts under this bill. That is wrong, because if you leave it the way it stands, it will enable the local and reviewing committee to determine what each farmer in the district or in the county may market, and also what he may produce or grow.

Mr. SIROVICH. Then why should you have an appeal?

Mr. HOFFMAN. I do not know. It is of no practical benefit as the bill stands. My amendment provides that on appeal the court may review the question of fact and it may also, if it desires, take additional testimony. It is just like a chancery appeal.

When you go up in chancery the court reviews the matter just as if the case were before it in the first instance. That is all that I ask by this amendment, and as the other amendment was accepted by the chairman of the committee a while ago, the farmer who has the complaint, who thinks that he has been discriminated against, may, under the amended section, if this amendment prevails, appeal to the local court, the court at his home, and then if this amendment should be adopted that court may hear additional testimony. It may in any event pass on the question of fact as to whether a man had certain acres under cultivation or did not the year before. It just retains our old system of giving a man his day in court, and it is said that even a dog is entitled to that.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Yes.

Mr. MARTIN of Colorado. Does the gentleman's amendment also provide that the board of review may review the facts, or just the court?

Mr. HOFFMAN. If the court desires, it can send the matter back to the board of review, or if the court prefers to hear the testimony, it can be heard in that way.

Mr. MARTIN of Colorado. Can the board of review now review the facts found by the local committee?

Mr. HOFFMAN. Surely. The action of the local board is reviewed by the committee of review. But that local committee, composed of three farmers, is appointed by the Secretary. It is so provided on pages 77 and 78. You know a committee so appointed will be a political committee. My amendment to make these committees nonpartisan, offered the other day, was defeated. We have had enough of partisan committees. The action of the committee can be reviewed by the court if this amendment is adopted.

Mr. MARTIN of Colorado. But not the facts?

Mr. HOFFMAN. No.

Under sections 385, 386, and 387 of the bill as proposed, a farmer is deprived of the right guaranteed to him under the Constitution, heretofore always recognized by everyone as being essential to the protection of the liberty of the individual to a fair and impartial trial by a jury of his peers.

The act as it now stands makes it possible for the Secretary of Agriculture, acting through a committee, to tell a farmer how much of certain produce of his farm he may sell.

This administration for the first time in the history of our country has destroyed the independence of the man who, by his toil, produces the things which are necessary to the existence of all.

The Constitution guarantees the right to life, liberty, and the pursuit of happiness. Legislation of this character destroys the liberty of the owner of land. If he would attain happiness by plowing, the sowing of seed, the cultivation of

crops, the harvesting, and the marketing of those crops, he may not do so unless his conduct in the operation of his farm meets with the approval of the Secretary of Agriculture.

The right to life is still left to him provided the Secretary makes no mistake in prejudging the rainfall, the weather, the amount of destruction caused by disease or insects, and acts with a reasonable degree of intelligence.

If the Secretary of Agriculture, over a period of years, deliberately or mistakingly fixes a quota that is too low, and drought or other natural causes still further decrease it, it may well be that hardship, and perhaps starvation, will visit the land.

At all events, this bill makes the heretofore independent farmer the creature of the Department of Agriculture.

From the determination of the marketing quota fixed by the local committee, the farmer has the right to appeal to a review committee, but here he is denied the right to a determination of the issues directly affecting his happiness, his liberty, and his economic life; to a trial by a jury of his peers.

If dissatisfied with the findings of the review committee, under the act, he may file a bill in equity in the United States district court. This provision for review is inadequate for the reason that the expense of such a proceeding may well be prohibitive.

In my own State of Michigan a farmer may be required, if he seeks review, to travel, with his witnesses, as far as 200 miles. If he desires his case adequately presented, he might well be required to employ a lawyer residing in the locality where the farmer lives and another in the city where the court is held.

Under the bill, as drawn, the reviewing court is bound by the findings of fact, as made by the reviewing committee. Such a review by the court is no review at all, for we are all aware of the methods employed in the hearings held under the authority of another Government agency, the N. L. R. B.

This bill now before us places the marketing of farm products under the control of another board or committee, for it makes the reviewing committee, by depriving the court of the right to review the facts, the final arbiter over the destiny of the farmer.

The granting to a committee, which is under the domination of the Secretary of Agriculture, of the absolute power to determine whether a farmer is or is not entitled to a certain marketing quota; is or is not entitled to market a certain quantity of the products of his farm, is so destructive of the liberty of the citizens, so contrary to the principles of a free government, that it would not even be dreamed of, except by those seeking to establish themselves as dictators.

Without this amendment, the farmer is not only deprived of his right to a trial by jury—a right which heretofore has always been recognized, if a person charged with crime sought to exercise it—but he is denied the right to the review by a court of the evidence offered against him.

This bill would destroy that right and establish a system of peasantry under the direction of the Secretary of Agriculture.

Mr. Chairman, I yield back the balance of my time.

Mr. JONES. Mr. Chairman, I rise in opposition to the amendment.

I think it would be unfortunate to adopt this amendment. The committee put in a great deal of time on this. We first had a number of steps in the procedure, trying, from a legal point of view, to protect all the rights of the producer. We finally got into a maze, or it looked as if we would, so we simplified it. The local committee, selected by the farmers themselves, first makes the allotment. Then we provide for a review, not by a State board but by the county board, to which the farmer can go and have his hearing. That board is composed of his neighbors. So he has two independent groups within the county. Then he may appeal directly to the court.

The effect of this amendment would make a trial de novo in that court. So if the farmer went to court he would have to go through another trial and present all of his facts. The way it is now, the facts found by the reviewing committee are the facts, and the court only passes on the law, which I think is proper.

Mr. HOFFMAN. Will the gentleman yield?

Mr. JONES. I yield.

Mr. HOFFMAN. Under the section as it stands the findings of the reviewing board as to the conditions actually existing on the man's farm are conclusive, are they not?

Mr. JONES. Yes; and that is true of practically all trial cases, as the gentleman knows. In practically all cases the findings of fact of a jury or the trial court are conclusive, if supported by the evidence.

Mr. HOFFMAN. Oh, no. The court can always say that the judgment is contrary to the clear weight of the evidence.

Mr. JONES. No. That is not correct in our section of the country.

Mr. HOFFMAN. It is so in the Federal courts.

Mr. JONES. If the appellate court can say there is no evidence to support it, or no evidence, if true, that would support it, they can reverse it for want of facts, but if there is credible evidence to support it, that must be binding.

Mr. HOFFMAN. Will the gentleman yield further?

Mr. JONES. Yes; I yield.

Mr. HOFFMAN. For instance, out at Weirton there are 7,000 men who want to work. Nevertheless, suppose the National Labor Relations Board finds the other fellows who do not want to, actually 1,000 in number, are in the majority, what can a court do about it if the Board's findings of facts cannot be reviewed?

Mr. JONES. Oh, the court and the board are entirely different things. This is a reviewing committee composed of neighbors of the farmer. He goes directly from that to the court, and it is tried in the ordinary way of cases on appeal.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. LEAVY. This board of review only comes into existence if the farmer is dissatisfied with his quota; is that not the fact?

Mr. JONES. Yes; that is true.

Mr. LEAVY. And the Secretary appoints the board of review?

Mr. JONES. No. As I remember it, the Secretary appoints that board on the recommendation of the farmers.

Mr. LEAVY. But it is a separate board?

Mr. JONES. Yes. He has got two opportunities within his county, among his neighbors, which, from a practical standpoint, will work out best.

Mr. LEAVY. But this board passes upon it, and if the farmer is aggrieved, he then makes the board a party defendant and goes into court for the first time and submits his controversy to the jurisdiction of a court of general jurisdiction.

Mr. JONES. No; the reviewing committee first, and then to the court of general jurisdiction.

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired.

Mr. LEAVY. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute in order to ask the chairman a question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LEAVY. The court has nothing to do with the issue raised at all by the aggrieved farmer, except to adopt the findings of fact made by this local board, and is denied the right to exercise jurisdiction of the subject matter; is that not true?

Mr. JONES. Yes. The court passes on questions of law. You would not want the farmer to have to go up there and present all his facts again. It is a reviewing court; that is all. It takes the record and sees whether the local committee has followed the law.

Mr. LEAVY. Is the gentleman satisfied that that is constitutional?

Mr. JONES. Oh, I certainly am. We can create boards and clothe them with jurisdiction. Now, we had different intermediate steps between the local committee and the trial court. When we went into it we found that it would be a great burden on the farmer to go through all of these processes. We have tried to simplify it. Certainly we can clothe those people with this authority.

Mr. LEAVY. I grant that; but this board is an administrative board, not a judicial tribunal.

Mr. JONES. That depends on what you make it. You might say that of any new court we created.

Mr. HOFFMAN. Will the gentleman yield for a correction?

Mr. JONES. I yield.

Mr. HOFFMAN. The gentleman said this committee was appointed from the local people. The Secretary of Agriculture appoints this committee.

Mr. JONES. As I understand, the local committee is appointed on recommendation.

Mr. HOFFMAN. But the reviewing committee is appointed by the Secretary of Agriculture.

Mr. JONES. It is a separate committee.

Mr. HOFFMAN. It is so provided on page 77 that it be appointed by the Secretary.

Mr. JONES. Yes. I thank the gentleman for the correction.

The CHAIRMAN. The time of the gentleman has again expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

The question was taken; and on a division (demanded by Mr. JONES) there were—ayes 44, noes 58.

So the amendment was rejected.

Mr. WILCOX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WILCOX: On page 80, at the bottom of the page insert a new section as follows:

"Section 22 (a) of the Agricultural Adjustment Act, as amended, by section 31 of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes," approved August 24, 1935, is amended to read as follows:

"IMPORTS

"SEC. 22. (a) Whenever the President has reason to believe that any one or more articles are being imported into the United States under such conditions and in sufficient quantities as to render or tend to render ineffective or materially interfere with any program or operation undertaken, or to reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which an adjustment program is in operation, under this title, or that the importation of any product of agriculture or horticulture, including vegetables and citrus fruits, tends to reduce the market price of such product below the average market price thereof over the immediately preceding 5-year period, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties and shall be conducted subject to such regulations as the President shall specify."

Mr. JONES. Mr. Chairman, I make a point of order against the amendment on the ground that it is not germane to the section, to the paragraph, or to the bill.

The CHAIRMAN. Does the gentleman from Florida desire to be heard on the point of order?

Mr. WILCOX. I desire to be heard on the point of order, Mr. Chairman.

The CHAIRMAN. The Chair will be pleased to hear the gentleman on the point of order.

Mr. WILCOX. Mr. Chairman, this amendment is clearly distinguishable from the amendments offered by the gentleman from Minnesota upon which the Chair ruled.

In explanation of this amendment I shall state what it seeks to accomplish. I propose to amend the original Agricultural Adjustment Act as amended in 1935. Section 22 (a) of that act provides that whenever the President shall have reason to believe that the importation of any article tends to interfere with any of the programs under that act he shall have the right to cause an investigation to be made by the Tariff Commission. The succeeding paragraph or section of that act then provides that if the investigation discloses that these importations do tend to interfere with the programs under the act, the President shall issue a proclamation limiting the importation of those articles which are interfering with the program. That is the act as it exists.

I propose by this amendment simply to add one additional idea: That if the importations tend to reduce the price of agricultural products below the average price for 5 years immediately preceding that the same procedure shall be followed; that is, there shall be an investigation. If the investigation develops that the importations do cause a lowering of the price, that the same proclamation provided in the succeeding paragraphs shall be followed. The new words which I propose to add into section 22 (a) by this amendment are the following:

Or that the importation of any product of agriculture or horticulture, including vegetables and citrus fruits, tends to reduce the market price of such product below the average market price thereof over the immediately preceding 5-year period.

Mr. Chairman, this is quite different from the amendment offered by the gentleman from Minnesota, and the ruling of the Chair on those amendments is not applicable to the pending amendment for the reason that the amendments offered by the gentleman from Minnesota dealt with tariffs and dealt with health regulations. They undertook to prohibit the importation of certain articles, they undertook to prescribe health regulations for certain other articles, and they undertook to deal with the tariff structure on still other articles.

The pending amendment is clearly in accordance with the program of this bill. The declared purpose of the bill is to assure to agriculture a parity price. As set forth on page 2 of the original draft of the act the declared purpose of the bill is, "to assist farmers in accomplishing these purposes by securing as far as is practicable parity income and prices," and so forth. The bill is broad enough, as has heretofore been pointed out, in some of its aspects to cover all agriculture. Quotas are allotted to five crops: Corn, wheat, cotton, tobacco, and rice; but the loan features of the bill and other features of the bill cover all agriculture without limitation to these five products.

If it be the declared purpose of this piece of legislation to assure to the producer of agricultural products a parity income, if it be the declared purpose to assist the farmer in securing a living price for his product, then this amendment is in strict accordance with the declared purpose of the act. It probably enlarges in just one respect one of the means of accomplishing that purpose. It does not interfere with the tariff structure, it does not undertake to prohibit importations, it does not in any manner attempt to encroach upon or to interfere with any other program of the bill. It simply provides that as an additional means of protecting and preserving the parity income, as an additional means of securing for the farmer a reasonable and a living price for his products, that if imports shall come into the country in such quantities as to depress that price, thereby destroying the purposes of this bill, that these imports shall be limited.

Not only does it not interfere with the program set forth in the bill, Mr. Chairman, but it is absolutely essential to the success of the program. As to some of the major items dealt with in the bill, you can prescribe quotas upon American farmers, you can limit the amount they can produce, you can limit the amount they may sell in interstate commerce; but if the same products are dumped into this country from another country in such quantities as to destroy the price, then that action will have destroyed the very purposes for which this act was passed.

What good will any farm program be if other countries are to be permitted to glut our market and force the price down? How can you assure a fair price to our farmers when the bars are let down for foreign competition in our own market?

The bill is broad enough, therefore, Mr. Chairman, to cover the subject of the amendment in the first instance. The amendment is in strict accordance with the declared purposes of the bill in the second instance, and is simply a safeguard for making the guaranties of the bill effective. I insist, therefore, Mr. Chairman, that the amendment is germane. It is germane to the purposes of the bill and it is necessary to the successful operation of it.

May I say, Mr. Chairman, that I appreciate the long and patient manner in which the committee has dealt with the House. As the gentleman from North Carolina [Mr. WARREN] pointed out a few moments ago, we have had 9 days of debate on this bill, which is a testimonial to the fairness of the committee which has been in charge of it. I regret that it is necessary in the opinion of the chairman that a point of order be made to this amendment. I hope it will not be insisted upon, because, as I pointed out to the House a few days ago, this amendment is of tremendous and vital importance to the farmers of two-thirds of my State. I hope, Mr. Chairman, that the point of order may be overruled, that the amendment may be brought before the House and the Members allowed to vote upon the merits of this amendment.

I have, on numerous occasions, pointed out to you that my people are to a large extent at the mercy of Cuba and Cuban producers. Tariffs have been reduced on Cuban products and they are being dumped into our markets in competition with ours. And Cuba, in spite of this fact, always finds a way of protecting its people. I am told that they have already or very shortly will limit the amount of crate material which may be shipped in from the United States. This is just another discrimination against Florida and Florida industry.

This amendment will give my people the protection which they must have if they are to stay in the fruit and vegetable business and I hope it may be voted upon on its merits.

The CHAIRMAN. The Chair would be pleased to hear the gentleman from Texas on the point of order.

Mr. JONES. Mr. Chairman, the provisions to which the gentleman refers were in the old A. A. A. Act, which had processing taxes of 4.2 cents on cotton and 28 cents a bushel on wheat. This made necessary provisions in the bill which in some instances put compensating taxes on imported articles.

This particular provision, section 32, was not a part of the original A. A. A. Act. It was a separate matter altogether. That was put into the A. A. A. amendments not as a part of the act but as a separate and independent proposition which stood on its own and was not woven into the other part of the bill. The old A. A. A. Act as such went out. Section 32, which was an entirely different provision, remained. It only has to do with the handling of American-made products. It does not appropriate customs receipts, but does automatically provide a sum equivalent to 30 percent of the customs receipts. In other words, the customs receipts go into the Treasury and we then appropriate a sum equivalent to 30 percent out of the Treasury. This fund is then earmarked for the exportation of American farm products.

We start off in this bill with the conservation of national resources. Then we undertake to have an orderly marketing of American-made products. We say they shall be assisted by loans, by storage, and by using funds for export. There is not a line in the bill anywhere that has anything to do with importations. Section 32, as all of the members of the committee understand, was not a part of the A. A. A. Act. We attached certain amendments there like we attach amendments to other bills.

Mr. WILCOX. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Florida.

Mr. WILCOX. Section 22 (a), as a matter of fact, does provide that if imports shall come into this country in such quantities as to interfere with the program of the A. A. A., a certain action shall be taken.

Mr. JONES. No. That is an entirely different section.

Mr. WILCOX. It is section 22 (a) which I seek by this amendment to amend.

Mr. JONES. Section 22 (a) is not in this bill.

Mr. WILCOX. No; but I offer this as an amendment.

Mr. JONES. I misunderstood the gentleman. I thought the gentleman was referring to section 32. Section 22 (a) is not in this bill, and the A. A. A. is not in this bill.

Mr. WILCOX. Except as you seek to amend the A. A. A. Act.

Mr. JONES. No; we do not attempt to amend the A. A. A. Act.

Mr. SIROVICH. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from New York.

Mr. SIROVICH. Is there any provision in this bill at the present time that will protect the American farmer against the dumping of foreign agricultural products that would depreciate the very prices we are trying to protect?

Mr. JONES. There is nothing in this bill, but there is provision in the former act, to which the gentleman refers, which gives the Secretary of Agriculture authority, but that is not section 32. That is section 22.

Mr. WILCOX. Section 22 (a) is the one I seek to amend.

Mr. JONES. But that is not before us.

Mr. WILCOX. It is in this amendment I am offering.

Mr. JONES. I know, but I am making a point of order against the amendment.

Mr. Chairman, it is just as logical to argue, if this amendment is adopted, that we could adopt amendments covering the whole set of tariff schedules. There is not a tariff schedule within the category that would not come within the range of the gentleman's argument.

Mr. WILCOX. I do not want to appear to be contentious with the gentleman, but I think he is entirely mistaken in his last statement. This proposed amendment does not interfere with the tariff. It does not interfere in the slightest degree with any tariff schedule. Section 22 (a) of the A. A. A. as amended in 1935 provides where imports interfere with or tend to interfere with programs under that act, they shall be automatically limited or shall be limited by proper proclamation of the President.

I simply seek by my amendment to go one step further and say that if imports of agricultural products tend to drive the price down in this country they shall be limited in the manner pointed out in section 22 of the A. A. A. as amended in 1935.

Mr. JONES. The gentleman will recognize that quotas are stronger than tariffs. Certainly if you can put quota provisions in you can put tariffs in, because they are less drastic and have the same purpose. If we could put a tariff in here, we could cover the whole field, because they all, directly or indirectly, affect the market for the commodity. We would be getting into a limitless field.

Mr. WILCOX. My amendment simply seeks to limit imports where they have the effect of bringing down the price. As I have heretofore pointed out, it will be less than useless to limit production in the United States so as to hold up the price of farm commodities, if we are going to permit the same products to be shipped in from foreign countries to the extent of driving the price back down again.

Of course, the producers of fruits, vegetables, potatoes, celery, and avocados are not given any benefits under this bill, except in the way of encouraging new markets. This bill neither benefits nor injures them. But the trade agreement with Cuba does bring the products of that country into competition with the same products in this country. Now, I claim that it just is not fair to continue to allow Cuban and Mexican products to be dumped into our market and drive the price down to the point where my people cannot get back the cost of production.

The CHAIRMAN (Mr. COOPER). The Chair is ready to rule.

The Chair regrets that he is not prepared to follow the distinction drawn by the able argument presented by the learned gentleman from Florida [Mr. WILCOX] in relation to the amendment offered by the gentleman from Minnesota [Mr. ANDRESEN] and the ruling made thereon.

The gentleman from Florida offers an amendment which is somewhat lengthy and has been read by the Clerk seeking

to amend the pending bill with reference to certain imports of farm products. The pending bill has for its purpose the regulation of the marketing of domestically produced farm products. The amendment proposed seeks to regulate importations, or at least deals with the importation of certain farm products.

The Chair feels the amendment offered by the gentleman from Florida [Mr. WILCOX] is not germane and, therefore, sustains the point of order of the gentleman from Texas [Mr. JONES].

Mr. HOBBS. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HOBBS: Page 77, line 15, after "382" and before the section itself, insert "all acreage allotments and" and, further, after the last word, line 17, and before the first word in line 18, page 77, insert: "and kept freely."

Mr. JONES. Mr. Chairman, I see no objection to the amendment. I believe it is desirable.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that title IV, part 1, may be read by title and considered in its entirety.

Mr. CASE of South Dakota. Mr. Chairman, reserving the right to object, title IV has been scarcely mentioned in the debate, although the chairman the other day referred to a portion of it as containing some of the most important provisions of the bill, with which statement I agree. This title is very short, and I believe the membership should hear it read. I must therefore object to reading it by title.

Mr. JONES. Mr. Chairman, I ask unanimous consent that part 1 of title IV may be read and considered in its entirety.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

TITLE IV—MISCELLANEOUS PROVISIONS AND APPROPRIATIONS

PART I—MISCELLANEOUS

ADJUSTMENTS IN FREIGHT RATES FOR FARM PRODUCTS

SECTION 401. (a) The Secretary is authorized to make complaint to the Interstate Commerce Commission with respect to rates, charges, tariffs, and practice relating to the transportation of any farm products, and to prosecute the same. Before proceeding to hear and dispose of any complaint filed by any person other than the Secretary, involving the transportation of farm products, the Interstate Commerce Commission shall cause the Secretary to be notified of the proceeding, and, upon application by the Secretary, shall permit the Secretary to appear and be heard. For the purposes of this section, the Interstate Commerce Commission is authorized to avail itself of the cooperation, records, services, and facilities of the Department of Agriculture.

(b) The Secretary is authorized to cooperate with and assist cooperative associations of farmers making complaint to the Interstate Commerce Commission with respect to rates, charges, tariffs, and practices relating to the transportation of farm products.

NEW USES AND NEW MARKETS FOR FARM COMMODITIES

SEC. 402. (a) Of the sums made available in pursuance of section 421 (a), not to exceed $10,000,000 for each fiscal year is authorized to be utilized by the Secretary for the establishment, equipment, maintenance, and administrative expenses of laboratories and other research facilities for the research into and development of new, scientific, chemical, and technical uses and new and extended markets and outlets for farm commodities and products thereof. Such sum shall be available for such purposes, in such amounts, and for such work, carried on by the Department alone or by States and Territories and their agencies and subdivisions in cooperation with the Department, as the Secretary shall determine. No part of the sums available under this subsection shall be expended in any State or Territory in cooperation with any such State or Territory or its agencies or subdivisions unless the State, Territory, agency, or subdivision has hereafter appropriated not less than $250,000 for the establishment of physical facilities suitable for use in carrying out this subsection.

(b) It shall be the duty of the Secretary to use available funds to stimulate and widen the use of farm commodities in the United States and to increase in every practical way the flow of such commodities and the products thereof into the markets of the world.

SEC. 403. Section 32, as amended, of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, is amended by striking out ": *Provided further*, That no part of the funds appropriated by this section shall be used for the payment of benefits in connection with the exportation of unmanufactured cotton."

CONTINUATION OF FEDERAL SURPLUS COMMODITIES CORPORATION

SEC. 404. The act entitled "An act to extend the time for purchase and distribution of surplus agricultural commodities for relief purposes and to continue the Federal Surplus Commodities Corporation", approved June 28, 1937 (Public, No. 165, 75th Cong.), is amended by striking out "continued, until June 30, 1939," and inserting in lieu thereof "continued, without limitation as to time."

COTTON PRICE ADJUSTMENT PAYMENTS

SEC. 405. For the purposes of the provisions (relating to cotton price adjustment payments with respect to the 1937 cotton crop) of the Third Deficiency Appropriation Act, fiscal year 1937, a producer shall be deemed to have complied with the provisions of the 1938 agricultural adjustment program formulated under the legislation contemplated by Senate Joint Resolution No. 207, Seventy-fifth Congress, if such producer does not exceed the cotton farm acreage allotment for 1938, apportioned to his farm under the Soil Conservation and Domestic Allotment Act, as amended (including the amendments made by this act).

UTILIZATION OF LOCAL AGENCIES

SEC. 406. The provisions of section 8 (b) and section 11 of the Soil Conservation and Domestic Allotment Act, as amended, relating to the utilization of local committees, the extension service, and other approved agencies, and to recognition and encouragement of cooperative associations, shall apply in the administration of this act; and the Secretary shall, for such purposes, utilize the same local committees as are utilized under the Soil Conservation and Domestic Allotment Act, as amended.

PERSONNEL

SEC. 407. The Secretary is authorized and directed to provide for the execution by the Agricultural Adjustment Administration of such of the powers conferred upon him by this act as he deems may be appropriately exercised by such Administration; and for such purposes the provisions of law applicable to appointment and compensation of persons employed by the Agricultural Adjustment Administration shall apply.

SEPARABILITY

SEC. 408. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the act and the application of such provision to other persons or circumstances, and the provisions of the Soil Conservation and Domestic Allotment Act, as amended, shall not be affected thereby.

The CHAIRMAN (Mr. WARREN). Are there any amendments to section 401?

Mr. MAPES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I make this motion for the purpose of calling attention for a moment to the section which authorizes the Secretary of Agriculture to initiate and prosecute rate cases involving the shipment of farm products before the Interstate Commerce Commission. I realize that it is a popular section as far as a great many of the proponents of this legislation are concerned. I heard several Members call special attention to it during the general debate and express their approval of it. However, I wish to point out the danger involved in the policy of the action and the direction toward which Congress, consciously or unconsciously, seems to be headed in that regard. It is not the first time a similar provision has been passed. In the Guffey Coal Act the Coal Commission and the Consumers' Counsel were both authorized to make complaints and prosecute, before the Interstate Commerce Commission, cases involving charges for the transportation of coal. In view of the recommendation of the Brownlow committee to put the Interstate Commerce Commission and other independent agencies of the Government under a Cabinet official, I believe one is forced to give attention to this section and similar provisions in other acts of Congress. They squint, at least, toward political control of the Interstate Commerce Commission and toward bringing political pressure to bear upon the Commission in the exercise of its judgment in fixing freight rates for the transportation of different commodities which ought to be a purely judicial function. If we pursue this policy, there is no reason why eventually labor should not ask that the Secretary of Labor be authorized to initiate and prosecute complaints where the interests of labor are involved, and so we might go on down through the list.

I shall not move to strike this provision out of the bill at this time, but I do believe the attention of the House ought to be called to it and to the policy which we seem to be embarking upon or pursuing by keeping it in the bill,

and which may come up in some other piece of legislation at any time.

[Here the gavel fell.]

Mr. MAPES. I ask unanimous consent, Mr. Chairman, that I may proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAPES. Mr. Chairman, the Interstate Commerce Commission must take into consideration the whole rate structure in passing upon cases before it, not just the interest of any one special class, and I believe that the interests of all classes are safe in its hands. It is an impartial governmental body, with no special ax to grind.

Mr. JONES. This only authorizes the Secretary to file applications and to fight them through.

Mr. MAPES. Yes; but in order to mean anything or be at all effective, it will be necessary to create a division in the Department of Agriculture for the purpose of doing the work contemplated by the section and that will necessitate additional appropriations and more or less duplication of work. I doubt the wisdom of it all, as well as the necessity for it. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR of Montana. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, speaking for the farmers of Montana whose interests are, I believe, closely linked with the interests of all agriculture in this country, I want to urge with all the strength and sincerity at my command the enactment of the farm bill which is now pending before Congress.

Legislation of this kind must be the next great accomplishment of the Roosevelt administration on behalf of agriculture. From the date that this administration took office in 1933, its agricultural policy has been one of the pillars of its entire service to the American people. This splendid work must go on. We must enact the best legislation that we can devise.

I do not believe the American people yet appreciate the predicament of agriculture. The whole farm program of the Roosevelt administration was taken away from agriculture and the farmers were left without anything to help them. That was the real significant meaning of the decision of the Supreme Court on January 6, 1936.

The Roosevelt administration saw and understood that critical situation. Under our great leadership in this Congress and in the Presidency, there was immediately enacted the Soil Conservation and Domestic Allotment Act. Under this act the administration has done its best to overcome the damage of the Hoosac Mills decision. I appreciate that. Let no man misunderstand me. I know that the administration through the soil-conservation program of the Triple A has done the best it could. But I hope that the people will also understand the problems which remain for the producers of the great staple commodities for those farmers of Montana and the other Great Plains States who produce wheat and corn, for the great livestock industry which feeds corn, and for the producers of the export crops—cotton, tobacco, and rice.

In advocating enactment of this bill, I am speaking specifically in defense of the wheat growers. The wheat growers need to have a place in the national farm program. With the other farmers of the United States, we absolutely have to have a carefully worked out program which will protect them, their prices, and their income.

The producers of the great export crops like wheat do not have the advantage of any real tariff protection. They are not able without help to control their production like the great corporations do. They cannot, like big business, regulate their prices. They must have the help of the Government so that they can cooperate in carrying out a national program.

But I want to call the attention of the Members of this House to the fact that before any program can be of actual benefit to agriculture it must meet two great requirements. First, it must be fundamentally sound in principle and, second, it must be practicable and workable in actual operation.

I know that every one of us agrees on the first point. They will agree with the general proposition that a program has to be well thought out and sound in principle. But in the case of wheat, which is an absolutely vital industry, because it supplies the Nation with bread, there is some difference of opinion as to just what is the best program for the wheat farmers.

In my opinion, the producers of the great export commodities need a program which is different from that needed by those whose products are sold on a domestic basis. The producers of the export products like wheat have to sell on a world basis. When there is a surplus the tariff does not work for them. Except in years of drought or crop shortage from other reasons, it is mostly a fiction.

Since the price of wheat usually goes up and down with world prices and world supplies, rather than supplies in this country, the wheat farmer cannot increase his income by merely reducing his production. He may reduce his production but not have any gain in price, because his price will be fixed on the world market. It will be fixed on the world market unless production is cut down far beyond the percentage anybody has suggested.

I want to plead with the Nation to be fair with the wheat farmer. Being fair with the wheat farmer would mean going beyond this bill as it stands. It would mean supplementing the American price with payments to offset the tariff made to those wheat growers who cooperate in the program. These payments would have to be financed somehow. For my part, I think it would be fair to finance them by a tariff equalizing tax on the processing of wheat. It is said that such taxes would be paid by the consumer. That is true, but is there one Member in this House who can tell me a single respect in which the effect of a tax on the consumer would differ an iota from the effect of paying a fair price for wheat? So I say that I am for a sound program for the wheat farmer, and in my opinion this means a program which is properly financed.

Now, we must have a sound program not only for wheat but for agriculture in general. And that brings up my second point. It is vital to have the program practicable and workable in method.

But as to this second point, it seems to me we are in great danger. It seems that the carefully worked-out plan of the chairman and his able committee is being undermined and destroyed by the acceptance by this House of amendments which are utterly thoughtless, utterly impracticable of administration, and which, if allowed to stay in the bill, will reduce a potentially valuable program to a ridiculous bundle of contradictory and impossible rules.

In the interests of the people of Montana I have favored passage of the farm bill now before this House, with the reservation that something more should be done for livestock. I still favor passage of the bill, but with one even more vital reservation. The newly added amendment which would put bureaucratic restrictions on the use of acres diverted from wheat and from the other four major soil-depleting crops should be removed.

It is true that the amendment was put forward in good faith as a means of protecting the interests of livestock and dairy industry. But after careful thought I am asking that the amendment be removed, in the real interests of the dairy and livestock farmers of Montana, as well as the interest of Montana wheat farmers.

I have no doubt that many of the gentlemen who supported it think that the amendment improved the farm bill. I thought so. The truth of the matter is that we have taken the heart right out of the bill. We may think that we still have a farm program pending before us. The truth is that the bill we are considering no longer is a real farm program. If it were passed as it stands now, it would stand small chance of being put into practice. It is simply unadministrable.

Summing it up, the recent amendment puts strings on payments for diverting land from cotton, corn, wheat, rice, or tobacco and planting it to soil-conserving crops. Such payments would be forbidden in connection with any diverted acreage if any of the soil-conserving crops were used to supply feed for any livestock not used on the farm. The rule would include cattle, sheep, dairy products, and poultry and poultry products.

In other words, the supporters of the amendment say that it is meant to protect established livestock, dairy, and poultry men against any possible competition which might result from the way wheat farmers and others used their diverted acres. There is no evidence that any such danger exists, or that the amendment would offer any protection if the danger did exist. I want to discuss some of those points later.

The really important thing is this: No matter what the principle of the amendment may be, it simply cannot be made to work. If it stays in the farm bill, the whole program will be unworkable.

At least half of the Members who voted to put the amendment into the bill have said that the bill goes too far—that it would regiment farmers. The regimentation which they fear consists of marketing quotas in abnormal surplus years, along with Government loans on the surpluses which are temporarily held off the market. Such regimentation would not take place unless the farmers who would be affected voted for quotas by at least a two-thirds majority.

Now, along comes this amendment which would regiment farmers all of the time. It would not regiment just the farmers; it would regiment cows and sheep and hens, too. If they ate so much as a mouthful out of one of the forbidden fields, their owner would lose his payment for diverting the acreage in that field. If he failed to watch what the animals were doing, or for any other reason failed to report that he had forfeited all or part of his payment, he would be breaking the law.

If drought came and a farmer needed all the grass he had, he could take the choice between seeing his animals go without or forfeiting his payment. If his wife sold a few dozen eggs every now and then, she would have to be careful as to where the hen's meals came from.

There is no end to the situations which might come up. Payments for diverting acreage from wheat, corn, cotton, and the like would be the mainstay of the proposed farm program, just as they are such an important part of the present agricultural conservation program. All of those payments to every farmer would be under a shadow of doubt until it could be proved, if it ever could, if the acres ever supplied food for any farm animals, and just what kind of animals they were. A full-time cow and hen watcher on every farm, maybe two shifts of them, looks like the only answer. A farm program like that would be the same as no program except for costing money and annoying farmers.

When I say this I am thinking of Montana's wheat farmers and of her livestock and dairy farmers. I am thinking of all Montana farmers and of her industrial wage earners and business and professional men as well. Not Montana alone but the whole country needs a sound and permanent farm policy. Passing a farm measure that cannot be put into practice is no way to get such a policy.

Suppose there were some practical way to regiment the use of diverted acres. Would it really help dairy and livestock farmers? If so, the matter ought to be considered carefully. In normal years, entire livestock industry—cattle, sheep, and dairy—is more important to Montana farmers than the great Montana wheat industry. Furthermore, no one class or area can be permanently helped by any system that injures any other class or area. But there is little or no evidence that putting a legal fence around diverted acres would be of benefit to the livestock interests. And there is a great deal of evidence that a plan like that provided in the amendment just added to the bill would work serious harm on the very farmers it purports to protect.

It would take years of study to answer fully all the questions I have raised. But I want to pause long enough to make four important points—two negative and two positive.

First, unrestricted use of diverted acreage would have little or no effect on the livestock, dairy, or poultry industries.

Second, this is the fourth full year that acreage has been diverted through the agency of a national farm program. Nothing terrible has happened to livestock or dairy farmers. Instead, they are much better off than they were when the programs began.

Third, the greatest threat to the prosperity of those three industries comes when there are surplus acres of cotton, corn, and wheat; and low prices drive the staple-crop farmers into new ways of making a living.

Fourth, buying power of people in towns and cities, and stable supplies and prices of feed grains are the two essentials for successful dairying or poultry and livestock raising. Both of those essentials are possible only when agriculture is kept in balance.

I am in favor of H. R. 8505—so long as it is not rendered ineffective by amendments. As I have said, I think that the bill would be improved by adding provisions to benefit livestock men, if those provisions are practical. But impractical provisions would be worse than none. I feel that I am speaking in the interests of Montana wheat farmers, cattle and sheep raisers, and dairymen, and of Montana workmen and businessmen. I watched farmers go broke and lose their farms in 1932, and I saw jobless men walking the streets of the cities of my district.

I have seen the recovery which has followed. Cash farm income in the State went from less than $48,000,000 in 1932 to over one hundred million in 1935. During those years, income from wheat rose 130 percent. Income from cattle and calves rose 229 percent. That rise, incidentally, took place while acres were being diverted from wheat to grass. The drought of 1936 put farm income for that year under the 1935 figure, but still far ahead of the low point in 1932.

During those years, bank deposits rose, life insurance sales went up, new automobile registrations increased, the number of commercial failures decreased. Montana has gone along in the national move toward better times.

There is no doubt that farm recovery has been one of the prime movers in this advance, or that the Agricultural Adjustment programs were the leading factor in farm recovery. Since the Supreme Court decision in the Hoosac Mills case, the agricultural conservation has been useful in holding agricultural gains, and in stimulating the highly important work of soil conservation.

At the same time, we must concede frankly that the adjustment programs were emergency treatments rather than well-rounded farm policies; and that the conservation program leaves out vital parts of a permanent program.

The present need is for a beginning of a sound, long-range national farm policy. I believe the bill pending in this House supplies such a beginning. It is broad, temperate, and practical. It builds into one system four methods with which we have had successful experience. Those are the present conservation program, acreage adjustment, commodity loans, and marketing quotas in times of emergency.

The system gives us a base on which we can build. It is something which both my farm and city constituents in Montana, together with other citizens of the Nation, can hold fast to, develop, and improve, particularly in relation to the range program and other aids to livestock men. At present, our greatest responsibility here in this House is to find a way to make democracy work in our times. By approving this bill as introduced we will be building one of the instruments to make it work. We cannot afford to let any short-sighted hope of advantage for one group lead us into weakening the instrument even before it is put into use. [Applause.]

Mr. CRAWFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: Page 81, line 5, strike out section 401 (a), lines 5 to 17, inclusive.

Mr. CRAWFORD. Mr. Chairman, the Motor Carrier Division of the Interstate Commerce Commission is in extreme difficulty. When we enacted the law which called for the control of interstate truck operators, we launched one of the most difficult undertakings that can be found in our whole industrial and economic fabric from the standpoint of Federal control. We have never provided the funds which would enable that Division of the Interstate Commerce Commission to function. The infant has never been able to get on its feet. It has never had the necessary personnel. From the date of its birth it has been struggling under a load that would require a matured division of Government to carry.

Its work is divided into general sections such as that covering complaints, finance, law enforcement, safety, traffic, accounting regulation, research and investigation, the study of drivers' problems, the investigation of sizes and weights of motor vehicles, and the general administration.

The Division's request for funds has been cut almost 33⅓ percent—and, mind you, this is a new division, with tens of thousands of most difficult and individual cases to deal with. The entire field is new, a staggering amount of foundation work must be done, great educational burdens must be carried. The department is in the greatest immediate need imaginable. It needs assistance now.

Eighty-nine thousand applications for certificates and permits are now on file. The number is increasing constantly. New applications are being filed at the rate of about 400 each month. The applications are handled in two ways—one requires a formal hearing. The other group, consisting of "grandfather" applications properly filed, can in the majority of cases be handled without the necessity of formal hearings. All of the 400 applications being received each month must be set for formal hearing. These hearings are being conducted at the rate of 250 each month, leaving a deficiency of approximately 150 each month. At this rate, considering the number already filed, the Division is about 25 months behind schedule. Within these 25 months there will probably be 10,000 additional applications filed and then the Division will be 3 years and 4 months behind. Need I say more. The seriousness of the situation is too evident. Terrible damage to shipping, commerce, the truck operator, the railroad, and the public in general is being imposed by reason of Congress not providing this Division with the necessary funds.

My proposition is that the Motor Carrier Division of the Interstate Commerce Commission should be more adequately implemented. We may pass laws but if we stop there their results are not achieved automatically. They do not operate in vacuo. When they are enacted here, we should count the cost of placing behind them the driving force of government. If I may observe, it is idle to pass new laws: It is of little use to revise old laws unless we realize fully that their administration is as important as their formulation. If we sit here and enact ambitious laws and then do not provide the means of their enforcement, it is to "keep the word of promise to our ear and break it to our hope."

This provision in section 401 (a) calls for a vast amount of additional work on the part of the Motor Carrier Division of the Interstate Commerce Commission. I repeat, it is utterly unable to function under the present load. I trust we will correct this situation and do it adequately and quickly, and thus implement this important division with the necessary tools in all departments, thereby making it possible for section 401 (a) to function.

Commissioner Rogers, in charge of the Bureau of Motor Carriers, stated the following the other day:

> Regulation of motor carriers was a part of the program of the President as outlined in his Salt Lake City address. It was enacted upon urgent requests of motor carriers, railroads, shippers, and State and Federal commissions.
>
> Upon this regulation depends in large measure the welfare of the interstate motor-carrier industry employing more than 2,000,000 people. This vast industry is barely keeping its head above water, as it is and is headed for the rocks if this regulation fails. If regulation fails, the consequences will be seriously felt by the competitive rail industry, which likewise is in a serious condition. During the first 18 months everyone was surprisingly patient in the face of our inability to do that which they knew and we knew should be done. This patience is rapidly disappearing. Even without this last drastic reduction we have 7 months to go before the appropriation would be available, and in the meantime we cannot avoid getting further and further behind.

Mr. Chairman, section 401 is utterly meaningless unless we implement the Bureau of Motor Carriers of the Interstate Commerce Commission by giving it a better personnel and coming to the rescue of Commissioner Rogers, who has charge of this Bureau. The farmers are as much interested in rates made by truck operators as they are in rates made by the railroads. The railroads are asking for a 15-percent increase in rates. Yet the Bureau has no power to function at the present time. It has only a few employees. It has never got onto its feet. The total number of employees, I am informed, is only 133 inside the District and 79 outside, or a total of 212 employees. It is physically impossible for this Division to serve the interested parties—the shipping public, the motor-carrier operators, and others—with such a small personnel. To expect them to do so is but a joke and mockery. If the operation of the Division completely breaks down it is no fault of the Division but the blame can be placed squarely on the shoulders of Congress. If the act was a constructive one, then let us back it up and make Government control effective—otherwise repeal the act.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, with respect to the amendment to strike out section 401 (a), the question which my good friend from Michigan refers to is not involved at all. The question of what provision shall be made for handling the Motor Carrier Division is an entirely different one.

This provision of the bill authorizes the Secretary of Agriculture to make application for correction of discrimination in freight rates against farm products, both in respect of rail rates and motor rates. I cited the other day some of the rankest discriminations involved and I made a speech a number of years ago on the same subject. There has been nobody whose business it has been to see that the farm freight rates are kept in their proper relationship in this picture. The question of whether more money is needed for the handling of the Motor Division or for the Interstate Commerce Commission is not involved here.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. CRAWFORD. I think that is involved in this way: The Secretary is authorized to make these complaints. Now, what is he complaining about? He is complaining about a freight-rate situation. The truck operators of this country are filing tariffs down there by the tens of thousands, and these questions cannot be taken up by the Secretary of Agriculture when the Interstate Commerce Commission cannot deal with the problems on their desks now, and therefore they cannot answer the complaints of the Secretary.

Mr. JONES. I do not think the farmers should be the only ones to suffer.

Mr. CRAWFORD. The gentleman is correct. The entire country and the whole transportation system and everything related to it is involved, and I may say to the chairman of the Committee on Agriculture that I used this section as a means of getting these facts before the Members of the House.

Mr. JONES. I understand.

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HENDRICKS. Mr. Chairman, I regret very much that the amendment of my colleague [Mr. WILCOX] was not adopted, as I believe my State needed it. May I say that I am inclined to vote for this bill not because I believe the bill is as good as it could have been, or not because I believe it is as inclusive as it should have been; but if I vote for it, which, of course, depends upon its final form, it will be because I believe it to be only an experiment out of which I hope will

come some good, because I think perhaps it will indirectly and remotely affect some of the farmers of this Nation, and because I have tried to take the position that I am representing the entire population of this Nation and not my constituents alone.

It is a peculiar thing to me that on each occasion when I have been called on to vote upon a matter affecting those whom we may call farmers in my State that the measures have affected them adversely, and yet I must vote for these measures because they help other sections of the country.

The first measure of this nature which I was called upon to support was the bill for the extension of authority for reciprocal-trade agreements. An attempt was made to point out to me wherein my State received some sort of benefit from these agreements. Frankly, I never understood the explanation. Neither do I believe that those explaining understood; however, there is one thing that I do understand, and so do the farmers in Florida, and that is that under the agreement with Cuba, that island with its cheap labor and other advantages, was able to ship into the markets of the United States such competing products as tomatoes, cucumbers, peppers, and others and sell them in many instances for 1 cent less per pound than it took to produce them in Florida. As a result of this agreement, thousands of acres of productive land lay idle in my State, and if the gentleman from North Carolina does not believe what my colleague [Mr. GREEN] said recently about many of our farmers going on relief, I believe he can be furnished facts and figures that will convince him.

The second measure I was called upon to support was the sugar-quota bill. Florida has in recent years started to produce sugar commercially, and in spite of the fact that we could produce hundreds of thousands of tons of sugar, we were allotted a few thousand tons. When we asked for a quota of sugar to equal at least the consumption of this product in our State we received no consideration. I am glad that the amendment to this bill sponsored by Mr. BREWSTER, of Maine, and myself was adopted, the effect of which provides that if sugar or potatoes or any other commodity should later come under this bill a State may produce their domestic consumption without regard to foreign importations.

Now, the third measure I am called upon to vote for is this farm bill. Perhaps someone is prepared to explain to me just how this bill will benefit Florida, but it may be that after I have had such explanation the results will be just as disastrous as those of the agreement with Cuba. These are the measures that I have been called upon to vote for, and my delegation was castigated and accused by the gentlemen from North Carolina of asking for some special privilege over other States because we tried to get a small concession in the tobacco section of the bill. I want to say to the gentlemen that I have discovered since I have been here that it is incumbent upon a delegation to look out for their State, for certainly no one else will. I cannot see how it could greatly disturb the effects of this bill to provide that a State like Florida, which is attempting to diversify her crops, have a quota of about 1 percent of what tobacco is grown in the United States, particularly when only about a dozen States grow tobacco, and one State had a production last year of 69 percent.

Be that as it may, I hope that on some occasion I shall be permitted to vote on something that will directly benefit my farmer friends in Florida.

The CHAIRMAN. Are there any further amendments to section 401?

Are there any amendments to section 402?

Mr. KLEBERG. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this action in order to ask my distinguished friend the chairman of the House Committee on Agriculture whether he thinks the language in section 402 is sufficiently mandatory, intelligible, and explicit at least to permit the Secretary of Agriculture, under the provisions of the section, to establish a laboratory for research looking to a wider and more extensive use of cotton if a State were to raise $250,000 of coin of the realm for that purpose.

Mr. JONES. Yes; and the same would be true with respect to any other cotton.

Mr. KLEBERG. I asked particularly with reference to cotton.

Mr. JONES. I certainly think it is; and I think if this provision goes through one should certainly be established.

Mr. KLEBERG. And the gentleman believes that is the intention of the Congress and certainly of the Committee on Agriculture?

Mr. JONES. There is no question about that.

Mr. KLEBERG. Mr. Chairman, under the permission granted me in the House, I submit the following letter, addressed to the Honorable Henry A. Wallace, Secretary of Agriculture, by Mr. A. B. Conner, director of extension from the Texas Agricultural Experiment Station at College Station, Tex., together with some data having to do with expenditures heretofore made by the Congress in support and maintenance of the forest products laboratory located at Madison, Wis.:

TEXAS AGRICULTURAL EXPERIMENT STATION,
College Station, Tex., November 6, 1935.

Hon. HENRY A. WALLACE,
Secretary of Agriculture, Washington, D. C.

DEAR MR. SECRETARY: I submit to you herewith a proposal for a regional cotton products laboratory to serve the entire Cotton Belt. This proposal has to do with the development of new uses for cotton and its byproducts, and has, I believe, a direct bearing upon the marketing of cotton and cotton products, which plays such an important part in the Nation's affairs.

It is proposed that this regional cotton products laboratory be established at one of the land-grant colleges in the Cotton Belt, out of moneys made available by the Bankhead-Jones Act, approved June 29, 1935, and that the projects undertaken be developed with the counsel of the experiment stations of the cotton States. I am accordingly sending copies of this proposal to the station directors concerned.

Very truly yours,

A. B. CONNER, *Director.*

Title: Regional Cotton Products Laboratory.

Region served: The entire Cotton Belt, ranging from California on the west to Georgia on the east.

Location: To be located by the Secretary of Agriculture at one of the land-grant colleges in the Cotton Belt.

Cooperation: In the development and operation of this regional laboratory, the cooperation of the Office of Experiment Stations, the Bureau of Chemistry and Soils, the Bureau of Plant Industry, the Bureau of Agricultural Economics, and the agricultural experiment stations of the several cotton-producing States is essential.

Funds: It is estimated that in addition to the cost of the buildings, it will require $100,000 to man and equip this laboratory with such equipment as is immediately needed. Thereafter a technical staff and added equipment as needed are the chief necessities.

Regional cotton research council: It is proposed that this laboratory shall be established by the Secretary of Agriculture, or his duly authorized representative, and shall be a regional laboratory in the real sense as distinguished from a State experiment station system on the one hand, and a Federal bureau on the other. Its work shall be planned, developed, and conducted with the joint counsel, advice, and participation of the Federal bureaus and the State experiment stations in the cotton States. This laboratory should, in fact, be participated in directly by the different stations to an extent that subsidiary problems in connection therewith peculiar to a particular State or locality might be readily recognized and handled by these stations themselves.

It shall be conducted in the usual spirit of scientific cooperation under the Secretary of Agriculture, with the counsel and advice of the directors of the experiment stations of the cotton States and the heads of the Federal cooperative bureaus or other representatives of the United States Department of Agriculture.

To aid the Secretary in the formulation of the research program and policies and in dealing with the problems of correlation of effort, the heads of the State and Federal agencies participating in the regional research of the laboratory shall constitute a research council. It is proposed that it shall be the duty of this council to advise the Secretary from time to time concerning the program and of any changes, substitutions, or additions that should be made in the research program of the laboratory. All projects conducted in connection with the laboratory shall be considered by the research council and approved by the Secretary.

Objectives: The objectives of the Regional Cotton Products Laboratory shall be to develop from cotton and its byproducts new products and byproducts and uses for them that will insure a wider utilization of cotton and cotton products, and thus enhance the marketing facilities of this important commodity. (See appended outline for details.)

Administration: The administration of the laboratory shall be under the direction of the Secretary of Agriculture in accordance with that section of the Bankhead-Jones Act dealing with regional research and the funds appropriated therefor. It is hoped that it may be so administered that it will fill in the gap in American agricultural research organization and that it will never become a mediocre experimental establishment duplicating the research of either the State agricultural experiment stations or the Federal bureaus. The research undertaken should be basic and regional and thus complete the linkage between the work of the State and Federal research agencies. It should, therefore, become an integral part of a comprehensive program of well-planned agricultural research serving the Nation as a whole.

Detailed cost—Budget for the first fiscal year

Salaries		$49,680
Details:		
One P–6, director of laboratory	$5,600	
One P–5, chemist, oils	4,600	
One P–5, chemist, proteins	4,600	
One P–5, chemist, cellulose	4,600	
One P–5, chemist, solvents	4,600	
One P–5, chemist, plastics	4,600	
Five junior chemists, at $2,200	11,000	
Four stenographers, at $1,440	5,760	
Four unskilled laborers, at $1,080	4,320	
Operation		50,320
Details:		
Office furniture, fixtures, and equipment	$5,000	
Scientific equipment	37,320	
Chemicals and laboratory supplies	5,000	
Office and traveling expenses	3,000	
Total, first year		100,000

A BRIEF RELATING TO A REGIONAL COTTON PRODUCTS LABORATORY TO PROVIDE FOR RESEARCH ON THE UTILIZATION OF COTTON

The greatest opportunity in agricultural research of the future undoubtedly lies in developing new uses for agricultural products and byproducts and in improving upon present methods of utilization. Agriculture supplies the raw material for many industries, but agriculture, being the aggregate of many relatively small, highly individualistic enterprises, has no facilities for keeping in close touch with the demands of industry or in suggesting or developing new industrial uses for agricultural products. Industry, on the other hand, is concerned mainly with obtaining raw materials as cheaply as possible for highly specialized processes and is not interested in utilizing its resources in finding new uses for agricultural products except such byproducts as occur in the manufacturing processes.

Whenever the raw products of agriculture are consumed by a large, well-organized, closely knit industry, new uses for the byproducts are soon discovered. For example, the sugar manufacturers are now using bagasse, formerly a waste product, in the manufacture of Celotex, an insulating material. The meat-packing industry has developed literally hundreds of new uses for animal byproducts, ranging from fertilizer and glue to violin strings and highly purified pharmaceutical products.

These two industries are unique in that they purchase, as raw material, the entire product of the farmer, the sugarcane stalk in one case and the meat animal, including hair, hide, hoof, and bones, in the other. In contrast to this situation, the farmer who produces cotton leaves the stalk on his farm, the burs at the gin, sells the lint to one agency and the seed to another. The lint, in turn, is resold to a wide variety of industries, each of which is interested only in its own particular use of cotton lint and has little incentive to discover new uses for the fiber and none whatever in developing new uses for the other products of the cotton plant. The spinner, for example, will not go out of his way to develop the use of cotton fiber as an insulating material. Unless he were broadminded he might even discourage such research on the theory that new uses for the fiber would result in an increase in the price for his raw material.

Probably the greatest need of both agriculture and industry today is a liaison agency which will discover new uses for agricultural products and develop improvements on present methods of utilization. Such an organization, understanding the needs of both agriculture and industry, would serve both enterprises to the mutual profit of both. A start in this direction has already been made. A corn products laboratory has been established in Iowa, and a wheat products laboratory has been established in Nebraska. A similar enterprise serving forestry, known as the Forest Products Laboratory, has been established in Wisconsin.

The laboratory, though established primarily for studies on the utilization of cotton and its byproducts, might eventually be used for the purpose of conducting experiments, investigations, and tests with respect to the chemical and physical properties and the utilization and preservation of agricultural products, with particular reference not only to cotton lint and linters, cotton hulls, cottonseed, and cottonseed products, cotton stalks, and burs, but also to corn and corn stalks, wheat and its byproducts, grain sorghum, rice, oats, barley, broomcorn, fruits and vegetables, milk, meat, eggs, wool, mohair, and other similar agricultural products and byproducts.

COTTON

Cotton is the most important agricultural product in the South and the largest cash crop in the United States. It also plays the most important role in our international trade, exceeding in export value any other American product and maintaining, more than any other commodity, a favorable balance of trade for the Nation.

The average annual value of the cotton crop in the United States for the period 1924–30 is $1,422,842,000, of which $1,251,082,142 constitutes the value of the lint and $171,759,857 the value of the seed.

Stalk: Though the cotton stalk is probably not as well suited for a source of cellulose as are many other plants, its possibilities as material for the manufacture of insulating material, wall board, paper articles of various kinds, rayon, cellophane, and other materials should be investigated. The bast fibers should also be studied from the standpoint of possible utilization in the manufacture of cordage and coarse textiles.

This research, in addition to providing the cotton farmer with a new source of income, would also be of value to the paper, building, and textile industries.

Burs: Where cotton is snapped or harvested by sleds or other mechanical devices, huge piles of burs accumulate at the gins and are usually destroyed by burning, resulting in a complete loss. These burs should be put through a process of destructive distillation to determine whether any solvents or other valuable chemical compounds can be reclaimed. The ash is known to be rich in potash, which suggests the possible utilization of the burs in fertilizer manufacture. The cellulose in the burs would probably have the same utilization as that in the stalk mentioned above.

Research on this subject would be of value to the ginner, fertilizer manufacturer, to the chemical industry, and would reflect additional profits to the farmer.

Seed: Considerable progress has been made in the utilization of the seed in the manufacture of oil and meal. Additional research is needed to improve upon present methods of manufacture and to discover new products which can be manufactured from the seed and new uses for resent products. Research on cottonseed would include the following problems:

(1) A thorough study of the structure and chemistry of the cotton seed.

(2) A study of the most effective methods of manufacturing the linters, oil, cake, and hulls from the seed.

(3) Improvement of methods of utilizing the oil. Cottonseed oil should be thoroughly studied for the possibilities of utilizing the oil in a wider variety of food and feed products and for various industrial purposes. There may be an opportunity of converting cottonseed oil into an unsaturated or quick-drying oil needed in the manufacture of paint. There is a decided shortage of quick-drying oils in the United States at present, the average importations of flaxseed exceeding 21,500,000 pounds, and linseed oil 6,250,000 pounds.

(4) Cottonseed meal should be considered as a potential source of human food. A few products of this nature are now being manufactured on a small scale, but there are undoubtedly numerous additional possibilities in this direction.

(5) The hulls should be considered from the standpoint of use as a substitute for excelsior as a packing material. A patent covering the use of cottonseed hulls for putting greens on golf courses netted the owners hundreds of thousands of dollars during the recent rage for miniature golf.

(6) The most effective way to utilize the linters and extend their use in the manufacture of new products.

Research on the cotton seed would be of direct value to the farmer and to the cottonseed industry, which is one of the largest in the South.

Lint: Fiber is the most important part of the cotton crop and an enormous amount of research work is needed in perfecting methods of utilization. This will be discussed under two headings, as follows:

(1) Fiber research:

(a) Investigations on the morphology and technology of fibers as related to the textile industry.

(b) Chemical and physicial properties as related to chemical industry.

(c) A study of the morphology of the cotton fiber relative to texture, strength, and uniformity of length. Through such research a more definite measure should be established for that property in cotton lint properly known as quality.

(d) Effect of various methods of ginning and cleaning cotton on the fiber.

(e) Effect of fertilizer, irrigation, and diseases on the quality of the cotton fiber.

(2) Fabrics:

This is a traditional field for cotton and it can probably be expanded. Competitors of cotton, such as silk, rayon, and wool, should be studied to find out what makes them more desirable as compared with cotton. Perhaps cotton could be treated in some way to give it the strength, sheen, and softness of silk or rayon, or the warmth of wool. Its cheapness would give it an advantage over such competitors.

(a) Development of attractive patterns and weaving processes for particular uses.

(b) Testing fabrics of known history—fibers of varying lengths woven into fabrics of various types and subjected to tests to determine their suitability for various purposes.

(c) Effect of various treatments preliminary to spinning and weaving.

(d) Style—when women or men purchase clothing or fabric, they are not interested in the material as much as they are in beauty. Beauty has always been worth dollars and cents to commercial nations. The manufacturer often fails to realize his limitations in the field of design. He often does not know the difference between good and poor designs.

When Louis XIV of France imported weavers, dyers, designers of fabrics, gold and silver workers, skilled carvers, workers in precious stones and in ceramics, painters, architects, and other artists, he laid the foundation for the industrial supremacy of France in these fields, which has continued until the present time. The entire world wanted to buy their beautiful products.

The silks and woolens of today are far in advance of cotton fabrics in the matter of design. No more practical thing could be done to promote the use of cotton goods than to improve, through research, their design, weaves, textures, colors, and patterns. Successfully accomplished, this would give our cotton textile industry an advantage in world trade which it does not at present enjoy. The market requirements of foreign customers would be studied and provided for through cooperation with the Bureau of Foreign and Domestic Trade of the United States Department of Commerce.

New uses: It is seldom that persistent research fails to produce results of value. No one can say what new uses may be found for cotton and its byproducts. Perhaps new methods of manufacture will be developed which will lessen the cost. Research is largely responsible for our industrial leadership in the electrical and in other fields and this should be applied to the fullest extent to find new uses for the surplus in production.

It is significant that developments in the increasing utilization of cotton have been made almost altogether without any concerted action or conscious direction on the part of the cotton industry. This situation encourages one to believe that organized, cooperative effort on the part of growers, manufacturers, and various research and extension agencies in the industry to develop new uses for cotton and expand present uses should be much more effective in stimulating increased demand for cotton and cotton products than haphazard, individual effort.

(1) Cotton bagging for cotton: About 200,000 bales of low-grade cotton would be needed to wrap the average American crop of cotton. In connection with this possibility two important questions are raised, namely, that of selling cotton on the basis of net weight and that of a tariff on jute.

(2) Fertilizer bags: According to a recent report of the Bureau of Agricultural Economics, 97.6 percent of the country's commercial fertilizer is handled in jute bags and only 2.4 percent in cotton bags. If all fertilizer were handled in cotton bags, approximately 170,000 bales of low-grade cotton would be consumed.

(3) Bagging for grain, feed, and various food products: It is estimated that 200,000 bales of cotton are being consumed in the manufacture of cotton bags in the United States. Most of these bags are used in the wholesale grocery trade. It is further estimated that, if cotton bags alone were used, 600,000 bales of low-grade and waste cotton would be required. A number of important Texas products, such as cottonseed meal, feed, grain, nuts, peanuts, onions, rice, and potatoes, are handled almost exclusively in jute bags.

(4) Cotton bagging for wool and mohair.

(5) A cotton product as a cheaper substitute for linoleum floor covering: Battleship linoleum is made principally of ground cork and linseed oil. Its use is increasing because it is one of the most practical floor coverings for fireproof buildings. The new product might be manufactured in rolls, like carpet, or prepared as a mastic to be applied with a trowel.

(6) Molding material: A molding material somewhat on the order of hard rubber, but less brittle, could be used in innumerable ways, such as for electric-light sockets, dress ornaments of all descriptions, toys, bathtubs and lavoratories, buttons, etc. This product might be somewhat in the nature of what is known as bakelite.

(7) Insulation: A cotton felt between two pieces of cloth used to insulate the walls, roofs, and floors of buildings could be made fire and vermin resistant. A loose insulation for refrigerators, refrigerator boxcars, buildings, etc.

(8) Cotton roofing felt: For covering flat roofs. Should be waterproof; resistant to the sun's heat and to cold weather. Must not dry out and become brittle. One layer should be enough to provide protection against water instead of the many layers of asphalt-impregnated felt now commonly used.

(9) A wall covering to replace plaster and wallpaper: Might be made in sizes large enough to cover the walls of rooms without seams and may be either plain, to receive paint, or decorated in patterns like wallpaper. The use of plaster is seriously objectionable in modern building construction on account of the water and the resultant dampness and because of the time required to clean up and to allow the plaster to dry between coats and before it can receive its first coat of paint and then waiting for the various paint coats to dry. All this causes delays which are expensive and the building industry has endeavored for a long time to find some other material. Cotton wall coverings could be mounted on large sheets of fiberboard all ready to install in the building, or the canvas might be stretched from baseboard to ceiling without the use of the fiberboard, using simply a backing of wood sheathing, which is necessary for strength and is much less expensive than fiberboards.

(10) Acoustical wall covering: Cotton might be used in making sound absorbers and used as a combined wall decoration and a correction of bad acoustical conditions in auditoriums, theaters, churches, etc. Would replace acoustical plaster, acoustical wallboard, wall tile, etc.

(11) Deadening felt of cotton: Located between finished floors and subfloors in residences and apartment houses to reduce the sound transmission through the floor. Would also be used in the partitions between rooms.

(12) Carpets and rugs: Perhaps cotton fiber could be made adaptable for use in rugs and carpets.

(13) Rope: A stronger and more durable rope made of cotton.

(14) More durable textiles: Seat covers, upholstery, window shades, etc., made of cotton.

(15) Substitute for glazed ceramic tile: A cotton product used in walls of bathrooms, in kitchens, etc. Should be impervious to water.

(16) Pipe covering: An insulation for steam and refrigerating pipes.

(17) Shingles: Fiber used to reinforce a cement compound similar to asbestos shingles.

(18) Wallpaper: Made of cotton cloth.

(19) Warm fabrics: Equal to wool in insulating value and weight for clothing, blankets, etc.

(20) Improved airplane fabrics.

(21) Bags: Made of cotton fabrics, waterproof for things damaged by dampness, such as cement, lime, foodstuffs, etc.

(22) Books: Wood paper rapidly deteriorates. Cotton-fiber paper might be made more durable for important books and records.

(23) Boxes: More durable than pasteboard, lighter than wood—containers for package goods.

(24) Better waterproof fabrics: For raincoats, tents, canvas for protection against rain.

(25) Tracing cloth: Only the finest linen is now used for this purpose. Large quantities of tracing cloth are used annually.

Many other uses might be listed, together with an extension and improvement of present uses in tire manufacturing, explosives, Cellophane, rayon, and similar products. The accompanying diagram points out the enormous possibilities in the development of new uses for cotton.

The following information relative to the Forest Products Laboratory at Madison, Wis., was obtained by phone from Mr. Trayer, of the Department of Agriculture:

Current appropriation for all forest-products research—$628,361.

Amount allotted to the laboratory at Madison, $529,800, which includes both upkeep and maintenance of building as well as research proper.

The laboratory, under agreement with the State, receives from the university an amount equal to 4 percent of the Federal allotment, "not to exceed $17,000." It also receives varying amounts from cooperators, which, during the past 2 or 3 years, have averaged about $10,000.

The laboratory has a staff of about 160 people—approximately half of whom are technicians.

It was stated that probably the allotment for the laboratory is expended in the proportion of about 10 percent for upkeep, 5 percent for travel, etc., and 85 percent for research—including salaries and laboratory supplies.

APPROPRIATIONS FOR FOREST PRODUCTS RESEARCH, DEPARTMENT OF AGRICULTURE

Figures below include experiments, investigations, and tests of forest products (under sec. 8) at the forest-products laboratory or elsewhere:

Estimated:	
1938	$628,361
1937	608,361
1936 (1938; p. 191)	507,087
1935	459,725
1934 (1935)	566,791
1933	613,614

Items below for the forest-products laboratory specifically:

Appropriations:	
1932	$1,475,000.00
1931	737,000.00
1930	587,000.00
Expenditures:	
1932	1,272,000.00
1931	839,300.00
1930	584,675.25

"For investigations of methods for wood distillation and for the preservative treatment of timber, for timber testing, and the testing of such woods as may require test to ascertain if they be suitable for making paper, for investigations and tests within the United States of foreign woods of commercial importance to industries in the United States, and for other investigations and experiments to promote economy in the use of forest and fiber products, and for commercial demonstrations of improved methods

or processes, in cooperation with individuals and companies" (Budget, 1929, p. 214):

1929	$505,000.00
1928	500,000.00
1927	490,264.00
1926	383,264.00
1925	383,264.00
1924	376,893.36

"For investigations of methods for wood distillation and for the preservative treatment of timber, for timber testing, and the testing of such woods as may require test to ascertain if they be suitable for making paper, for investigations and tests within the United States of foreign woods of commercial importance to industries in the United States, and for other investigations and experiments to promote economy in the use of forest and fiber products, and for commercial demonstrations of improved methods or processes, in cooperation with individuals and companies" (Budget, 1923, p. 223):

1923	$340,000
1922	325,000
1921	223,260

Source: Budget of the United States.

Mr. KLEBERG. Mr. Chairman, I call your attention to the figures concerning expenditures for the Forest Products Laboratory at Madison, Wis., to show the expenditures already made toward development of new uses for wood and its byproducts. These products originate in the main on lands which pay no taxes, public domain forests, and so forth.

Cotton is produced on land every acre of which pays taxes, and is responsible, in its use by industries whose products contain cotton, for the employment of approximately 40 percent of all those gainfully employed in all industries. These so employed do not include the great army of men and women engaged in the cultivation, planting, and harvesting as well as the ginning of cotton. Of all of the products of agriculture cotton is now the most important in the employment of those engaged in its production and conversion into useful byproducts.

The immediate expenditure of at least $1,000,000 for equipment and maintenance of a cotton research laboratory would, in my opinion, do more looking toward the final solution of the problem of disposition of our cotton and its products than any other moneys however they might be expended at this time.

Mr. HOOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOOK: On pages 81 and 82, amend section 402, as follows: Strike out subsection (a) and insert in lieu thereof the following:

"Sec. 402. (a) Of the sums made available in pursuance of section 421 (a), not to exceed $15,000,000 for each fiscal year is authorized to be utilized by the Secretary for the establishment, equipment, maintenance, and administrative expenses of laboratories and other research facilities for the research into and development of new, scientific, chemical, and technical uses and new and extended markets and outlets for farm commodities and products thereof, in the interest of producers and the consuming public; and, *Provided further*, especially, that $5,000,000 of the amount authorized for each fiscal year shall be used by the Secretary for the purpose of increasing the consumption of milk and its products, to adequately safeguard the health of the consuming public, especially infants and children of school age, to expand the market for milk producers, and to investigate and promote better methods of the distribution of milk and its products. Such sum shall be available for such purposes, in such amounts, and for such work, carried on by the Department alone or by States and Territories and their agencies and subdivisions in cooperation with the Department, as the Secretary shall determine. No part of the sums available under this subsection (except the amount above authorized with regard to milk and its products) shall be expended in any State or Territory in cooperation with any such State or Territory or its agencies or subdivisions unless the State, Territory, agency, or subdivision has hereafter appropriated not less than $250,000 for the establishment of physical facilities suitable for use in carrying out this subsection."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HOOK. Mr. Chairman, this amendment seems rather long but I have moved to strike out subdivision (a) and to include practically all of subdivision (a). The real part of the amendment is on page 82, line 6, after the word "thereof", to insert the words:

In the interest of the producer and the consuming public; and, *Provided further*, especially, that $5,000,000 of the amount authorized for each fiscal year shall be used by the Secretary for the purpose of increasing the consumption of milk and its products, to adequately safeguard the health of the consuming public, especially infants and children of school age, to expand the market for milk producers, and to investigate and promote better methods of the distribution of milk and its products.

On page 82, line 11, after the word "subsection", place the words in parentheses "except the amount above authorized with regard to milk and its products."

A short while ago in the city of Baltimore the National Cooperative Milk Producers Federation, in its annual convention in that city, said that what interested this country is the under consumption of milk and its products, and at that same meeting the Secretary of Agriculture said:

While suggesting these primary elements of a program for milk producers, I am not unmindful of another major question for which we may or may not find the answer. I refer to the need, especially among the low-income groups, for a greater consumption of fluid milk. I refer also to the need of milk producers in our urban milksheds to make certain that the largest possible amount of milk they produce shall go into fluid consumption. The milk programs with which we are now working do not meet this need. Since that is the case, we must keep alert for the discovery of methods which will meet it.

This amendment will give the Secretary of Agriculture authority to properly bring to the school children of the Nation an amount of milk necessary to build up the health of the youth of this Nation. In other words, this amendment—and I have taken it up with the Agricultural Department and those who will administer it, and they approve of it—will bring to every school child in this country 1 quart of milk a day, and it will reduce the price of milk used in the schools without reducing the price to the producer, by eliminating unnecessary cost in the distributing system of that milk.

It will go further than that. A large amount of money will be utilized by the Secretary of the Treasury and the Federal Trade Commission to investigate and set up a proper method of distribution of milk which will cut down the spread between the producer and the consumer to such an extent that we will bring milk to the children of this Nation at a price which the parents of those children can afford to pay for it. This has been done in England, and it has proved successful. I talked on this amendment on November 29, and at that time explained how it worked in England, where milk was selling on the general market at from 14 to 16 cents a quart, and they gave it to the children of that great nation at the rate of 6½ cents a quart, but did not reduce the amount that was paid to the producer of that commodity. They did it by eliminating the big spread in the distributing system and improving the method of distributing the milk. We must close the gap between the overproducer and the underconsumer. The Secretary should be authorized to do all that he can to increase the consumption of any agricultural product, but we must start somewhere, and I know no better place than in the schools where the health of the children must be protected. I hope this amendment will be adopted.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. MURDOCK of Arizona. Mr. Chairman, I ask at this point in the RECORD that I may extend my remarks and not to take up the time of the Committee further than to say that I am in hearty sympathy with my colleague who just preceded me in regard to a larger appropriation for the purpose which he emphasizes. I also want enlarged facilities for the purpose of finding new uses for agricultural products of all kinds, as well as of milk, that we may have a greater home market for those products.

It appears to me ridiculous that we are now forced into a situation compelling us to reduce production in order to take care of the surplus from our farms. The proper way to take care of farm surpluses is to furnish purchasing

power to all our people in satisfying present wants and to create new wants demanding a greater use for what may be grown on the farm. I think we ought to have a thorough scientific study of methods.

Mrs. JENCKES of Indiana. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Arizona. Yes. I shall be glad to yield to the gentlelady from Indiana.

Mrs. JENCKES of Indiana. Is the gentleman informed of the great number of uses to which farm wastes and other farm products may be put? In the United States Bureau of Standards there are many articles on display that they have made out of cornstalks, oat and wheat straw, and which have been developed to a semicommercial production state.

Mr. MURDOCK of Arizona. I thank the lady for her contribution. I am not sufficiently informed and I do not believe the public is sufficiently informed about such matters. To widen our knowledge is the purpose of this section of the bill and to enlarge upon its application is the purpose of this amendment. So thoroughly do I believe in the benefits of scientific research, I would go stronger than the committee did in the original draft.

Of course, more than a third of our population will be ill-fed until we produce and distribute more milk to our children. As a school teacher I know that as well as parents know it. To what extent can we increase the "economic demand" for milk, and to what extent can we increase the supply at a profit to the dairyman? I know about the "want" which exists, but economic demand is want coupled with ability to purchase. My friend from Michigan makes some interesting suggestions.

The gentlelady from Indiana also makes some very interesting suggestions. New uses for farm wastes—she comes from the Hoosier State which produces corn, as well as brainy men and beautiful and brilliant women. Is she thinking of the variety of new uses to which corn may be put? It is true that half of the materials of which an automobile is made may be obtained from the farm? If so, undoubtedly more than half of the material of which a house is made might be taken from the farm. Have we not mined the earth in our generation and exhausted its limited and unreproducible resources to operate our machine civilization when we might now get most of such materials from the topsoil in inexhaustible quantities?

Some thoughtful citizens say we ought to take a hint from Joseph, of ancient Egypt, and lay by a store in fat years as a preparation against the lean years. That would be one kind of preparation—and not a bad idea. However, we are told that the actual existence of stores of cotton, or any farm product, even in Government storehouses, withdrawn from the market, nevertheless has an effect upon the commodity price under our present economic system. Is it necessary as a part of wisdom in an agricultural country as vast as ours to build storehouses and actually pile up corn, cotton, and wheat against a time of shortage?

There are those who think that it is entirely improbable that all parts of this broad land will have a drought or crop failure in any one year or in a given period. It is thought that with our increasingly improved transportation system making possible the quick transfer of food and produce to all parts of wherever it may be, makes the idea of a famine, as our ancestors knew it, absolutely out of the question. In Asia and in Europe, during times past, famine has afflicted the land frequently while at the same time in regions not far away there was plenty. The chief trouble was that transportation facilities were very poor. Such dire calamities could not happen to us, it is claimed.

In medieval Europe the tillers of the soil produced all the crops they could and used what they needed for food, and then converted what they did not need as food into wine, beer, or some sort of drink. Thus they had some leeway in disposing of the crops, cutting down on the less necessary need in time of shortage and yet always being able to dispose of a surplus in a usable form. The making of a beverage, after food requirements were met, was one process our ancestors in Europe used quite universally.

I am not suggesting that our people grow all the corn possible and convert the surplus into strong drink, but we probably could convert all over our food requirements into motor fuel, building material, and the like. How many different industrial uses could science find for corn? Would not an economic system permitting the greatest annual production of corn and other crops, using up the surplus over present food needs, in supplementing less imperative industrial needs, be a better scheme of preparedness than the Joseph scheme of warehouses? Well, we might try both schemes, but in the former, science must show us how it should be done.

Mr. JONES. I ask that the gentleman from Connecticut [Mr. PHILLIPS] be allowed to proceed for 5 minutes, not to be taken out of the time on this amendment.

The CHAIRMAN. There remain 3 minutes on this amendment.

Mr. JONES. Perhaps we had better conclude this amendment.

Mr. Chairman, I think the purposes which my friend from Michigan [Mr. HOOK] desires to accomplish can be accomplished in the general language. I do not like to take a general provision, which undertakes to provide for research in all major areas, and stipulate a special rule for any one commodity. The purpose which the gentleman has in mind can be served under the provisions of section 32. The money that is made available under that section can be used through the Federal Surplus Commodities Corporation, which we continue in this bill for that purpose, if it is thought wise. I have no doubt that funds will be made available if this provision passes, for a research laboratory to study just what the gentleman has in mind.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. HOOK. Section 32 would not provide funds for an investigation to set up a method of distribution.

Mr. JONES. No.

Mr. HOOK. The Federal Trade Commission has made a very exhaustive study of that and has a very wonderful report. I know they are very much in favor of this.

Mr. JONES. This is research into new uses and new markets, and I rather think we ought to utilize the research into machinery, which the Federal Trade Commission may have made, and they will have advantage of that. Why go into that and authorize a wider field? I am thoroughly in sympathy with the gentleman who has given fine attention to this bill and to this section, but I would much rather keep it general than to have these funds tied up here.

Mr. LUTHER A. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. LUTHER A. JOHNSON. If specific allocation should be made as to cotton and other products, the gentleman will remember that I contemplated offering such an amendment, but the chairman asked me to withhold it.

Mr. JONES. Yes. If we earmark one, then there are 200 different agricultural commodities which would want to have money earmarked for them.

The CHAIRMAN. The time of the gentleman from Texas has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. HOOK].

The amendment was rejected.

Mr. PHILLIPS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will endeavor to conclude my remarks in less than 5 minutes, and if anybody wishes me to yield I would appreciate it if the request is made when I have finished, and then I will gladly yield if I have time.

I appreciate the courtesy of the great Chairman of this Committee in according me the floor at this time. I am one of those from a manufacturing and industrial center who

wants to vote for legislation to help the farmer. My friends, I have sat here day after day, hour after hour, listening to this debate. I find it very difficult for me at this time, conscientiously, to vote for this bill. I wish I had time to debate the question with those who have appeared here stating that the tariff so protects the manufacturer, and, I assume, his laborers; that now the farmer must be helped in this particular fashion. May I offer this as an analogy to think about for a moment? Suppose, we will say, our Secretary of Commerce were directed by law to hold an election—I come from a city that makes locks. Suppose the Secretary of Commerce were directed to hold an election of all those making locks in the whole United States, and if two-thirds of those voted in the affirmative, then every lock in stock in the United States over a certain amount would be put under lock and key. I suppose I ought to vote for this bill really because it does store things under lock and key. Then that stock would be sealed. Then they would put a seal on all lock-making machinery, and all the laborers and foremen up and down the line would be subsidized and would be prevented from engaging in any other form of gainful occupation until locks were made again. Now, Mr. Chairman, that is exactly what this bill seems to be like to one person, a freshman Member of this Congress, hoping to find some legislation which he can vote for to help the farmer.

Mr. Chairman, I have been brought up under the old New England doctrine that waste is sinful and that the individual must serve the community by some occupation whereby he delivers some return to the community. If he does not do that, that in itself, you might say, is sinful. That is the old code there in New England. When I see a bill drawn up with a philosophy of scarcity back of it rather than a philosophy of plenty, it is very hard for me to go along with it. I understand unemployment is increasing in New England. You may say, "Help the farmer and he will buy goods from New England." That is not the whole story. There are people in my district who need cotton clothes. There are people in my district who need food. Have we so broken down in imagination that we cannot find a system of distribution to distribute farm raised and needed goods from the farmer to the consumer instead of operating on an economy of scarcity and cutting off the farmers' productiveness?

In these closing minutes of the debate on this bill I still ask this Committee to give us a bill based on a philosophy of plenty, with an adequate system of distribution to the consumer, so we can vote for such a bill to help the farmer.

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS. I yield.

Mr. BIERMANN. I dislike very much to hear a Member on this side indicate that the protective tariff increases wages. That is the reverse of the fact. The highest wages are paid in those industries that are not protected—the automobile industry and in such occupations as plastering and bricklaying, and on the railroads, where there is no semblance of tariff. The tariff has raised prices, thrown men out of work, and, as for raising wages, I do not think anybody on this side still believes in that old fetish.

Mr. PHILLIPS. I do not think anyone can maintain that any tariff ever written has been or will be 100 percent correct. What we need, in my estimation, is a better system of distribution.

[Here the gavel fell.]

Mr. REED of New York. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I perhaps ought to apologize to the Members of this House for taking the floor at this late hour in the day, but this provision, section 402, is, to my mind, the one sound provision in this bill. I think you see in this particular section evidence of real statesmanship.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. CASE of South Dakota. Has the gentleman considered the requirement that before this money can be expended in any State or Territory that the State or Territory must hereafter appropriate $250,000 for physical facilities without regard to whether it already has these facilities?

Mr. REED of New York. Yes; I have seen that provision and I think it is sound.

Mr. CASE of South Dakota. That provision, I think, should be revised.

Mr. REED of New York. In my judgment, most of the land-grant colleges in the States, and many other colleges—I know it is true in my State—have facilities for carrying on very exhaustive research.

Mr. CASE of South Dakota. Absolutely, but this provision will require them to duplicate the facilities to the extent of a quarter of a million dollars.

Mr. REED of New York. I am sure that if these funds are directed to these colleges to provide the necessary additional facilities to properly carry out the work, we shall accomplish the real purpose sought under this provision.

Ever since I have been in Congress, in cooperation with both sides of the House, I have urged on every appropriate occasion the importance of vocational agriculture. It has been my hope and my dream that the day would come when in all the farm communities of this country we would have vocational agriculture in the schools available to the farm boys. That is a part of a long-range program. You are teaching the oncoming young people of the farm the scientific aspects of agriculture. Here comes another step that logically follows. We have trained these young people and they are prepared to enter into those lines of agriculture in a scientific way so they can avail themselves of the results of research.

Under industrial research we have seen industry prosper and sometimes make more out of the waste material than they were making out of the products for which the industry was originally organized to manufacture. We have seen cellophane come in as a by-product of immense value. We have seen the packing houses utilize every last scrap of the animal down to the hair, with no waste whatever, and I predict that if we go along on this long-range program as is provided for in this section, that eventually this scientific activity alone will solve the surplus crop problem in this country. I am heartily in accord with this one specific provision contained in this bill. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 8505, the farm bill, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at the juncture when I last interrogated the Chairman and to include a letter and a statement from Mr. A. B. Connor, Director of Extension, of the Agricultural and Mechanical College of Texas, together with some figures having to do with moneys already expended in research for the operation of the Forests Products Laboratory at Madison, Wis.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BARRY. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks on the subject of New Housing.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include a speech made by the Secretary of the Interior, Harold L. Ickes, last night in New York.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BURDICK. Mr. Speaker, with respect to a request I made on the 7th to insert a speech in the RECORD, may I say I have an estimate here from the Public Printer, and the speech will consume three and a half pages, or $67.20 over the regular allowance. I ask unanimous consent that notwithstanding the estimate I may insert the speech in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. JOHNSON of Minnesota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the President's curtailment of Federal aid to the States.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. LEMKE asked and was given permission to extend his own remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on tomorrow, after disposition of matters on the Speaker's table and at the conclusion of the other special orders, the gentleman from Minnesota [Mr. KNUTSON] may address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LORD. Mr. Speaker, I am not going to make a political speech. I want to discuss a subject that transcends all politics and crosses all political lines, and that is the contemplated action on the part of our Government to enter into a reciprocal-trade agreement with Czechoslovakia, which includes shoes.

I want to take you back to my district for a moment to the industrial valley of peace and fair play. Beginning at Binghamton, N. Y., and extending for a distance of 20 miles up and down the Susquehanna Valley where we have the villages of Johnson City, Endicott, and Owego, the major industrial activity is the manufacture of shoes. We have a number of manufacturers, the largest of which is the Endicott Johnson Corporation. This concern has been built up during the past 50 years by that great humanitarian, George F. Johnson. He started as a shoe worker at the bench, and now the employees in his factories number 20,000 men and women. This corporation is the second largest in the Nation and the third largest in the world.

I am making this address today in behalf of the workers in this great industry who stand to lose their jobs should the proposed reciprocal-trade treaty with Czechoslovakia be made in favor of the Bata Shoe Co. I want to tell you something about conditions under which my people work.

For many years they have worked an 8-hour day, 5 days a week, or 40 hours a week.

The workers, not including the salaried people, earn an average salary of $27 a week when they are working full time. In addition to this they have free recreation parks, swimming pools, tracks for horse racing, ball fields, picnic grounds, and all outdoor sports. They also have free hospitalization and free medical care for the workers and their families. The corporation builds homes for the workers at wholesale prices, sells them at cost with a small down payment, with weekly or monthly payments, and an interest rate of 3 percent. In addition to all this, if business is profitable, after a reasonable salary is paid to the officers of the corporation and interest at 6 percent is paid the stockholders, the balance is returned to the workers in bonuses. Therefore when the industry is prosperous the workers not only have good wages but also have their share of the profit of the concern.

The 20,000 people employed in our factories are not the only ones affected.

With a family of 5 to each worker 100,000 people are directly affected when they work on short time, as they are doing now. But another 100,000 are indirectly affected—the butcher, the baker, the grocer, and all lines of trade lose business, which may be far more important than the business we may possibly get from the foreign countries.

OUR GREATEST COMPETITOR—CZECHOSLOVAKIA

Czechoslovakia is a small country in Europe, about whom we have known little and cared less. Today we find them a menace to the prosperity and well-being of the shoe workers of our Nation.

They have a population of about twelve or fourteen million people, and they have located there the Bata Shoe Co., which is the largest shoe manufacturing concern in the world.

They not only have plants in Czechoslovakia but have plants in 10 other countries, including England, France, India, the Netherlands, Syria, and many others. They have more than 3,000 retail stores throughout the world, with 35 in the United States. They apparently aim to, and have succeeded fairly well, in controlling the shoe industry of the world.

In 1919 the United States exported to other countries, in round numbers, 22,000 pairs of shoes, valued at $75,000. At the present time we are exporting 1,500,000 pairs of shoes at a value of $3,000,000. The great bulk of the export trade which we have lost I understand has gone to the Bata Shoe Co. At the present time there is a tariff of 10 percent ad valorem on welt shoes, 20 percent ad valorem on cemented shoes, and 30 percent ad valorem on McKay sewed shoes.

When in 1932 the tariff on McKay sewed shoes was 20 percent ad valorem—this is all based on the value which the Bata Shoe Co. places on their shoes—shoes came into this country so fast from Czechoslovakia and our manufacturers were losing so much trade that they appealed to President Hoover for relief. By Presidential order he raised this percentage from 20 to 30 percent. Immediately the shipment of shoes lessened very materially and then the Bata Shoe Co. turned to the manufacture of cemented soled shoes where the tariff was only 20 percent ad valorem.

From less than 180,000 pairs imported in 1935 the number of cemented shoes imported in 1936 increased to more than 1,000,000 pairs, or more than 500 percent. In the first 4 months of 1937 there was an increase of more than 300 percent over 1936.

If the same ratio continues throughout the year 1937 imports will total between three and four million pairs of shoes coming into the country from Czechoslovakia.

This one concern, the Bata Shoe Co., will have taken about 4 percent of the shoe industry of the United States against 100 manufacturers which we have here.

The Bata Shoe Co. is delivering in the United States the shoe that competes most with our trade at $1.17½ a pair. The cost of manufacture in this country would be $1.47 or more per pair. One concern recently lost one order of more than $350,000 and more than $1,000,000 this year.

There is no question but that this foreign company can manufacture shoes for less than we can because of lower living conditions and their lower wage scale. According to compiled statistics, girls under 18 years of age are employed at about 13 cents an hour, boys under 18 years of age at about 18 cents an hour, and reports show they have an average wage of about 28 cents an hour for all their employees.

The average wage in the United States is more than 51 cents an hour, and in the factories I represent it is about 67 cents an hour.

Now, what is going to be the result of the proposed reciprocal-trade agreement, providing the tariff on shoes is lowered? Our manufacturers, not only in my district but throughout the States, cannot compete at the present time.

Perhaps we will have to resort to 40 cents an hour, as proposed in the wage and hour bill.

At the present time business is poor; our employees are working 3 days a week, 8 hours a day, or 24 hours a week.

President Roosevelt has called upon industry to employ more labor and is holding hearings on a proposed reciprocal-trade agreement which has for its purpose the lowering of the too little protection we have on shoes.

If the business is to go forward, the tariff will have to be increased to at least 30 percent ad valorem, based on our value of the shoes.

What are we going to do about it? Here is a little country of twelve or fourteen million people against 130,000,000. They are seeking to supply the world with shoes. They do not need the business for their own countrymen but are seeking world control of the industry.

Suppose we traded our shoe industry with them and sold them all the goods they buy abroad; we would still be the loser.

The Czechoslovakian factories and stores have been such a menace to France that they have passed laws to control and reduce the number of their stores. We may wake up when it is too late.

It is not only the shoe-manufacturing concerns who are interested, but there are our tanneries, our manufacturers of leather, and our hide industry. It is all going to have and is having a depressing effect upon business.

A few days ago there was great rejoicing in the Well of this House because enough signers had been secured to bring the wage and hour bill before the House for consideration. What good is a wage and hour bill going to do us if our manufacturing is to be done in Czechoslovakia?

The Tariff Commission is holding a hearing on the proposed reciprocal-trade agreements on shoes Tuesday, December 14, at 10 o'clock in the morning.

The hearing is to be held in the old Land Office Building. Members of Congress and others can be heard at this time and express their views on this all-important question.

I am going to call on the chairman of the Committee on Labor, Representative NORTON, if she is really interested in wages and hours for the workers—and I suppose she is—to assemble her committee and go before the Tariff Commission on Tuesday at 10 o'clock and protest against this proposed reduction in the tariff on shoes.

I am calling on every Member who signed this petition to bring the wage and hour bill up for consideration to show their good intentions by going before the Tariff Commission on next Tuesday and protesting the lowering of the tariff. I am calling on every Member of this House to join with me on Tuesday next, at 10 o'clock, at the old Land Office Building, and protest this proposed reduction in tariff.

This is not a political question. It is a question of whether our business shall go to Czechoslovakia, Syria, India, and England or whether we keep some of it for our own workers. [Applause.]

EXTENSION OF REMARKS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein the A. A. A. payments of $10,000 and over.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks which I made on yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. WILCOX. Mr. Speaker, under the previous order of the House I was accorded the privilege of addressing the House for 35 minutes this afternoon.

I ask unanimous consent that the same privilege may be granted me tomorrow at the conclusion of the other special orders.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

HOUR OF MEETING

Mr. JONES. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GAVAGAN (at the request of Mr. KENNEDY of New York), indefinitely, on account of illness.

To Mr. DREW of Pennsylvania, for 2 days, on account of illness in family.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 12 minutes p. m.), under its previous order, the House adjourned until Friday, December 10, 1937, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Friday, December 10, 1937, at 10 a. m.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m., on Wednesday, December 15, 1937, for hearing on H. R. 8549, for public consideration of bill to deny United States citizenship to persons advocating government by dictatorship.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. CROSSER's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on House Joint Resolution 389, distribution and sale of motor vehicles.

There will be a meeting of Mr. MALONEY's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on S. 1261, through-routes bill.

There will be a meeting of Mr. MARTIN's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday, January 4, 1938. Business to be considered: Hearing on sales-tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, train-lengths bill.

COMMITTEE ON THE JUDICIARY

The Special Bankruptcy Subcommittee of the Committee on the Judiciary will hold a public hearing on the Frazier-Lemke bill, S. 2215, to amend section 75 of the Bankruptcy Act, in the Judiciary Committee room at 346 House Office Building, on Friday, December 17, 1937, at 10 a. m.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FORD of California: A bill (H. R. 8662) to authorize the payment of additional compensation to special assistants to the Attorney General in the case of *United States* v. *Doheny, Executors;* to the Committee on the Judiciary.

By Mr. HAMILTON: A bill (H. R. 8663) to amend Public Act No. 784, Seventy-first Congress, entitled "An act to regulate the distribution and promotion of commissioned officers of the line of the Navy, and for other purposes"; to the Committee on Naval Affairs.

By Mr. ELLENBOGEN: A bill (H. R. 8664) to appropriate an additional sum of $500,000,000 in order to provide for more adequate relief and work relief, and for other purposes; to the Committee on Appropriations.

By Mr. BOLAND of Pennsylvania: A bill (H. R. 8665) to amend section 3336 of the revised statutes as amended pertaining to brewers' bonds, and for other purposes; to the Committee on Ways and Means.

By Mr. FISH: A bill (H. R. 8666) to extend the provisions of an act entitled "An act placing certain noncommissioned officers in the first grade" approved March 3, 1927; to the Committee on Military Affairs.

By Mr. MILLS: A bill (H. R. 8667) to promote interstate commerce by making certain interstate bridges toll free; to the Committee on Roads.

By Mr. BIERMANN: Joint resolution (H. J. Res. 533) to give effect to the nonrecognition of any situation brought about by means contrary to the Kellogg-Briand Pact; to the Committee on Foreign Affairs.

By Mr. BACON: Joint resolution (H. J. Res. 534) establishing a Federal Commission of Inquiry for study and report on the abolition of unfair labor conditions; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of Missouri: A bill (H. R. 8668) for the relief of Nimfa Terranova; to the Committee on Claims.

By Mr. CROSBY: A bill (H. R. 8669) granting a pension to Ruth Davenport; to the Committee on Pensions.

Also, a bill (H. R. 8670) granting a pension to William R. Jarrett; to the Committee on Pensions.

By Mr. HAMILTON: A bill (H. R. 8671) for the relief of the Old Dominion Marine Railway Corporation; to the Committee on Naval Affairs.

By Mr. O'CONNOR of Montana: A bill (H. R. 8672) for the relief of Fergus County, Mont.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3559. By Mr. ASHBROOK: Petition of 132 farmers and business men of Licking Township, Licking County, Ohio, protesting against the farm bill and the wage and hour bill; to the Committee on Labor.

3560. By Mr. CURLEY: Petition of the Anniston Industrial Union Council, endorsing the McCormack bill (H. R. 8431) establishing a 5-day week for Federal employees; to the Committee on the Civil Service.

3561. Also, petition of the American Institute of Architects, urging repeal of undistributed-profits tax; to the Committee on Ways and Means.

3562. By Mr. PFEIFER: Petition of the Greater New York Retail Furnishings & Dry Goods Association, Inc., New York City, concerning House bill 4722; to the Committee on Ways and Means.

3563. Also, petition of Henry S. Levy & Son, Inc., wholesale bakers, Brooklyn, N. Y., concerning a processing tax on wheat and other flour; to the Committee on Agriculture.

3564. Also, petition of Samuel Knighton & Sons, Inc., New York City, concerning a processing tax on wheat; to the Committee on Agriculture.

3565. Also, petition of the United Paperboard Co., New York City, concerning repeal of the undistributed profits tax; to the Committee on Ways and Means.

3566. Also, petition of the New York & New Jersey Dry Dock Association, New York City, concerning Senate bill 2555 and House bills 7365 and 7863, transferring duties of Army engineers to another Government department; to the Committee on Expenditures in the Executive Departments.

3567. By Mr. KEOGH: Petition of the Dry Dock Association, New York City, concerning the transfer of the work now being done by the Corps of Engineers of the United States Army to another governmental department; to the Committee on Expenditures in the Executive Departments.

3568. By Mr. MERRITT: Resolution of the New York & New Jersey Dry Dock Association, of New York City, protesting against the enactment of the House bills 7365 and 7863 and Senate bill 2555, now pending in Congress, to transfer the work now being done by the Corps of Engineers of the United States Army to another governmental department with civilian supervision; to the Committee on Expenditures in the Executive Departments.

3569. By Mr. COFFEE of Washington: Letter in the nature of a resolution by the public affairs committee of the Young Women's Christian Association, Tacoma, Wash., in which President Roosevelt is commended for his policy of cooperation with foreign nations to find ways of stopping wars; urging the Secretary of War to support all reasonable efforts to discourage the purchase of Japanese goods; strongly approving the deferring of the invocation of the Neutrality Act on the ground that it does not discriminate between aggressor and invaded nations; to the Committee on Foreign Affairs.

3570. By Mr. CITRON: Petition of numerous citizens of Waterbury, Conn., calling attention to the setting up of a semimilitary camp at Southbury, Conn., financed and directed by aliens and indirectly sponsored by a foreign government, which is interested in promoting Nazi doctrine in the United States, and asking Congress to investigate; to the Committee on Immigration and Naturalization.

3571. By Mr. ARENDS: Resolution of the Board of Supervisors of McLean County, Ill., advocating the establishment of a Federal grant program to be set up by the Farm Security Administration, whereby farm laborers and farm tenants could receive a Federal grant in which local townships could cooperate in setting up a work program; to the Committee on Agriculture.

3572. By Mr. COFFEE of Washington: Petition of Local No. 1, Workers Alliance of Washington, Seattle, which local consists of 1,308 members, urging the support by Congress of the antilynching bill and wage and hour bill, and also favoring the early enactment of the bill introduced by Congressman JERRY O'CONNELL, of Montana, providing for a deficiency appropriation of $1,500,000,000 and setting forth further that the said Workers Alliance is supporting the New Deal policies of the President 100 percent; to the Committee on the Judiciary.

SENATE

FRIDAY, DECEMBER 10, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, December 9, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	Overton
Andrews	Davis	King	Pepper
Ashurst	Dieterich	La Follette	Pittman
Austin	Donahey	Lee	Pope
Bailey	Duffy	Lewis	Radcliffe
Bankhead	Ellender	Lodge	Reynolds
Barkley	Frazier	Logan	Russell
Berry	George	Lonergan	Schwartz
Bilbo	Gerry	Lundeen	Schwellenbach
Bone	Gibson	McAdoo	Sheppard
Borah	Gillette	McCarran	Shipstead
Brown, Mich.	Glass	McGill	Smith
Brown, N. H.	Graves	McKellar	Steiwer
Bulkley	Green	McNary	Thomas, Okla.
Bulow	Guffey	Maloney	Thomas, Utah
Burke	Hale	Miller	Townsend
Byrd	Harrison	Minton	Truman
Byrnes	Hatch	Moore	Tydings
Capper	Hayden	Murray	Vandenberg
Caraway	Herring	Neely	Van Nuys
Chavez	Hitchcock	Norris	Wagner
Clark	Holt	Nye	Walsh
Connally	Johnson, Calif.	O'Mahoney	White

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from New Jersey [Mr. SMATHERS] is detained because of illness in his family.

The Senator from Montana [Mr. WHEELER] is unavoidable detained.

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Michigan Good Roads Federation, favoring the rejection of any proposal to curtail Federal highway appropriations to the States, which was referred to the Committee on Appropriations.

Mr. COPELAND presented a resolution adopted by the Fairport (N. Y.) Grange, Patrons of Husbandry, favoring the enactment of legislation providing compulsory incorporation of labor organizations, which was referred to the Committee on Education and Labor.

He also presented a petition of sundry citizens of Harrisville, N. Y., praying for the enactment of the bill (S. 1369) to prohibit the transportation in interstate commerce of advertisements of alcoholic beverages, and for other purposes, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Fairport (N. Y.) Grange, Patrons of Husbandry, protesting against the enactment of pending wage and hour legislation, which was ordered to lie on the table.

He also presented a resolution adopted by the Orleans County (N. Y.) Pomona Grange, Patrons of Husbandry, protesting against the enactment of uniform Federal wage and hour legislation, which was ordered to lie on the table.

He also presented a resolution adopted by the Orleans County (N. Y.) Pomona Grange, Patrons of Husbandry, protesting against further devaluation of the dollar without a corresponding increase in the tariffs on agricultural products, which was ordered to lie on the table.

He also presented a resolution adopted by the Orleans County (N. Y.) Pomona Grange, Patrons of Husbandry, protesting against the enactment of legislation to control agricultural production as to price and acreage, which was ordered to lie on the table.

He also presented a petition of sundry citizens of New York City, N. Y., praying for the enactment of the bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching, which was ordered to lie on the table.

He also presented a resolution adopted by the Westchester League of Women Voters, of Westchester County, N. Y., protesting against the enactment of the bill (S. 3022) to amend the law relating to appointment of postmasters, which was ordered to lie on the table.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mrs. GRAVES:

A bill (S. 3114) to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.; to the Committee on Commerce.

A bill (S. 3115) for the relief of Susan Lawrence Davis; to the Committee on Claims.

By Mr. DIETERICH and Mr. LEWIS:

A bill (S. 3116) for the appointment of an additional circuit judge for the seventh judicial circuit; and

A bill (S. 3117) to provide for the appointment of an additional district judge for the northern district of Illinois; to the Committee on the Judiciary.

By Mr. McGILL:

A bill (S. 3118) granting an increase of pension to Mary M. Boyd Kagle; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 3119) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Andrew Count Pulaski against the United States; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 3120) to amend the act of May 4, 1898 (30 Stat. 369) so as to authorize the President to appoint 100 acting assistant surgeons for temporary service; to the Committee on Naval Affairs.

A bill (S. 3121) for the relief of Ruby Z. Winslow; to the Committee on Claims.

By Mr. PEPPER:

A bill (S. 3122) for the relief of Walter W. Johnston; to the Committee on Claims.

By Mr. BULKLEY:

A bill (S. 3123) for the relief of the E. F. Hauserman Co.; to the Committee on Claims.

By Mr. STEIWER:

A bill (S. 3124) granting an increase of pension to Phoebe Owen; to the Committee on Pensions.

By Mr. HARRISON:

A bill (S. 3125) to provide for the administration and maintenance of the Natchez Trace Parkway, in the States of Mississippi, Alabama, and Tennessee, by the Secretary of the Interior, and for other purposes; to the Committee on Public Lands and Surveys.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. BAILEY and Mr. McKELLAR each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were ordered to lie on the table and to be printed.

TENNESSEE RIVER BRIDGE, ALA.—REPORT OF COMMITTEE ON COMMERCE

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 3114) to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala., reported it without amendment and submitted a report (No. 1298) thereon.

Mr. BARKLEY. I ask unanimous consent for the present consideration of Senate bill 3114, introduced today by the Senator from Alabama [Mrs. GRAVES] and reported favorably from the Committee on Commerce by the Senator from Texas [Mr. SHEPPARD].

There being no objection, the bill (S. 3114) to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala., was considered, ordered to be

engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted etc., That the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, in the State of Alabama, authorized to be built by the State of Alabama, its agent or agencies; Colbert County and Lauderdale County, in the State of Alabama; the city of Sheffield, Colbert County, Ala.; the city of Florence, Lauderdale County, Ala.; and the Highway Bridge Commission, Inc., of Alabama, or any two of them, or either of them, by an act of Congress approved June 12, 1934, as amended, are hereby extended 1 and 3 years, respectively, from the date of the approval of this act.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

LIMITATION OF JUTE IMPORTS

Mr. WALSH. Mr. President, on behalf of the Senator from Connecticut [Mr. LONERGAN] and myself, I present a memorandum relative to the proposed Bankhead-Russell amendment to Senate bill 2787, the agricultural relief bill, on limiting the imports of jute, which I ask may be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM OF SENATORS WALSH AND LONERGAN ON THE PROPOSED BANKHEAD-RUSSELL AMENDMENT TO S. 2787 ON LIMITING IMPORTS OF JUTE

DECEMBER 10, 1937.

1. Senator BANKHEAD has announced for himself and for Senator RUSSELL the intended introduction of an amendment to S. 2787, the farm bill now being debated by the Senate, providing that the amount of jute and jute products to be permitted entry into the United States annually shall not be in excess of 65 percent of the average annual amount imported during the period 1931–35. The announced theory in support of this discriminatory proposal is that it may in some fashion aid the cotton program. The fact is readily demonstrated that it will greatly increase the cost of a vital commodity, the imports of which have relatively decreased; that this increased cost will be borne principally by American farmers, and particularly by the very cotton farmers the program is designed to aid; that it will seriously affect and curtail the employment in several American manufacturing industries using the commodity; and that it flies in the face of the administration policy for the development of export markets essential to cotton itself.

2. In the first place, the fact of the matter is that the relative amount of imported raw jute and jute products has during the past 10 years decreased compared with domestic consumption of cotton. Without elaborate statistics the following simple comparison shows clearly that jute imports are lagging behind domestic cotton consumption since 1927.

Comparison of jute imports, domestic cotton consumption, and general index of manufacturing

	Imports of jute and jute products		Cotton consumption in United States mills		Federal Reserve Board index of manufacturing production [1]
	Thousand pounds	Index	Thousand pounds	Index [1]	
1927	968,679	100.0	3,702,510	100.0	100.0
1928	968,677	100.0	3,286,038	88.8	105.7
1929	958,806	99.0	3,524,946	95.2	112.3
1930	882,619	91.1	2,688,894	72.6	89.6
1931	699,143	72.2	2,721,930	73.5	75.5
1932	543,794	56.1	2,508,504	67.8	59.4
1933	641,769	66.3	3,105,300	83.9	70.8
1934	605,123	62.5	2,706,429	73.1	73.6
1935	716,409	74.0	2,821,330	76.2	84.9
1936	837,529	86.5	3,548,697	95.8	99.1

[1] 1927 figures have been taken as 100 in each case. Import and production figures are in thousands of pounds.

Obviously, it is only domestic consumption of cotton that can possibly be affected by jute imported into this country. Leaving aside any question of the growth of rayon production or other factors, it is clear that there is no evidence in these figures either that jute imports have relatively increased or that they have affected domestic cotton consumption. Indeed, a cotton-control program has not been made necessary by any falling off in domestic consumption greater than that indicated by general business activity.

3. The present proposal, which is based upon a false theory and which discriminates against both American agriculture and American labor, has been rejected by the Senate before. In July 1935, Senator RUSSELL proposed a discriminatory tax which was defeated by the Senate after considerable debate had brought to light that the cost of such jute tax on fabric and twine was borne directly by the American farmer who uses burlap bags for the marketing of his commodities and would bear directly and most heavily upon farmers producing wheat, cotton, potatoes, sugar, onions, citrus fruits, and so forth. Again in June 1936, the Senate rejected a similar tax proposal because the cost would have to be met by the American farmer and because the discriminatory proposal would have resulted disastrously to the American manufacturing industries using the commodity.

It is clear that the present import restriction to 65 percent of the 1931–35 average would have precisely the same effect. A one-third decrease in supply would without question materially increase the cost of those products in which the use of the commodity is essential, such as upholstery webbings, electric cables, and so forth. This curtailment of supply would increase the cost of bags in which agricultural products are shipped and for which burlap alone can be used. Moreover, the 5-year period selected represents the low point of the depression in both agriculture and industry and would on the basis of present conditions mean actually a 50-percent curtailment of this essential product. Correspondingly, the price to those using the product and the effect upon the American industries manufacturing it would be tremendously increased.

4. Who would pay this cost? In the first place more than two-thirds of all the jute and jute products imported are in the form of burlap which goes to furnish bags for shipment of wheat, onions, potatoes, sugar, citrus fruit, and a host of other agricultural products. For the majority of these products burlap is the most efficient bagging material, and cotton is not now and could not be employed. Curtailment of supply means directly increased costs to farmers producing these products. In addition, burlap is irreplaceable by cotton in the manufacture of linoleum and a variety of other products, and increased cost will mean either curtailment of business in these lines or increased costs to the consumer. Next, a large percentage of the jute butts (waste), raw jute, and jute products imported are used for wrapping raw cotton. Cotton is not used for this purpose because its technical availability has not been demonstrated, the continued sampling incident to American handling of cotton bales makes it impractical and, lastly, its cost at any time is prohibitive. Curtailment of supply means simply greatly increased costs to the American cotton farmer for the wrapping of his cotton bales. The paradox is thus that the very cotton farmer that the bill is designed to aid will be hurt most by the proposal. Finally, the cost of jute twines for tying and wrapping agricultural and other products will be measurably increased and its cost in other minor but important uses, such as carpets, will be made greater.

But, apart from the fact that the American farmer largely and other consumers will pay the cost of restricted supplies in these irreplaceable uses, there is the consequence that restriction of supplies will curtail operations and cause direct unemployment in those American industries using this commodity. In the first place, over 90 percent of the burlap used for agricultural bagging and other purposes is fabricated in this country by American labor. All of the jute butts and raw jute constituting about 18 percent of the imports is spun and woven and otherwise fabricated in this country. A good part of the bagging for covering cotton is woven and reworked in this country by American labor. This jute manufacturing industry is important in Massachusetts, New York, Pennsylvania, Delaware, Ohio, and the manufacture of bags and bagging is carried on in a great many States. Curtailment of supply by the proposed restriction is as unwarranted and its effects will be not unlike a curtailment of rubber imports on the rubber industry or silk on the silk industry.

5. Finally, no one can doubt that this discriminatory restriction flies in the face of the administration policy for the development of our foreign trade upon which the cotton grower is greatly dependent. Any such restriction will damage the cotton grower by further curtailing his export market. India, which supplies raw jute and semimanufactured jute products, is a large importer of American cotton, particularly in the form of manufactured cotton goods from England produced from American cotton. Curtailment of what these countries can directly or indirectly sell to us demonstrably means curtailment of what we can sell to them.

6. This discriminatory restriction was not suggested by the Department of Agriculture; it was not reported by the committee; indeed, it was not suggested by either the cotton growers or any other agricultural interest. It will not benefit them. It originated with the American Cotton Manufacturers' Association, composed of the southern cotton textile mills. For a public report (New York Journal of Commerce, Wednesday, December 1, 1937, page 12) reveals that the text of this very amendment was proposed by a committee of that association. These men are not cotton farmers. They know that the difficulties in the cotton industry are not due to declining consumption in the United States and that jute imports have had no effect. They know that their difficulties are largely due to changes in their own methods of operation, particularly in the intensive use of their machinery. Their mistaken hope must be that they will be helped by restricting supplies of a commodity fabricated in this country by American labor and used largely by American agriculture, even though the cost of such restriction will be borne directly by the American farmer and the consequence will be curtailment of production and unemployment elsewhere in American industry.

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess yesterday the tobacco section of the bill had been completed, with the exception of some amendments that had been passed over. What is the pleasure of the Senate today?

Mr. COPELAND. Mr. President, I think among the amendments passed over were those relating to the dairy industry.

The VICE PRESIDENT. The Chair is informed that a number of amendments have been passed over which have not yet been considered by the Senate. The Senator from New York had 1, and there are 9 or 10 other amendments. The Chair does not know what is the pleasure of the Senate—whether to continue the consideration of the bill in regular order until the end is reached, and then go back and take up the amendments passed over, or to pursue some other course. That is the reason why the Chair asks what is the pleasure of the Senate.

Mr. COPELAND. Mr. President, so far as I am concerned, I desire to conform to the wishes of the leadership.

The VICE PRESIDENT. If there is no objection, the clerk will state the next amendment which has not been passed over.

The CHIEF CLERK. On page 48, after line 13, it is proposed to insert:

Title V—Marketing Quota for Rice.

Mr. COPELAND. Mr. President, I ask the Senator from Idaho [Mr. POPE] whether he would object to our taking up the dairy items now.

Mr. POPE. Mr. President, I think we are ready to take up the dairy amendments at any time.

Mr. COPELAND. Then I ask that we consider the dairy amendments at the moment.

The VICE PRESIDENT. The Senator from New York asks unanimous consent to return to what are known as the dairy amendments. Is there objection?

Mr. McNARY. Mr. President, possibly there may be objection for the moment.

The Senator from New York has an amendment which attempts to take the dairy industry out of the provisions of the bill. That occurs in three distinct places. I have an amendment, suggested by the National Cooperative Dairy Association, which also deals with the dairy problem but in a larger way. In substance it contemplates the disuse of the diverted land for the expansion of the dairy industry.

If we are to consider the whole dairy question, I should want to go into the whole subject matter or none. To that extent I shall object if the proposal is limited in its scope.

The VICE PRESIDENT. Let us have order in the Senate.

Mr. McNARY. The Vice President must know whether or not I have an objection, so I am addressing to him my remarks on this question.

I have no objection to the adoption of the proposal of the Senator from New York if we are to consider the whole comprehensive field applying to the dairy industry. If the proposal is limited to taking the dairy industry out of the bill, that is one thing. There is, however, another phase of the bill which is of more importance than taking the dairy business out of the bill, and that is the one which treats of the diverted acres that are not put into normal crop production but may be used for dairy purposes in connection with reclaiming and reconditioning and conserving the soil.

If the Senator from New York wishes to consider the whole problem and enter the entire field for discussion and amendment, I am willing to do so. Otherwise, I shall object.

Mr. COPELAND. Mr. President, of course I have no objection at all to that, because I am in sympathy with the idea of the Senator from Oregon.

Mr. McNARY. I appreciate that.

Mr. COPELAND. The amendments I have are not directly related to what the Senator from Oregon has in mind. My amendment has to do with the quota in the case of farms on which dairying is done, while the Senator from Oregon is seeking to make certain that the acres which are released from the production of other crops shall not be used for dairy purposes. I, of course, am perfectly willing to have the whole matter considered.

Mr. McNARY. I knew the Senator was. I directed my remarks first to the inquiry propounded by the Vice President as to whether or not I had an objection. Probably the inquiry should be addressed to the Senator from Idaho.

The VICE PRESIDENT. Under the conditions stated by the Senator from Oregon, the Chair would interpret his statement as an objection to considering at this time the amendment of the Senator from New York unless the whole question of conservation of soil in connection with the dairy industry is considered. That is the way the Chair understood the matter. The Chair would consider that an objection.

Mr. BARKLEY. Mr. President, is the amendment under discussion an amendment to a committee amendment, or is it designed to perfect the text of the bill?

The VICE PRESIDENT. The Senate the other day agreed to consider committee amendments first, but the Senator from New York rose in his place and obtained unanimous consent to offer his amendment out of order, and it is now pending.

Mr. BARKLEY. It is an amendment in connection with matters treated by the committee amendment to the bill.

The VICE PRESIDENT. It is, but the Senator's amendment is not a committee amendment. The clerk will report the next amendment.

Mr. McNARY. Mr. President, I do not want to be placed in the attitude of objecting to an amendment offered by the Senator from New York or objecting to his request. All I want to do is to provide that we may go into the entire field of controversy if we go into the matter at all. Is that satisfactory to the Senator from New York?

Mr. COPELAND. It is entirely satisfactory to me. Of course, my amendment and that of the Senator from Oregon are related in name because they both concern the dairy industry, although they are quite separate and apart in the purposes of their functioning. I am perfectly satisfied to accede to the Senator's suggestion that the whole matter be considered at this time.

Mr. McNARY. They are so interrelated that they ought to be considered at one time in order that we may discuss the whole problem together. I am willing to proceed now.

Mr. COPELAND. I suppose that depends upon the wish of the Senator from Idaho [Mr. POPE].

Mr. POPE. Mr. President, I have an amendment to the amendment on page 27 which was passed over. I think that amendment would now be in order. I have conferred with the Senator from New York and other Senators as to dairy amendments, and I am ready to present and propose an amendment to the committee amendment which appears in lines 10 to 15, page 27. I am ready now to offer that amendment to the committee amendment and dispose of it.

Mr. COPELAND. I think the request of the Senator from Oregon is that if we are to proceed at all to consideration of the dairy question, the amendment he has presented should also be considered.

Mr. McNARY. Oh, yes.

Mr. POPE. I do not object to that.

Mr. McNARY. I do not find at all acceptable the proposal made by the Senator from Idaho, and neither do the dairymen of the country. I do not want a disarrangement of the dairy business to occur in that fashion. I think I shall object at this time to proceeding as requested.

The VICE PRESIDENT. Objection is heard. The clerk will report the next amendment.

The next amendment of the Committee on Agriculture and Forestry was on page 48, after line 13, to insert:

Title V—Marketing Quotas for Rice.

The amendment was agreed to.

The next amendment was, on page 48, after line 14, to insert:

DOMESTIC ALLOTMENT

SEC. 50. (a) The marketing of rice constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Rice produced for market is sold on a Nation-wide market, and, with its products, moves almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes; in many cases such farmers carry on their farming operations on borrowed money or leased lands and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government sanction and protection for joint economic action. For these reasons, among others, the farmers are unable without Federal assistance to control, effectively, the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

The amendment was agreed to.

The next amendment was, on page 49, after line 10, to insert:

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

The amendment was agreed to.

The next amendment was, on page 49, after line 21, to insert:

(c) Whenever an abnormally excessive supply of rice exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

The amendment was agreed to.

The next amendment was, on page 50, after line 3, to insert:

SEC. 51. (a) Not later than December 31 of each year the Secretary shall ascertain from the latest available statistics of the Department of Agriculture and shall proclaim the total amount of rice which will be needed during the next succeeding marketing year to meet the requirements of consumers in the United States, its Territories, and in Cuba if at the time of such announcement the Cuban tariff rate applicable to the first 100,000,000 pounds of rice imported into Cuba in any year from the United States is at least $1.70 per hundred pounds less than the tariff rate on rice imported into Cuba from countries other than the United States. Such amount is hereinafter referred to as the "domestic allotment of rice."

Mr. ELLENDER. Mr. President, I have at the desk an amendment to this paragraph which I ask may be stated.

The VICE PRESIDENT. The amendment to the committee amendment will be stated.

The CHIEF CLERK. On page 50, line 9, after the word "and", it is proposed to insert "such markets as may exist", and on page 50, line 10, following the word "Cuba", strike out all of the language through and including the word "States" in line 15, as follows:

If at the time of such announcement the Cuban tariff rate applicable to the first 100,000,000 pounds of rice imported into Cuba in any year from the United States is at least $1.70 per hundred pounds less than the tariff rate on rice imported into Cuba from countries other than the United States.

The PRESIDING OFFICER (Mr. MINTON in the chair). Without objection, the amendment——

Mr. McNARY. No, Mr. President, not yet. I do not know that I quite understand the proposal. I should like to have it explained by someone who is familiar with it.

Mr. ELLENDER. Mr. President, the purpose of the section is to fix the domestic allotment for rice consumed in the United States. In addition to using as a factor what is consumed in the United States there is added the rice consumed in Cuba, on which the Cuban tariff has been reduced to equalize matters so that rice produced in this country can compete with rice shipped into Cuba from foreign countries.

Mr. McNARY. Does that mean that the tariff is to be modified?

Mr. ELLENDER. The Cuban tariff has already been modified by a temporary agreement between American rice growers and the Cuban Government.

Mr. McNARY. This refers to an agreement rather than to schedules in the Tariff Act?

Mr. ELLENDER. That is correct. It refers to a temporary concession granted American rice by the Cuban Government.

Mr. McNARY. The language does not contemplate a modification of the tariff on rice in Cuba?

Mr. ELLENDER. No.

Mr. McNARY. Nor an attempt to fix a tariff rate?

Mr. ELLENDER. Not at all.

Mr. McNARY. It is simply reasserting an agreement already reached between Cuba and the United States in one of the so-called trade-agreement compacts?

Mr. ELLENDER. Yes. It reasserts an agreement between American rice growers and the Cuban Government.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Louisiana what would be the effect should the trade agreement expire?

Mr. ELLENDER. Then, of course, the amendment would not have any effect at all. It is effective only so long as the tariff on Cuban rice is reduced to such an extent that the rice producers of this country can compete on the Cuban market with other rice-producing countries. The tariff on rice shipped into Cuba is $2.13 to all foreign countries, but under an agreement entered into between American rice producers and the Cuban Government the tariff on a certain amount of American rice has been reduced $1.70, thereby making the Cuban tariff only 43 cents. With that tariff preferential the producers of rice in this country can compete with rice producers from other countries shipping into Cuba. Of course, if the agreement now existing should be terminated, this provision would be inoperative.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 50, after line 16, to insert:

(b) Within 30 days after the enactment of this title the Secretary shall ascertain from the latest available statistics of the Department of Agriculture and shall proclaim the total amount of rice which will be needed during the marketing year commencing August 1, 1937, to meet the requirements of consumers as provided in subsection (a).

The amendment was agreed to.

The next amendment was, on page 50, after line 22, to insert:

(c) The domestic allotments of rice for the marketing years commencing August 1, 1937, and August 1, 1938, shall be apportioned by the Secretary among the several States in which rice is produced on the following basis: First, between California on the one hand and all other States on the other hand in proportion to the rice base production established for such States under the 1937 agricultural conservation program; second, among the States other than California in proportion to the average of (1) the rice base production established for each State under the 1937 agricultural conservation program, (2) the average amount of rice produced in each State during the 5-year period 1932–36, and (3) the amount of rice produced in each State in 1937. The domestic allotment of rice for each subsequent marketing year shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the larger of (1) the average amount of rice produced in each State during the 5-year period including the calendar year in which such domestic allotment is announced, or (2) the domestic allotment made to each State for the preceding year.

Mr. McNARY. Mr. President, it is rather difficult to keep up with the rapid reading of the clerk. I am curious to know if the allocation here is satisfactory to the States involved.

Mr. ELLENDER. That is my understanding. It is the same formula that was adopted under the A. A. A., or practically so, with reference to the States.

I have at the desk an amendment to this paragraph which I ask to have stated at this time.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 51, line 14, after the word "to", it is proposed to strike out "the larger of (1)"; and in line 17 to strike out, after the word "announced", the following: "or (2) the domestic allotment made to each State for the preceding year."

The amendment to the amendment was agreed to.

Mr. VANDENBERG. Mr. President, may I inquire if this is an amendment offered by the committee?

Mr. ELLENDER. The amendment was not considered by the committee as a whole. The reason for the amendment is simply that it is thought if the bill remains worded as it is, it will freeze the quota as fixed under No. 1 and there would be no way by which it could be increased. The effect of the amendment is simply to leave the apportionment to be made on the average amount of rice used in each State during a 5-year period, including the calendar year in which it is announced.

Mr. VANDENBERG. I am simply trying to ascertain the source of the amendment. Did it come from the Department of Agriculture?

Mr. ELLENDER. Oh, yes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The amendment, as amended, was agreed to.

The next amendment was, on page 51, after line 18, to insert the following:

(d) The Secretary shall provide, through local and State committees of farmers, for the allotment of each State apportionment among persons producing rice in such State. Such allotment with respect to the marketing years commencing August 1, 1937, and August 1, 1938, shall be made on the basis of the average of (1), if such a base was established, the rice base production established for each such person under the 1937 agricultural conservation program; (2) the average amount of rice produced by each such person during the 5-year period 1932–36, including the normal production of any acreage retired or diverted from rice production by such person during such years under agricultural adjustment and conservation programs; and (3) the amount of rice produced by each such person in 1937, including the normal production of any acreage diverted from rice production by such person during such year under the agricultural conservation program, with such adjustments as may be necessary in order that the allotment for each person shall be fair and reasonable as compared with allotments established for other persons having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice. Such allotment for subsequent years shall be made on the basis of the larger of (1) the average amount of rice produced by each person during the 5-year period upon which State apportionments pursuant to subsection (c) are based for such year, or (2) the allotment made to such person for the preceding year, with such adjustments as may be necessary in order that the allotment for each person shall be fair and reasonable as compared with allotments established for other persons having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice: *Provided*, That not exceeding 3 percent of each State apportionment shall be available for allotment among persons who, for the first time in 5 years, produce rice to be marketed in the marketing year next succeeding the marketing year in which such State apportionment is made, such allotments to be made upon such basis as the Secretary deems fair and just and will apply to all persons to whom an apportionment is made under this provision uniformly within the State on the basis or classification adopted. In determining the average amount of rice produced by any person during any 5-year period there shall be omitted from such computation any year in which the amount of rice produced by such person is less than 75 percent of the average amount computed by including such year, if such deficiency in production for such year was due to damage caused by storms, salt water, or other uncontrollable acts of Nature.

Mr. McNARY. Mr. President, I should like to have the Senator to discuss this language in subsection (d), on page 52—

Including the normal production of any acreage retired or diverted from rice production by such person during such years under agricultural adjustment and conservation programs.

Mr. ELLENDER. What is the inquiry?

Mr. McNARY. I ask that the Senator discuss the language contained in that subsection on the question of diversion seeming to be measured by the Soil Conservation Act.

Mr. ELLENDER. That is inserted in order to adjust allotments to farmers. There are a great many farmers who carried out the soil-diverting requirements of the old A. A. A. program and the present Soil Conservation Act. On the other hand, there were many farmers who thought they could make more money by planting an increased acreage of rice, and thus did not participate in the soil-conservation program. In estimating the amount of rice to be produced and to be allotted to the farmers, those who followed the A. A. A. and Soil Conservation Act programs would be credited with such an amount of rice as would have been produced on the acreage diverted. We would thus equalize the allotment of the cooperator who followed the soil-conservation programs with the allotment of the farmer who did not.

Mr. McNARY. Under the provisions of the pending bill, a man would be receiving soil-conservation benefit payments?

Mr. ELLENDER. That is correct.

Mr. McNARY. So his position would be exactly similar to that of the cotton producer and the tobacco producer.

Mr. ELLENDER. To a certain extent; yes.

Mr. McNARY. What is the difference in the measure of the benefits between the producers of the three crops I have just mentioned?

Mr. ELLENDER. Insofar as cotton is concerned, there is a provision in the bill that the cotton farmer is entitled to soil-conservation benefits, but such soil-conservation payments coming to the farmer would be credited toward the parity price. The same applies to corn and wheat. With reference to tobacco and rice, all the producers of those two commodities will receive will be the soil-conservation payments, and no more.

Mr. McNARY. I think the Senator is mistaken about that. The soil-conservation payments which are diverted in the way of parity payments apply to wheat and corn, but not as to cotton.

Mr. ELLENDER. Is that the Senator's interpretation?

Mr. McNARY. That is my interpretation.

Mr. ELLENDER. That is not my interpretation of the bill, because there is an amendment here providing that 55 percent of the amount which is now allocated to soil conservation shall be set aside, and shall be used, as far as it will go, toward paying parity prices on the three commodities mentioned.

Mr. REYNOLDS. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. REYNOLDS. Yesterday afternoon I sent to the desk an amendment I proposed to offer relating to the collection of forfeitures in regard to the purchase of tobacco. The amendment was printed and is on the clerk's desk this morning. In view of the fact that I learned, after a study of this matter, that the subject which I had in mind for adoption in relation to the pending bill is thoroughly covered by an amendment which was offered and accepted yesterday, an amendment proposed by the junior Senator from Louisiana [Mr. ELLENDER], I now wish to withdraw the amendment proposed by me.

The PRESIDING OFFICER. The Senator from North Carolina withdraws the amendment presented by him yesterday.

Mr. OVERTON. Mr. President, will my colleague yield?

Mr. ELLENDER. I yield.

Mr. OVERTON. I wish to direct the attention of the Senator from Oregon to page 11 of the bill, lines 4 to 6, where it is provided:

> Such payments, in case of cotton, shall be made upon the quantity of cotton produced on each farm under the national marketing quota for cotton.

It would appear from this language that it is necessary that there should be a national quota for cotton before there could be a parity payment.

Mr. McNARY. That refers to parity payments. I was referring to and questioning the Senator about the soil-conservation benefit payments, another bonus, rather than the parity price. That is what I wanted him to discuss.

In other words, I am asking for information.

The rice producer is not required to sign an adjustment contract.

Mr. ELLENDER. That is correct.

Mr. McNARY. It is not required that 51 percent of the producers at a meeting must indicate their desire to sign a contract.

Mr. ELLENDER. That is correct.

Mr. McNARY. The rice producer has no contract whatsoever involving parity payments, the use of the Surplus Reserve Loan Corporation, or soil-conservation benefits.

Mr. ELLENDER. That is true.

The PRESIDING OFFICER. The time of the Senator from Louisiana on the amendment has expired.

Mr. McNARY. The contract required in the case of wheat and cotton, covering all three factors I have mentioned, is not required of the rice producer.

Mr. ELLENDER. That is correct.

Mr. McNARY. But in time he does get soil-conservation payments. He also gets the use of the facilities of the Surplus Reserve Loan Corporation.

Mr. ELLENDER. That is correct.

Mr. McNARY. Does he get parity payments?

Mr. ELLENDER. No.

Mr. McNARY. He gets no parity payments. Therefore he is in the same category with the tobacco producers in that respect.

Mr. ELLENDER. That is correct.

Mr. McNARY. It is required that there be a referendum before a national quota is fixed, and the design of that national referendum, the structure of it, is of the same character that applies to these other commodities.

Mr. ELLENDER. That is correct.

Mr. McNARY. Let me ask one other question during my time. What States produce rice?

Mr. ELLENDER. California, Texas, Louisiana, and Arkansas are the four main rice-producing States.

Mr. McNARY. I thank the Senator.

Mr. ELLENDER. I will further say, if the Senator will yield to me in his time——

Mr. McNARY. I yield.

Mr. ELLENDER. I will state why it is not necessary, or why we have not provided in the bill, that rice producers sign contracts. The reason is that the only payments they get are those provided for under the Soil Conservation Act, which is now in force. Under that act there is no requirement for any farmer who receives benefits under the act to sign any contract.

Mr. McNARY. That was purposely designed in order to get around the Butler case, in which the Supreme Court held unconstitutional the old A. A. A. Act. That is the reason for that.

Mr. ELLENDER. In respect to tobacco, another reason why it is not necessary that the tobacco grower sign a contract, in addition to the reason I have just given as to rice, is that, in advance of production, if a marketing quota is put on the tobacco growers, then it becomes the law for all tobacco growers.

Mr. McNARY. I appreciate that. We considered that question yesterday in respect to tobacco.

Mr. ELLENDER. I thought I would make it plain.

Mr. McNARY. It is exceedingly plain that this contract is forced only upon the backs of the wheat and cotton growers.

Mr. MILLER. Mr. President, I should like to propound some questions to the junior Senator from Louisiana with reference to the section we are now considering.

The section deals primarily, in the first part, with the apportionment of the State allotment to the producers of rice. It is different from any other allotment I know of in that this allotment is made to the person and does not follow the land.

Mr. McNARY. Will the Senator advise me to what language he refers?

Mr. MILLER. I refer to line 2 on page 51, and to the language throughout the entire subsection (d). It carries out the theory that the apportionment is to be made to the person.

In my opinion, there ought to be some provision in this section whereby the landowner may receive some consideration. About 75 percent of the rice is produced by tenants, and under this section as now drafted the rice will be apportioned, not to the land, but to the tenant. Some of those tenants may be sharecroppers, and some of them may be tenants in the true sense of the word.

If a man is planting rice on a farm, his allotment is 40 acres of rice. If he leaves that farm, he takes his allotment with him; it is not assignable. If he leaves rice production entirely, he takes that allotment out with him, and the landowner cannot put that land into rice unless he can find some tenant carrying an allotment around with him.

The raising of rice is almost a trade in itself. The rice farmer is a little bit different from any other farmer. I do not desire to put the tenants in the situation where they may be mistreated by the landowner, but I do not want to leave the landowner absolutely at the mercy of the tenants. The question I should like to ask the junior Senator from Louisiana is whether or not he has any amendment designed to correct that situation, because I do not think that condition should prevail after the bill has become a law.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield to me for that purpose?

Mr. MILLER. I yield.

Mr. ELLENDER. The statement made by the junior Senator from Arkansas to the effect that the quota is personal and does not go to the farm is correct. I would say that quite a number of the Senators present may have participated in debate on this very question. I know that has been the method of allocating quotas ever since rice has been dealt with under the A. A. A. Under the past programs the rice assignment has been made to the person rather than to the land. This was because rice can be grown consecutively on the same tract of land for only 3 to 5 years. Rice grows in from 4 to 6 inches of water. Continuous cropping results in waterlogged land and in heavy infestation of water-loving weeds, both of which tend to reduce yields to such a point that further production on the tract is no longer profitable. When yields fall off, the rice operations must be transferred to other tracts of land which are in condition for rice production. It requires several years for lands previously cropped to rice to get back in condition, and the best generally applicable treatment for reconditioning rice land is to let it lie fallow. Consequently, any program which will fit conditions in the rice territory must be designed so that the rice growers' operations may be moved about as freely as is necessary.

It is my belief that the great majority of the rice growers do want it that way. They want the quota to be given to the rice grower and not to the farm.

Mr. McNARY. Mr. President, will the Senator from Arkansas yield?

Mr. MILLER. I yield.

Mr. McNARY. Then the statement is correct, that, of course, if the tenant receives a personal quota, and he leaves

the farm upon which he produces rice and goes to another township, the farmer who has the title to the land then is without a tenant and without a quota and does not come under the provisions of this bill?

Mr. ELLENDER. Yes; of course. The landowner can take care of the situation by means of a long-term lease.

Mr. McNARY. He then would have to find a tenant who had a quota. There might be very few tenants loose looking for leaseholds who had contractual rights under this bill.

Mr. ELLENDER. That is correct. That is one of the main differences as to allotments with respect to rice in comparison to all other commodities with which we are dealing. All of the other allotments go to the farms. But with rice, as I said, the allotment is made to the person producing the rice. That situation has existed ever since the Government has been dealing with rice, and the rice growers seem to desire it that way.

Mr. McNARY. Would it not have the tendency to put a special value upon a tenant who had a lease and had a personal contract under this bill and would he not be under the temptation to go somewhere else; that is, would he not be receiving favors and bids which he would not receive if he did not possess a contract.

Mr. ELLENDER. Necessarily so.

Mr. McNARY. Would it not operate to work to the disadvantage of the one without a contract and to the very great advantage of the tenant with a contract?

Mr. ELLENDER. Necessarily so. I may further add that the tenant obtains a quota for that portion of the rice he receives for his share and the landlord a quota for the amount he is paid for the use of his land. To illustrate, if the basis of division is two-thirds for the tenant and one-third for the landlord, then the tenant receives a personal quota of two-thirds of the quota allotted to the farm and the landlord a quota of one-third of such allotment.

Mrs. CARAWAY. Mr. President, will my colleague yield to me?

Mrs. CARAWAY. I have a friend who grows rice. That friend had a tenant who was a tenant or sharecropper and received two-thirds of the income from the farm. The tenant was one of that class who get two-thirds of the crop and the landowner gets one-third of the crop. Just before the Soil Conservation Act went into effect the tenant in question bought a farm and left my friend's farm. The only tenant my friend could get was one who had been working on a half-share basis. Therefore, in that case, my friend could get for that farm an allotment on only a half-share basis. The tenant who had the contract representing two-thirds share took his contract with him, and the landowner was obliged to be satisfied with a one-half share allotment. She never could get an allotment representing the remainder of the two-thirds.

I simply wish to call attention to that situation as an illustration of what might occur.

Mr. POPE. Mr. President, will the Senator from Arkansas yield to me?

Mr. MILLER. I yield.

Mr. POPE. The Senator from Oregon is constantly referring to a contract holder. Is there any provision in the rice division for a contract holder?

Mr. McNARY. No. I mentioned that in a general sense; that he had certain statutory rights under this bill, if that will please my technical friend.

Mr. MILLER. Mr. President, I do not desire to delay consideration of the bill, but I shall ask unanimous consent that subsection (d), beginning on page 51 and going down to the provision for soil-conservation payments on page 53, go over for an hour or such a matter. That same question was raised in the House. There are two conflicting ideas about this matter. I believe probably we can work out a satisfactory solution of the question; and if it is agreeable to the junior Senator from Louisiana, I should like to have about an hour's time to consider that subsection.

Mr. ELLENDER. That is agreeable to me.

The PRESIDING OFFICER. Without objection, subsection (d), on page 52, will go over temporarily.

The next amendment will be stated.

The next committee amendment was, on page 53, line 21, to insert:

Soil-conservation payments.

The amendment was agreed to.

The next amendment was, on page 53, beginning with line 20, to insert:

SEC. 52. (a) Notwithstanding any other provision of law, beginning with the crop harvested in the calendar year of 1937, and with respect to the crop harvested in each calendar year thereafter, the Secretary is authorized to make payments from the funds appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act for the purpose of carrying out the provisions of that act, under the conditions set out in subsection (b) of this section, to rice producers on the amount of rice allotted to them of the domestic allotment of rice last announced by the Secretary under section 51. Such soil-conservation payments shall be at a rate not to exceed five-tenths of 1 cent per pound of rough rice, and shall be made as soon as practicable after compliance with the conditions prescribed pursuant to subsection (b) of this section has been determined.

Mr. ELLENDER. Mr. President, I have two amendments to that subsection which I send to the desk and ask to have reported.

The PRESIDING OFFICER. The first amendment of the Senator from Louisiana to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 54, line 7, it is proposed to strike out the words "soil conservation."

Mr. McNARY. Mr. President, that would then read "such payments."

Mr. ELLENDER. I have another amendment. If the two amendments are considered together, their purpose will be evident. My second amendment strikes from the bill all of line 8 and that part of line 9 up to the word "be", so that the last sentence in that subsection will read:

Such payments shall be made as soon as practicable after compliance with the conditions described pursuant to subsection (b) of this section has been determined.

Subsection (b) explains what the farmer must do in order to receive soil-conservation payments.

Mr. McNARY. Mr. President, I think that a very great improvement. Otherwise an attempt is made to rearrange by a new fixation the payments to these people particularly.

Mr. ELLENDER. We desire to be fair.

Mr. POPE. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield.

Mr. POPE. The amendment of the Senator from Louisiana remedies what I thought was a defect in the bill—I called his attention to it the other day—and makes it in harmony with the provision on page 93 with reference to the Soil Conservation Act generally. So that rice now is on the same basis as tobacco and all other commodities so far as soil-conservation payments are concerned.

Mr. ELLENDER. That is correct. That is the reason for the amendment, I will further state to the Senator from Oregon [Mr. McNARY].

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana to the committee amendment on page 54, line 7.

The amendment to the committee amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Louisiana.

The LEGISLATIVE CLERK. On page 54, in lines 8 and 9, it is proposed to strike out the words "at a rate not to exceed five-tenths of 1 cent per pound of rough rice, and shall be."

The amendment to the committee amendment was agreed to.

The amendment of the Committee on Agriculture and Forestry, as amended, was agreed to.

The PRESIDING OFFICER. The next committee amendment will be stated.

The next committee amendment was, on page 54, line 12, to insert the following:

(b) The payments provided for by this section shall be made only to those producers of rice who, in connection with the production of the crop of rice with respect to which the payments are to be made, have set aside for each acre of rice planted 1 acre of land suitable for the production of rice and previously used for the production of rice, and have allowed such land to remain idle or fallow during the year, or have devoted to the production of rice during such year an acreage not in excess of the rice-acreage allotment established for them pursuant to the agricultural conservation program for such year, and upon such other conditions and in such manner as the Secretary determines will carry out the policy of this title.

The amendment was agreed to.

The next amendment was, on page 55, line 1, to insert:

Marketing quotas.

The amendment was agreed to.

The next amendment was, on page 55, line 2, to insert the following:

SEC. 53. (a) If, at the time of any proclamation made under the provisions of section 51 (a) of this title, it shall appear from the latest available statistics of the Department that the total supply of rice exceeds the normal supply thereof for the current marketing year by more than 15 percent of such normal supply, the Secretary shall also proclaim that, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for marketings of rice by producers: *Provided*, That no marketing quota shall be in effect for the marketing year commencing August 1, 1938. The Secretary shall also ascertain and specify in such proclamation the amount of the national marketing quota in terms of the total quantity thereof which may be marketed by producers which shall be that amount of rice which the Secretary determines will make available during such marketing year a normal supply.

Mr. ELLENDER. Mr. President, I have an amendment to section 53, which I ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. On page 55, line 7, it is proposed to strike out the numeral "15" and insert in lieu thereof the numeral "10."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The next amendment of the committee was, on page 55, line 19, to insert the following:

(b) Within 30 days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who would be subject to the national marketing quota for rice to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 15th day of February, proclaim the result of the referendum, and such quota shall not become effective.

Mr. ELLENDER. Mr. President, I ask that three amendments which I have offered to that section be reported.

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 55, line 21, it is proposed to strike out the word "farmers" and insert in lieu thereof the word "producers."

The amendment to the committee amendment was agreed to.

The LEGISLATIVE CLERK. On page 55, line 23, it is proposed to strike out the word "farmers" and insert in lieu thereof the word "producers."

The amendment to the committee amendment was agreed to.

The LEGISLATIVE CLERK. On page 55, line 24, it is proposed to strike out the word "farmers" and to insert in lieu thereof the word "producers."

The amendment to the committee amendment was agreed to.

Mr. MILLER. Mr. President, with reference to the referendum under that subsection (b), I should like to inquire of the junior Senator from Louisiana just who would be entitled to participate in that referendum. Under the general practice I assume persons who have been raising rice would be eligible, but would someone else be eligible, and who would determine the eligibility of the voters? I think that ought to be clarified.

Mr. ELLENDER. The voters would have to be producers of rice. Those entitled to vote at the referendum would have to be producers of rice, whether they be landowners or tenants or sharecroppers or what not.

Mr. MILLER. Suppose a man owned a farm, and he was not cultivating it himself, but was renting it, and rice was being grown on it, would that man be entitled to vote?

Mr. ELLENDER. No; he would not be a producer. It is just the man who is a producer, either as owner or sharecropper or tenant.

Mr. MILLER. The Senator's definition of producer is the man who does the actual work, and not the landowner.

Mr. ELLENDER. That is correct.

Mr. MILLER. That may be correct, but I doubt it myself.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, being subsection (b) of section 53 on page 55, as amended.

The amendment of the Committee on Agriculture and Forestry, as amended, was agreed to.

The next amendment was, on page 56, after line 2, to insert:

(c) The national marketing quota shall be apportioned among States and farmers, including new producers, in the manner and upon the basis set forth in section 50 for the apportionment of the domestic allotment of rice.

The LEGISLATIVE CLERK. On page 56, line 4, Mr. ELLENDER proposes to strike out the word "farmers" and to insert in lieu thereof the words "persons producing rice in each State."

The amendment to the amendment was agreed to.

Mr. MILLER. Mr. President, I suggest that the junior Senator from Louisiana withdraw that amendment, and substitute in lieu thereof the word "producers", leaving out the word "persons", because "producers" is a word used in other parts of the bill, and we may have to change that expression anyway.

Mr. ELLENDER. The Senator has in mind to make the same change in this section as in the preceding section. Suppose we pass them both over.

Mr. MILLER. Then we should pass over subsection (c). I am going to ask that subsection (c) be passed over.

Mr. NORRIS. Mr. President, I should like to ask the Senator from Louisiana whether he is certain that he is correct in the definition of a producer.

Mr. ELLENDER. Yes; I am reasonably certain.

Mr. NORRIS. Has the Senator given the matter any examination? Would not a man who owned the land and lived in town be a producer?

Mr. ELLENDER. If he acts as an overseer and hires persons to work for him, I should say he would be a producer.

Mr. NORRIS. Suppose he rents his farm and is paid part of the crop.

Mr. ELLENDER. Then the tenant to whom he rents would be the man producing the rice.

Mr. NORRIS. I wonder if there is any doubt about that proposition.

Mr. ELLENDER. That is my conception of the word.

Mr. NORRIS. I call attention to it because it seems to me we ought not to leave this matter in doubt. We have been striking out the word "farmers" and inserting the word "producers" instead.

Mr. ELLENDER. Would not the same thing apply to a farmer, Mr. President? Would it not be possible for a man who lives in the city to farm land in the country through an overseer or hired help?

Mr. NORRIS. Probably. As I understand, the object the Senator has in view is to prohibit a man who owns a farm and leases it from being a voter.

Mr. ELLENDER. No, Mr. President——

Mr. NORRIS. And I am wondering if the Senator has accomplished that purpose by his amendment.

Mr. ELLENDER. It is not a question of prohibiting him. It is just a question of limiting the right to vote to those who actually produce the crop, either as owners, tenants, sharecroppers, or share renters.

Mr. NORRIS. Would it not follow that the owner would be a producer?

Mr. McNARY and Mr. POPE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Louisiana yield; and if so, to whom?

Mr. NORRIS. I thought I had the floor.

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. ELLENDER. Is the Senator from Nebraska through?

Mr. NORRIS. Yes.

Mr. ELLENDER. I yield to the Senator from Idaho.

Mr. POPE. Mr. President, I understand that the Department, in interpreting the word "producer," considers anyone who has an interest in the crop to be a producer. That would include an owner in case he were renting to a tenant on shares or in any other way in which he has an interest in the crop.

I suggest to the Senator from Louisiana that the bill ought to contain a definition of the word "producer." Otherwise, it seems to me there might be a great difference of opinion; and I suggest that the Senator define "producer" as anyone who is financially interested in the crop.

Mr. NORRIS. That would include the man who had a mortgage on it.

Mr. POPE. I think he would not be financially interested in the crop in the sense that he would own any part of the crop.

Mr. NORRIS. Let me ask the Senator from Louisiana whether he intends to permit the owner of land whereon rice is raised, or the tenant, to be a voter.

Mr. ELLENDER. The tenant, yes, sir; but not the owner.

Mr. NORRIS. Not the owner?

Mr. ELLENDER. No, sir.

Mr. NORRIS. Then the construction which the Senator from Idaho has said the Department places on the word does not correspond to the definition of the Senator from Louisiana.

Mr. BARKLEY. Mr. President——

Mr. ELLENDER. I may state that my understanding of the definition of "producer" is not in accordance with that just stated by the Senator from Idaho. However, I shall be very glad to look into the matter and try to obtain the necessary information for the benefit of the Senate. With that in view, I ask to reconsider the vote by which the amendments to subsection 53 (b) on page 55 were adopted and thus leave the matter open.

Mr. NORRIS. Mr. President, if the Senator will permit me to interrupt him there, he can easily remedy the situation, when we come farther on to the definitions, by giving a definition of "producer" that will settle the controversy.

Mr. BARKLEY. Mr. President, I suggest leaving in the amendments and putting in later a definition of "producer."

Mr. ELLENDER. Mr. President, I withdraw the request I have just made.

Mr. MILLER. Mr. President, will the Senator yield at that point? I think the suggestion made by the senior Senator from Nebraska may well be followed. If the junior Senator from Louisiana will withdraw his amendment to line 4, on page 56—or, in other words, make that amendment uniform with other amendments which we have already adopted by not using the word "persons," but confining the provision to producers—we can have some degree of uniformity in the bill.

I should like to know what the idea of the junior Senator from Louisiana is in regard to modifying the amendment in accordance with that suggestion.

Mr. ELLENDER. I can see no real reason why we should not use the word "producers," on line 4, as the Senator from Arkansas has suggested.

Mr. MILLER. I think that would make the bill uniform.

Mr. ELLENDER. Does the Senator wish to have my amendment modified?

Mr. MILLER. Yes; I suggest that that be done.

Mr. ELLENDER. I ask that the amendment, which is now on the desk, referring to line 4, page 56, be modified so as to read "producers" instead of "farmers."

The PRESIDING OFFICER. Without objection, the amendment will be modified in accordance with the request of the Senator from Louisiana.

Mr. POPE and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Louisiana yield; and if so, to whom?

Mr. ELLENDER. I yield to the Senator from Idaho.

Mr. POPE. Mr. President, I think I can make a helpful suggestion at this point.

At the bottom of page 55, lines 21 and 22, the Senator will note that the committee amendment as amended reads:

> The Secretary shall conduct a referendum of producers who would be subject to the national marketing quota for rice—

And so forth. The definition of a farmer, it seems to me, would be someone who has some rice to sell. That would include the tenant, or the owner where the crop was produced upon shares, or someone who owned a part of the crop and therefore had something to sell.

I merely make that suggestion; but I do think a definition of producers might be desirable.

Mr. ELLENDER. I doubt if it is the intention to permit a man who gets but a very small portion of a crop, let us say, as landowner, to be a voter. However, since that subsection is to be passed over, I suggest that we just let it go over, and we may come to some agreement about the matter.

Mr. BARKLEY. Mr. President, having agreed to the amendment, it strikes me there is no necessity for letting the subsection go over, because the matter would be cured in the definition.

Mr. ELLENDER. That is what I had in mind.

Mr. BARKLEY. So this amendment could be agreed to, and in fact it already has been agreed to.

Mr. ELLENDER. Yes.

Mr. BARKLEY. I suggest to the Senator, in connection with his definition of "producer," that there are two different relationships of the landlord to the tenant. It seems to me a landlord who rents out his farm for a cash out-of-pocket amount ought not to be regarded as a producer; but the man who has a farm and lets it out, or any part of it, to a tenant or a sharecropper, and is interested in the crop, is a producer and ought to be allowed to vote.

In drawing the definition, I think the Senator ought to keep in mind those distinctions.

The PRESIDING OFFICER. Without objection, the amendment as amended is agreed to. The clerk will state the next amendment of the committee.

The LEGISLATIVE CLERK. On page 56, after line 6, it is proposed to insert:

> (d) Marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

The amendment was agreed to.

The next amendment was, on page 56, after line 9, to insert:

> (e) If the Secretary has reason to believe that any national marketing quota for rice will not make a normal supply of rice available for marketing during the marketing year for which such quota has been established, he shall cause an immediate investigation to be made with respect thereto in the course of which due notice and opportunity for public hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith and shall specify the termination of, or such increase in, the national marketing quota as he finds upon the basis of such investigation will make available for marketing during such marketing year a normal supply of rice. If the national marketing quota is increased pursuant to the provisions of this subsection, the amount of each producer's marketing quota shall be increased in the same ratio.

The amendment was agreed to.

The next amendment was, at the top of page 57, to insert:

(f) If the Secretary has reason to believe that because of a national emergency or because of war any national marketing quota for rice should be terminated, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding, and thereupon such quota shall terminate.

Mr. BORAH. Mr. President, a provision similar to this one is found in the other parts of the bill.

I am not, of course, particularly interested in the rice matter, because I know nothing about the production of rice. This is a general principle which is found in other portions of the bill, some of which relate to matters of which I have some knowledge. I should like to ask that section (f) go over for the present until we determine whether or not we shall raise any question with reference to similar provisions in other parts of the bill. I desire at the proper time to move to strike out all of these provisions.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. BORAH. I yield to the Senator from Arkansas.

Mr. MILLER. Of course, I shall not object to this section going over, but I see no reason why the section should be retained in the bill unless we are willing to give to the Secretary a considerably greater degree of authority than we have given him in the cotton, wheat, and corn sections.

The Senator from Idaho will remember, and has referred to the fact, that this identical section, or practically this identical section, was stricken out upon motion of the senior Senator from Arizona [Mr. ASHURST] in the wheat and corn section of the bill.

Mr. BORAH. I am pleased that the Senator mentioned that fact, because I did not know the section had been stricken out.

Mr. MILLER. It was stricken out upon the motion of the senior Senator from Arizona.

Mr. BORAH. I had understood that it went over. Then it was my error.

Mr. MILLER. As I say, it was stricken out on motion of the senior Senator from Arizona.

Mr. POPE. Mr. President, a similar section was stricken out as to cotton, but not as to any other commodity, so far.

Mr. McNARY. Mr. President, where is the provision referring to wheat and corn?

Mr. BORAH. On page 27.

Mr. MILLER. I know that the motion of the Senator from Arizona prevailed.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Oregon?

Mr. BORAH. If the Senator from Arkansas desires to take up the matter at this time, I am willing to do so, because I am prepared to oppose the section going into the bill anyway. It confers a most tremendous power on the Secretary, among other things to determine whether or not we are at war.

Mr. MILLER. The reason why I interrupted the Senator was because I want the section to go out, and I wanted to join the Senator in asking that it be eliminated.

Mr. JOHNSON of California. Mr. President, is the Senator willing to confer upon the Secretary of Agriculture the power to determine whether or not we are at war?

Mr. BORAH. I do not think it ought to be connected with the agricultural bill.

Very well, Mr. President, we might as well raise the question now, if the proponents of the bill do not desire to have the section go out.

Mr. ELLENDER. Mr. President, will the Senator yield to me?

Mr. BORAH. I yield.

Mr. ELLENDER. I have no objection to taking the provision out of the bill. It serves no purpose that I can see.

Mr. POPE. Mr. President, before the Senator from Louisiana commits himself in that respect, I wish to ask my colleague whether he does not think that in case of war, or any other great emergency, it might be desirable that someone should have the right to release these restrictions. I do not think that implies that the Secretary of Agriculture has any power to declare war; but suppose Congress should declare war, or suppose the powers that be should do so. There would be a tremendous demand for corn and wheat and these other commodities. It seems to me that at least somebody ought to have power to release any restrictions that might be in existence if the public welfare should demand that they be released.

Mr. BORAH. That may be true; but, if such power should exist, then it should exist by reason of the fact that the proper authorities had declared a state of war to exist.

Mr. POPE. Exactly.

Mr. BORAH. We ought not to leave that declaration to the Secretary of Agriculture; and that would likewise be true with reference to an emergency. I will say to my colleague, however, that in case of an emergency such as war, and so forth, in my opinion there would be no difficulty whatever about putting through here in 24 hours a joint resolution dealing with the matter, and it would be this body and the war-making power together which would determine the question whether or not war did exist.

Mr. POPE. I think that is true.

Mr. AUSTIN and other Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I yield to the Senator from Vermont.

Mr. AUSTIN. I call the attention of the Senator to page 46, section (b), containing the identical power which was granted by vote yesterday. I suggest to the Senator that perhaps we ought to recur to that provision and reconsider the vote by which it was adopted, if we are going to be consistent, and strike out this language. At that time I asked the Senator from Louisiana [Mr. ELLENDER] who would determine the question, if it arose between the producer and the Secretary of Agriculture, as to the existence of a national emergency, and he had to answer, of course, that the Secretary of Agriculture would do so. In my opinion there is nothing more coercive in the bill than that particular power which would enable the Secretary to act as judge of his own conduct in the controversy between himself and the producer. I think all such provisions should go out.

Mr. McNARY. Mr. President, inasmuch as the Senator from Vermont has called attention to page 46 in this respect, I invite attention to page 27, to the section applicable to corn and wheat. We ought to treat the whole subject matter and strike out all such provisions.

Mr. BORAH. Mr. President, I do not see why one clause was not incorporated in the bill with reference to all these provisions. However, the test is whether or not we are going to leave such a provision in the bill. The question will have to be met upon some particular amendment. We might as well meet it now. If we strike it out, with reference to rice, it ought to go out with reference to corn and wheat. It has already gone out with reference to cotton, I believe.

Mr. MILLER. Mr. President, I invite the attention of the able Senator from Idaho to the previous subsection (e) on page 56, which is ample to protect the producers of rice and might well apply in the event of conditions arising as mentioned by the junior Senator from Idaho [Mr. POPE]. The provision under discussion, subsection (f), deals with a national emergency whereas subsection (e) deals with a local situation. Subsection (f) certainly ought to go out unless the Senate is prepared to say to the Secretary of Agriculture, "You may have the power to determine when a national emergency exists and when war exists."

Mr. POPE. Mr. President, I think the matter is of small importance, and therefore I shall not object to it going out of the section relating to corn and wheat. It did occur to me

that an emergency might arise when Congress is not in session, at which time some action should be taken, but I think it is a matter of small consideration. Therefore so far as I am concerned it may be stricken out. It is not important.

Mr. McGILL. Mr. President, does the Senator mean the entire section?

Mr. POPE. I had reference to the section relating to wheat and corn. However, we are not considering that now.

Mr. BORAH. I leave the matter to the able Senator from Arkansas [Mr. MILLER]. I am willing to proceed now if the Senator desires to do so.

Mr. MILLER. I thing subsection (f) ought to go out.

Mr. BORAH. Am I to understand that the proponents of the bill insist on subsection (f) staying in the bill?

Mr. ELLENDER. No. I said a moment ago that I am willing to have it stricken from the bill, and I so move at this time.

The PRESIDING OFFICER. Taking a vote on the amendment will accomplish the same purpose as the Senator's motion. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. JOHNSON of California. Mr. President, I inquire whether the same provision is left in the bill in respect to any other commodity.

Mr. BORAH. Yes; it is in the bill now with reference to wheat, on page 46.

Mr. McGILL. Mr. President, striking out this section does not affect wheat and corn; but if the Senator will look at page 27 of the bill, he will find a provision that contains the word "war," in line 18. It is the purpose of the proponents of that title to strike out the word "war" when we reach the point that it is proper to submit an amendment to the text of the bill.

Mr. JOHNSON of California. That has not yet been stricken out?

Mr. McGILL. No. It is not in a committee amendment. When the time comes to offer amendments to the text we propose to submit an amendment to strike out the word "war."

Mr. JOHNSON of California. All of the section ought to be stricken out in the way we have stricken out the similar section on which we have just taken action.

Mr. McGILL. I do not think we shall move to strike the entire section from that particular part of the bill, but we shall move to eliminate the word "war" when we reach the point that such an amendment can be offered.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 57, after line 10, to insert:

EXCESS MARKETING PENALTY

SEC. 54. (a) Any person who knowingly acquires from a producer rice marketed by such producer in excess of his marketing quota shall be subject to a penalty of five-tenths of 1 cent per pound of the excess so marketed. If such rice is acquired by sale, the purchaser may deduct the amount of the penalty from the price which otherwise would be paid for such rice. All penalties shall be remitted to the Secretary and shall accrue to the United States.

Mr. McNARY. Mr. President, let me ask the Senator in charge of this title of the bill if any language found in this title is similar to that regarding unfair agricultural practices. On page 28 in its application to wheat and corn, we find this provision:

SEC. 22. It shall be an unfair agricultural practice for any farmer (whether or not a cooperator) to market wheat or corn in excess of his farm-marketing quota established for the commodity—

The penalty provision follows. The only penalty I observe here is for a person who knowingly purchases, from the producers of rice marketed, any rice in excess of the quota. Is it the intention wholly to exculpate and exclude the producer of rice from unfair practices, and hold the producer of wheat and corn to a rigid compliance with the provisions of the bill? If so, it is one more discrimination against the producer of wheat and corn.

Mr. ELLENDER. Mr. President, there is no discrimination, because under the rice title the rice producer is entitled to collect only soil-conservation payments, and in order to be able to collect soil-conservation payments he must make certain acreage diversions as prescribed in subsection (b), on page 54. He can do one of two things in order to make himself eligible for payments under the Soil Conservation Act. He can either set aside for each acre of rice planted 1 acre of land previously planted to rice and allow such land to remain idle or fallow, or he can comply with such rules and regulations as may be made by the Secretary in order to have him divert a certain acreage, and on that diverted acreage plant certain soil-building crops in order to make the land better.

Mr. McNARY. That does not explain at all. We are not dealing with soil-conservation payments or parity payments. We are dealing with marketing quotas. That is the control feature that runs through the bill. This provision applies to quotas. It says if the wheat and corn farmer violates the quota provision, he must pay a penalty. It has nothing to do with parity payments or soil-conservation payments or loans. The quota is the heart of this whole compulsory scheme, but the producer of cotton and rice can disobey the quota injunction contained in the bill without suffering any penalty. I only call attention to it as one of the very many instances in which legislation against the wheat and corn farmer has been shown to be unjust and discriminatory.

Mr. POPE. Mr. President, what is the fact with reference to cotton in that respect? Does the producer of cotton, when he sells in excess of his marketing quota, become subject to a penalty? Rice is the only commodity where the farmer himself is not subject to a penalty, but the purchaser is.

Mr. ELLENDER. Rice and tobacco.

Mr. POPE. Why is that?

Mr. ELLENDER. I could not answer the question except to say that in the case of tobacco the amendment which I offered yesterday makes the warehouseman, who purchases it from the producer, liable for the penalty. There is no inhibition on the part of the producer of tobacco to sell the tobacco provided the penalty is paid. It is the same with rice. The rice may be sold if the penalty is paid. The only question to be decided by the rice producer is whether it would justify him to sell his excess rice with a half cent a pound penalty, which would amount to over 80 cents a barrel.

Mr. POPE. With reference to cotton, it is true that if the producer sells cotton in excess of the quota he is penalized 75 percent of the purchase price, whereas the corn and wheat farmer is penalized only 50 percent.

Mr. ELLENDER. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee at the top of page 57.

The amendment was agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 57, after line 19, to insert:

(b) The penalties provided for in subsection (a) of this section shall be collected and paid in such manner, at such time, and under such conditions as the Secretary may by regulations prescribe. The penalties provided for under subsection (a) of this section shall be collected under the direction of the Secretary and shall be covered into the general fund of the Treasury of the United States. Any person who knowingly violates any regulation made by the Secretary pursuant to this section shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than $100 for such offense.

Mr. MILLER. Mr. President, I desire to offer an amendment to that amendment. On page 58, line 1, I move to amend by striking out the following:

Any person who knowingly violates any regulation made by the Secretary pursuant to this section shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than $100 for such offense.

The purpose merely is to take out of the bill that provision which makes a criminal offense consist of a violation of any regulation the Secretary of Agriculture may pre-

scribe. I do not think that is right. That is contrary to our idea of law enforcement. There are enough penalties otherwise in the bill, and a farmer is going to have trouble enough to comply with so many regulations without having to go to jail or pay a fine for violating any of them.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. MILLER. Certainly.

Mr. BORAH. Does such a provision appear anywhere else in the bill?

Mr. MILLER. Yes. A similar provision appears at the bottom of page 58, except that it is worse there than the one we are now discussing. I shall submit an amendment to that later.

Mr. BORAH. I thoroughly agree with the Senator from Arkansas that it ought to go out of the bill. I think to tangle the farmers up with these rules and regulations and make a violation of them a criminal offense is almost cruel.

Mr. MILLER. It is almost a crime in itself to do that.

Mr. BORAH. The idea that the farmers of the country are to be held responsible as criminals and branded as criminals because they violated a regulation established by a Department in Washington is most repugnant to me. I was trying to ascertain whether it appeared anywhere else in the bill, and why it was applied to the rice producers.

Mr. ELLENDER. It is in other parts of the bill.

Mr. McNARY. Where?

Mr. ELLENDER. It is found under the cotton provision and I think under the wheat and corn provision.

Mr. McGILL. In the cotton section the words "including producers" have been stricken out, and an amendment is pending to remove the language providing a penalty with reference to the producers of wheat and corn. I think that if we strike out in this section, on line 7, the word "producers", the penalty will be removed from the farmer. I understood the Senator to be talking about the provision on page 58 in reference to a fine or penalty on the farmer.

Mr. MILLER. The amendment to the amendment was to strike out, beginning with the word "Any", on page 58, line 1, and all of lines 2, 3, 4, and 5. I may say that I propose to offer another amendment when we come to subsection (c).

Mr. McGILL. An amendment is pending which will strike out a similar provision in reference to wheat and corn farmers.

Mr. MILLER. I know that.

Mr. McGILL. We also have stricken out of the other section the word "producers", so as to remove all the penalties from producers.

Mr. BORAH. Mr. President, do the proponents of the bill insist on this provision?

Mr. McGILL. I would not be in favor of it. I myself am opposed to it.

Mr. BORAH. Then let us strike it out.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. MILLER] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. McNARY. Mr. President, I do not want to let this matter go by with such great indifference being shown. I ask the able Senator from Louisiana, in charge of this section of the bill, whether any penalty is to be imposed on a rice farmer who exceeds his quota. There is a penalty provided for the producer of wheat or corn who exceeds his quota. There is also a penalty on a wheat farmer who violates the proposed law by engaging in an unfair practice which affects interstate commerce. I assume that the provision relating to rice is bottomed upon the provision of the Constitution relating to commerce among the several States and with foreign nations. A farmer producing corn or wheat is guilty of an unfair practice if he violates the interstate and foreign commerce provision of the Constitution and markets in excess of his quota. I find no reference like that to the producer of rice if he markets in excess of his quota. I ask the able Senator if this bill is written to favor the rice producer who engages in all sorts of unfair practices, for violation of which the wheat and corn men would be prosecuted, whether the rice man is exempted.

Mr. ELLENDER. Mr. President, will the Senator yield to me?

Mr. McNARY. I yield. I shall be very glad to have an explanation.

Mr. ELLENDER. The penalty the rice producer would suffer for exceeding his quota would be that he would get no soil-conservation payments.

Mr. McNARY. Where does the Senator find that provided?

Mr. ELLENDER. That is under the Soil Conservation Act, which is referred to in subsection (b) on page 54.

As I have stated to the Senator from Oregon on several occasions, in order for the rice farmer to be able to collect a thin dime in the way of soil-conservation payments he would have to plant his rice acreage under certain rules and regulations as outlined by the Department, or for every acre of rice he plants he must set aside and allow to remain idle or fallow 1 acre of land previously used for the production of rice.

With reference to the production of wheat, there is nothing in the title dealing with wheat and corn which would prevent a man from producing wheat or corn. It is only after those two commodities are produced and a marketing quota is applied that the penalties would attach. In other words, should the wheat farmers or the corn farmers vote upon themselves a marketing quota, that quota would apply only to the corn and wheat on hand, and it would not prevent them from producing corn and wheat the following year. That is the essential difference between the rice provision and the corn and wheat provisions.

Mr. McNARY. Mr. President, no such distinction can be drawn by the Senator. He goes back to the Soil Conservation Act. I am dealing with the problem sought to be solved in the pending bill. I say that in the pending bill no penalties are prescribed for the producer of rice like the penalties applicable and prescribed for the producers of wheat and corn.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. McNARY. Not until I finish this thought. I assume the bill will remain in this form, because this feature is just one more of those iniquities I have been pointing out from day to day.

I repeat for the RECORD, on page 28 is this provision:

> It shall be an unfair agricultural practice for any farmer (whether or not a cooperator) to market wheat or corn in excess of his farm marketing quota. * * *
>
> (b) It shall be a violation of law for any farmer to engage in any unfair agricultural practice that affects interstate or foreign commerce.

And a penalty is prescribed.

> (c) Whenever, after investigation, the Secretary has reason to believe that any farmer has engaged in any of the unfair agricultural practices and so certifies to the appropriate district attorney of the United States—

A criminal prosecutor—

> it shall be the duty of the district attorney, under direction of the Attorney General, to institute a civil action in the name of the United States for the recovery of the penalty—

Prescribed against the corn and wheat farmer.

Here, Mr. President, we have a criminal officer, the highest in the State, the district attorney, supported by the Attorney General, a member of the Cabinet, the highest prosecutor under our form of government, prosecuting this poor farmer for engaging in an unfair agricultural practice as to wheat or corn.

When I come to read the rice provision I find that the rice producer is not under any of these penalties, that no penalty whatsoever is attached to him. He can produce in excess of his quota with freedom and impunity, and there is no law under which he can be prosecuted. But when we come to the man who buys from the farmer, if he has knowledge that the marketing quota has been exceeded, then he, the unrighteous purchaser, will suffer the penalty.

Why is not the same provision made as to the rice producer? If he willfully disobeys the provisions of the proposed act and gets the benefits, why does he not suffer the same and submit to the same punishment as does the producer of corn or wheat?

I have not kept track of the number, but probably I have pointed out 21 instances in which there has been discrimination against the producers of corn and wheat.

Mr. POPE. Mr. President, I should like to get this clear. Will the Senator yield?

Mr. McNARY. I yield.

Mr. POPE. In connection with the provision read by the Senator, he referred to the farmer being prosecuted and being punished. Does he mean that a criminal offense is involved?

Mr. McNARY. No; I did not say that. I said that he has to submit to the highest United States officer in the State, the district attorney, who is supported by the Attorney General, the highest prosecutor under our form of government. He has to go into court and meet them in a civil case, which is not a very pleasant ordeal for the producer of corn or wheat who is guilty of engaging in an unfair agricultural practice, which is not prescribed for the grower or producer of rice.

Mr. POPE. Mr. President, I want the Senator to be fair——

Mr. McNARY. I want to be fair, and my whole record has been fair.

Mr. POPE. I want the Senator to be fair enough to admit that that applies to corn, wheat, cotton, and tobacco; but a different provision, a slightly different provision, with the same result, applies to rice.

Mr. McNARY. Where is it?

Mr. POPE. If the Senator will look on page 57, he will see that, instead of paying to the Federal Government 50 percent of the parity price, there is prescribed a penalty of five-tenths of 1 cent per pound of the excess marketed by a rice producer. The provision is:

> If such rice is acquired by sale, the purchaser may deduct the amount of the penalty from the price which otherwise would be paid for such rice. All penalties shall be remitted to the Secretary and shall accrue to the United States.

It is the same type of penalty, except that it is not provided that a man shall be sued in the United States court. However, a civil liability exists, and, if a civil liability exists, undoubtedly there is a civil remedy for any violation in that respect. So I think that when the Senator points out that corn and wheat are being discriminated against——

Mr. McNARY. Exactly.

Mr. POPE. He overlooks the fact that there are the same provisions as to the producers of tobacco and cotton, and I would construe it as substantially the same provision as to the producers of rice.

Mr. McNARY. Mr. President, there is no relation whatsoever between what the Senator has pointed out in exculpation of the charges I have made and what I referred to as the simple and plain language of the bill.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. ELLENDER. Suppose the wheat or the corn farmer desires to sell and does sell in excess of his quota. Can he not do so under the pending bill by simply paying the penalty provided for?

Mr. McNARY. Yes.

Mr. ELLENDER. Is not the same thing true as to rice?

Mr. McNARY. What is there that defines an unfair agricultural practice? Is there anything said about the farmer violating the commerce clause of the Constitution?

Mr. ELLENDER. The same thing would apply to rice.

Mr. McNARY. What is the language to which the Senator referred a moment ago?

Mr. ELLENDER. With reference to rice?

Mr. McNARY. Yes.

Mr. ELLENDER. It is found on page 57, section 54.

Mr. McNARY. It reads:

> Any person who knowingly acquires from a producer of rice——

Mr. ELLENDER. Shall pay a penalty, and the penalty may be deducted by the person who purchases from the producer of rice.

Mr. McNARY. That is, when a purchaser knowingly, with full knowledge that the farmer has exceeded his quota, buys, the district attorney can prosecute that culprit for taking rice that is sold in violation of the contract.

Mr. ELLENDER. He cannot be prosecuted. He is simply made subject to a penalty. That is all the bill provides for; and, as pointed out by the Senator from Idaho, that is all that is provided for with reference to wheat or corn or tobacco.

Mr. McNARY. I am not discussing the criminal phases at all. I am merely pointing out what our powerful Government can do to the farmer in bringing him into court and bringing a civil action against him, what it can do to the producers of corn or wheat, for the reasons specified, but which it cannot do to the producers of rice; because, in the case of rice the reference is to "a person who knowingly acquires." Of course "the purchaser" means one who is in the market and who acquires the rice on the market.

I do not expect this to be remedied, as it should be, but it is very unfair to the producers of the other commodities when the producer of rice who exceeds his quota remains unmolested.

Mr. ELLENDER. He must pay the penalty just the same as the wheat and corn farmer does.

Mr. McNARY. He does not pay the penalty?

Mr. ELLENDER. Certainly he does. I suggest that the Senator read section 54.

Mr. McNARY. Further, the payment of penalty is limited to and dependent upon knowledge on the part of the one who buys, whereas suits may be brought against others if they sell in excess of the market, or if they indulge in what is called unfair agricultural practice under the commerce clause of the Constitution. Is the Senator willing to have inserted at that point the very language which pertains to the producer of corn and wheat?

Mr. ELLENDER. I can see no objection to it, Mr. President.

Mr. McNARY. Very well. I offer as an amendment at this place the language contained in section 22 on page 28, subdivisions (a), (b), (c), (d), (e), and (f), with the substitution of the word "rice" in place of the words "wheat and corn." Is the Senator willing to accept that amendment?

Mr. ELLENDER. Yes.

Mr. McNARY. Very well. I should like to have a vote upon that amendment to the committee amendment. Some corrections may be necessary to adapt it to the case of rice.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Oregon [Mr. McNARY] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. GILLETTE. Mr. President, I desire to ask the Senator from Louisiana a question on a matter which is not clear to me.

With reference to the subsection we were just discussing, in which any person who knowingly acquires from a producer rice marketed in excess of his quota is subjected to certain penalties, is it the intention to apply that penalty to a person coming into possession of rice by gift?

Mr. ELLENDER. Does the Senator mean by donation?

Mr. GILLETTE. Yes.

Mr. ELLENDER. If it is in excess of the quota, I should say "yes."

Mr. GILLETTE. Regardless of how he came into possession of it, he is subject to the penalty. Then the purpose of the second sentence of that provision is expressly to differentiate between one coming into possession of the rice by gift and one coming into possession of it by purchase, and there

is no objection to his coming into possession of it in excess of the marketing quota, and he can anticipate this by deducting the penalty from the purchase price?

Mr. ELLENDER. That is correct.

Mr. GILLETTE. And it would apply to one coming into possession of rice by gift?

Mr. ELLENDER. That is correct.

The PRESIDENT pro tempore. The Chair wishes to inquire of the Senator from Oregon [Mr. McNARY] if the amendment to the committee amendment he has just proposed was added to section 54; and if so, at what point?

Mr. McNARY. Mr. President, it should be entitled "Excess Marketing Penalty," the title used on page 28 with reference to wheat and corn, and should precede section 54.

Mr. MILLER. Mr. President, will the Senator from Oregon yield to me?

Mr. McNARY. I yield.

Mr. MILLER. If the Senator will accept a suggestion, I believe it will be better if he will insert immediately following subsection (b), on page 58, the provision which he is lifting from page 28.

I make the suggestion, I will say to the able Senator, for the reason that that will not interfere with the treatment which we are trying to give the purchaser of rice which is being unlawfully sold.

Mr. McNARY. Mr. President, I desire to acquiesce in the suggestion of the able Senator from Arkansas. Personally, I think it is more logical to have it inserted following the same title at this point, "Excess marketing penalty," that is applicable to wheat and corn.

Mr. MILLER. It will be in the same title, the Senator understands. It will be under "Excess marketing penalty."

Mr. McNARY. Mr. President, I want to comment upon the comparison of these penalties that was called to my attention. The language of section 54 is:

> Any person who knowingly acquires from a producer rice marketed by such producer in excess of his marketing quota shall be subject to a penalty of five-tenths of 1 cent per pound of the excess so marketed.

That applies to the producer if he has knowledge of the violation. In other words, if he knows and conspires with the purchaser, that penalty may be deducted from the producer, but that requires a conspiracy between the producer who markets in excess of his quota and the purchaser who knows of it. That would be a very rare instance. But if there is no knowledge on the part of the producer, and he acquires rices in excess of the marketing quota, there is no penalty whatsoever. That is the distinction to be found in the language which the Senator just read, and to which the Senator called my attention.

Mr. ELLENDER. Mr. President, I should like to state to the Senator from Oregon that so far as I am concerned I have already consented to let the same provision that applies to corn and wheat apply to rice.

Mr. McNARY. I am glad the Senator is converted to my view of the matter.

Mr. ELLENDER. No; it is not a question of the Senator from Louisiana being converted to the view of the Senator from Oregon. It is a question of not interpreting it in the same way. In effect it is going to be the same thing.

Mr. McNARY. I am very willing to have the amendment inserted at the place suggested by the Senator from Arkansas [Mr. MILLER] and the Senator from Louisiana [Mr. ELLENDER].

Mr. MILLER. I think that will be better.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Oregon to the committee amendment, and agreed to, will be inserted after subsection (b) in section 54. The subparagraphs will have to be renumbered.

Mr. GILLETTE. Mr. President, for the purpose of the RECORD I desire to propound another inquiry to the Senator from Louisiana to make the record clear. On page 58 a definite crime is defined, and a penalty is imposed for violation of any regulation made by the Secretary pursuant to the section.

Mr. ELLENDER. I may state to the Senator from Iowa that the Senator from Arkansas is going to submit an amendment with reference to that provision.

Mr. GILLETTE. In that connection I direct attention to the fact that so far as I am able to observe no method is provided whereby the farmer can become conversant with these regulations, no way of their being posted, no way of their being mailed to him, no way of his knowing about the regulations, the violation of which will constitute a crime for which the penalty is imposed. I do not know whether or not the Senator takes care of that matter in his amendment, but I wish to direct his attention to it.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. MILLER. The lines to which the able Senator from Iowa has reference—lines 2, 3, 4, and 5 at the top of page 58—have been stricken out entirely. An amendment has been adopted to strike out that portion of the committee amendment, so it is no longer in the bill.

Mr. GILLETTE. Mr. President, I may say also that there are at least three other places in the bill where the same situation exists, and at the proper time I think they should be corrected. If farmers are to be subjected to penalties for the violation of certain regulations, some provision should be made whereby knowledge of the regulations may be given to them.

Mr. MILLER. We are endeavoring to take the penalties out of the rice sections, and there are amendments pending which will take those provisions out of the sections we have already passed over relating to corn, wheat, and cotton.

Mr. GILLETTE. I thank the Senator.

Mr. MILLER. I propose to offer an amendment to the next section to cure that also, when it shall be reached.

The PRESIDENT pro tempore. The next committee amendment will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 58, line 6, to insert the following:

> (c) All persons, in whatever capacity acting, including producers, warehousemen, processors of rice, and common carriers and persons engaged in the business of purchasing rice from farmers shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500.

Mr. MILLER. Mr. President, I offer an amendment to that subsection, which I ask to have stated.

The PRESIDENT pro tempore. The amendment of the Senator from Arkansas will be stated.

The CHIEF CLERK. On page 58, line 6, after the word "persons", it is proposed to strike out the words "in whatever capacity", and, after "acting", to strike out the comma and insert the word "as", and at the end of line 6, to strike out the word "including", and on line 7, to strike out the word "producers."

Mr. MILLER. Mr. President, the amendment which I have submitted to the committee amendment merely provides for striking out certain words, which will require the keeping of records and books by the processors, millers, and warehousemen. I have removed from the amendment all reference to the producer. If the amendment to the committee amendment is adopted, the only records required to be kept will be such records as may be required of the millers, warehousemen, and processors. I may say that those are all the records that could possibly be needed by the Secretary of Agriculture in the enforcement of the bill.

I think the amendment to the committee amendment ought to be adopted.

Mr. McKELLAR. Mr. President, is the word "producers", in line 7, stricken out?

Mr. MILLER. Yes; the first part of the subsection will read, if my amendment shall be adopted:

All persons acting as warehousemen, processors of rice, and common carriers and persons engaged in the business of purchasing rice from farmers—

And so forth. No change is made from that point on.

The PRESIDENT pro tempore. The amendment of the Senator from Arkansas to the committee amendment will be stated.

The CHIEF CLERK. On page 58, line 6, after the word "persons", it is proposed to strike out "in whatever capacity"; and after "acting" to strike out the comma and insert the word "as"; at the end of line 6, to strike out "including"; and in line 7, to strike out the word "producers."

Mr. McNARY obtained the floor.

Mr. MILLER. Mr. President, will the Senator from Oregon yield to me for the purpose of offering a perfecting amendment?

Mr. McNARY. Yes.

Mr. MILLER. I move that the word "farmers" on line 9, page 58, be stricken therefrom and the word "producers" inserted.

The PRESIDENT pro tempore. The amendment offered by the Senator from Arkansas to the amendment reported by the committee will be stated.

The CHIEF CLERK. On page 58, line 9, it is proposed to strike out the word "farmers" and in lieu thereof to insert the word "producers."

The amendment to the amendment was agreed to.

Mr. McNARY. Mr. President, I think the word "producers" on line 7 should come out. I am in accord with the Senator's view. I was looking back in the bill for the reason that I think the producers of wheat and corn are subjected to about the same inconvenience.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. McNARY. Yes.

Mr. MILLER. The Senator probably does not recall the fact; but, as I remember—and if I am not correct in this statement the Senator from Kansas [Mr. McGILL] can correct me, and probably the Senator from Idaho [Mr. POPE] also can do so—there is pending in the wheat and corn section of the bill an amendment to take out the word "producer" there, and relieve him from the necessity of keeping voluminous reports and records, just as we have done here. The amendment which is now pending will put the matter in such shape that, if adopted, we can go back to the other part of the bill and correct it.

Mr. McNARY. Mr. President, I have managed to find the place in the bill where a similar provision applies to wheat and corn. It reads, on page 30:

(e) Farmers engaged in the production of wheat or corn shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as may be necessary for the administration of this section and prescribed by regulations of the Secretary. Any farmer failing to furnish such proofs in the manner and within the time provided shall be guilty of a misdemeanor and upon conviction thereof be subject to a fine of not more than $100.

If I had my way, I would strike out all of that paragraph. When I turn to page 58, I find there a provision somewhat similar in its nature; but we are now taking out producers of rice. If producers of rice are taken out, then, employing as to producers of wheat and corn the same fair spirit that was manifested a moment ago, subdivision (e) on page 30 should also be eliminated.

Mr. MILLER. Mr. President, will the able Senator yield?

Mr. McNARY. I yield.

Mr. MILLER. No man will go farther than I in helping the Senator correct the paragraph on page 30; but, if I may say so, that is part of the text of the original bill, and, not being a committee amendment, has not yet been considered.

Mr. McNARY. I appreciate that fact.

Mr. MILLER. It ought to be corrected, however.

Mr. McNARY. Since we are now dealing with committee amendments which were written into the bill at a late hour before it was reported to the Senate, we can attack those amendments, as the Senator is very properly doing, by taking out producers; but, if that is to be done, I desire to have the RECORD show that when we come to the text of the bill dealing with farmers and producers of corn and wheat—who, as the bill stands, must make these voluminous and complicated reports, or be subject to criminal punishment by fine—I want that provision also eliminated.

Mr. MILLER. I agree most heartily with the philisophy of the Senator.

Mr. McNARY. Very well. I am very glad to support the Senator from Arkansas, who is always fair.

Mr. POPE. Mr. President, will the Senator yield?

Mr. McNARY. Yes; I yield.

Mr. POPE. I think it has been stated four or five times, and I will again state, that the Senator from Kansas [Mr. McGILL] has served notice that at the appropriate time he expects to move to strike out lines 15 to 18, on page 30, with reference to penalties. I thought the Senator from Oregon knew that.

Mr. McNARY. I do know it.

Mr. POPE. Will the Senator yield just a little further?

Mr. McNARY. Yes.

Mr. POPE. Let me point out to the Senator the reason why the rest of the section should remain in the bill.

Mr. McNARY. Certainly.

Mr. POPE. As the Senator knows, about 80 or 85 percent of the corn that is produced is fed to hogs or cattle, to livestock. It is not sold as corn. Therefore the producer of corn would not be in position to make an accurate record of any corn that he might actually dispose of in excess of his marketing quota. The same thing may not be true of wheat; but corn and wheat are treated alike in the bill, and I can see no possible objection to requiring farmers without any penalty, as a matter of cooperation, to furnish records of their acreage, yield, storage, and other marketing facts with reference to the commodity. I think almost any farmer could do that, and do it without any difficulty; and therefore I think no hardship upon the farmer is involved in doing it.

The Senator from Oregon himself has said that he is a farmer instead of a very able lawyer and judge. As a farmer, I am satisfied that he could furnish the data there required.

Mr. McNARY. I thank the Senator, but he is probably following in my footsteps when he makes this argument. All that the Senator from Kansas [Mr. McGILL] a few days ago said he would do was to remove the penalty, leaving the producer of wheat and corn to supply all that the Secretary wants in the way of complying with rules and regulations and furnishing records of acreage and yield and storage and marketing of his commodity. The Senator from Idaho thinks that requirement should remain applicable, but he takes away the penalty. If the penalty is taken away, of course, it is just a matter of good conscience to abide by the provisions of the bill; but in the case of rice—and I am for the proposition—we take away from the producer all necessity for even supplying the records which we require the producer of wheat and corn to furnish.

Mr. POPE. Mr. President, will the Senator yield?

Mr. McNARY. Yes.

Mr. POPE. The Senator certainly can see a difference between the marketing of corn and the marketing of rice. Rice is marketed almost exclusively as rice. Corn is marketed to a very small extent as corn. Therefore the necessity arises for having records in the case of the corn farmer, whereas the records with reference to rice would be left to the purchaser of the rice.

Mr. McNARY. The able Senator from Idaho is not a rice grower. I am not, either.

Mr. POPE. I am not a rice grower, but I have lived in a rice-producing country, and I know something about it.

Mr. McNARY. Very well; but the rice grower should not be freed from any rules and regulations imposed by the Secretary of Agriculture to which the producers of wheat and corn are subjected. There is no distinction. Rice and wheat are sold as such on the market. Of course, we know that corn goes through hogs and cattle. I concede that there is reason in the argument in that instance; but there is no difference between the producers of rice and wheat with respect to making these complex and confounding reports.

What I suggest to the Senator and what is agreeable to the generous and genial Senator from Arkansas is if we strike out the requirement of reports, and so forth, as to producers of rice, let us now have an understanding that when we take up the text of the bill we shall strike it out as to the producers of wheat and corn.

Mr. POPE. The Senator from Oregon may make a motion or offer an amendment to strike it out, but I do not think it would hurt any farmer to furnish the data required as to producers of wheat and corn. I do not think it would subject him to much inconvenience to do so; but if the Senator from Arkansas [Mr. MILLER] thinks sufficient records will be available without any being supplied by the farmer or the producer in the case of rice, that is a very good reason for not requiring it. Certainly as to corn, however, if not as to wheat, if there were not any provision of the kind in the bill, the Secretary in many instances would have no way to find out how much of the commodity had been marketed.

I have always taken this view of the bill: I may oppose the philosophy of the bill, I may oppose the bill itself, but I do not desire in every possible way to prevent its successful operation if it should be enacted in spite of my opposition to the philosophy of the bill.

Mr. McNARY. I agree with that. I say to the Senator frankly that, as he may know, I do not intend to support the bill.

Mr. POPE. I have inferred that that was the case.

Mr. McNARY. I have always taken the position, however, that the weaknesses of a bill should be pointed out, and that the Members of the Senate, and particularly the authors of the bill should be given an opportunity to remedy those weaknesses, as was done a few moments ago when I suggested that it was unfair to say that the producer of corn and wheat was guilty of an unfair agricultural practice when the same thing did not apply to the producer of rice. The Senator from Louisiana [Mr. ELLENDER] and the Senator from Arkansas [Mr. MILLER] saw the fairness of that proposition and accepted my amendment. The amendment was designed to improve the bill. So in this instance I say that I do not think we ought to permit the producer of rice to be freed from the necessity of making these reports when we require the same kind of reports from a corn or wheat producer. There is no difference in that respect between the producer of rice and the producer of wheat, because they both produce a raw material, and it does not go through the process of conversion that corn goes through.

Mr. BARKLEY. Mr. President, a parliamentary inquiry: What is the pending amendment?

The PRESIDENT pro tempore. The clerk will state the pending amendment.

The CHIEF CLERK. The pending amendment is subdivision (c), on page 58, as amended by the amendment of Mr. MILLER.

Mr. McNARY. Mr. President, I realize that I am in order. There need be no inquiry along that line.

Mr. BARKLEY. I do not know just what the Senator is alluding to. I have not intimated that the Senator is out of order. I am trying to find out what he is in order about.

Mr. McNARY. The RECORD indicates, and those present know, what it is about. I state again that while I am not going to oppose this amendment, because I think it is fair to the rice producers, when the time comes I shall forcefully, if possible, call the attention of the Members of the Senate to the fact that they have again discriminated against the producers of wheat and corn and in favor of the producers of other commodities.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. MILLER] to the committee amendment on page 58, being subdivision (c).

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment was, at the top of page 59, to insert the following heading:

Title VI—Definitions, Findings, and Administrative Provisions.

The amendment was agreed to.

The next amendment was, on page 59, line 5, after the word "Sec.", to strike out "12" and insert "60"; and in line 6, after the word "shall", to strike out "publish in a newspaper of general circulation within the county" and insert "post in the area for public inspection ", so as to read:

SEC. 60. (a) Under regulations of the Secretary, each local committee of farmers shall post in the area for public inspection a list of the soil-depleting base acreages, normal yields—

And so forth.

Mr. McNARY. Mr. President, when the bill was first considered it was evidently thought that these notices should be published in newspapers, which I think should prevail; but I observe that in subdivision (a) that has been changed, and it is said that these notices shall be posted "in the area for public inspection" instead of being published in newspapers. On the same page, in line 15, in subdivision (b), it is provided that these notices, "after newspaper publication of such determination as hereinbefore provided——"

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. McNARY. Just a moment. Unquestionably the first notion of the committee was to publish these notices in newspapers. There came a change, and it was decided to post them, instead. In the next subdivision, however, referring to the same subject matter, they are spoken of as being published in newspapers. There ought to be some change made there, of course, to harmonize the language of the two subdivisions.

Mr. ELLENDER and other Senators addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Oregon yield; and if so, to whom?

Mr. McNARY. I yield first to the Senator from Louisiana.

Mr. ELLENDER. I have an amendment to accomplish that very purpose. On page 59, line 16, I propose to strike out the words "newspaper publication of" and insert in lieu thereof "making public", so it would read "with 15 days after making public such determination." I think that would be rather better than "newspaper publication of."

Mr. POPE. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. POPE. I had also observed that discrepancy, and had prepared an amendment slightly different from that just suggested by the Senator from Louisiana. It was my intention to suggest striking out the word "newspaper" and insert the word "such", so it would read "within 15 days after such publication." It would be to the same effect and, I think, would be a little better wording.

The reason for changing that from publication in newspapers to posting in areas for public inspection is purely a matter of expense to the local committees if publication was made in newspapers. It was called to our attention that in many cases it would cost hundreds of dollars to carry the publication in newspapers at advertising rates. Therefore, it was thought advisable to give it publication by posting as widely as possible without subjecting the administrator of the law to that large additional expense. That is the only reason.

Mr. McNARY. So long as the correction is made, I do not care whether it is in the fashion suggested by the Senator from Louisiana or that suggested by the Senator from Idaho.

Mr. ELLENDER. Would it not be better to have it read "within 15 days after making public such determination as herein provided"?

Mr. POPE. I think it is unimportant.

Mr. BARKLEY. It would be more in keeping with the section above to use the word "posting" rather than "publication."

Mr. POPE. It is really immaterial.

The PRESIDENT pro tempore. The amendment of the Senator from Louisiana will be stated.

The CHIEF CLERK. On page 59, line 16, it is proposed to strike out "newspaper publication of" and insert "making public", so as to read:

Within 15 days after making public such determination as hereinbefore provided.

The amendment was agreed to.

The PRESIDENT pro tempore. The next amendment of the committee will be stated.

The next amendment was, on page 59, line 9, before the word "marketing", to insert the word "farm", so as to read:

Farm marketing quotas.

The amendment was agreed to.

The PRESIDENT pro tempore. Without objection, subsection (a) as amended is agreed to.

The next amendment was, on page 60, line 5, before the word "and", to insert "regulations, or fact"; in line 18, after the word "the", where it occurs the second time, to strike out "petitioner is an inhabitant or operates his farm" and insert "land in question is located"; on page 62, line 10, before the word "to", to strike out "subsection" and insert "section"; in line 15, after the word "this", to strike out "subsection" and insert "section"; in line 16, after the word "this", to strike out "subsection" and insert "section", so as to read:

(c) Under regulations of the Secretary any farmer dissatisfied with the determination of the review committee may, within such reasonable time and in such manner as the Secretary shall prescribe, file with a reviewing officer to be designated by the Secretary a written petition alleging that the determination made by the review committee was not in accordance with law, regulations, or fact and praying for the modification thereof; and the petitioner shall thereupon be afforded an opportunity for full hearing on the petition at a place of hearing within the county in which the petitioner's farm is located. After such hearing the reviewing officer shall make a report in writing stating his findings and conclusions, and an order confirming or modifying the determination of the review committee of farmers. A copy of the report and order shall be served on the petitioner by sending the same to him by registered mail.

(d) The petitioner may, within 15 days after receipt of a copy of such report and order, file a bill in equity against the Secretary as defendant, in the United States district court for the district in which the land in question is located, for the purpose of obtaining a review of such order. The bill of complaint in such a proceeding may be served by delivering a copy thereof to the Secretary or to any person within the district in which suit is brought who may have been authorized by the Secretary to accept service of such a bill, and thereupon the reviewing officer shall certify and file in the court a transcript of the record upon which the determination complained of was entered. The review by the court shall be limited to questions of law, and findings of fact by the reviewing officer when supported by substantial evidence shall be conclusive. No objection to the order of the Secretary shall be considered by the court unless such objection shall have been urged in the hearing before the reviewing officer, or unless there were reasonable grounds for failure so to do. If application is made to the court for leave to adduco additional evidence, and it is shown to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the reviewing officer, the court may order such additional evidence to be taken before the reviewing officer in such manner and upon such terms and conditions as to the court may seem proper. The reviewing officer may modify his findings and conclusions and his order by reason of the additional evidence so taken, and he shall file with the court such modified or new findings, conclusions, or order, which findings, if supported by substantial evidence, shall be conclusive. At the earliest convenient time the court shall hear and determine the case upon the original record of the hearing before the reviewing officer, or upon such record as supplemented by further hearing before him pursuant to an order of the court, and the court shall affirm the reviewing officer's order, or the order as modified by him, if the court determines that the same is in accordance with law. If the court determines that such order or modified order is not in accordance with law, it shall remand the proceeding to the reviewing officer with direction either to make such order as the court shall determine to be in accordance with law or to take such further proceedings as in its opinion the law requires.

(e) Notwithstanding any other provision of law, the jurisdiction conferred by this section to review the legal validity of a determination made by a reviewing officer pursuant to this title shall be exclusive. No court of the United States or of any State shall have jurisdiction to pass upon the legal validity of any such determination except in a proceeding under this section. The commencement of judicial proceedings under this section shall not, unless specifically ordered by the court, operate as a stay of the reviewing officer's order.

The amendment was agreed to.

The next amendment was, on page 62, line 20, before the word "agricultural", to strike out "major"; and on page 63, line 1, after the word "Secretary", to insert a comma and "if such action is necessary to prevent a substantial increase of marketing quotas in the local administrative area", so as to read:

(f) In the event of an increase with respect to any agricultural commodity of any depletion base acreage or marketing quota for any farm as a result of the review of the determination thereof under this section, then all other depletion base acreages or marketing quotas, respectively, for farms in the same local administrative area shall be reduced pro rata in accordance with regulations of the Secretary, if such action is necessary to prevent a substantial increase of marketing quotas in the local administrative area.

The amendment was agreed to.

Mr. LEE. Mr. President, at this point I desire to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 63, after line 2, it is proposed to insert the following new subsection:

(g) Notwithstanding any other provisions of this act, the combined soil-depleting base acreage for cotton, wheat, and corn, and the combined marketing quotas for cotton, wheat, and corn, for any farm shall be so adjusted that neither the normal yield of such combined base acreage, nor the amount of such combined marketing quotas, will be less than an amount of such commodities equal to the smaller of the following: (1) The amount of the average production of such commodities on such farm during the preceding 10 years, or (2) an amount of such commodities for each family engaged in the production of such commodities on such farm having a combined value of $300, computed at parity prices as of the end of the preceding marketing year.

Mr. LEE. Mr. President, the purpose of the amendment is to exempt the little farmer up to $300 from quota reductions and acreage reductions and basing him on a fixed amount of $300; that is, if he has production of half a bale of cotton or a bale of cotton which does not give him $300 to start with, I would give him up to his former production to the extent of $300. If his former production is less than $300, then he should get that much exemption. If it is $300 in terms of dollars and cents, or if his combined production of cotton, wheat, and corn is under $300, he would get that much exemption, but he would get at least an exemption of $300 or the normal production below that amount which he has previously made over a 10-year average.

In exempting on the basis of acreage or percentage, we do not have a good yardstick. It is neither correct nor just. An exemption in dollars to the little producer is exact. One acre of irrigated land will produce much more than 1 acre of arid land. If we base it on acreage it is not a good criterion, and if we base it on percentage it is still not a good criterion. My amendment would give an exemption to the little farmer. I take it the purpose of members of the committee and other Senators is to give the little producer some slight advantage, and this would not start his quota reduction until it reaches at least $300.

Mr. BORAH. Mr. President, I should like to have the amendment read again.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The clerk will read again the amendment proposed by the Senator from Oklahoma.

The Chief Clerk again read the amendment.

Mr. BORAH. I am not sure that I understand the purport of the amendment. I take it that it is not designed to exempt, as it were, the man who produces less than $300 in value of commodities.

Mr. LEE. The man who produces more than that. The reason for the two-way negative statement is so as not to exempt every person with $300 of production, because the production of some might be only $150. The intention is to exempt them up to that amount and to put $300 as an exemption in dollars and cents for those who produce as much as $300 worth.

Mr. BANKHEAD. Mr. President, the amendment as submitted does not conform to any of the provisions of the bill. In the first place, under the cotton program no plan is based upon base acreage. We found as a result of experience that it is practically impossible to get correct information and figures upon the base acreage planted to cotton over a period remote in the past. That very fact caused a great deal of confusion and feeling between neighbors. I think if the Senator really understood what went on in the administration of the previous program, growing out of the difficulty in the establishment of base acreage upon every farm, he would be exceedingly reluctant to base anything upon that basis.

The 10-year period has been abandoned in the bill so far as cotton is concerned, for the reason that the facts were not readily available, and for the reason that it went too far into the past and did not give proper consideration to later changes upon many farms. In other words, it had a tendency to go back too far to ascertain the average number of acres planted to cotton. So the 10-year provision does not fit in with the conclusion reached by the committee and with a whole underlying program for the allotment of cotton to farmers.

Mr. LEE. Mr. President, does the Senator have in mind a suggestion of time of previous production which he would recommend instead of the 10 years?

Mr. BANKHEAD. If I were going to use a basis, I would use 5 years, because that is the basis which has been used throughout the bill.

Mr. LEE. That would be satisfactory to me, so far as I am concerned.

Mr. BANKHEAD. Of course, there are other reasons why I think the amendment should not be adopted, which I will state; but I do think the Senator will find himself better satisfied with 5 than 10 on investigation.

Mr. LEE. Before the Senator takes his seat, let me ask him whether he feels that the exemption of 5 acres——

Mr. BANKHEAD. We raised that to 7½.

Mr. LEE. Does the Senator feel that that is a fair adjustment as between different farmers, considering the different productivity of the acreage?

Mr. BANKHEAD. There has always been that difference, and it is difficult to do away with it. It is not possible to fix any basis that will give all farmers, regardless of their land, regardless of the productivity and other conditions, exactly the same production or yield upon their farms.

As to the question of exemption, I am sympathetic with the small farmer, as I think everyone here knows. I devoted some years of my service here to an attempt to work out a program under which farm tenants could ultimately acquire farms of their own. I have taken that position because I am sympathetic with the small farmer.

Mr. President, I think there is generally a misunderstanding about the status of the small farmer. The Senator from Oklahoma proposes an amendment which would exempt $300 in money. That is mighty little, of course, but I regret to say to the Senate that it is more than the average all farmers now get for their cotton crops. If the Senator will consult his figures, he will see that on an average cotton farm about six bales are produced. Six bales multiplied by 2,300,000 producers gives about the annual production over a long period, around 13,000,000 bales. So, when we apply the price to six bales of cotton this year at, say, $40 a bale—and it has been selling most of the season below that—we get $240 cash income as an average for all cotton growers. Of course, that is a distressing thing, which concerns us all and grieves us all, but it is a condition we are obliged to confront and deal with when we are laying down in the statute definite formulas.

Mr. LEE. Mr. President, will the Senator yield further?

Mr. BANKHEAD. I yield; but let me say that I am not antagonistic to the idea of the Senator at all.

Mr. LEE. I realize that the Senator is as eager to help the farmer as anyone is; but the Senator will notice that in the amendment it is provided the exemption shall be $300 figured at parity, and that would not be the present price. The Senator pointed out that if all cotton farmers, or all farmers, are exempted up to $300, it would take too much of the allotment.

Mr. BANKHEAD. It would take it all.

Mr. LEE. That is the point; they will not all be exempted under the amendment up to $300. They will be exempted up to their former production, until it reaches $300, which will, of course, be much less than if we were figuring $300 for the entire number.

Mr. BANKHEAD. As the Senator sees, that would exempt nearly seven bales of cotton, which is more than the average the farmer gets.

Mr. LEE. I beg to differ with the Senator. Parity today would be $80 a bale, which would mean three and three-fourths bales.

Mr. BANKHEAD. Three hundred dollars would take seven bales, and the farmer would get $40 less a bale for the cotton now, and he would have to sell seven bales or more to get the $300.

Mr. LEE. But it would be three and three-fourths bales today, and that would not mean that all farmers would get three and three-fourths bales.

Mr. BANKHEAD. I think the Senator is figuring backward. I think a farmer would have to sell more cotton to get the parity price than to get the $300.

Mr. LEE. But the amendment provides that the amount to be figured is to be figured at the parity price.

Mr. McGILL. Mr. President, will the Senator from Alabama yield to me?

Mr. BANKHEAD. I yield.

Mr. McGILL. The provisions of the bill with reference to wheat and corn as now written specifically exempt any farmer to the amount of 100 bushels of wheat and 300 bushels of corn. In addition to that, it is also provided that the act shall not apply where a corn or wheat producer does not produce for market more than 25 percent of the amount of the commodity he raises. It seems to me that amply protects the small producer, and that the Senator's amendment would directly conflict with the other provisions of the bill. I agree with the Senator from Alabama that the amendment should not be adopted.

Mr. POPE. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I yield.

Mr. POPE. Perhaps the most difficult phase in connection with the writing of this farm bill was the matter of exemptions. At the beginning of the preparation of the bill the Secretary of Agriculture called together some 60 farmers and farm leaders from all over the country. They worked for days and days on the bill and arrived at the exemptions contained in the original measure. Therefore, I would not want to accept any amendment of this kind, which would upset the exemptions designed to take care of the small farmer as understood by the farmers themselves who appeared here and worked on the bill. So I think the amendment should be defeated.

I am not at all certain what effect the amendment would have on exemptions in the way it is worded. It would not take care of the new man who has come into the field within 5 or 10 years. It is uncertain what the effect would be.

Mr. McGILL. A hundred bushels of wheat at a dollar a bushel would bring $100. The amendment would limit the small farmer to a combined value of $300.

Mr. LEE. Mr. President, will the Senator from Alabama yield to me again?

Mr. BANKHEAD. I yield.

Mr. LEE. In answer to the Senator from Kansas, the exemption in the bill to which the Senator refers takes the farmer out from under the law altogether and does not give him any benefits at all on his hundred bushels of wheat and 300 bushels of corn. It is just as though the law did not exist. Therefore the Senator cannot justly argue that the farmer is in a better position than one would be under the amendment, under which he would receive the benefits up to $300, without being cut as to quotas.

Mr. McGILL. The Senator overlooks the fact that the bill is designed to increase the commodity price. If the commodity price of wheat is increased to amount to anything, it will go to as high as $1.20 a bushel, and all the benefits the farmer would receive, with his exemption under the bill for that commodity alone, would be more than the combined exemption the Senator's amendment would provide.

Mr. LEE. The Senator agrees that the man producing no more than the hundred bushels of wheat and 300 bushels of corn would not receive any payments under the bill. Is that true?

Mr. McGILL. Unless he desired to become a cooperator, the same as any other farmer.

Mr. LEE. If he markets as much as 25 percent, he can become a cooperator, and then all of his production will be cut.

Mr. McGILL. If a cooperator does not market more than 25 percent.

Mr. LEE. I move that in the amendment "ten" be changed to "five."

Mr. BANKHEAD. Mr. President, the Senator can make that motion a little later. My time is passing.

Mr. LEE. Very well.

Mr. BANKHEAD. Mr. President, this is an amendment which affects base acreage; would increase, in many cases, the base acreage. As I have explained, it does not at all fit into the proposed plan. But I wish to call the attention of the Senator from Oklahoma and of others to the fact that the amendment would increase the exemptions for the benefit of landowners as much as for the benefit of tenants, and I wish the Senator from Oklahoma would give attention to that.

As a rule the landlord gets half of the base acreage exemption on a farm, in my section of the country, and I think in a great many other sections, and we took testimony in regard to that matter. The tenant gets half. So the amendment would result in increasing the base acreage, and every time it is increased the tenant is not helped, and the tenant is usually the little man. There are small farm owners, too, but there are more small men who are tenants than there are small men who own the farms, because about half of all the cotton farmers are tenants, and they are all small men, and, of course, we are seeking to help them. In an amendment of this sort, where there is an attempt to increase the base acreage on the farm, the effect would be to let that farmer produce that much more cotton, partly for the benefit of the tenant and partly for the benefit of the owner.

It is difficult to prepare a program of this sort on the floor of the Senate, and we have thoroughly considered this matter. This is a big man's amendment, in its effect, much more than it is a little man's amendment, because it would not apply to a little man out on the hillside who owned his own farm. If a man had 10 tenants, this would give him all of the allotment for each of the tenants, increasing the acreage that he could plant to cotton.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LEE. The Senator from Alabama wants to give the tenant all the help he can. He surely does not object to giving a little advantage to the tenant.

Mr. BANKHEAD. I want the tenant to have it. The point I am making is that at the same time we would be doubling up and increasing the benefits of the landlord, not the little fellow, but to the big fellow, so to speak.

There is another point I desire to bring to the attention of the Senator: That on nearly all these farms with tenants on them, while we speak of them in general terms as the big man as compared with the little man, we cannot divide them in that way between a little hill farm and a big hill farm, or a big farm anywhere else, because when we find a big farmer, in proportion to his bigness we find a number of little fellows with tenancy contracts working on the farm. For that reason it is very hard to work out a program.

Mr. REYNOLDS. Mr. President, will the Senator from Alabama yield to me?

Mr. BANKHEAD. I yield.

Mr. REYNOLDS. I should like to ask the Senator from Alabama whether, in his opinion, the proposed amendment offered by the Senator from Oklahoma would increase the production of cotton.

Mr. BANKHEAD. I do not know that it would increase it, but it would result in a big shift in who produces it.

Mr. REYNOLDS. I hope the Senator from Oklahoma was listening when I directed my inquiry to the Senator from Alabama.

Mr. BANKHEAD. Of course, if we allowed additional allotments under this amendment, we would have to take the allotments out of the national quota and take them away from someone else. That is why I say we may take them away from one little farmer somewhere, cutting down his acreage, and give it to a landlord who has a whole drove of tenants, because this is bottomed on the base acreage allotment.

I really think the Senator from Oklahoma ought to take more time to consider the amendment. I am in sympathy with the general idea. We have in the bill now an exemption based on acreage, and acreage is the basis of allotments, not bales. We have that provision in the bill. We have amended it to suit the most liberal requirements, and it is in such shape that if it is fully executed, nearly all of the cotton will be exempted. Probably there will be twenty-five or twenty-six million acres of allotments next year, and the 7½-acre allotment we inserted yesterday should take care of about 16,000,000 acres out of that twenty-five or twenty-six million. So that there is a small percentage left. We have amply taken care of the little man as best we could. We increased the figure on the floor of the Senate over and above what the committee had fixed in the bill. Assuming that the amendment of the Senator from Oklahoma [Mr. LEE], if enacted, would increase the production of cotton—I assume from the answer made by the Senator from Oklahoma that it would—I will ask the Senator if that addition would not, as a matter of fact, be detrimental to the producer of cotton.

The PRESIDING OFFICER. The time of the Senator from Alabama on the amendment has expired.

Mr. McGILL obtained the floor.

Mr. BANKHEAD. Mr. President——

Mr. McGILL. I yield to the Senator from Alabama.

Mr. BANKHEAD. I thank the Senator. I will take but a short time to answer the question of the Senator from North Carolina [Mr. REYNOLDS].

Mr. REYNOLDS. I shall be glad to have the Senator answer the question. I will state my reason for asking it.

It is my recollection that a few years ago we had a production in this country of around 17,000,000 bales of cotton. We had a 17,000,000-bale crop.

Mr. BANKHEAD. We have had one 17,000,000-bale crop and one 18,000,000-bale crop before this year.

Mr. REYNOLDS. That is my recollection. It is my further recollection that one year we had a 13,000,000-bale or 14,000,000-bale production, and that in the year when we produced the smaller number of bales, the reduced number of bales brought to the farmers of the United States approximately $300,000,000 more than the farmers received from the cotton produced in the larger crop year. Is that true?

Mr. BANKHEAD. We had a very wide difference in income, based upon the size of the crop. It will be recalled

that in 1926, as compared with 1921, there was a difference in the production of 8,000,000 bales, and the farmers received $300,000,000 more for the smaller crop. In other words, the increase of 8,000,000 bales, with all the cost and all the labor incident to it, brought the farmers $300,000,000 less than the crop which was 8,000,000 bales less.

Mr. REYNOLDS. That was what I had in mind in asking my question. I made the inquiry of the Senator merely for the reason that I have gotten the impression that the amendment of the Senator from Oklahoma, if adopted, would increase the production of cotton.

Mr. BANKHEAD. I think it would necessarily have that effect.

Mr. REYNOLDS. Therefore, the increase in production would be detrimental to the farmer.

Mr. LEE. Mr. President, will the Senator from Kansas yield to me?

Mr. McGILL. I yield to the Senator from Oklahoma, but I do not wish him to take too much of my time.

Mr. LEE. I wish to say to my good friend the Senator from North Carolina, the fascinating BOB REYNOLDS, that on 5 acres of irrigated land, it is not only possible, but it is more the rule, I understand, than the exception, to make 2½ bales to the acre. On 7½ acres that would make 18¾ bales, which would be exempted to a man who happened to be farming an irrigated farm. But out in my part of the country and in other sections of the country where they farm the less expensive land, it takes 5 acres to make 1 bale. Now we are faced with the possibility of increasing our cotton under the 7½ acres exemption, and doing it in an unjust manner by giving that much advantage to the farmer who has very fertile, productive land, who is already in a better position than the one farming the poor land; whereas if we make the exemption on the basis of units, pounds, and bushels, we give a fair exemption to every individual. Is it just to make that exemption and at the same time run the chance of increasing our total cotton production even more than it would be under a unit exemption?

As to the——

Mr. McGILL. Mr. President, I am perfectly willing to yield to the Senator for a question. I did not yield to him for a speech.

Mr. BANKHEAD. Mr. President, will the Senator yield to permit me to make one statement?

Mr. McGILL. I yield.

Mr. BANKHEAD. I think this amendment is entirely out of line with the bill—has a tendency to confuse it and upset it—and I am sure it will not work out in the way the Senator from Oklahoma has in mind. I think we had better leave the acreage exemption in the bill, because it is based upon the average yield, and will not entirely have the effect that the Senator from Oklahoma seems to anticipate.

Mr. McGILL. Mr. President, the committee having this bill in charge gave a great deal of consideration to what is known as the small-type farmer, the small producer, and I feel that in the provisions of the bill we have made ample provision in regard to that type of farmer.

It further occurs to me that the amendment proposed has not been very thoroughly considered in connection with the provisos of the bill itself. We have made provision that where one only produces 300 bushels of corn that person is exempted from the bill. Also one only producing 100 bushels of wheat is exempted in the bill. Base acreage, so far as wheat and corn are concerned, is based on the last 10-year average.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Idaho?

Mr. McGILL. I yield.

Mr. BORAH. I understand with respect to these exemptions which are provided in the bill, in the one case 100 bushels of wheat and in the other 300 bushels of corn, that those who get those exemptions receive no benefits under the provisions of the bill at all. With respect to them their position is just the same as if we did not legislate. The provision now under discussion undertakes to give them the benefits under the bill notwithstanding the exemptions.

Mr. McGILL. They would not receive direct benefits in the form of a parity payment unless they voluntarily became cooperators. However, there is nothing to prevent them from becoming cooperators. The smallest farmer in the land can become a cooperator under the terms of the bill if such farmer sees fit to do so.

We make a further exemption in the bill that one who produces either of these commodities and does not market in excess of 25 percent of all produced, regardless of how much produced, is exempted from the provisions of the bill.

The Senator from Oklahoma [Mr. LEE] in his amendment provides that the combined value of the commodities—all three, cotton, wheat, and corn—computed at parity prices, would be exempt. Let us see what that would amount to. It would amount to much less wheat, much less corn, much less cotton exemption than the committee in the bill provides; because if we figure at parity prices—and we have a right to conclude that if this bill accomplishes what its proponents have designed, it will increase commodity prices not only to the cooperator but to the noncooperator as well—if these figures are computed at parity prices, the Senator's 100 bushels of wheat would amount to $120, 300 bushels of corn would amount to $240, a total of $360. And the Senator would limit the combined value of the three commodities—wheat, corn, and cotton—to $300.

Mr. LEE. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. LEE. In the case, though, of a farmer who raises only corn, is there not then an injustice; because if he happens to raise all three commodities, then he gets the amount to which the Senator refers; but if he raises only one, then there is a further injustice to him. My purpose is to offer an exemption which will work equally on all farmers and not give one a great advantage simply because of fertile land or because he raises three commodities instead of one.

Mr. McGILL. Whatever the purposes may be, in my judgment the amendment would not accomplish what the Senator intends to accomplish. And I feel that the exemption—in addition to the exemptions I have stated—the one exemption eliminating any farmer regardless of how much he may farm from the provisions of the bill, if he does not market in excess of 25 percent of the amount produced, is much more liberal than the proposal of the Senator from Oklahoma.

Mr. HATCH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from New Mexico?

Mr. HATCH. Mr. President, I do not desire to take the Senator's time. I thought he had concluded.

Mr. McGILL. I think I have about concluded, unless there are some questions.

Mr. POPE. Mr. President, will the Senator yield to me?

Mr. McGILL. I yield.

Mr. POPE. Is there not danger in the wording of this amendment that it will nullify or displace the exemptions which already appear in the bill and which appear in nearly every instance to be greater than those here provided?

Mr. McGILL. They are in direct conflict with the exemptions in the bill. They are less than those provided in the bill. I assume the amendment was offered to protect the farmer who produces the three commodities, not all. The combined value of the three commodities, wheat, cotton, and corn, all three.

Mr. LEE. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. LEE. This amendment was not prepared without consideration of the bill. I submit to the Senator that the amendment is not in conflict with the exemptions provided there, but those exemptions do not allow the man exempted any benefits at all, and if he takes advantage of the 25-percent marketing quota that he might reduce and wants to be a cooperator, then he has no exemption at all. I ask the

Senator, Does he have any exemption at all if he becomes a cooperator?

Mr. McGILL. Oh, yes.

Mr. LEE. What exemptions does he have?

Mr. McGILL. He has the one to which we have referred.

Mr. LEE. If he becomes a cooperator?

Mr. McGILL. Oh, yes.

Mr. LEE. I do not so understand the bill.

Mr. McGILL. The facts are the bill is more liberal with the small farmer than the amendment proposed by the Senator from Oklahoma, and the amendment could not have any other effect on the bill than to limit its terms with reference to the small farmer.

Mr. HATCH. Mr. President, I desire to ask the Senator from Oklahoma if he has any figures or estimates as to what the amendment will do with particular reference to the increase of production of cotton. Will it have any effect on that?

Mr. LEE. I will say to the Senator from New Mexico that no figures are available, because it would be necessary to have an exact statement or knowledge of how many farmers produced, say, one-half a bale of cotton and how many produced three-quarters of a bale of cotton. Therefore, it is difficult to give figures. The best that could be done would be to give an estimate.

Mr. HATCH. Has the Senator made any estimate?

Mr. LEE. I have made no estimate, because that would be rather presumptuous. At the same time, I suggest to reasoning Senators that when they are exempting 7½ acres of cotton due to the difference of the productivity of the soil there is some likelihood of increasing the total cotton production at the expense of a farmer on a poorer farm—increasing it over a ceiling of, say, $300 as a total exemption.

Will the Senator from New Mexico be kind enough to yield further?

Mr. HATCH. I yield.

Mr. LEE. I cannot understand how the Senator from Kansas can argue that there are greater exemptions under the bill as it is and that the bill would exempt the little fellow more than my amendment would. Of course, if the little farmer produces all three crops, that in itself points out an injustice in the bill as it is. If he produces all three of these commodities and gets a big exemption under the law, he does not get any benefits. If he produces only one crop, corn, he gets 300 bushels of corn exemption, with no benefits at all. If he produces only wheat, he gets 100 bushels of wheat exemption and no benefits at all. If a man is producing only wheat, he would have to get $3 a bushel for his wheat in order for it to be as good an exemption and do as much for the little fellow as would be done under the amendment, whereby he would get a $300 exemption. That would apply to every farmer alike instead of applying to a farmer who happened to raise all three of these commodities, and then allowing him exemptions which would cause injustice to the farmer who simply raised one commodity.

Mr. BORAH. Mr. President——

Mr. LEE. I ask to have the amendment modified.

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Idaho?

Mr. HATCH. I yield to the Senator from Idaho.

Mr. BORAH. I was about to say that the Senator from Kansas [Mr. McGILL], as I understood him, was of the opinion that if the man who had an exemption of 100 bushels of wheat and 300 bushels of corn nevertheless concluded to become a cooperator, he could still enjoy 100 bushels exemption in the case of wheat, and 300 bushels exemption in the case of corn. I do not understand the bill in that way at all.

Mr. McGILL. To what page is the Senator referring?

Mr. BORAH. Page 6, where the bill provides that wheat and corn shall be deemed to be produced for market except—

Whenever in the case of corn the aggregate normal yield of the soil-depleting base acreage for such commodity is less than 300 bushels, and in the case of wheat such aggregate normal yield is less than 100 bushels, and the acreage devoted to corn, or to wheat, as the case may be, does not exceed such respective base acreage: *Provided, however,* That either such commodity shall be deemed to be produced for market if 25 percent or more of the aggregate normal yield of such base acreage is marketed and if the farmer indicates to the Secretary his desire to become a cooperator.

When the farmer takes his position as a cooperator, as I understand that provision, the exemption disappears.

Mr. POPE. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the junior Senator from Idaho?

Mr. HATCH. I desire to ask the Senator from Oklahoma another question; but I yield to the junior Senator from Idaho.

Mr. POPE. I think the interpretation of my colleague is correct in that respect; but if the farmer who is exempted thinks that by signing a contract he will get greater benefits, then obviously he is benefited more than the exemption would benefit him. Therefore he is better off, or he may think he is better off, if he cooperates; and in that event, of course, he would not get the exemption, but would comply with the program.

Mr. HATCH. Mr. President, if the Senator from Oklahoma [Mr. LEE] will give me his attention for one more question. I am interested in the question of increasing the production.

Suppose, for instance, the Secretary of Agriculture should establish a quota of 10,000,000 bales. How would the Senator's amendment operate? If his exemption should be adopted, would the exempted bales be added to the 10,000,000-bale quota, or would they be taken out of the 10,000,000-bale quota?

Mr. LEE. Any exemption in regard to production would have to be taken out of the total production.

Mr. HATCH. Then the Secretary would fix the quota at 10,000,000 bales, and the production would not be increased at all? Is that the Senator's theory?

Mr. LEE. I do not believe it would be increased much, because, as I pointed out, due to intensive farming on a small number of acres of irrigated land, figuring 2½ bales to the acre, it is possible to produce 18¾ bales on 7½ acres.

Mr. HATCH. I say to the Senator in that regard that I think he has a somewhat exaggerated idea of the possibilities of irrigated land.

Mr. LEE. I was thinking of the fertile acres of New Mexico which are soon to go under water.

Mr. HATCH. The fertile acres of New Mexico produce on an average about 450 pounds of lint cotton to the acre; but I do not believe this two- and three-bale idea is quite correct. I am interested, however, in whether or not this amendment is going to increase the total annual production.

Mr. LEE. I could no more give the Senator a correct answer to that question than the Senator, from reading the bill, could give me a correct answer as to how many bales of cotton will be produced on the 7½ acres that are exempt.

Mr. HATCH. Can the Senator from Alabama [Mr. BANKHEAD], if he has studied this amendment, throw any light on the question?

Mr. BANKHEAD. Mr. President, I think there is no doubt in the world about the amendment increasing the production, because if we start in with an allotment to a county, and then break it down by allowing very large additional exemptions, of course, it leads to increased production over the national quota. There cannot be any answer to that.

Mr. LEE. Mr. President, will the Senator yield at that point?

Mr. HATCH. I yield.

Mr. LEE. Did we not produce, on about ten or twelve million less acres, about six or eight or nine million more bales than the year before? In other words, we cut our acreage in the United States about 12,000,000 acres and

produced more cotton on 12,000,000 less acres than we had the year before. Is not that true?

Mr. HATCH. I think that is correct—something like five or six million bales more.

Mr. LEE. How can the Senator feel that he is getting a correct estimate when he is basing it on acres instead of pounds and units? I maintain that there is more chance of getting the exact answer to what the bill will result in when we put it in pounds and bushels than when we put it in the variable criterion of acres.

Mr. President, I ask to have my amendment modified so as to read "the 5 preceding years".

The PRESIDING OFFICER. The Senator from Oklahoma modifies his amendment as stated by him.

The question is on agreeing to the amendment offered by the Senator from Oklahoma to the amendment reported by the committee.

Mr. BORAH. I call for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the junior Senator from New Hampshire [Mr. BRIDGES] and will vote. I vote "yea."

The roll call was concluded.

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from New Jersey [Mr. SMATHERS] is detained because of illness in his family.

The Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. MCADOO], the Senator from Nevada [Mr. PITTMAN], and the Senator from Montana [Mr. WHEELER] are unavoidably detained.

The Senator from Mississippi [Mr. HARRISON], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS] are detained on important departmental matters.

The Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Utah [Mr. KING], and the Senator from New York [Mr. WAGNER] are detained in important committee meetings.

Mr. AUSTIN. The Senator from Minnesota [Mr. SHIPSTEAD] has a general pair with the Senator from Virginia [Mr. GLASS].

The result was announced—yeas 28, nays 50, as follows:

YEAS—28

Andrews	Copeland	Holt	Maloney
Austin	Davis	Johnson, Calif.	Nye
Bailey	Donahey	Johnson, Colo.	O'Mahoney
Berry	Frazier	Lee	Steiwer
Borah	Gerry	Lodge	Townsend
Burke	Gibson	McCarran	Vandenberg
Capper	Hale	McNary	Walsh

NAYS—50

Adams	Dieterich	Logan	Pope
Ashurst	Duffy	Lonergan	Radcliffe
Bankhead	Ellender	Lundeen	Reynolds
Barkley	George	McGill	Russell
Bilbo	Gillette	McKellar	Schwartz
Bone	Graves	Miller	Schwellenbach
Brown, Mich.	Green	Minton	Sheppard
Brown, N. H.	Guffey	Moore	Smith
Bulkley	Hatch	Murray	Thomas, Utah
Bulow	Hayden	Neely	Truman
Byrnes	Herring	Norris	Van Nuys
Chavez	Hitchcock	Overton	
Connally	La Follette	Pepper	

NOT VOTING—18

Bridges	Harrison	Pittman	Wagner
Byrd	Hughes	Shipstead	Wheeler
Caraway	King	Smathers	White
Clark	Lewis	Thomas, Okla.	
Glass	McAdoo	Tydings	

So Mr. LEE's amendment to the amendment reported by the committee was rejected.

The PRESIDING OFFICER. The question now recurs upon the committee amendment, which will again be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 63, line 1, after the word "Secretary", it is proposed to insert:

If such action is necessary to prevent a substantial increase of marketing quotas in the local administrative area.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment of the Committee on Agriculture and Forestry was, on page 63, after line 2, to strike out the following:

LEGISLATIVE FINDINGS

SEC. 13. The Congress herewith finds as follows:

(a) The production and marketing of the major agricultural commodities—cotton, wheat, corn, rice, and tobacco—constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Such commodities are the Nation's basic source of food and fiber and of feed for livestock for human consumption, and such commodities and livestock produced for market are sold on a Nation-wide market and with their products move almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The farmers producing such commodities are subject in their operations to uncontrollable natural causes, are widely scattered throughout the Nation, and are not so situated as to be able to organize effectively, as can labor and industry, for joint economic action; and in many cases such farmers carry on their farming operations on borrowed money or leased lands. For these reasons, among others, the farmers are unable without Federal intervention to control effectively the orderly marketing of such commodities and livestock and products thereof, with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (a) materially affecting the volume of such commodities marketed therein, (b) disrupting the orderly marketing of such commodities therein, (c) reducing the prices for such commodities with consequent injury to and destruction of such commerce in such commodities, and (d) causing a disparity between the prices for such commodities in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of any major agricultural commodity exists, the production and marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

The amendment was agreed to.

The next amendment was, on page 64, line 23, to strike out the subhead "Miscellaneous."

The amendment was agreed to.

The next amendment was, on page 64, line 24, after the word "Sec.", to strike out "14" and insert "61", and at the top of page 65, to insert:

1. The Secretary is authorized after due notice and opportunity for public hearing to interested parties to treat as a separate major agricultural commodity any market classification, type, or grade of any cotton, wheat, corn, tobacco, or rice if he finds such treatment necessary in order adequately to effectuate the policy of this act with respect to such market classification, type, or grade.

Mr. McGILL. Mr. President, I offer an amendment to the committee amendment. On page 65, line 3, after the word "separate", I move to strike out the word "major."

Mr. BORAH. Mr. President, I desire to ask the Senator from Kansas for an explanation of the entire provision—not the amendment which he has just offered, but the entire committee provision.

Mr. McGILL. There are different types and classifications of wheat; for instance, red winter wheat, hard winter wheat, soft winter wheat, and durum wheat. There are types and there are grades. This provision is to authorize the Secretary of Agriculture to treat them as separate agricultural commodities. As I understand, they always have been so regarded so far as the Department and trade are concerned.

Mr. BORAH. The conditions of the bill would be the same, whether they should be separated into one classification or another, would they not? The parity payments, and so forth, would be the same?

Mr. McGILL. They would be the same so far as that is concerned. I do not know just all the details as to how the provisions might apply, but that is the purpose.

Mr. BORAH. What I am seeking to ascertain is what would be the result of the Secretary having classified the wheat. Whether he put it in one classification or another, the operation of the bill upon that classification would be the same as if he had not classified it, would it not?

Mr. McGILL. There might be a difference with reference to the amount of acreage reduction as between one and the other.

Mr. BORAH. Is it intended to do that?

Mr. McGILL. There probably would be things of that kind. There might be a surplus of wheat of one type or another.

Mr. BORAH. Is it intended to give the Secretary power to change the acreage production or reduction by classifying wheat?

Mr. McGILL. I am in error in making that statement, because I notice the language is that he may treat them as separate agricultural commodities in the marketing classification. I assume that has to do with reference to marketing.

Mr. POPE. Mr. President, will my colleague yield?

Mr. BORAH. I yield.

Mr. POPE. I understand the last statement made by the Senator from Kansas is correct. It is for marketing purposes and possibly for computing parity payments. For instance, certain grades of wheat might be different from other grades of wheat as to parity payments. I do not think the matter of acreage enters into the question.

Mr. McGILL. I think that is correct.

Mr. POPE. The requirements already set out in the bill would have to be applied.

Mr. MALONEY. Mr. President, can the Senator from Kansas tell me, in view of the fact that it applies to marketing, whether or not it would be possible to put tobacco into different classes? As the Senator knows, there is a penalty for the sale of tobacco over a certain amount. I am wondering if under this particular provision it would be possible to penalize one tobacco to a greater extent and exempt another tobacco dealing with it as a separate commodity.

Mr. McGILL. I am not familiar with the tobacco title of the bill. That has been handled by the junior Senator from Louisiana [Mr. ELLENDER], who does not seem to be in the Chamber at the moment.

Mr. POPE. Mr. President, I think we might certainly say that no classification made by the Secretary would be applied for the purpose of penalizing one type and benefiting another. As I understand, the provision is not for that purpose. As the Senator well knows, there may be half a dozen different grades or types of one commodity which might have to be treated differently.

Mr. MALONEY. That is particularly true of tobacco.

Mr. McGILL. Parity payments might be higher on one classification or one type than on another.

Mr. MALONEY. Can the Senator tell me whether or not under this provision it will be possible to penalize one type of tobacco as against another?

Mr. POPE. I would say it is my clear understanding that that cannot be done, although there are other Senators here who are more familiar with that provision than I am. However, that is my clear understanding.

Mr. McGILL. I ask for a vote on my amendment striking out the word "major."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 65, after line 7, to insert:

2. "Parity", as applied to prices for cotton, wheat, corn, tobacco, or rice, shall be that price for the commodity as will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the period from August 1909 to July 1914, or, in case of tobacco, August 1919 to July 1929, and which will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the applicable base period.

Mr. AUSTIN. Mr. President, the amendment just stated raises a number of questions in my mind regarding its meaning. In the first place, I assume it is intended to furnish the yardstick for the Secretary of Agriculture to measure the income and the prices derived from the several commodities. One would judge by the reading of the amendment that its purpose is to use for that yardstick a combination of things; that is to say, one thing would be the purchasing power of the commodity and another thing would be certain current expenses of the farmer. When we enter into the effort to interpret the language we find this curious situation, that there is an attempt to compare things which are not comparable. We talk about comparing price with purchasing power instead of having price compared with price.

To illustrate what I mean let me read:

"Parity", as applied to prices for cotton, wheat, corn, tobacco, or rice, shall be that price for the commodity * * * equivalent to the purchasing power of such commodity in the period from August 1909 to July 1914.

I submit we cannot logically make any such comparison, and that this language should be altered either in one way or another so as to make alike the two things which are to be compared. We should either change the word "price" where it occurs in the second line to "purchasing power" and make it read as follows:

"Parity", as applied to prices for cotton, wheat, corn, tobacco, or rice shall be that purchasing power for the commodity * * * equivalent to the purchasing power of such commodity in the period from August 1909—

And so forth, or else we should change the words "purchasing power" in lines 11 and 12 to "price", so it would read:

"Parity", as applied to prices for cotton, wheat, corn, tobacco, or rice shall be that price for the commodity * * * equivalent to the price of such commodity in the period—

And so forth. Then we would be making, it seems to me, a comparison that might be understood, provided we should ignore all those words that fall between those phrases, namely, the words "as will give to the commodity a purchasing power with respect to articles that farmers buy." That language, if it remains in the bill, confuses, adds nothing to the meaning, and, it seems to me, may render the performance of the duty of the Secretary of Agriculture entirely impossible. If we leave this amendment as it is written, I cannot see how any intelligent person could put it into effect.

For the purpose of making clear my whole claim about this matter let us assume that that part of the amendment to which I have already referred could be intelligently put into effect, then what is to be done by the Secretary of Agriculture under the remainder of the proposed amendment? The remainder of it provides:

And which will also reflect current payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the applicable base period.

The base period is for certain commodities August 1909 to July 1914, and the base period in the case of tobacco is from August 1919 to July 1929.

Let me ask the sponsors of the bill if they intend, by that last part of the section, to have the Secretary of Agriculture add to the price for any of these base commodities a sum of money which would reflect the amount of payments made by

certain farmers who are in debt and have secured their debt by a mortgage on their land, of the interest they pay, and also this other item of an amount representing the taxes which all farmers pay wherever they may have located and under whatever form of taxation may be used in that State.

I do not know but that I have framed a question with so many facets to it that it is difficult to answer. I hope the sponsors of the bill will be patient with me for having asked so long a question, but if they understand what I want to know in regard to this matter, perhaps they can briefly explain the amendment.

Mr. POPE. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. POPE. In the first place, this is the exact definition of "parity" contained in the 1935 law, and pursuant to that definition contained in the law, the Secretary proceeded to calculate the parity price without any difficulty. In the pending bill we are inserting the same provision contained in the 1935 law in order that a different method of calculating parity price would not now be put into effect so as to change parity. Farmers have become accustomed to regarding 87 cents as the parity for corn and $1.27 as the parity for wheat, and so on. Without the language contained in the amendment, section 2, the method of calculating parity would have to be changed, which would cause confusion.

With reference particularly to the provision of the section contained in lines 14 to 18, it seemed fair at the time Congress passed the law in 1935 that the interest from 1909 to 1914 should be compared with the amount of interest the farmer has to pay on farm indebtedness now, and that the taxes he paid from 1909 to 1914 should be compared with the taxes the farmer pays now.

It will at once be seen that we are not trying to deal with the individual farmer, but with the average of the interest the farmer pays now as compared with the interest he paid from 1909 to 1914. Interest rates are now lower, on the average, than they were during that period, but taxes are higher on the average.

It balances up pretty well. Parity calculated without the last part of the paragraph would be slightly lower, but very little lower than it is with the addition of the portion about which the Senator asks.

It makes very little difference one way or the other. The important thing to the committee was that the difference was so slight that it would not seem to justify changing again the method of calculating parity. When the law was first passed it did not contain the last clause of this definition, and parity was calculated without considering interest and taxes, but later on, when Congress changed the law, those factors were taken into consideration in calculating parity. Therefore we did not desire to change it.

It makes very little difference. We are not likely to reach parity soon anyway, in my opinion, so I doubt whether it would make any difference at all so far as the operation of the law is concerned. It makes very little difference, in any event, whether that clause is in the law or not.

Mr. AUSTIN. Mr. President, I am not captious about the clause. I am asking for information, and I thank the Senator for having cleared up a part of my inquiry, that is, that this provision is capable of administration. I judge from his answer that the provision is capable of administration, because a similar provision has been administered.

I now wish to ask the Senator if he knows whether in the administration of a similar provision there was an effort to arrive at an exact ascertainment of prices during the base period, that is, the prices of the commodities included in the bill as compared with the prices of the things the farmer does buy and pay for.

Mr. POPE. Yes; a certain relationship represented by percentages was determined for the base period, 1909 to 1914, and the prices of the things the farmer buys were compared with the prices of what the farmer had to sell at the time the calculation was made, and the same percentage of relationship was applied in order to determine parity price.

Mr. AUSTIN. I do not object to the farmer getting a little edge in that relationship. From my point of view, I would like to see him get it, so I am not objecting to adding something to the prices of his goods which would reflect, as the bill provides, interest payments and tax payments. But can the Senator say whether in the experience under the A. A. A. the sum of money that was added to the price on account of interest and taxes—that is, the price that was contemplated and the prices of other goods—represented a considerable sum in the aggregate to be paid by the Government?

Mr. POPE. Oh, yes. All the reports as to the administration of the old Agricultural Adjustment Act disclosed the fact that a great deal of money was collected from processing taxes and was paid out to farmers, so that the aggregate amount of money paid to the farmers was a very substantial sum.

Mr. AUSTIN. That is not quite the point of my question. My question divides the money up, and what I want to know is whether it is possible to state what proportion of that large sum of money was paid on account of this item of current interest and taxes.

Mr. POPE. The Senator will recall that the original Agricultural Adjustment Act, passed in the latter part of 1933, went into effect in 1934, and was in operation in 1934 and 1935, and the old method of calculating parity, without the additional clauses referred to by the Senator, was used. But early in 1936 the act was held unconstitutional, and since that time no payments have been made on the basis of parity; the payments have been soil-conservation payments. So the Senator can see that we have no definite data with reference to the matter. But I would say to the Senator that according to the figures which the Department furnishes us, calculated without considering interest on indebtedness and without considering taxes, the result is very nearly the same, slightly higher with the definition as it is; but there is hardly enough difference to warrant any particular consideration.

Mr. AUSTIN. The Senator is now speaking of the unit price?

Mr. POPE. Yes.

Mr. AUSTIN. I am interested in knowing, if it is possible to discover, how much it costs the Government in the aggregate to reflect current interest payments and tax payments.

Mr. POPE. There is no way to calculate that, of course, and we have no definite experience as a basis, because, as I said before, the former payments were made on the basis of parity as defined in the original law. So the question could hardly be answered.

The PRESIDING OFFICER. The Senator's time on the amendment has expired.

Mr. NYE. Mr. President, the question raised regarding this issue of parity leads me to offer to the Senate an observation on that subject which I think is timely. I think it is very unfortunate that there is as widespread an opinion as exists, especially on the part of the farmers, that our endeavor to get a parity price means that we are undertaking to afford for the farmer an income for himself as a farmer which will represent a balance owing to him under any economic arrangement which seeks to accomplish better distribution of the national wealth.

I have listened patiently and studied closely the debate which has been offered in the Senate through the days the bill has been pending, and before I speak my mind upon it I wish very specifically to state that I have the greatest respect for the direction which has been pursued by the committee which had the bill in hand. There can be no doubt in my mind, and I think in the mind of anyone, that the committee has exercised a high degree of care to the end that there could be accomplishment of a maximum of return and gain for agriculture in this day and age when the farmer is up against such great odds.

However, there is one thing very evidently the cause of a complete division within the Senate in connection with the pending bill. I know that I experience great difficulty in

satisfying myself concerning the merit of the rule of scarcity. The rule of scarcity we know is pursued generally by industry, and we know that under the law of scarcity industry has been able to maintain and control its prices. But when I contemplate what might be the meaning of a rule of scarcity when pursued in the industry of agriculture and the production of the first essentials of life, I wonder whether I am ready to stand responsible for the consequences which might ultimately flow out of that kind of a program.

Mr. President, the bill under consideration may afford, probably does afford, a very splendid advantage to the growers of cotton, tobacco, and rice. If it does that I am glad, even though those commodities have no relationship to production in my own State. As for my own State, the bill deals quite exclusively with only one commodity in which we are interested, namely, wheat.

I am inclined very seriously to doubt that the proposed legislation now before us would afford any real benefit beyond that already accruing by reason of existing Federal legislation. From our standpoint, the bill would be materially strengthened in the wheat region, at least, to my way of thinking, if the crop-insurance feature, which passed the Senate during the last session of the Congress, were to have the favor of the House of Representatives and the President and become the law of the land. In my behalf, as well as in his own, the junior Senator from Washington [Mr. SCHWELLENBACH] is to offer the crop-insurance plan as an amendment to the pending bill in anticipation of a vote by the House of Representatives upon this all-important issue. I hope with all my heart that the Senate may incorporate in the pending bill what it has already passed upon. All we are asking for and will ask for in the amendment is the reenactment of a good deed done by the Senate during the last session.

We have all seen with our own eyes the plight which has been confronting the farm people of this country of ours during recent years. Before the war the same farmers were being whipped year after year to a disadvantageous place in the economic order and in its balance. When great prices were in prospect and in store for the farmers during the war, the Government stepped in and fixed a ceiling beyond which the price of wheat could not go. Yet the farmers continued their response to the call of the Government at that time for a larger production, even to the extent of adding to the farmer's burden of indebtedness to the extent that they might buy more land and more of those instruments needed to produce more largely of the things necessary in that emergency.

After the war there followed a period of deflation, shrinking values, intolerable and unbelievably low prices, grasshoppers and drought, until in many cases the wheat farmer stands today helpless and hopeless. He expects, and he has a right to anticipate, far more than the pending bill has for him in the way of help. In far too many cases I fear the farmer believes that the bill has in it features that are not there.

It has been suggested, Mr. President, that we have all observed the plight of the farmer; but I think none can know how great is that plight, and how depressing it is, until one has seen the farmer—10 and 20 years ago the prosperous lord over great stretches of beautiful prairie acres, but now beaten and broken, tearful, loading his small belongings and his family on to an ancient truck, bidding farewell to the lands and the homes they had made and loved, and heading for the far West, to what he least of all knows, but with the chance that in the end he will be found on the burdened relief rolls of the West. Farmers who have reached such a stage, and the thousands more who still hang to their lands and hope for a return of the opportunities so prevalent in another day, are going to find, Mr. President, but little help in the pending bill by comparison with what they need and what they deserve.

So far as the wheat farmer is concerned, this bill will have in practice a tendency to fix the maximum price of wheat at about $1.15 per bushel. It fixes no "low" or floor of prices, while it does fix a ceiling. How much or how little this means is better understood by Senators who know how many are the grades of wheat, and how great the spread of prices available for the various grades. I dare say there are practically as many kinds of wheat as there are kinds of cloth.

The parity price of $1.15 per bushel of which we speak applies, of course, only to the top grade of wheat; but $1.15 wheat at the quoting market places means 90-cent and 95-cent wheat in the field where it is produced. So it ought to be understood that the bill we now debate is not going to loom overlarge in the stocking of the American wheat producer on Christmas morning.

Mr. President, I have before me a very interesting and enlightening article appearing under the title "Wheat" in the November 20 issue of the Dakota Farmer, which discusses at some length the varieties of wheat that exist, the various uses of wheat, and the manner in which it is being produced elsewhere than in the communities which for all the years have been quite wholly dependent upon wheat. I ask unanimous consent that the article may be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. NYE. The bill before us, however, is not without its worth-while features for the wheat farmer. The loan privilege it offers is valuable, indeed, to say the least. The quota system may, in time of frightful farm surpluses, be very helpful in accomplishing slowly improved prices over the death prices that would otherwise prevail. On the whole, however, I cannot but feel that within a matter of only months there is bound to develop an unheard of protest from farmers against the general provisions of the bill. A first cause for complaint must be the knowledge that the bill sets as its aim of accomplishment a very, very low goal.

Approximately one-third of the people of the United States are living upon and directly dependent upon the farm. For years there has been insistence upon such programs as would give the farmer a proportionate share of the national income—that is, if $60,000,000,000 was the national income, approximately $20,000,000,000 of that should be enjoyed by the farmer. This would be manifestly fair, and is a worthy goal for any and all who would afford better economic balance for the Nation. Roughly, we should want one-third of the national income to be enjoyed by the farmer so long as approximately one-third of our population is agricultural. Instead of this division prevailing we observe a steady decline in the percentage of farm income.

In 1914 agriculture had 16 percent of the total income. Since that time the farmer's high mark has been 20½ percent of the total, which was reached during the war, 1918–19. In 1932 his percentage of the national income fell as low as 5.8 percent—5.8 percent of the total income divided among one-third of our people. Last year the farm share of the national income stood at 10½ percent of the total. I need hardly say, Mr. President, that this represents a balance, or lack of balance, certain to reduce to ashes any economic structure that tolerates its continuation.

The pending farm bill undertakes to win so-called parity prices for agriculture, or for certain of its productions. That brings me to the question which was raised by the Senator from Vermont [Mr. AUSTIN]. Unfortunately, as I remarked, many persons are laboring under the delusion that this means that we are striving for prices that will give the farmer his fair and proportionate share of the national income. Nothing could be further from the truth than that. The truth is that by "parity" the bill means a price that represents the average price prevailing from 1909 to 1914, when agriculture was enjoying 17.53 percent of the national income, or only a little more than one-half of what the farmer was entitled to on the basis of his part of the total population.

Parity in this bill, therefore, means a price for wheat, for example, which under the most favorable conditions would give the farmer a little more than half of the approximate one-third of the national income to which he has a right to claim title.

The PRESIDING OFFICER. The time of the Senator from North Dakota on the amendment has expired.

Mr. NYE. Mr. President, I should like to take the time I need on the bill.

The PRESIDING OFFICER. The Senator has 30 minutes on the bill.

Mr. NYE. Surely I do not want a bill that does only this to be accepted as my opinion of what should be a permanent program for American agriculture. But assuming that the parity price is the most that is available at this time, let us try to determine how attainable is that "parity."

I am inclined to believe that the parity price attempted to be obtained through the mechanism of the pending bill is wholly unattainable. The bill provides for a desirable "normal granary." Under the terms of this feature of the bill, when a parity price is reached the Secretary of Agriculture is required to pour the granary surplus onto the market. What is this going to mean?

The parity price for wheat is approximately $1.15. When, then, the market affords a price approximating $1.15, and the buyers of grain, the dealers in the grain market, know that when this price is reached the surplus will be turned onto the market, is it likely that buyers will do other than act accordingly, and run to cover, and afford at once a falling market, even before parity has been reached?

I am sure that under the mechanism afforded by this legislation a parity price to the wheat farmer is absolutely not to be had, except as it may develop a real shortage in production which would produce higher prices with or without the aid of the legislation before us.

To this end, Mr. President, I repeat that incorporation within this bill of the crop-insurance feature would guard more thoroughly than anything else against the danger of parity being not attainable by the farmer.

In addition to the point I have made, however, it grows increasingly apparent that no such amount of money will be made available as will be required to make the provisions of the bill effective. That I regret to acknowledge and admit. We are less than frank with ourselves and with our constituents if we do not here and now acknowledge that there is the possibility of the farmer losing some of the benefits he is enjoying under existing legislation.

Today, under the soil-conservation program, the farmers in my State are recipients of direct, sizable benefits. The conservation program is one bringing real and long-time results in exchange for the benefits being paid. It is true that the soil-conservation program is continued in the pending farm bill; but let it be noted that the continuation is with a considerably reduced appropriation. The reduction is variously estimated by Senators in the Chamber at all the way from $50,000,000 to $240,000,000. For the purpose of my argument, it does not matter just what the exact amount of reduction is. The fact is that a reduction is provided for in the pending legislation. Let us suppose now that Congress does not provide the funds necessary adequately to meet the provisions of the bill. Is it not apparent that under it the farmer is to have less benefit under the new proposal than he is enjoying under the existing soil-conservation program?

I want it definitely understood, however, and I desire to say here and now, that the passage of the pending bill will find me, as a member of the Senate Appropriations Committee, insisting upon appropriations which will meet in full the amount of money which the proper enforcement and fulfillment of the provisions of this legislation call for. For the Congress to do otherwise must be looked upon as an act or acts of bad faith. If we do not intend to make available the money necessary to carry out the provisions of this bill, we certainly ought not to vote for the bill. Unless we do appropriate the full amounts called for, the question is not what we are going to do for the farmer but what we are doing to him.

I am inclined to wonder very seriously to how much control the American farmer ultimately will submit. His acres are his own. With things on a reasonably even keel again, I contemplate something akin to rebellion against anything resembling controlled production. Much of it is already in evidence. The farmer strongly believes, as he always has believed, that Nature has been a pretty good controlling factor in the matter of surpluses; and he has a natural difficulty, as we here in the Senate have, in understanding what is meant by surplus when millions are hungry and in want of what we call an overabundance. There would be a much greater farm following for a program that acknowledged, first of all, that farm price difficulties were at least as much a problem of underconsumption as they are problems of overproduction. It is not easy to ignore the inconsistency of programs that would create scarcity in the present scene of great want on the part of millions of our people.

I should much prefer to enact legislation which would get surplus out of the way of interference with the domestic market and price. It would be cheaper. It would not deny the needs of the millions of hungry persons. It would not involve so dangerous a course as pursuit of a policy of scarcity. But where is the plan or will to do this? In its absence what can we do? Certainly the present drift cannot long be permitted to continue.

I have great hope that this winter will see perfected a plan that will let us get rid of so-called farm surpluses by meeting the requirements of the needy with them without injuring the price of the part of the production which can be normally consumed at fair prices. I have exceedingly large sympathy for the several expressions voiced here last week by the Senator from Idaho [Mr. BORAH] in criticism of this law of scarcity, and the danger and the trouble that it invites.

The question was raised as to the ability to devise plans that would permit us to get the aid, the help, the supplies that the hungry and the needy require, and maintain an adequate price for the producers of farm products. During the week a very interesting letter has come to me from none other than George A. Hormel, president of the great packing works at Austin, Minn. In his letter Mr. Hormel expresses, in a way wholly different from any expression I have ever heard, the fallacy of our approach to this so-called surplus problem—the fallacy of getting rid of surplus at a time when there are so many hungry persons.

I desire to read from this letter only in part. I ask that it may be printed in its entirety following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

Mr. NYE. Mr. Hormel's letter is dated December 6. He says:

> During October and the first 3 weeks of November last year the price of hogs went down 7 percent.
>
> This year during the same period 29 percent fewer hogs were marketed, and the price went down 35 percent.
>
> Why?
>
> Lessened employment; reduced pay rolls; reduced purchasing power.
>
> I think the farmer understands that the man who got put on half time and half pay, or the man who lost his job altogether, has less money to spend for meat.
>
> But what about you and me?
>
> On October 1 the farmer could get $12.25 for his hogs. You and I had to pay 18½ cents (Chicago wholesale prices) for hams, and we seemed to be able to afford it.
>
> By November 22, because somebody else had lost his job, you and I were buying ham for 14 cents, and the farmer could get only $8 for his hogs.
>
> Question. Why not make you and me and others, who can afford it, continue to pay 18½ cents for ham, and throw on the distress market of reduced purchasing power only that surplus which is not consumed by those millions of people who did not lose their jobs and who did not have their pay cut?

Mr. Hormel proceeds by raising questions and answering them. I think his presentation is one which should be of extreme value to those in the Senate who are pursuing a thought devoted to perfecting a program for accomplishing relief for the American farmer without resorting to the program of scarcity of which we have spoken so much.

In the absence, however, of any ready plan to take its place, I wonder if we in the Senate can ignore the premise upon which the pending bill is founded. Under our economy

the part of our country engaged in industry finds advantage in, and uses, the rule of scarcity more or less. It is used to maintain price. Scarcity makes price. That, we must know. Can the rule be escaped for agriculture? Can we avoid the great danger that might confront the entire country by reason of a successful program of scarcity being invoked on agricultural production? I hope the way can be found to avoid it—a way that will be helpful to the farmer and to the public welfare alike.

For that reason I like to look upon the pending legislation as being only a tide-over measure, only a temporary approach to the problem. If the matter were left to me, I should say, that today, when agriculture is in such dire need of help, there are directions which could be pursued, many of them wholly and completely divorced from any goal that is involved in the pending legislation.

In undertaking to solve the farm problem we cannot, of course, escape the knowledge that the matter of surplus production is playing a large part in creating that problem. A way must be found to manage that surplus without inviting the frightful danger which these programs of scarcity in agricultural fields are certain to invite.

In that connection, though, it seems to me we make a colossal blunder when and if we continue to follow an avenue which has us contemplating a large outlet in the foreign field for American production. It seems to me that during recent years we have had evidence after evidence indicating that ultimately the American farmer is going to have to learn to make the domestic market quite his entire market. In the case of wheat production, where once the farmers in the Northwest enjoyed an easy, ready outlet in Italy for their production of durum wheat, I have seen that market quite completely vanish. So it is with cotton, and so it will be in a larger way with both wheat and cotton and other commodities; and the quicker we learn to do our planning for American agriculture on a basis that contemplates not much more than a home market, the better off and the stronger we shall be.

It we would really aid American agriculture, departing now from the goals we are aiming for in the pending bill, there must be a larger curb and a larger check upon the element of gambling that enters into the buying and the distribution of the products of the farm. One cannot speak of gambling without in the same breath speaking of the degree of help which our Agricultural Department is giving those who find large advantage in the dips and the curves which the market is supporting. The prophecies, the predictions which are being made from year to year and from month to month concerning what the farmer is going to produce next year have been having a most distressing effect upon the prices available to the farmer today.

Before me is a letter which comes from a former agent in the agricultural service, an eminently capable man in his field. He has graduated from that service. He enjoys today a larger and more lucrative employment. I am not privileged to reveal his name. I do not suppose he would object strenuously, but, without his consent, I am going to refrain from using it. In November he sent me clippings from Northwest newspapers revealing predictions made by the Agricultural Department concerning next year's production of wheat. He writes in connection with these clippings in a way which is readily understood, and it is the language of thousands upon thousands of grain producers today.

He says:

I attach two clippings, both being Associated Press dispatches. I wonder if it is not pertinent to ask just what purpose is accomplished by this Agricultural Department release. As you well know, the wheat market is in the depths of discouragement. Durum wheat prices have retreated 50 cents a bushel, and hard red spring wheat price about 42 cents. Spring-wheat farmers in our territory are in process of marketing their crop on this terrible market. The market is frantically clutching for something to arrest its slide into the price levels which prevailed during the depression. Our prices are made in Liverpool because we this year have a small export surplus. It is a buyer's market; and, believe me, English, French, and Italian wheat buyers know what to do in a buyer's market.

Such is the situation. Now the farmers' friend, the Department of Agriculture, comes along with this cock-and-bull story of a billion-bushel wheat crop coming up next year. For the last 4 years they have broken a billion-bushel wheat-crop story each year. As a matter of fact, the acreage sown to winter wheat is about a million and a half less than last year. It is about all planted; and I fail to see any sound reason for the release of such publicity.

Now, Senators, about 60 percent of the wheat acreage is in the Great Plains; and, with the exception of a few areas, this whole territory, stretching from northern Saskatchewan to northern Texas, is just about as dry and lacking in subsoil moisture reserves as it was in the fall of 1935 and 1933. Without exception, authorities on wheat production in this country recognize in a dry fall a situation which operates against any possibility of a normal wheat crop the following year; that is, in the Great Plains.

Why, oh, why, could not the Department of Agriculture, instead of giving the wheat market a kick in the pants by publicity such as that attached, reverse themselves for once, and just try to help a little bit? Why couldn't they have called attention to the lack of subsoil moisture and other conditions which will militate against a normal crop next year, and do a little bragging about acreage so far planted to wheat being less than last year? Just think of the difference in psychology that such a report would create in European markets!

I guess I am dumb, but I cannot reconcile as consistent efforts in one office of the Department of Agriculture to raise prices through all kinds of fancy devices, many of which abuse every law of economics, while in another office publicity releases are being cooked up, playing up the side of the picture which tends to lower prices.

I guess there is not anything anybody can do about it; but nobody interested in the welfare of spring-wheat farmers can be other than aggravated by this type of publicity.

Mr. President, I venture to suggest that nothing has invited larger discouragement to the wheat-producer than have these frequent predictions by the Agricultural Department of an ever-increasing production of wheat, and that in the face of conditions which would naturally tend to indicate a reduction in wheat production.

Again, Mr. President, if we would lend direct aid to the grain farmer today, we would devote ourselves most energetically to a program which would give the American farmer whatever market is available in America for his production. At least, it should be our responsibility to remove the element of competition which lies in the large importations into this country of production which enters into direct competition with the American producer.

I beg the Senate to interest itself to the extent of observing the tremendous gamble which confronts the American farmer.

During the fall, out in my own State, I was shown a demonstration of what could happen and did happen to a field of flax in the brief period of 10 days. I asked the one who had offered this demonstration to mail his exhibit to me from his home at Wishek, N. Dak., in order that it might be available here; and on my desk is this exhibit, revealing the condition of a field of flax on July 17, 1937, and the condition of the same field 10 days later, after the grasshoppers had had their way and their rule over that field. I know that the Senator from Oregon [Mr. MCNARY] will know what to do and what not to do with that particular exhibit. That is only one of many examples which might be brought to the attention of the Senate to demonstrate the terrific element of gamble which the American farmer confronts every year, adding largely to the reasoning which dictates that there must be found a way to give to the American farmer an insurance against these losses.

Farmers have come into the month of July with an excellent crop in prospect, not only of flax but of wheat.

I saw on the Fourth of July of this year fields of wheat in my State where pioneer farmers declared that they never, even 40 and 45 years earlier, had seen any stand to compare. Ten or fifteen or twenty days later the elements moved in and destroyed completely the chance for any gain from those particular fields of grain. This element of chance is one which any Congress looking to the aid of the American farmer must acknowledge and must deal with, and the sooner we do it the more headaches we will save for ourselves as a legislative body.

In connection with this demonstration of what can happen from an infestation of grasshoppers, I invite the attention of the Senate to the fact that for the last 2 years the authorities have been demonstrating to the committees of Congress, notably the Appropriations Committees, the need for larger appropriations to accomplish reduction of the grasshopper infestation. We have dealt very niggardly with the problem. We have afforded a million or two million dollars to offset this infestation. I think the time is here this year—here now—when Congress will have to face the issue and move in a way that will encompass the entire field that is visited at the present time by this infestation.

Mr. HATCH rose.

Mr. NYE. Just a moment, please. I fear that unless it is done we are going to witness year after year the complete destruction of crops in territory upon which the United States is very largely dependent for a large part of its food supply.

I yield now to the Senator from New Mexico.

Mr. HATCH. The Senator has just done that which I wished to ask him to do. I thought his remarks pertained exclusively to the Northwest. I merely wanted to suggest to him that some of the Southwestern States suffer from the same infestation.

Mr. NYE. I have been made aware of the fact that the problem of grasshopper infestation is by no means local to my territory. It reaches from Canada clear to the very borders of and probably into Mexico. It is a real national problem that ought to be accepted as such and met as such.

If we are going to do the job that is necessary to save the American farmer from complete destruction and loss, we are not much longer to be permitted to ignore the utter necessity of affording a substantial program which will permit the farmer to refinance his present monetary obligation.

The junior Senator from Oklahoma [Mr. LEE] has very delightfully referred to the inroads which have been made upon the farmer by reason of this cause by suggesting that the grasshoppers have taken everything but the mortgage. Whether there is income or not, the mortgage continues and the interest upon it grows and grows and grows until today I am given to wonder how large a part of our farm population is kept with its nose to the grindstone to win a bare living above that which indebtedness is demanding of them.

Great crops for the most of this year throughout the United States had the newspapers this fall remarking about what a wonderful contribution agriculture was going to make to American industry this fall. Merchants went forth and loaded their shelves as they had not been loaded in a long while. The shelves remain loaded, and we are into a period of business recession which we are blaming to this, that, and the other thing, and some are wondering what happened to the magnificent income that came to the American farmer this year. There is no secret about what happened to that income. That income which came to the farmer this year was devoted to the payment of debts and to the meeting of obligations which have been accruing through the years of depression, those years full of one kind of distress and another, which have been so common to agriculture the country over.

The gain that was the farmer's this year has gone to a reduction of the debt that has been growing for many years. It is going to take many years of production before Mr. Farmer will have any return for his toil, for his investment, above and beyond what is needed to meet those pressing debts that are upon him year in and year out. Until the farmer can dig his way out there is not much right to anticipate that agriculture can contribute largely to the sum total of success for industry and the welfare of our Nation as a whole.

My colleague the senior Senator from North Dakota [Mr. FRAZIER] is the author and sponsor of a bill which has been laid before the Congress year after year, a bill known as the refinancing bill, the Frazier-Lemke bill. I understand why few would enthuse about it, because they are not given to looking upon it as possible of attainment. I cannot share that view. We are going to find, as we realize how dependent the Nation is upon a successful contributing agriculture, that it is possible to do some things we are not now ready to do. The American farmer is never going to dig out from under that frightful burden of debt which he is carrying today, certainly not at existing prices, certainly not against the odds in his path at the present time.

I have observed this fall one of the most hard boiled attitudes I have ever observed on the part of collection agencies. Those agencies are not private collectors, not collectors for the banks, not collectors for mortgage companies of a private nature. They are the collectors for Uncle Sam's various agencies which have been loaning money to the American farmer. I have seen practices pursued by collectors for the Government that make one's blood boil. It is not to be wondered that men out on the farm, who heretofore have looked upon the Government as a great and good friend, are seeing red these days, as men and women are seeing red, for example, who have had faith in the goodness and helpfulness of their Government in saving their homes through Government loans through the Home Owners' Loan Corporation, and then witness the heartless collection policy being pursued.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. COPELAND. It is that very important matter the Senator has just mentioned to which I wished to refer. I have been shocked over the foreclosure of those homes, amounting now in number to about 200,000. It is becoming a matter of great concern to the farmers throughout the country.

The PRESIDING OFFICER. The Senator from North Dakota has 2 minutes left.

Mr. COPELAND. I am sorry I interrupted the Senator when his time is so short.

Mr. NYE. I am quite happy to have been interrupted by the Senator on so important a question as this one. I hope those Members of Congress who are interested in seeing the goal accomplished are going to be able to get together and put up a real united front in what I believe is the sincere desire of all Senators to accomplish a reasonable excuse for those who want a larger opportunity to save the equities which are theirs in their homes, and I hope for consideration of my bill, S. 2730, which would consolidate the farmers' debt owing the various agencies of the Federal Government and provide a reasonable policy of collection.

Mr. President, I appreciate having been warned that my time is approaching its end. There is much that can be said, much that ought to be said, but in conclusion I say only this: Let us not for one minute permit Mr. American Farmer, certainly not the wheat farmer whom I know best, to believe that this bill has within it any provisions which are going to put him on his feet and enable him successfully to fight the odds that are naturally his.

EXHIBIT A

[From the Dakota Farmer of November 20, 1937]

WHEAT—"PIGS IS PIGS," SAID THE OLD TIME EXPRESS AGENT, AND "WHEAT IS WHEAT," SAYS UNCLE SAM—BUT LET US SEE

Official records disclose the significant fact that many Eastern and Southern States have greatly expanded their acreage and output of wheat during the period when crop control has been advocated and partially enforced under the Soil Conservation Act, and while wheat production in the so-called bread-basket States was declining precipitately, due to drought and other causes.

These records are those of the United States Department of Agriculture covering the years 1934 to 1936, and deserve serious consideration in connection with the arguments now being advanced for further curtailment measures affecting wheat and other crops. They are especially disturbing to farmers in the Northwest and in other States where bread wheat is essentially and rightfully one of the principal crops.

The records reveal that 15 out of a group of 17 Eastern and Southern States, producing soft and white wheat, increased their production by 4,020,000 acres in 1936, over the average of acres harvested in those States in the years 1928–32. The 17 States produced approximately 228,000,000 bushels of wheat in 1936. This amounted to 35 percent of the total estimated normal domestic consumption of all wheat in the United States. It was an increase

of 43,000,000 bushels over the average production of the same States for the years 1928–32.

Practically all of those States increased their production of wheat both in 1934 and 1935, as well as in 1936. While this was going on the elements were conspiring to reduce production far below normal in the States to which the Nation looks for its bread wheat. Production in the bread wheat States declined throughout this period, ranging from 58 percent below normal in 1934 to 41 percent below in 1935 and 47 percent below in 1936.

INFERIOR WHEAT PRODUCTION INCREASED

Those figures assume major importance in view of the fact that most of the wheat produced in Eastern and Southern States is of a variety which is considered greatly inferior to hard, red spring, and hard, red winter wheat for milling, bakery, and general use.

This wheat, plus the soft and white wheat produced annually in the Pacific coast and other far Western States, represents an annual surplus beyond the consumptive demand for such wheat in the United States. It nevertheless rates as wheat in production totals for the Nation and exerts an influence on wheat prices and curtailment mathematics. It is included, with all other wheats, in the calculations of those who are arguing that wheat acreage should be reduced in an effort to limit total production to domestic demand.

There seems little probability that this country, under normal conditions, will ever consume all of this type of wheat, while there is seldom if ever a burdensome surplus of bread wheat. In spite of this, producers of bread wheat now face the prospect of being forced to reduce their acreage and output on the same general basis as the producers of soft and white wheat.

It is noteworthy, also, that farmers in most of the soft-wheat States east of the Mississippi River grow wheat as a side line rather than as a primary crop, and, generally speaking, the yield per acre in that territory greatly exceeds the average yield in the States in which bread wheat is a natural and vital part of the farmer's production program.

Thus, there exists the spectacle of States in which wheat is largely a byproduct expanding their production to the detriment of bread wheat farmers, and contributing surpluses which threaten to impose severe production restrictions on the growers of bread wheat.

Simultaneously, land which has been withdrawn from the production of cotton, tobacco, peanuts, etc., under Government curtailment programs in the Southern States has been employed to produce grass and various grain crops, including corn, oats, and wheat. Southern farmers have not permitted those acres to lie idle, but have turned to feed crops and livestock, thus becoming indirect, if not direct, competitors of farmers in these States where grain and livestock have always been the mainstay of farming. While it has been possible for southern farmers to shift from cotton, etc., into various other crops, this opportunity is not open to the same extent to farmers in the Middle West and Northwest States. They cannot produce some of the crops that thrive in the South, but the southern farmers have proved their ability and intention to use their lands for grain, grazing, and livestock in spite of its adverse effect upon the markets and income of farmers in those States where these commodities are essential to the agricultural economy.

Northwest farmers do not believe that any program for reducing wheat acreage on a percentage basis can justly or logically be applied alike to the producers of soft and white wheat and the producers of hard bread wheat. If production control is adopted as a national policy, it would seem only reasonable that the rate of acreage reduction should be higher in the States where soft and white wheat is produced in excess of domestic requirements—in short, that the percentage of curtailment in such States should at least be double that imposed upon farmers in the bread-wheat States.

PACIFIC COAST SITUATION

Many believe that the same rule should be applied to the Pacific Coast States, in which a large volume of soft and white wheat is produced annually. Heretofore much of this wheat has been exported, but oriental and other markets which formerly absorbed it have been practically closed.

Slight acreage decreases were noted in those States in the years 1934–35, but it should be remembered that, in spite of this, the Government found it expedient to purchase surplus wheat grown there during that period. The wheat was distributed through relief channels.

In 1936, notwithstanding the absence of an effective demand for their wheat, these States increased their production. California's record was outstanding, with an increase of 51 percent, or 252,000 acres, seeded to wheat. Even if the normal rate of production is restored in that area there is almost certain to be a continuing surplus of that type of wheat. If the rate of increase recorded in 1936 continues, the situation will be further aggravated.

Under normal conditions there is little or no possibility that surplus wheat from this area could be marketed in the East because Eastern States themselves are now producing more of that variety of wheat than the country requires.

BREAD WHEAT DISCRIMINATED AGAINST

In view of all these facts, common sense would seem to dictate that any wheat control program should permit producers of bread wheat to continue production on a scale sufficient to supply the domestic demand for such wheat, and that producers of soft and white wheat be compelled to reduce their acreage to a point where their crops do not constitute a surplus beyond the actual domestic consumption of that type of grain. Any other decision would seem decidedly unfair to the producers of bread wheat.

The following table shows in percentages the extent to which the various Eastern and Southern States have increased their wheat production over their average for the years 1928–32:

	1934	1935	1936
	Percent	*Percent*	*Percent*
Arkansas	20	80	141
Georgia	48	50	206
Illinois			11
Indiana	21	8	17
Iowa			27
Kentucky	40		90
Michigan		15	
Missouri	4½	18	54
New York		42	30
North Carolina	19	42	42
Ohio	10	39	32
Pennsylvania	15		
South Carolina	33	70	56
Tennessee	16	25	66
Wisconsin		20	

During the same 3-year period this group of soft-wheat States showed an increase in wheat harvested above the 1928–32 average as follows:

	Acres
1934	830,000
1935	1,682,000
1936	4,020,000

In 1934, when many sections of the country, and especially the bread-wheat States, were experiencing the first of a series of devastating droughts, this group of States as a whole showed only a 2-percent decrease in wheat production. As previously noted, these States, plus Virginia, with 7,862,000 bushels, and Maryland, with 8,980,000 bushels, produced a total of 228,000,000 bushels of wheat in 1936.

By contrast, wheat production in the Northwest spring-wheat States in 1934 declined enormously.

Drought, rust, grasshoppers, and other difficulties resulted in decreased production in practically all of the bread-wheat States in the 3 years covered. Their production throughout this period was substantially below their 1928–32 average. Texas and Utah managed to equal their average in 1935, but there was not a single State in the group of 12 which exceeded its average. As previously noted, the percentage below normal of the bread-wheat States was 58 percent in 1934, 41 percent in 1935, and 47 percent in 1936.

Thus it will be seen that while bread wheat production was declining alarmingly, the production of soft and white wheat was increasing materially. The shortage of bread wheat became so serious that millions of bushels of spring wheat were imported from Canada to supply the demand for wheat of this type. At the same time the Government was engaged in what amounted to a bounty arrangement in order to relieve the Pacific coast region from the pressure of the surplus wheat produced in that territory. In fairness, it must be said that corn, rye, hay, and other farm products also were imported during this period—but there was no necessity of importing any soft or white wheat.

OF CONCERN TO NORTHWEST FARMERS

Northwest farmers, especially, must be concerned with the gains shown in wheat production in States where growers are not dependent upon wheat to the same extent as farmers in this section. If the present trend is not halted, Northwest farmers, who have every right to continue to produce wheat, may suddenly find that they have been practically deprived of this right by farmers in Eastern, Southern, and far Western States.

While no one knows just what is contemplated in the crop control legislation now being considered, there is a strong indication that the plans involve a determined attempt to reduce the total production of all wheat in the United States to a definite limit, based on the estimated annual domestic consumption, plus a nominal carry-over.

The figure 650,000,000 bushels has generally been advanced as the approximate annual domestic consumption of wheat. If 20 percent were added for a carry-over, this would make an annual production quota of 780,000,000 bushels.

The actual average annual production of all wheat during the years 1928–32 was 856,264,000 bushels. In order to approximate the goal of 780,000,000 bushels, it would be necessary to reduce the average annual production as recorded in the years 1928–32 by 76,000,000 bushels.

DISTINCTION SHOULD BE MADE

There is no evidence that those who are advocating curtailment are making any distinction between soft and white and hard wheat or between producers East, West, North, and South. This would seem manifestly unsound and unfair for the reasons previously given. Records can be compiled that will show the approximate domestic demand for the different types of wheat produced in the United States, and it would appear only logical that

acreage and production control, if adopted, reflect those differences in a manner that would not penalize the producers of bread wheat.

In addition to the factor of actual consumptive demand for soft and white wheat, as compared with hard bread wheat, the Northwest farmer necessarily must concern himself with the average yield per acre in the various States and sections where wheat is produced. He may well find himself at a decided disadvantage if national averages are forced on him as a basis for determining the number of acres he may seed and the total quantity of wheat he may be permitted to market.

WHERE NORTH DAKOTA SUFFERS

For example, the national average yield per acre may prove to be considerably higher than the average yield for the Northwest spring wheat States. This disparity in yields occurs even within the borders of single States, as is demonstrated in the case of North Dakota.

This and other practical factors confronting the producers of bread wheat, and particularly those in the Northwest, justify a demand that any Government wheat-control plan should distinguish between the various types of wheat and provide allotments based upon sound estimates of the normal domestic demand for such wheats. In other words, wheat should be divided into five classifications for allotment purposes, such as:

1. Hard red spring wheat.
2. Durum wheat.
3. Hard red winter wheat.
4. Soft red winter wheat.
5. White wheat.

It should be possible to arrive at reasonably accurate estimates, through milling and other channels, of the amounts of bread, macaroni, and other wheats required annually for domestic consumption and carry-over.

DEFINITE ALLOTMENT FOR EACH CLASS

The next step would be a definite allotment for each class in accordance with these estimates. Any reduction or diversion of acreage which was ordered should apply only to those classifications of wheat shown to be produced in excess of their normal supply level. Restrictions should not be imposed upon the types of wheat which are not being produced in a volume equal to or exceeding normal demand.

While hard red spring and hard red winter wheats are convertible in milling and can be employed to replace each other to a certain extent, they probably should be considered separately in allotment calculations in order to provide some measure of equality for the producers in different areas, where conditions beyond their control may place them at a disadvantage compared with other producers.

Advocates of the various measures and proposals for crop control, through the so-called ever-normal granary and other expedients, leave much to the imagination regarding their plans and objectives. Therefore Northwest farmers are forced to depend upon incomplete information and assumptions in considering what may develop. It is apparent, however, that curtailment of acreage is being seriously considered by Washington agricultural authorities as well as by many Members of Congress. Acceptance of future curtailment controls was made a condition of the loans on cotton recently granted to southern farmers, and curtailment has been enforced partially through the soil-conservation program now in effect.

The proponents of a further reduction of wheat acreage apparently have given little or no consideration to the ever-increasing production of soft and white wheat during the period when the production of bread wheat has been declining on a substantial scale. It seems obvious that any wheat-control scheme, to be sound and fair, must take account of actual supply and demand conditions affecting the different types of wheat, as well as other conditions mentioned herein. Otherwise the country would face the danger of a continuing surplus of relatively inferior wheat and a shortage of superior varieties.

It is conceivable that the proposed ever-normal granary might be entirely filled with soft and white wheats rather than with bread wheats, which are so important both to consumers of the United States and to the bread wheat producers. Thus Northwest farmers have every reason to insist that their rights and their needs receive deserved attention from those who are assuming to determine just how much wheat the farmers of the Nation will be permitted to grow and sell.

EXHIBIT B

AUSTIN, MINN., *December 6, 1937.*

The Honorable GERALD P. NYE,
United States Senate, Washington, D. C.

MY DEAR SENATOR: During October and the first 3 weeks of November last year the price of hogs went down 7 percent.

This year during the same period 29 percent fewer hogs were marketed and the price went down 35 percent.

Why?

Lessened employment, reduced pay rolls, reduced purchasing power.

I think the farmer understands that the man who got put on half time and half pay or the man who lost his job altogether has less money to spend for meat.

But what about you and me?

On October 1 the farmer could get $12.25 for his hogs. You and I had to pay 18½ cents (Chicago wholesale prices) for hams, and we seemed to be able to afford it.

By November 22, because somebody else had lost his job, you and I were buying ham for 14 cents, and the farmer could get only $8 for his hogs.

Question: Why not make you and me and others who can afford it continue to pay 18½ cents for ham and throw on the distress market of reduced purchasing power only that surplus which is not consumed by those millions of people who did not lose their jobs and who did not have their pay cut?

(What do you mean—put one price on some hams and another price on others? The bootlegging would be terrible. How would you keep people from selling the lower-priced ham to the higher-priced trade?)

Easy.

If 18½ cents is the proper price for a ham, let's establish that price. Then let's take any hams that won't sell at 18½ cents and convert them into ground meat.

Sell the ground meat for whatever price supply and demand sets; give the unemployed and the part-time employed a chance to get their bellies full at a price which they can afford. A diet of ground meat may tend to get monotonous, but, if you can get enough of it, at least, you won't be undernourished.

And once in a while, as a fellow gets a little extra money, he can afford to buy a slice of ham for a change, making that much less ham to be converted into ground meat.

(That sounds all right, but if you made great quantities of ground meat available at a bargain price nobody would pay 18½ cents for ham.)

Well, ground meat is available at a bargain price, comparatively speaking, every day of the year. If the thing really were called to your attention, you might get an economy streak and decide that the folks at your house were going to live on ground meat. But experience indicates that it would not last long.

By and large, a person with sufficient buying power does not consume great quantities of ground meat, and what he does consume is fixed up for him in sausage specialties, the fixing of which has been so expensive that the buyer hasn't saved any money.

That buyer uses sausage because it is good, not because it is cheap.

A less complicated way to go at it, at least in the beginning, would be to work with the price of hogs.

Let the packer buy as many hogs as he can convert into hams, bellies, picnics, pork loins, and other standard cuts at the price which is set. Beyond that let him maintain a market for hogs which are to be converted into ground meat.

I am told that the milk people have done just this thing.

And I understand it was done by the industry itself. However, because the milk bus'ness goes by areas, while in the meat business the Nation is all one big market, it doesn't seem to me that it is possible for the meat industry to work out such a plan and put it in operation without Government help.

Of course, the economists are apt to claim that the same principle will not work when applied to hogs because, they say, the amount of money to be realized from hogs at a lower price is not greater than the amount of money to be realized from the volume of hogs which can be sold at a higher price.

Of course, no consumer ever buys a hog. So, I find that if you study the statistics of the prices of the various commodities instead of the whole hog—hams, bellies, shoulders, loins, and so on—we find these primal cuts in a position in the meat industry which is similar to what I understand is the position of bottle milk in the milk industry, whereas trimmings made from surplus hogs or cuts would work out about the same as the other products which are made from surplus milk.

How would you work such a plan?

I am sure there must be many ways to work it out. I can suggest at least half a dozen that would be perfectly good.

The important thing, it seems to me, is to decide whether or not to embrace the principle. If the principle is accepted, I am sure there would be no trouble in working out the machinery to carry out the plan.

There must be millions of people who have not lost their jobs, who have not had their incomes reduced, and who can afford to pay 18½ cents for ham now just as they could on the 1st of October.

I don't think we should sell those people their ham at fire-sale prices just because somebody else lost his job or had his pay cut.

There is your corn-hog program.

And this would take care of not only corn and hogs, but could be extended to take care of cattle as well.

I know it would work. I don't know of any other approach that would work. Therefore, I would very much like to see this plan receive serious consideration. If someone challenges its soundness, I would like a chance to defend it.

Yours very truly,

GEO. A. HORMEL & CO.,
JAY C. HORMEL, *President.*

LABOR PEACE IN PRESSROOMS OF AMERICAN NEWSPAPERS

Mr. REYNOLDS. Mr. President, our modern, efficient, and enterprising news service of today provides an interesting

bulletin from the ticker. The subject of this bulletin will not in all probability be heralded in great headlines, but I submit it is as important a piece of news as we have heard in a long time. It deserves to be broadcast from one end of this country to the other. Let me read it:

The American Newspaper Publishers' Association and the International Printing Pressmen's Union today renewed for 5 years a 30-year-old agreement providing for abolition of strikes and lockouts in the pressrooms of American newspapers.

Here is news that is news. Here is light in an atmosphere of gloom. Here is something that, inasmuch as it concerns them indirectly, the newspapers of this country should hail with pride. Here is something that should sweep from the pages of the press of the United States the pessimism and the gloomy forebodings with which the American public have become surfeited in the last few months. Here, in truth, in this holiday season are tidings of great joy to men of good will. Here is a demonstration of the fact that the President's labor philosophy is not only workable but has worked.

I read it and invite attention to it for a twofold purpose. First, to pay proper and appropriate honor to our distinguished colleague in the Senate of the United States, the Honorable GEORGE L. BERRY, from the State of Tennessee, and, secondly, to bring before this honorable body and to the people of the United States the fact that all of the talk now current, and all of the propaganda now rampant about the irresponsibility of labor and its inability or unwillingness to keep its agreements are completely and vigorously disposed of by this outstanding accomplishment.

Incidentally I am reminded that on yesterday I was one member of the Committee on Banking and Currency attending a meeting at which a representative of the real-estate dealers of the city of New York was present. While he was making his statement an inquiry was directed to him as to how it would be possible to make the unions of the country responsible for contracts into which they entered. It was suggested by a member of the committee that it might be well to make inquiry as to how it would be possible on certain occasions to provide for capital keeping its agreements as well as labor doing likewise.

I say that the junior Senator from Tennessee [Mr. BERRY] and the publishers and the union are to be congratulated. The junior Senator from Tennessee is the man who originated the agreement which was today renewed and who for over a generation has been the guiding force and motivating influence on the pressmen's side of the picture.

Very seldom has a cloud appeared to darken the era of peace thus initiated between employer and employee so many years ago. When some members of the union attempted an illegal strike against the judgment and will of the majority a few years ago, the union itself stepped to the front, declared the strike illegal, and not only kept its agreement with the publishers, but manned the presses on the newspapers affected and got out their editions. The publishers, too, have been faithful to their contractual word. When two members of its association appeared to violate the agreement with the association and the union, they permitted no trifling with their pledge and promise, but immediately suspended the members in question.

So on this part of the labor front peace has reigned for years. The result has been not only peace from a labor point of view but the important fact that the press of America, represented by membership in the American Newspaper Publishers' Association, has suffered no interference in the ordinary course of its important business, and the American public has always been able to have its news furnished when it is news.

No further proof is needed, in my judgment, to demonstrate that labor can meet capital on an equal footing in an atmosphere of mutual respect, and that both sides under such conditions and in such an atmosphere can work out their common problems harmoniously and satisfactorily.

All labor needs and wants is a chance and an opportunity free from suspicion and distrust. Does any man question that? Then I point to the agreement to which I have referred on this floor and to the years of peace between the American Newspaper Publishers' Association and the International Printing Pressmen and Assistants' Union of North America as evidence not only of that fact but of its intrinsic worth.

I think the bulletin which I have read is so important that I ask that there be inserted in the RECORD as part of my remarks the statement issued by the Senator from Tennessee [Mr. BERRY] and James G. Stahlman, publisher of the Nashville Banner and president of the American Newspaper Publishers' Association, on this remarkable example of what men can do if they only have the will and make the effort to do it.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

At the conferences between the president and the representatives of the American Newspaper Publishers' Association and the president and the board of directors of the International Printing Pressmen and Assistants' Union of North America held in Washington December 10, 1937, United States Senator GEORGE L. BERRY, who for more than 30 years has been president of the International Printing Pressmen and Assistants' Union of North America, made the following statement:

"Perhaps nothing of more significance has occurred in the industrial life of the United States as it relates to industry than that which is presented in the results of the referendum vote of the membership of the International Printing Pressmen and Assistants' Union of North America on the subject of the continuation of the international arbitration agreement with the American Newspaper Publishers' Association, the confirmation of this agreement having occurred in the referendum taken throughout the United States and Canada in the month of November.

"By practically a unanimous vote of the International Printing Pressmen and Assistants' Union of North America and the American Newspaper Publishers' Association have reaffirmed their allegiance to the principles of peace in the conduct of the newspaper business of this continent so far as it relates to the printing departments thereof, and in this reaffirmation we put the stamp of approval upon the principle that it is of first importance that there be no stoppage in business; that our differences shall be adjusted by the processes of mediation, conciliation, and, finally, arbitration; that we recognize the permanency of each other's right to exist as international organizations; that there exists an inescapable community of interest as between us; that the stoppage of business affects jointly the interest of the investor, management, and labor; and that war in industry is destructive to the best interest of the three human elements that make up industry.

"This announcement truly represents a reaffirmation of that arrangement which has been operative between newspaper publishers of America and the newspaper printing pressmen for more than 30 years, and which is to continue for another 5-year period under the renewal contract. Our international structure as represented in the agreement has met the test of time; it has gone through all the processes of trial and balances; it comes as near approaching the state of perfection as any instrument ever conceived between employer and employee groups engaged in business.

"In the presence of industrial discord at home and abroad, in the atmosphere of wars in Europe and the Far East, the International Printing Pressmen and Assistants' Union of North America and the American Newspaper Publishers' Association reaffirm their allegiance to peace and to the normal, orderly processes of determining economic differences through the instrumentality of sanity and good will and the recognition of the right of all men engaged in industry to receive from its profits, contributed by all, a fair, adequate, and equitable return for the united services of the investor, management, and labor. This philosophy represents no new innovation, no trick expediency; but, on the other hand, it comes from broad, healthy, and rare experiences in harmony with the true and genuine philosophies applicable to a great democracy.

"The results constitute a compliment to the membership of the American Newspaper Publishers' Association and to the membership of the International Printing Pressmen and Assistants' Union of North America."

The address of James G. Stahlman, publisher of the Nashville Banner and president of the American Newspaper Publishers' Association, at the conference of representatives of the American Newspaper Publishers' Association, and Senator GEORGE L. BERRY, president, and representatives of the International Printing Pressmen and Assistants' Union of North America, held in Washington December 10, on the occasion of signing the new 5-year contract, follows:

"If the press of America is to remain free it must justify its right to that freedom. It can best justify that right by a rigid adherence to its public trust through leadership, particularly in times like this when reason has apparently abdicated its throne and passion and strife have grasped the scepter.

"That leadership must be not merely through editorial expression and persuasion but by example as well.

"It is therefore highly fitting that the American Newspaper Publishers' Association should join with the International Printing Pressmen and Assistants' Union of North America in this renewal of our international arbitration agreement which has been the basis of accord between us for 30 years, and which, by example, should point the way to others as the only sensible, satisfactory, and fair settlement of differences between employer and employee.

"This principle of arbitration involves the fundamental right of all parties to a controversy to a full hearing upon the facts and to a fair and impartial adjudication pertaining to wages, hours, and working conditions on the basis of those facts.

"That is the spirit of this agreement.

"That is and must continue to be the American way of settlement.

"It is the earnest hope of the press and of this great ally of ours among the printing trades that this example of leadership may be followed in all other businesses and industries in this country.

"It is our honest belief that arbitration is the surest and straightest way to industrial peace and consequent economic recovery.

"To this high principle the American Newspaper Publishers' Association stands unalterably committed."

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 65, line 8.

Mr. FRAZIER. Mr. President, I call attention to the fact that it was entirely unfair to the farmers to pick the 5-year period, 1909 to 1914, as a basis for arriving at a parity price. They did not get parity with industry during that period, and they will not under the pending bill. During that period the farmers received only 40 percent of the per capita income that was received by the nonfarmer people of this Nation. It is unfair to tell the farmers they will get parity. In some 30 places in the bill parity is referred to, and on page 65 of the bill parity is defined as being based on the 1909 to 1914 period, 25 years ago. That is entirely unfair.

Further than that, I call attention again to the fact that the Democratic platform in 1932, when the great party which is now in power went into the field asking for votes, contained a provision that the party would do the best it could to make sure that every legal, constitutional measure would be enacted necessary to enable the farmers to receive for their basic commodities prices in excess of cost of production.

Mr. President, prices based on the conditions in the period from 1909 to 1914 would not give the farmer a price equal to cost of production, but it would be below cost of production. The so-called parity based on the prices during that period is below cost of production. The worst of it is there would be no chance under the bill for the farmer to get even as much as the parity price.

I merely wanted to call this matter to the attention of Senators, because many farmers are of the opinion that the bill will give them real parity. It will not give them parity, even if we get the price up to the so-called parity base of the 5-year period, and according to the best information we can get there will not be half enough money to bring the farmers up even to so-called parity.

Mr. JOHNSON of California. Mr. President, the provision which has been referred to and which is the subject of debate now seems to me illusory, to use a very mild term. Let me ask what is meant by language such as this?—

"Parity", as applied to prices for cotton, wheat, corn, tobacco, or rice, shall be that price for the commodity as will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the period from August 1909 to July 1914.

What articles that farmers will buy? What kind of articles? Is the extent of them to be defined, or is it to run riot, so that we may not know at all the articles which farmers may buy to which parity may apply?

It may be that some farmers will buy one kind of article, some another. Some may be interested in automobiles, some may be interested in pianos, some may be interested in trombones, and some may be interested in any other kind of instrument. What articles are these on which the parity prices are made dependent?

Will anyone explain to me what this particular provision of the measure means? No one responds, and if no one will inform me what it means, I presume I may take my seat with the assurance that the senior Senator from North Dakota [Mr. FRAZIER], who has just spoken, is correct in what he has said about applying the parity of 1909 to 1914 to this particular bill.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. JOHNSON of California. I yield.

Mr. BARKLEY. When the Agricultural Adjustment Act was under consideration, and, as a matter of fact, during the consideration of most agricultural legislation, my recollection is—and I think it is why this period is set out in the bill—during the years from 1909 to 1914 the prices of farm commodities and the prices of farm machinery, fertilizer, clothing, furniture, and other things which the average farmer would purchase, occupied a more normal relationship than at any other period which might be established as a basis for legislation. Of course, it is realized that a farmer has as much right to buy an automobile or a trombone or anything else as any other citizen of the United States may possess.

Mr. JOHNSON of California. Certainly.

Mr. BARKLEY. But in trying to pick a period when the relationship between purchasing power and the prices of the things purchased would be as normal as possible, this period was found to be the most advantageous.

Mr. JOHNSON of California. August 1909 to July 1914. They might have gone back beyond our recollection and fixed a particular time, and it would have been accepted by all of us; but they would have had to go back so far, if they went beyond my recollection, that perhaps I would be pardoned for complaining as well.

The period is from 1909 to 1914, and the parity is dependent on the articles which farmers buy. The Senator says that the farmer has the same right to buy articles that anyone else has. So he has. If he buys a sealskin coat, or if he buys a pair of silk stockings, or if he buys a suit of clothes that are hand-me-downs, or has one made at a fashionable tailor's, all of these things will be included in the language that is used.

Mr. BARKLEY. The period referred to in the bill is the same as the period fixed in the old Adjustment Act, and that was fixed after minute investigation because it represented a greater advantage to the farmer. It was the best period for the farmer, by comparison, that could be fixed upon without going back even beyond the recollection of the Senator from California, which, after all, would not be as far back as he probably would seek to lead us to believe it would be.

Mr. JOHNSON of California. Oh, yes; it would be quite a way back, I confess. The bill to which the Senator refers was an experiment, it was empirical in character, and that is all it was.

Mr. BARKLEY. While the bill was an experiment—and I contend that all legislation is an experiment to a certain degree—there was no question about the period chosen being the best period from the standpoint of the farmer. That was not an experiment; that was arrived at by a comparison of definite figures and prices for agricultural products, as well as of the things which the individual farmer is expected to purchase.

Mr. JOHNSON of California. To show that the Senator is mistaken, I refer him to the senior Senator from North Dakota [Mr. FRAZIER], who is a farmer. He knows better than I do, infinitely better, and I would take his word in reference to anything pertaining to the farmer rather than any slight knowledge I might have. He says the selection of that period was unjust to the farmer, and that it was unjust to him he knows.

Mr. BARKLEY. I did not hear the Senator from North Dakota suggest any other period or any other years as a base.

Mr. FRAZIER. Mr. President, will the Senator from California yield to me?

Mr. JOHNSON of California. I yield.

Mr. FRAZIER. The war period, right after 1918, was of course a great deal better.

Mr. BARKLEY. Of course, if we are to go back to the period during the war to fix a basis for agriculture, that would not be a normal period.

Mr. JOHNSON of California. The attempt is to fix a period that was described a few administrations ago as a period of "normalcy," and that the sponsors of the bill have not succeeded in doing, says our friend the Senator from North Dakota.

What is meant? How can parity be defined by saying that it shall be determined with respect to articles that farmers buy? That is a most generic way in which to express the situation, it seems to me. How is one to determine anything about that? It says all the articles that farmers may buy. If we were asked to put every farmer in a straitjacket, to say that every man who tills the soil must buy certain things in a certain way, that would be one thing, and perhaps that is the intention of the bill; and if it is left to the general opportunities of the farmers to purchase what they please, it will be left so indefinite that there can be nothing determined from the definition.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 65, line 8, subdivision 2.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next amendment of the committee was, on page 65, after line 18, to insert:

3. "Parity", as applied to income, shall be that net income of farmers that bears to the income of individuals other than farmers the same relation as prevailed during the period from August 1909 to July 1914.

Mr. AUSTIN. Mr. President, I will not occupy the time of the Senate for long, but I wish to ask the sponsors of the bill some questions regarding this subsection. It is apparent that a comparison is to be made between the incomes of farmers and the incomes of individuals other than farmers. I suppose the largest group of individuals other than farmers is the very low income group, and it is quite possible that the income of that group is lower than that of farmers. Therefore, it becomes important to know the interpretation to be put upon this language. What individuals other than farmers are referred to in this definition? What group of individuals is referred to?

Mr. POPE. All others; all groups.

Mr. AUSTIN. Is it the intention of the sponsors of the measure that somebody—the Secretary of Agriculture, presumably—shall ascertain what the income of all the individuals of this country was during the period 1909 to 1914? Is that the intention?

Mr. POPE. I should say yes. Part of the computation will be to obtain the income of all persons in the United States. Of course, that would mean average income. Then it would not be difficult to determine what the income of the farmer was as compared with the income of all other individuals.

Mr. AUSTIN. Can the Senator advise us what the source of that information is? Is it in existence?

Mr. POPE. I should have to make some further investigations to determine all the sources for obtaining the information, but I know that considerable data are available for making that calculation. I myself have frequently seen figures showing what the average income of the individuals of the country is, but I have not all the sources of information now.

Mr. AUSTIN. I suppose it would be necessary to average it on the basis of our total population that is engaged in gainful occupations.

Mr. POPE. Yes.

Mr. AUSTIN. Perhaps there may be a census for that period which shows what those incomes were. I am not informed, and I want to know.

Mr. POPE. The Bureau of Agricultural Economics possesses a great deal of data on just that sort of thing, and its accountants can give very good figures on that matter.

Mr. AUSTIN. I ask the Senator from Idaho what his theory is of the "net income" of farmers, as that term is used here. I observe that in the previous paragraph special reference is made to interest and taxes. Does the Senator understand that the term "net income," as used here, would justify a deduction by the farmer of payments made by him for interest and taxes, for example?

Mr. POPE. I am sorry I cannot answer that question. I could get for the Senator the basis of the calculations that are made on that matter, but I could not go into detail. I know that this definition was written on the basis of the method of arriving at these incomes which is now in use in the Department of Agriculture.

Mr. AUSTIN. I suppose the definition of "net income" as employed by the Bureau of Internal Revenue might be applied to this section. Does the Senator know about that?

Mr. POPE. I should suppose so. Whether or not they use exactly the same definition of "net income" that is used in the Bureau of Internal Revenue I do not know.

Mr. AUSTIN. Just one other question. I appreciate the Senator's patience. Does not the Senator believe that in order to make a fair comparison of income, one should compare net income with net income, and therefore that it becomes necessary to know what the net income of individuals other than farmers is?

Mr. POPE. I think a comparable basis should be used, of course, in making the comparisons; but let me say to the Senator with reference to this whole definition that the only reason for the definition as to parity applied to income arose out of a provision in the bill concerning the desirability of obtaining a parity of income when applied to farmers in comparison with all others. It is a sort of ideal, or a goal which we might strive to reach, to obtain a fair share of the national income for farmers as compared with all others. It has no practical significance in this bill, because nothing is based upon it. The parity price is a very important and a very significant thing in the philosophy of the bill, but parity of the income is a sort of an ideal which its supporters are striving to attain. The members of the Committee on Agriculture and Forestry thought the paragraph setting out our ultimate aim or goal would be desirable, and that brought about the necessity for the definition; but it has no practical value in the administration of the bill.

Mr. AUSTIN. Mr. President, that really provides ground for these inquiries, because I regard the interpretation placed upon this section as being important in the perception of the ideal. Does the Senator then say that this means that parity, as applied to income, shall be the net income of farmers which bears to the net income of individuals other than farmers the same relation that prevailed during the period from August 1909 to July 1914?

Mr. POPE. I should say offhand, without having thoroughly investigated the method of calculation used by the Bureau of Agricultural Economics, that that is a perfectly fair suggestion to make. It seems to me that a comparison of the net income of farmers with the net income of all others would be a fair comparison. I am not well enough acquainted with the methods of arriving at the comparison to say now that I should be willing to have that language changed.

Mr. AUSTIN. To sum it up, then, shall we understand that it is not the intention of the proponents of the amendment to fix an exact yardstick for income—parity as applied to income—and that when the term "the same relation" is used—that is, the same relation that prevailed during the period from August 1909 to July 1914—it is not intended thereby to express it exactly, but only to express a thing hoped for?

Mr. POPE. That is correct; merely as a thing to strive for, to obtain the same relation between farmers and all others that existed during the base period. My lack of information as to the basis of that calculation arose out of the fact that I regarded this as not a particularly important part of the bill. It merely expresses an ideal, and the importance of that would be to establish the same relative posi-

tions that prevailed at the former period. The Senator can see the difference between that and the question of parity price. The parity price applies to the individual commodity, and it is important in this type of bill; but the parity of income means an over-all relation as between agriculture and other industries which does not play any practical part in this program.

Mr. AUSTIN. Possibly no one, not even the Secretary of Agriculture, could answer the question of what that relation was with exactitude, could he?

Mr. POPE. No; I think that is true. However, one constantly sees figures of this sort—that 25 to 30 percent of the population are engaged in farming or dependent upon farming, and they are paid something like 10 percent of the national income. At one time the farm income was as high as 13 or 14 percent of the national income, and it was as low as 7 percent during the depression years of 1930, 1931, and 1932. It is now around 10 percent. I presume that the figures we see are obtained from the application of some such formula as that attempted to be set out in this definition.

Mr. JOHNSON of California. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. I yield.

Mr. JOHNSON of California. Now the Senator sees, does he not, as Chesterton said, "How great is the futility of debate"? The Senator has observed that this question of parity is a spiritual ideal and an iridescent dream. Knowing now what it is, how can the Senator further discuss it?

Mr. AUSTIN. I cannot; and I take my seat.

Mr. POPE. Mr. President, will the Senator yield for a question?

Mr. AUSTIN. I yield.

Mr. POPE. I ask the Senator if he does not recognize that many expressions——

The PRESIDING OFFICER. The time of the Senator from Vermont on the amendment has expired.

Mr. POPE. Mr. President, I wish to make a statement.

The PRESIDING OFFICER. The Senator from Idaho [Mr. POPE] is recognized.

Mr. POPE. Does not the Senator recognize that the Golden Rule is an expression of a very high ideal. It is never universally lived up to; but the fact that we may express it from time to time ought not to be a subject of condemnation.

Mr. JOHNSON of California. No, sir; it would not be a subject of condemnation.

Mr. President——

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. JOHNSON of California. It would not be a subject of condemnation, but if we were to express it in a law we would express it clearly, and as it falls from the lips of the Senator from Idaho it is glorious.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee designated as subsection 3 on page 65.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The next amendment was, on page 65, at the beginning of line 23, to strike out "1" and insert "4", and in line 24, after the word "quantity", to insert "of the commodity produced in the United States that was", so as to read:

4. "Normal year's domestic consumption" shall be the yearly average quantity of the commodity produced in the United States that was consumed in the United States during the preceding 10 marketing years, adjusted for current trends in such consumption.

The amendment was agreed to.

The next amendment was, on page 66, at the beginning of line 3, to strike out "2" and insert "5", and in line 4, after the word "quantity", to insert "of the commodity produced in the United States that was", so as to read:

5. "Normal year's exports" shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the preceding 10 years, adjusted for current trends in such exports.

The amendment was agreed to.

The next amendment was, at the beginning of line 8, to strike out "3" and insert "6", and in line 14, after the word "year", to insert a colon and the following proviso: "*Provided, however*, That cotton produced in any year and marketed prior to August 1 of the same year shall be deemed to have been marketed during the marketing year commencing August 1 of such year", so as to read:

6. The term "marketing year" means, for cotton and rice, the period from August 1 of one year to July 31 of the succeeding year; for wheat and flue-cured tobacco, the period from July 1 of one year to June 30 of the succeeding year; for all other types of tobacco and for corn, the period from October 1 of one year to September 30 of the succeeding year: *Provided, however*, That cotton produced in any year and marketed prior to August 1 of the same year shall be deemed to have been marketed during the marketing year commencing August 1 of such year.

The amendment was agreed to.

The next amendment was, on page 66, after line 17, to insert:

7. "Total supply" of any agricultural commodity for any marketing year shall be the carry-over at the beginning of such marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins, except that the estimated production of type 46 tobacco during the marketing year with respect to which the determination is being made shall be used in lieu of the estimated production of such type during the calendar year in which such marketing year begins in determining the total supply of cigar-filler and cigar-binder tobacco.

The amendment was agreed to.

The next amendment was, on page 67, after line 3, to insert the following:

8. The normal supply for the following agricultural commodities shall be—

Wheat, a normal year's domestic consumption and exports plus 10 percent thereof as an allowance for a normal carry-over.

The amendment was agreed to.

The PRESIDING OFFICER. The Chair believes that, in view of the nature of these divisions, if it is agreeable to the Senate, perhaps they should be voted upon separately, as long as they apply to separate commodities.

Mr. CLARK. Mr. President, I ask unanimous consent that this amendment be considered paragraph by paragraph.

The PRESIDING OFFICER. Without objection, it is so ordered. The next amendment will be stated.

The next amendment was, on page 67, after line 8, to insert the following:

Corn, a normal year's domestic consumption and exports.

Mr. O'MAHONEY. Mr. President, I have an amendment in line 10, after the word "exports", to add the words "plus 5 percent thereof as an allowance for a normal carry-over."

Mr. McGILL. Mr. President, I do not care to say anything more with reference to this amendment or this proposal. I have stated my position. I simply want to be recorded as not favoring the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next amendment of the committee was, on page 67, after line 10, to insert the following:

Cotton, a normal year's domestic consumption and exports plus 35 percent thereof as an allowance for a normal carry-over and an ever-normal reserve.

The amendment was agreed to.

The next amendment was, on page 67, after line 13, to insert a new paragraph, as follows:

Rice, a normal year's domestic consumption and exports plus a 10 percent thereof as an allowance for a normal carry-over.

The amendment was agreed to.

The next amendment was, on page 67, after line 16, to insert:

Tobacco, a normal year's domestic consumption and exports plus 175 percent of a normal year's domestic consumption and 65 percent of a normal year's exports as an allowance for a normal carry-over.

The amendment was agreed to.

The next amendment was, on page 67, after line 20, to insert:

9. "Carry-over" in the case of tobacco and rice for any marketing year shall be the quantity thereof on hand in the United States at the beginning of such marketing year which was produced in the United States prior to the beginning of the calendar year then current, except that in the case of cigar-filler and cigar-binder tobacco the quantity of type 46 tobacco on hand and theretofore produced in the United States during such calendar year shall also be included.

10 (a). The "normal yield" per acre for wheat and corn for any farm shall be the average yield per acre for the commodity thereon during the preceding 10 years, adjusted for weather conditions, or if there is no actual yield or the data therefor are not available for any year, then an appraised yield to be determined by the Secretary. The normal yield per acre shall first be computed during the period in which adjustment contracts are first tendered, or parity payments first offered, as the case may be, to farmers under this act and thereafter shall be recomputed during any period in which any adjustment contracts or any parity payment offers are tendered to farmers.

Tobacco, a normal year's domestic consumption and exports plus 175 percent of a normal year's domestic consumption and 65 percent of a normal year's exports as an allowance for a normal carry-over.

9. "Carry-over" in the case of tobacco and rice for any marketing year shall be the quantity thereof on hand in the United States at the beginning of such marketing year which was produced in the United States prior to the beginning of the calendar year then current, except that in the case of cigar-filler and cigar-binder tobacco the quantity of type 46 tobacco on hand and theretofore produced in the United States during such calendar year shall also be included.

The amendment was agreed to.

The next amendment was, on page 68, after line 3, to insert:

10 (a). The "normal yield" per acre, for wheat and corn for any farm shall be the average yield per acre for the commodity thereon during the preceding 10 years, adjusted for weather conditions, or if there is no actual yield or the data therefor are not available for any year, then an appraised yield to be determined by the Secretary. The normal yield per acre shall first be computed during the period in which adjustment contracts are first tendered, or parity payments first offered, as the case may be, to farmers under this act and thereafter shall be recomputed during any period in which any adjustment contracts or any parity payment offers are tendered to farmers.

The amendment was agreed to.

The next amendment was, on page 68, after line 15, to insert:

(b) "Normal yield" per acre of cotton, tobacco, and rice for any county shall be the weighted average yield of cotton produced therein during the 5 years immediately preceding the year in which such normal yield is used in any computation authorized in this title, provided, that if for any year of such 5-year period the yield of cotton produced therein is one-third less than the normal yield so computed, the normal yield of cotton shall be the weighted average of yields of cotton produced therein during the remaining years in such 5-year period. In determining normal yield in the case of cotton for the year 1938 there shall be included the estimated yields for the crop year 1937–38.

Mr. ELLENDER. Mr. President, I have an amendment to this paragraph which I desire to offer at this time.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 68 in lines 16 and 17 it is proposed to strike out the words "tobacco and rice", so as to read:

Normal yield per acre of cotton for any county shall be—

And so forth.

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll, and called the names of several Senators.

Mr. CLARK. Mr. President, I do not know whether it is in order, but if it is in order I should like to withdraw the suggestion of the absence of a quorum.

The PRESIDING OFFICER. It can be done by unanimous consent.

Mr. CLARK. I ask unanimous consent that I may withdraw the suggestion of the absence of a quorum.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Missouri that the quorum call be suspended?

Mr. HATCH. Mr. President, reserving the right to object, the particular amendment which is being considered at this time is one to which I am quite sure certain absent Senators desire to offer amendments. May it be understood that the amendment will go over?

Mr. BARKLEY. Yes. I may say to the Senator that it is the purpose to recess in a few moments and let this matter go over.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Missouri that the quorum call be suspended? The Chair hears none and it is so ordered.

Is there objection to the request of the Senator from New Mexico [Mr. HATCH] that the pending committee amendment, on page 68, subsection (b), may be passed over?

Mr. HATCH. Mr. President, I have no objection to the consideration of the amendment of the Senator from Louisiana [Mr. ELLENDER].

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana to the amendment of the committee.

Mr. MILLER. Mr. President, in the amendment offered by the Senator from Louisiana I observe that it is the intention that the words "tobacco and rice" shall be stricken from the committee provision. Does not that leave the bill in shape so that we will have no definition of "normal yield" for rice?

Mr. ELLENDER. Mr. President, we have it in another part of the bill. This is to apply to cotton only.

Mr. MILLER. Where is it to be found in any other part of the bill?

Mr. ELLENDER. Mr. President, I ask that the committee amendment may be passed over, together with my amendment.

Mr. REYNOLDS. Mr. President, I should like to ask the Senator from Louisiana why he is desirous of striking those words from the bill? What are his reasons?

Mr. ELLENDER. The section is intended, I understand, simply to define "normal yield" for cotton and not for rice and tobacco.

The PRESIDING OFFICER. Is the Chair to understand that the Senator from Louisiana asks that his amendment to this subsection, and the committee amendment involving the subsection, be passed over?

Mr. ELLENDER. Yes.

The PRESIDING OFFICER. Without objection, the amendments will be passed over. The next amendment of the committee will be stated.

The next amendment was, on page 69, after line 3, to insert:

11. The "national average yield" for any agricultural commodity shall be the national average yield per acre for the commodity during the preceding 10 years adjusted for abnormal weather conditions.

Mr. McGILL. Mr. President, this definition would apply to a portion of the bill that was stricken out by a committee amendment. There is no such thing in the bill now as "national average yield"; therefore, I think no definition of that term is necessary and that the amendment should be rejected.

Mr. CLARK. Mr. President, I move to amend the paragraph by striking out the word "ten" and inserting in lieu thereof the word "five." Personally, I should like to have the matter go over until tomorrow, but I am willing to discuss it at this time.

Mr. BARKLEY. Inasmuch as the authors of the bill have moved that the committee amendment be rejected, is it necessary to amend it at all, since we have already eliminated the part of the bill to which it refers?

Mr. McGILL. Mr. President, will the Senator from Missouri yield?

Mr. CLARK. I yield.

Mr. McGILL. By an amendment we have heretofore adopted we have stricken out all reference to what was known as the national-average yield. Therefore, no such thing as that is in the bill, and for that reason I think the entire paragraph should be stricken out.

Mr. CLARK. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

The next amendment was, on page 69, after line 7, to insert:

12. "Normal production" of cotton for any State or county, respectively, shall be the average of the number of bales of cotton produced therein during the 5 years immediately preceding the year in which such normal production is used in any computation authorized in this title: *Provided*, That if for any year of such 5-year period the number of bales of cotton produced therein is less than one-third of the normal production so computed, the normal production of cotton shall be the average of the number of bales of cotton produced therein during the remaining years in such 5-year period.

Mr. HAYDEN. Mr. President, I move to strike out the word "title" in line 12 and to insert in lieu thereof the word "act."

The amendment to the amendment was agreed to.

Mr. HAYDEN. Mr. President, there is evidently a clerical error in this amendment, because the provision does not read the same as the language found under the definition of "normal yield" in line 22, page 68. At that place the language is, "one-third less than." In line 14 of the pending amendment under the definition of "normal production", the language is "less than one-third of." I wish to make the two conform by striking out the word "of" and transposing the words "less than" after "one-third."

The PRESIDING OFFICER. Is the Senator referring to paragraph (b) on page 68?

Mr. HAYDEN. I am comparing subsection (b) with paragraph 12. In line 22, on page 68, the definition reads "one-third less than." On line 14, page 69, I want the language to read also "one-third less than."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

BRITISH IMPERIAL WAR COUNCIL REPORT

Mr. NYE. Mr. President, I shall take a very few moments of the Senate at this time on a matter not related to the pending bill, and I hesitate to do so; but I feel that it is, after a fashion, a matter of personal privilege.

During the life of the Senate Munitions Committee, of which I had the honor to be chairman, the committee was afforded assistance by the State Department, and especially by the Secretary of State, Mr. Hull, for which I have offered my thanks time and time again.

During the work of the committee the State Department made available to it various documents which the Department felt ought to be dealt with in a confidential manner. The confidence of the committee was assured to the Secretary in those transactions. Several such documents which came into the hands of the committee were reproduced in sufficient numbers to enable each member of the committee to have a copy.

I do not desire to identify any of those documents at this time, but 2 or 3 weeks ago, by some method or another, a very ingenious, energetic reporter gathered for the International News Service what was alleged to be, and what I am not prepared to deny was, a document commonly described as the minutes of the meeting of the British War Council, carrying the testimony of Lord Balfour. This document as published by the International News Service was yesterday inserted in the RECORD by the junior Senator from Massachusetts [Mr. LODGE]. I am glad to see it published in the RECORD. I think that since it has become public it ought to be made available in the RECORD.

I do very, very much resent any conclusions which have been reached that this document, being of the confidential nature that it was, was made available to the press by me or any other member of the Munitions Committee. The copies of the document to which I have referred, when we were finished with them, were gathered up one by one and were destroyed and their destruction was amply witnessed. I wish to deny most emphatically that I or any member of the committee was responsible for the revealing of this particular document having to do with the Balfour episode.

I am required to make this statement by reason of publication recently in the column known as the Washington Merry-Go-Round of a declaration which said, among other things:

Just a day or so before Congress broke, NYE pulled a neat stroke. He let the long-secret Balfour report on why the different allies entered the war leak out to the press.

Again I wish most emphatically to deny any responsibility for the revelation of that document and repeat my assertion that I know for a fact that no member of the committee was responsible for the revelation.

I do not wish to be understood as regretting for one minute that this document has been published. I think it is one of those things to which the American public should have had access long, long ago, but by reason of the splendid cooperation of the State Department and the Secretary, and the assurance which my committee gave to the Secretary, I would to the fullest extent honor that confidence which was placed in us. I wish to reiterate the denial.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. CLARK. As another member of the committee investigating the munitions racket in this country, as we considered it, I want to bear witness to the absolute accuracy of the statement of the Senator from North Dakota. The document spoken of was a document to which indirect reference had been made in the investigation before the Munitions Committee. I think the Senator from North Dakota and every other member of the Munitions Committee will bear me out in the statement that only enough copies of the document to which the Senator has made reference were printed so that each member of the committee could have one, and when objection was made to the publication of the document by the State Department the copies were returned to the clerk of the Munitions Committee, each member of the committee taking back a receipt for the copy which had been originally given him, and, as far as any member of the committee knows, there were no extra copies.

I join with the Senator from North Dakota in stating that I am very happy that someone has found a way to make this document available to the American people, because I think they should have had it 20 years ago; but, so far as I know and so far as I am able to discover, it was not by action of any member of the Munitions Committee that the document was made public.

Mr. President, since this subject has come up, it seems to me that the real subject we ought to investigate is as to how it happens that this document, bearing so largely on American and foreign affairs, has been withheld from the American public for 20 years. Why has it happened that just the day before the United States entered into the World War at least the Secretary of State knew that a combination with regard to the disposition of territory had been entered into between various foreign states which were shortly to become our allies? The President of the United States afterward said that he had never seen the document. So far as I am concerned, I am entirely prepared to believe any statement that great statesman ever made. But this document was in the Department of State within a very few days after the United

States entered into the war in 1917. That was the document which the Senator from North Dakota [Mr. NYE] had before him, to which he was not permitted to refer; that was the document I had before me, to which I was not permitted to refer by a ruling of the State Department during the Munitions Committee investigation.

I should like to find out just why the State Department has the right to treat as private for 20 years such documents which certainly concern in the most vital degree every interest of the United States, as to our future foreign policy, and as to the question of whether we shall again drift into war.

Mr. BONE. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. BONE. Does not the Senator from Missouri believe it would be a distinct service to the people of this country to have the text of the Lansing papers now made available to the American people?

Mr. CLARK. I believe, and the Senator from Washington undoubtedly does—I happen to know his views—that all of the correspondence of any sort entering into the question of the United States having entered into the World War would be of most invaluable advantage to the people of the United States. I believe that the disclosure of such correspondence would justify the great father of the present occupant of the chair (Mr. LA FOLLETTE in the chair) in his opposition to the entrance of the United States into the war. I do not believe that the United States can afford at this time, with war clouds hovering over the whole world in both hemispheres, to fail to go forward with an investigation of the question as to what led the United States into the war in 1917.

Mr. BONE. Mr. President, will the Senator yield?

Mr. CLARK. I shall be glad to yield the floor, or to yield for a question.

Mr. BONE. I asked the Senator that question because in the debates which are to come on neutrality we are going to hear all sorts of opinions expressed as to the causes that led us into the World War; and here, located in the Lansing papers and in the correspondence in the files of the State Department, lie some of the answers that ought to be given to the American people, so that we shall not mill around here groping in the dark as to the causes which got us into the World War. Those papers will throw a great light on that question; yet, for some obscure reason, they are hidden. Every time it is suggested that we should bring them out into the open we are met with the argument, even on the floor of the Senate, that we are doing violence to some canon, or to the memory of some individual, when this ignorance may cost the lives of hundreds of thousands of American boys in the future; and for the sake of obscuring a bit of history that really ought to be brought right out in the open, we withhold from the American people information that is vital to them, that belongs to them. American boys will be moved around like pawns, and perhaps butchered like cattle, simply because we in the Congress lack courage to take the lead and tell the American people what happened, as shown by documents in the archives of the State Department.

Mr. CLARK. The Senator from Washington is entirely familiar with the fact that in the munitions investigation the Senator from Washington [Mr. BONE], the Senator from North Dakota [Mr. NYE], and myself sat with communications before us which had passed through the American State Department, which we were not permitted to use, and we sat under attack on the floor of the Senate because we were not able to use those communications by reason of the fact that the State Department would not allow us to use them.

Mr. BONE. Mr. President, the Senator is well aware of the fact that we ran into evidence indicating that American munitions factories were supplying Mr. Hitler with means of arming himself in the air to a degree surpassing anything in Europe; and yet we hear protests every day about the growth of fascism, and that fascism in Europe is arming itself through the agencies of American munitions factories. Yet we were told that we should not bring out that information. Men pounded on desks in Congress until their hands bled at the thought that we were going to reveal that sort of business.

Mr. CLARK. The Senator from Washington is entirely correct.

Mr. BARKLEY. Mr. President, I think we should suspend at this point so far as consideration of the farm bill is concerned.

INVESTIGATION OF COTTON COOPERATIVES

Mr. McKELLAR. Mr. President, in the Charleston News and Observer of December 8 I find this statement:

ELLENDER—

Evidently referring to the Senator from Louisiana—

said, "A previous Senate investigation of the cotton cooperatives led by Senator MCKELLAR, of Tennessee, had brought in a clean bill after spending about $60,000, I believe."

Mr. President, the amount spent in that investigation was $1,500 instead of $60,000. It was $1,500 only. In addition to that, there was a report made which, instead of giving the American cotton cooperatives a clean bill of health, gave them an entirely different character.

Mr. President, in order that the facts may be accurately known, I shall ask that the report of the committee be printed in the RECORD as part of my remarks.

Mr. ELLENDER. Mr. President, as my name was mentioned in connection with the statement made by the Senator from Tennessee, I desire to state that I did not make the statement as it is printed in the newspaper referred to. The statement made by me was simply that I understood that as much as $60,000 had been spent for the investigation, but I did not state that that amount came from the Government. I know quite a lot of it was spent by the cotton association. I further stated that I understood that one of the reports was made by a member of the committee, I think the Senator from Alabama [Mr. BANKHEAD], to the effect that the hearings did not show anything in justification of the charges.

Mr. McKELLAR. I do not remember the wording of the report, but the report of the committee, which I have asked to have printed in the RECORD, speaks for itself.

The PRESIDING OFFICER. Without objection, the report will be printed in the RECORD, as requested by the Senator from Tennessee.

Mr. ELLENDER. May we have printed in connection with it the minority views of the Senator from Alabama [Mr. BANKHEAD]?

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. Without objection, the minority views of the Senator from Alabama [Mr. BANKHEAD] will be printed in connection with the committee report.

The report (No. —) and views of the minority are as follows:

Mr. MCKELLAR, from the Committee on Appropriations, submitted the following report (pursuant to S. Res. 185):

Your subcommittee heretofore appointed under authority of S. Res. 185, which is as follows:

[S. Res. 185]

"*Resolved*, That the Committee on Appropriations, or any duly authorized subcommittee thereof, is authorized and directed to investigate the expenditures by the Federal Government for cotton cooperatives and their losses heretofore sustained. The committee shall report to the Senate, at the earliest practicable date, the result of its investigations, together with its recommendations.

"For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress, to employ clerical and other assistants, to require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents, to administer oaths, to take testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report hearings shall not be in excess of 25 cents per hundred words, and the expenses of the committee, which shall not exceed $1,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman."

Met in the city of Memphis, Tenn., on Monday, October 28, 1935, where it proceeded to take the testimony of some eighty-odd witnesses concerning the expenditures of the cotton cooperatives and the losses of such cooperatives and other matters allied, connected

with, and pertaining to such cooperatives and their losses, and having considered the same, beg leave to report to the full committee, as follows:

ORGANIZATION

The American Cotton Cooperative Association is a Delaware corporation and was incorporated January 11, 1930, with an authorized capital stock of $30,000,000, of which $76,950 was paid in, $40,600 of which was capital stock, this being afterward withdrawn and returned to the marketing associations, leaving an actual net capital of $36,350 (vol. II, exhibit 25). The capital was supposed to be paid in by the cotton cooperative marketing associations under the Capper-Volstead Act (vol. I, pp. 33–34 to p. 38).

Prior to that time the cooperative marketing associations had been established under a previous act of Congress. In the 1929–30 season, the A. C. C. A. handled no current cotton; it merely looked after cotton that the Government had previously acquired. The Federal Farm Board, with a $500,000,000 revolving fund created by Congress in the Agricultural Marketing Act, approved June 15, 1929, authorized the establishment of this cotton cooperative association (vol. I, p. 34).

Mr. Creekmore became associated with the American Cotton Cooperative Association in April or May 1930 (vol. I, p. 6). Previous to that time, the head of the cotton cooperatives was C. O. Moser, who acted prior thereto in a similar capacity to Mr. Creekmore (vol. I, p. 402). The plan of organization was that the several marketing associations, amounting to some 14 or 15 in number, or State or regional associations, or affiliates as they have sometimes been called, became stockholders in the A. C. C. A. (vol. I, p. 34). These marketing associations, like the Mid-South at Memphis, were rather loosely formed organizations, but each one under the practical control of its managing officer. In addition to that, the managing officer was usually a member of the board of directors of the American Cotton Cooperative Association. These other cooperative associations, some 15 in number, were all more or less insolvent when the Farm Board began making loans to them at nominal rates of interest (vol. I, pp. 303–305; vol. II, exhibit 26). The names of these several State or regional marketing associations are as follows: Alabama Cotton Cooperative Association; Brazos Valley Cotton Cooperative Association; California Cotton Cooperative Association, Ltd.; Georgia Cotton Cooperative Association; Louisiana Cotton Cooperative Association; Mid-South Cotton Growers Association (Memphis); Mississippi Cooperative Cotton Association; North Carolina Cotton Growers Cooperative Cotton Association; Oklahoma Cotton Growers Association; South Carolina Cotton Cooperative Association; South Texas Cotton Cooperative Association; Southwestern Irrigated Cotton Growers Association; Texas Cotton Cooperative Association; Texas Cotton Growers Association; West Texas Cotton Growers Association.

In exhibit G to Mr. Creekmore's deposition the common stock of these several associations, owned by the several State or regional associations, was shown as $100 each or $1,500 in all, and this indicates, in the absence of proof, that all of the $76,950 had been returned, and in lieu thereof one share of common stock had been allotted to each constituent association; so, insofar as capital invested in the A. C. C. A. is concerned, it may have been $36,350, or it may have been $1,500, or it may have been none at all. It is true that afterward preferred stock was issued, but that will be considered later. Suffice it to say that this mammoth concern had no substantial capital paid in by those who controlled it, and only a nominal capital, if any.

A. C. C. A. NOT A COTTON COOPERATIVE ASSOCIATION

The A. C. C. A. and its affiliates above named are not cotton cooperatives within the spirit and letter of the Capper-Volstead Act, or in any other sense cotton cooperatives, for the following reasons:

The commonly accepted definition of cotton cooperatives, as disclosed by the undisputed evidence, is that it is an organization of cotton farmers for the purpose of selling their cotton for better prices and at a lower handling cost, and of otherwise marketing their cotton to mutual advantage, in which organization where there are profits all the members shall share in them, and where there are losses each member will be assessed for its or his respective share of the losses. This definition is in keeping with that stated by the National Cooperative Council, of which President Williamson, of the A. C. C. A., is a member:

"Business cooperatives are created by farmers as agencies through which they collectively sell their products or purchase their supplies. Such cooperatives, being owned and controlled by the members, should at all times have the wholehearted participation of those members in the risks, gains, and losses of the business operations. Therefore the members, in building such cooperatives, should invest therein substantial amounts of their own funds commensurate with the needs of the business (vol. I, p. 166)."

Now, under this definition and under the proof taken by your committee, it is perfectly clear that the American Cotton Cooperative Associaton is in no sense, except in name, a cotton cooperative association at all. This is apparent by applying the following facts to this definition:

1. The profits are not divided equally or proportionally, even assuming that there have been profits, and this is a doubtful assumption (Henry, vol. I, pp. 204–205; vol. II, exhibit 6).

2. The losses are not made good by the so-called members (Creekmore, vol. I, pp. 18, 47, 159, 282; Williamson, vol. I, p. 330).

3. The so-called members do not invest therein substantial amounts of their own funds and have never done so (membership fee only, Cannon, vol. I, p. 458; Smith, vol. I, p. 624; Stewart, vol. I, p. 336).

4. The so-called members have not the slightest control over the marketing of their cotton (Henry, vol. I, p. 228).

5. The so-called members take no risks. The only risk taken in the business at all is the risk taken by the Government (Henry, vol. I, p. 191).

6. They do not sell collectively (vol. II, exhibit 20; Henry, vol. I, p. 205; Creekmore, vol. I, p. 157).

7. The A. C. C. A. is not owned or controlled by its so-called members (Creekmore, vol. I, pp. 155–156).

8. It is owned and controlled by its officers (Creekmore, vol. I, pp. 155–156).

9. The members are not directly responsible for losses which the cotton cooperatives may incur as a result of operations (House, vol. I, p. 492; Creekmore, vol. I, p. 47).

10. Profits, if any, have not been distributed to the individual producer members except in one instance, and even then not to the members of all of the affiliated associations, during an existence of 5 years (Creekmore, vol. I, p. 26).

11. The methods of securing members are of doubtful legality and oftentimes of plain duress (Baker, vol. I, pp. 530–533; Waddell, vol. I, p. 537; Lattimer, vol. I, p. 552; Salvo, vol. I, p. 547).

12. Operating on Government money, which forms the basis of its credit, the A. C. C. A. makes loans to its affiliated associations, which have gone through an evolution as its officers claim (Hutchinson, vol. I, p. 374), whereby all cooperative features have been eliminated and the cotton cooperatives are simply operating as cotton merchants (Thompson, vol. I, p. 542; Valentine, vol. I, p. 478; Reed, vol. I, p. 483; Mitchell, vol. I, p. 544; Everett, vol. I, p. 479).

13. In dealing with its so-called members, the organization frequently resorts to what may be called duress in padding its so-called membership rolls (Creekmore, vol. I, p. 14).

14. The prices paid by the A. C. C. A. to its so-called members are not higher than those paid by private cotton merchants (Gibson, vol. I, p. 545).

15. The cost of handling is greater than when sold by private cotton merchants (Salvo, vol. I, p. 548; Henry, vol. I, p. 196).

16. The A. C. C. A. is not cooperative in fact, but is composed of a closely knit organization with an interlocking directorate largely composed of its affiliates, all of which makes it simply a cotton merchant, buying from substantially any seller at the cheapest price possible and charging the farmer a very high cost for handling his cotton (Creekmore, vol. I, pp. 155–156; Valentine, vol. I, p. 478).

17. It has no county or local organization which meets and passes on their problems and since the organization of the A. C. C. A. has not had (Everett, vol. I, p. 481).

18. It violates the Capper-Volstead Act in that it has bought more bales of "futures" than it has bought actual cotton, and "futures" were not bought from the so-called members (Creekmore, vol. I, pp. 107–109).

19. It violates the Capper-Volstead Act in that it has formed a closely knit corporation with its affiliates by which a minority of the members completely controls and dominates the other members of the association, and this is contrary to the first requirement that no member shall have more than one vote (Creekmore, vol. I, p. 155).

20. It is of no more value to the farmer than is Weil & Co., McFadden & Co., Anderson-Clayton & Co., or any other large cotton merchant (Reed, vol. I, p. 483; Sanders, vol. I, p. 486; Hermes, vol. I, p. 489).

21. Finally, in essence, it is simply the Government, acting through a few favored persons, engaging in the cotton business, competing with other private cotton merchants, sometimes putting such other merchants out of business and reducing many of them to penury and want, the Government taking continued, drastic, and almost inconceivable losses, due in many instances to gambling in cotton, without the slightest benefit to the farmer or to the Government, the only benefits going to the small coterie of officers and agents of the A. C. C. A. and its affiliates.

It is true that it was claimed that the so-called members were indirectly assessable for losses in that the American Cotton Cooperative Association and its subsidiaries had accumulated reserves which belonged to the farmer-members, one-half of which was put in a reserve fund to be used to pay such losses if such reserve fund was sufficient. In the opinion of the committee, there were no reserves and are not now any reserves and have not been any at any time.

It was undisputed that the Government had saved these cotton cooperatives in 1929 at a cost of $79,286,384.13 and had saved them again in 1933 to the extent of $27,376,998.06, and Mr. Creekmore, the vice president and general manager, and the dominating official of that organization, testified that if the Government withdrew its support now, all operations would practically cease. His exact testimony is as follows: "I don't see how the cooperatives could continue." Under these circumstances, the reserves can at best be called, in formal banking parlance, "window dressing."

The same is even more true of the affiliated associations.

It is quite clear that the American Cotton Cooperative Association and its affiliates are not cotton cooperatives, but with the practically unlimited backing of the Federal Government constitute simply another great cotton buyer or merchant.

It may be said in closing this paragraph that the business and operation of the American Cotton Cooperative Association not only violates the definition of cotton cooperatives heretofore stated, but

it is in no sense such a cooperative association as is provided for in the Capper-Volstead Act under which it was organized.

INTERLOCKING DIRECTORATES

Six of the managing directors of six of the State organizations are also directors of the American Cotton Cooperative Association. Half of the salaries of these 6 directors are paid by the central organization of the A. C. C. A. These are: C. C. Selden, California association; W. R. Squires, Southwestern Irrigated Association; P. E. Harrill, Oklahoma association; A. D. Stewart, Mississippi association; J. A. Beatty, Alabama association; J. S. Hathcock, South Carolina association.

To these six must be added Mr. N. C. Williamson, of the Louisiana association, who receives no salary but a per diem of $25 is paid him; also Mr. Charles G. Henry, of the Mid-South association at Memphis, who does not draw a salary from the A. C. C. A., but who is one of the directors, and it is easy to see from his testimony and from Mr. Creekmore's testimony the close cooperation between them (vol. I, p. 155).

The other six directors seem to be beyond the pale and certainly have no potential vote, as they receive no salary either from the central association or their own organizations (vol. I, p. 156).

It thus appears that the American Cotton Cooperative Association constitutes, with its affiliates, a close corporation managed solely for the benefit of the central association and the officers and employees of the favored members of its directorate.

MEMBERSHIP

The officers of the cotton cooperatives claim that their membership in the United States in these 15 associations numbers 259,000.

A list of the members was requested by the committee, but the same was refused unless the committee would keep it confidential. Although the committee called for a complete list, it was furnished with a list of only two associations—that of the Mid-South and the Mississippi Cotton Cooperative Associations. The list of the two associations was accepted but has not been opened (Creekmore, vol. I, p. 172). However, there was much evidence concerning membership. That evidence is practically undisputed.

Through the fiction of the immediate fixation pool, which is in effect an outright purchase of cotton by the cotton cooperatives, they sign up as a member every individual who sells them a bale or more of cotton and the bulk of their deliveries are secured through this immediate fixation pool.

Many years before the organization of the A. C. C. A. it seems there were associations formed in various cotton localities of the United States. Since the A. C. C. A. came into existence there have been few members obtained except under what may be termed substantial duress. Since the organization of the A. C. C. A. they have come to adopt the following methods in obtaining members: Whenever a bale or a number of bales of cotton were delivered to the cotton cooperatives there was included in the bill of sale, and afterward in the check by which the cotton was paid for, a statement to the effect that the seller or deliverer, by reason of his bill of sale and of his receipt of the money, became a member of the cooperative association (Baker, vol. I, pp. 530–531; Black, vol. I, p. 437).

To put it in the language of one of the witnesses, after the purchase was made and everything completed except the delivery of the money, the seller would be informed by the cotton cooperatives' agent that he would be paid only by the statement in writing that he was a member, and if he dealt for others, that by the signing of the draft, he made his principals members of the cooperative association.

A membership obtained in this way, in the opinion of the committee, is substantial coercion, and it is exceedingly doubtful if by any such proceeding membership in the organization could be legally or morally brought about. In the absence of local organizations where members met, and in the absence of any meeting for consideration of the cotton cooperatives' problems, it is perfectly apparent that such a membership is not real in any sense and doesn't make the seller of the cotton a member at all, although he states in his bill of sale or check that he becomes a member.

The fact is, however, that the undisputed evidence shows that with a few exceptions in certain counties in Mississippi and Greer County, Okla., and perhaps one or two more, there are no local organizations of cotton cooperatives anywhere, and even in Mississippi, judging from the testimony of the head of the A. C. C. A. in that State, whatever organizations there are were controlled by the same cotton cooperative association (Windle, vol. I, p. 367; Orr, vol. I, p. 592; Garner, vol. I, p. 604).

The proof shows that the actual membership of the organization is largely confined to those in the employ of the A. C. C. A. and its affiliates. While the membership was challenged time and again, the cotton cooperatives made no effort to show an actual membership except in the way above stated; and while the record is not at all clear, your subcommittee believes that the actual membership in the association amounts to only a few interested people.

FINANCIAL STRUCTURE

The original financial structure of the American Cotton Cooperative Association is exceedingly interesting. The evidence of the cotton cooperatives was that $30,000,000 was the authorized capital, of which $800,000 was subscribed, and of this amount only $76,950 was actually paid in, as stated. Of the $76,950 paid in cash, the A. C. C. A. refunded in cash payments of the Oklahoma and other of the affiliated associations in the aggregate sum of $40,600, so the actual paid-in capital was $36,350; however, the revolving fund of $500,000,000 had been set up by the Hoover administration to be loaned the farmers, and it seems that a capital of $36,350 was ample to get a Government loan.

When the A. C. C. A. was organized and put under the direction of Mr. Creekmore, all of the cooperatives were in financial straits, and the most of them were in actual bankruptcy, as testified to by Mr. Legge, the then chairman of the Farm Board, in January of 1931.

The first operation of the A. C. C. A. after its organization in 1930 was the Cotton Stabilization Corporation. By this operation 1,300,000 bales, in round numbers, of cotton owned by the A. C. C. A. and its affiliates were sold to the Cotton Stabilization Corporation, and that Corporation agreed to hold the cotton at its original cost, plus charges, for the purpose of holding it off the market and to keep the various cotton cooperatives out of bankruptcy (Creekmore, vol. I, p. 34).

This Stabilization Corporation was a Delaware corporation, but its officers, agents, and offices were the same officers, agents, and offices as those of the American Cotton Cooperative Association. This was a matter of bookkeeping and of high finance, and in a short time about $80,000,000 was lost (Creekmore, vol. I, pp. 34–36).

Your committee will now consider these several losing operations of the American Cotton Cooperative Association.

THE STABILIZATION CORPORATION AND THE 16-CENT LOAN

The first major operation with regard to cotton after the Agricultural Marketing Act was passed on May 15, 1929, was the formation of the Stabilization Corporation and the 16-cent loan, taken together.

The Stabilization Corporation was organized in May of 1930, with an authorized capital stock of $15,000,000, all of which was advanced from the revolving fund of the Farm Board (Creekmore, vol. I, p. 35). The first major operation with regard to cotton was announced by the Federal Farm Board on October 21, 1929. Exactly 10 days before this announcement, Mr. C. O. Moser, the then president and general manager of the American Cotton Growers Exchange (the central cotton-cooperative organization which preceded the American Cotton Cooperative Association), wrote a long letter to Mr. Carl Williams, cotton member of the Federal Farm Board, in which Mr. Moser urged the adoption of 16-cent loan as the "joint policy of the cotton cooperatives and the Farm Board."

The price of cotton steadily declined, and by the early spring of 1930 the cotton cooperatives were again confronted with bankruptcy. The losses, according to Mr. Creekmore's estimate, of the A. C. C. A. in its Stabilization Corporation and 16-cent loan amounted to the enormous sum of $79,286,384.13. The Stabilization Corporation not only had this 1,300,000 bales of actual cotton but it also had a large number of bales of "futures" which had been acquired from time to time.

THE DOLLAR-AND-A-HALF PER BALE LOANS

Although the Stabilization Corporation took over the 16-cent loan cotton at the amount of the loan, plus carrying charges, it was discovered that liens of private banks and balances due farmer members had to be paid before the Government could acquire title to the cotton. In order to do this the Stabilization Corporation assumed $2,462,351.81 as an added cost of the cotton and the Farm Board loaned the cotton cooperatives $1.50 per bale, in the aggregate sum of $1,704,047.46.

Incidentally the funds loaned under the $1.50 per bale plan were lost by the Government in making compromise settlements of indebtedness with the Oklahoma, South Carolina, and Alabama cooperatives. Thus, for the second time within a few weeks, the Government produced funds to save the cotton cooperatives from bankruptcy.

THE 90-PERCENT ADVANCE

Despite the efforts of the cotton cooperatives and the Farm Board, the price of cotton continued to decline; whereupon in August 1930 the cotton cooperatives and the Farm Board entered into an agreement whereby the members of the cotton cooperatives would be advanced 90 percent of the market price of cotton at the time of delivery (Creekmore, vol. I, p. 37). Although Mr. Creekmore testified at the agricultural conference and Farm Board inquiry in 1931 that he entered into the plan with a full realization of its hazards, he stated that he was optimistic as to its ultimate outcome (Creekmore, agricultural conference and Farm Board inquiry, p. 310).

The facts are that this operation again rendered the cotton cooperatives bankrupt, and in order to rescue them, the Government in 1933 had to assume another loss, which Mr. Creekmore testified amounted to $27,376,998.06 (Creekmore, vol. I, p. 37). According to Mr. Creekmore, he estimates that the losses on the two transactions (the 16-cent loan of 1929–30 and the 90-percent advance of 1930–31) aggregated $107,113,441.54 (Creekmore, vol. I, p. 37). However, Mr. Creekmore's estimate is based on his exception to the statutory allowance made for the cotton donated to the Red Cross. The actual loss sustained by the Government on the two transactions has been approximately $140,000,000.

THE FRAZIER BILL

Senate Joint Resolution 38, introduced by Senator LYNN FRAZIER, of North Dakota, proposes a reopening of the settlements made by the Farm Board with the wheat and cotton cooperatives on the theory that the various stabilization operations were done on the authority of the Farm Board which made the cooperatives, both wheat and cotton, its unwilling agents in carrying out these operations.

As far as the cotton cooperatives are concerned, such an argument is not sound, because the 16-cent loan was made at the earnest solicitation of and on the basis suggested by the cotton cooperatives; and by Mr. Creekmore's own admission he entered into the 90-percent loan with a full realization of its hazards but with the hope it would work out eventually.

Now, it must be remembered that Mr. C. O. Moser was the predecessor of Mr. Creekmore, he being president of the American Cotton Growers' Exchange. The evidence discloses an announcement by the Farm Board on October 21, 1929, as follows:

"The Federal Farm Board believes that the prevailing prices for cotton are too low * * *. The Board will make supplemental loans to the cooperatives in amounts sufficient to make the average loan total 16 cents per pound."

Just 10 days prior to this announcement Mr. C. O. Moser, president of the American Cotton Growers' Exchange (which was the predecessor of the A. C. C. A.), wrote a long letter to Mr. Carl Williams, the cotton member of the Federal Farm Board, setting out the conditions as he saw them in reference to cotton and strongly urging the Farm Board order just set out above.

Among other things, Mr. Moser said:

"* * * It is therefore at a time like this that it is possible for us to advance nearer the market price than it would have been earlier in the season, when the size of the crop is less a calculable thing than it is now. I believe the cotton cooperatives, with the aid of the Farm Board, may with safety, and they should immediately, advance 16 cents a pound, or $80 a bale, on unfixed cotton, basis ⅞-inch Middling; and that wide publicity to such advance should be given as being the joint program of the cotton cooperatives and the Farm Board; and that the difference between 65 percent advanced at the time of delivery and the $80 a bale should be paid as soon as weight and grade of the cotton is established (Creekmore, vol I, p. 34; Williams, vol. I, p. 399 through to 402)."

The evidence discloses that the cotton cooperatives and the Federal Farm Board were consulting daily just prior to the issuance of the Farm Board order, and no person who was then connected with either the Farm Board or the cotton cooperatives has testified to the contrary.

Mr. Stone, the tobacco member of the Farm Board, who was put on the stand by the cotton cooperatives, testified that there were daily conferences. It is apparent from the evidence that this order of the Board, if not directly secured by the cotton cooperatives, was issued with the full knowledge, consent, and approval of the cotton cooperatives, and issued at the earnest solicitation of the cotton cooperatives (Stone, vol. I, p. 570). Copy of this Moser letter was sent to all members of the regional or State cotton cooperatives (Creekmore, vol. I, p. 522).

Shortly after this operation began, the price of cotton began to go down. Within 6 months it had dropped from 18.23 cents per pound to 12.41 cents per pound and continued to drop. The cotton cooperatives' loss on this cotton was something like $79,000,000 on the 16-cent loan (Creekmore, vol. I, p. 35).

In view of the Moser letter, relating to the 16-cent loan, and Mr. Creekmore's statements at the agricultural conference and Farm Board inquiry, and his letter to Mr. Carl Williams, under date of November 16, 1932, with regard to the 90-percent loan, the Frazier bill must fail as far as cotton cooperatives are concerned.

It will thus be seen that every attempt of the cotton cooperatives backed by the Farm Board to benefit the farmers by increasing their prices in these various ways was a failure; however, each one, it was developed, was advertised to the whole country as a panacea for the low price of cotton, with the result that not only were the cotton cooperatives, then controlling about 15 percent of the cotton, rendered bankrupt, but the mills and the dealers and the farmers were all affected in the same way and their losses were tremendous.

These outside farmers and outside dealers and mills handled 85 percent of the cotton, and of course 85 percent of the loss fell on them, and neither the old Farm Board nor the cotton cooperatives was of any value or aid in the stabilization of the price of cotton, notwithstanding the enormous sums of money that were used in the various operations.

A year or two ago a bill was introduced by Senator FRAZIER, of North Dakota, which provided that the settlement of the Farm Board with wheat cooperatives be reopened for the purpose of giving the wheat farmers an opportunity of showing that their cooperative losses were the result of the action of the Farm Board and not of the cooperatives.

Later on, another bill was introduced in which cotton was added, and that bill has been pending in Congress for some time. The bill provided as follows:

[S. J. Res. 38, April 15, 1935]

"Joint resolution for the adjustment and settlement of losses sustained by the cooperative marketing associations

"Resolved, etc., That for the purpose of adjustment and settlement of losses sustained by the cooperative marketing associations dealing in grain during the stabilization operations of the Federal Farm Board in the years 1929 and 1930 when such cooperative marketing associations were induced and requested by the Federal Farm Board to withhold grain and/or cotton from the market and to make advances to their members in order to stabilize prices, the Federal Farm Credit Administration is hereby authorized and directed to make such adjustments and settlements in accordance with the understanding that such cooperative marketing associations had with the Federal Farm Board, and on the basis of a price or a sum equal to the amount directly loaned or advanced to such associations plus carrying charges and operation costs in connection with such grain and/or cotton from the date of the loans or advances to the date that such grain and/or cotton was finally taken over by the Federal Farm Board or delivered pursuant to its instructions."

This bill has delayed in the Senate from time to time.

It is perfectly apparent from the facts brought out in the investigation that the cotton cooperatives, through Mr. Moser, the predecessor of Mr. Creekmore, recommended this loan and urged the Farm Board to adopt it, and after they had urged such adoption, they cannot now be heard to say that further losses by them should be paid by the Farm Board or by the Government.

It was also developed in the hearings that this claim for a reopening of the settlements heretofore made by the Farm Board with the cotton cooperatives was first made by Mr. Creekmore on the 16th day of November 1932, when he wrote Mr. Carl Williams, cotton member of the Farm Board, making the claim that the cotton cooperatives were entitled to certain losses which they sustained on the 16-cent cotton (Stone, vol. I, p. 573).

It is perfectly apparent, therefore, that Mr. Moser, the predecessor of Mr. Creekmore, acting for the cotton cooperatives, having in like manner recommended the settlement between the Government and the cotton cooperatives on the 16-cent loan, the cotton cooperatives are now bound by the action taken by Mr. Moser as set out in his letter. The letter of Mr. Moser was sent to all of the cotton cooperatives (Creekmore, vol. I, p. 522).

Besides, in the memorandum put in the record by Mr. Creekmore, he states:

"After many conferences regarding a settlement, a compromise agreement was reached in May 1930 by a representative of the cooperatives with the Chairman of the Farm Board in the presence of the vice chairman, the cotton member, and the general counsel of the Board, whereby the cooperatives were to be reimbursed by a stabilization corporation, to be later organized, on the basis of the loan value on all cotton on hand, plus carrying charges, plus $1 per bale overhead on deliveries received during the 1929 season" (Stone, vol. I, p. 578).

This agreement was disapproved by the Attorney General, and later on a settlement was made as follows:

"The general basis of settlement, as finally worked out by the Farm Board, resulted in the Cotton Stabilization Corporation taking over the cooperatives' cotton on the basis of the loan value, with an allowance of not to exceed $2.50 per bale for carrying charges, payable only to the extent necessary to meet the obligations of the cooperatives after borrowing from the Farm Board $1.50 per bale listed on prior seasons' deliveries. This loan was to be repaid by deductions of 50 cents per bale from the members' proceeds on deliveries in future years" (Stone, vol. I, p. 578).

UNDER THE NEW ADMINISTRATION

The foregoing is a history of the operations of the cotton cooperatives with the Farm Board up until March 4, 1933. The Congress meeting that year repealed the Farm Board Act and passed what is known as the Agricultural Adjustment Act, which set up the Farm Credit Administration in place of the Farm Board. At that time the cotton cooperatives owed the Government $207,418,246.48. (See McNary report, p. 35.)

At that time cotton was worth somewhere around 5 or 6 cents a pound, and the Farm Board, which had had appropriations to be used as a revolving fund of $500,000,000, and the A. C. C. A. had been financed by the Farm Board, were all in a state of bankruptcy and their debts had to be assumed by the Government, amounting to $27,376,998.06 as outlined in the 90-percent loan loss. Also the State associations benefited under the terms of the A. A. A. adjustment by additional payments authorized by Congress in connection with the settlement of the 1930–31 operations. Seven hundred and thirty-two thousand four hundred and fifty-six dollars and eighty-seven cents were paid in this adjustment (S. Rept. No. 1456, p. 22).

In other words, the new administration of Mr. Roosevelt started off by wiping the slate clean and taking over all the cotton into what was known as the Oscar Johnson pool. Thus, the cotton cooperatives were again saved from bankruptcy and the Government, through Mr. Johnson, took over about 1,300,000 bales of actual cotton and approximately another million bales of futures which the A. C. C. A. had gathered in during the years of their speculation.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

The Government continued to loan money to the cotton cooperatives, but under the provisions of the A. A. A., acreage was reduced through voluntary action, and Government rentals on land not cultivated in cotton were established.

Then the Bankhead Act was passed to regulate the number of bales produced.

Also the processing tax was put on to pay the cotton farmer for the rentals on land not used in producing cotton.

The above three enactments, passed in 1933, did what the Farm Board and the cotton cooperatives had tried in vain to accomplish since July 1929; namely, the price of cotton began to rise and the general trend has been upward ever since.

In March 1933 cotton was selling at between 5 and 6 cents a pound. By July 1933 cotton had risen to 9½ cents. By September 1933 it was 10 cents. By January 1934 it was 11½ cents, and by March 1934 it was 12½ cents. In July 1934 it was 13.15 cents.

In the fall of 1933, under the Agricultural Adjustment Act, Secretary Wallace announced a Government loan of 10 cents a pound on cotton, and this operated throughout the year 1933–34.

In August 1934 that loan was increased to 12 cents. The 10-cent loan did not seem to interfere with the movement of cotton. Indeed, it was under that loan that the price went from 10 to 13 cents, and it was thought that if the Government made a loan of 12 cents it would still further increase the price, but it did not have that effect and cotton went down some in 1934 and 1935, and in the summer of 1935 the loan offered by the Government was reduced again to 10 cents. Cotton is now selling at figures ranging from 11½ to 12½ cents.

This is the history of what has been done under the Agricultural Adjustment Act.

THE A. C. C. A. UNDER THE A. A. A.

Under the Agricultural Adjustment Act the A. C. C. A. has continued to borrow money from the Government; however, it and its affiliates have from time to time discarded practically all of their cooperative features until now, through their central organization, the cotton cooperatives have become one of the largest cotton dealers in the country.

It will be remembered that Mr. Creekmore testified that the cotton cooperatives and affiliates would have failed in 1929 and 1930 and that they would have been bankrupt if the Government had not assumed their debts. He testified that again in 1933 the A. C. C. A. and its affiliates were bankrupt and would have gone into bankruptcy if the Government had not assumed their debts (Creekmore, vol. I, p. 16).

He also testified that at the present time without Government subsidies and bounties they could not continue to operate (Creekmore, vol. I, pp. 120–121).

THE A. C. C. A. UNDER THE ROOSEVELT ADMINISTRATION

The cotton cooperatives, under the present administration, have undergone what one witness described as an "evolution." No longer do they advance money to their producer members on his cotton which is pooled with other cotton of like description and character. By means of the immediate fixation pool the cotton cooperatives buy cotton just as any other merchant does, and the immediate fixation pool is simply a fiction whereby they can make outright purchases.

Under the present administration the A. C. C. A. has made or claims to have made approximately $2,500,000 from the handling of cotton owned or controlled by the Government, but during the same period it has lost about $1,500,000 on its operations for its own account.

INTEREST RATES AND PROFITS

But the Government continued to lend money to the cooperatives in 1933 and 1934 at ridiculously low rates of interest, and they were relending the money to their affiliates at a much higher rate of interest and making great profits thereby (Creekmore, vol. I, pp. 52–53). They also made profits from the handling of the old stabilization corporation cotton and in the 10-cent loan and in the 12-cent loan, and also on what is known as the Oscar Johnson pool cotton, which was the cotton accumulated by the A. C. C. A. under the 90-percent advance in 1930–31. They now claim to have made very substantial profits in 1933–34, that they had losses in 1934–35, and for the present it isn't clear whether they are making money now or not.

The American Cotton Cooperative Association borrowed money from the Government under a "joker" statute—that is to say, at rates of interest ranging from one-eighth of 1 percent to 1¾ percent. A statute had been passed by the Congress allowing money to be loaned to farmers at the same rate of interest that the Government paid for money.

The purpose of this statute was this: At the time of its passage the Government was borrowing money on its bonds at from one-eighth of 1 percent to 1¾ percent and the Congress did not wish to have the farmer charged any more for the money than the Government was paying for it; however, Mr. Andrew Mellon was Secretary of the Treasury at the time and he gave this statute a different construction from that intended by the Congress. He held that the lowest rate of interest meant any low rate, and he had been borrowing money on some classes of temporary certificates at as low as one-eighth of 1 percent; therefore, the farmers got some of their money at rates of interest as low as one-eighth of 1 percent. This was never intended by the Congress, and when the matter came out an act was promptly passed allowing the cooperatives to borrow money at 3 percent. As long as this statute was on the books, however, it seems that the American Cotton Cooperative Association borrowed money from the Government, of course, but when the new statute of 3 percent was passed, Mr. Creekmore looked about to see if he couldn't get the money at a small rate and he made an agreement with the Chase National and other banks in New York to borrow the money at 1½ percent (Creekmore, vol. I, p. 53).

FINANCIAL OPERATIONS

Mr. Creekmore testified that the cotton cooperatives had a line of credit with the Farm Credit Administration of about fifteen and one-half millions of dollars and that he had a line of credit with private banks of something like $75,000,000, and that he had actually borrowed in 1 year $55,000,000. This Government credit, coupled with a practice by the Washington office of subordinating the Government loans to private loans, brought about an immense change in the cotton cooperatives' business.

The cotton cooperatives gave up their seasonal pools and their optional pools and their long-time holding of cotton and began what Mr. Creekmore termed the "immediate fixation pool," and the proof clearly shows that the immediate fixation pool is nothing in the world but a purchase of the cotton from the farmer by the cotton cooperatives.

It is true that it was claimed that they held out to the farmer when they bought his cotton that if there was any profit made by the cotton cooperatives the member would later receive what was called a patronage dividend. It developed that only one patronage dividend had been declared in 5 years, and that patronage dividend was 56 cents per bale in some districts, notably in Mississippi.

In one district, notably in Tennessee and Arkansas, the patronage dividend was credited on a debt due by the Mid-South (Henry, vol. I, p. 205).

It is very clear that when the farmer sold his cotton and when the cooperatives purchased his cotton under the so-called immediate fixation pool the farmer regarded it as a sale and the cotton cooperatives regarded it as a purchase, and the American Cotton Cooperative Association and its affiliates became nothing but a huge cotton-buying concern with Government aid.

The so-called patronage dividend might well be likened to a transaction by which when a person enters a drug store or any other store and buys an article he is frequently given a coupon with his purchase, with the statement on the coupon that when the purchaser gets a million coupons he will be entitled to a prize box of candy.

This patronage dividend did not deceive the farmers at all, as appear from the proof, because they never expected to get anything further, but apparently it has deceived the executives in charge of the Farm Credit Administration up to this time.

ALADDIN'S LAMP

The Federal Government has been a veritable financial Aladdin's lamp to the American Cotton Cooperative Association. When the cotton cooperatives could borrow money from the Government at from one-half of 1 percent to 1 percent interest and lend it out to their subordinates at from 5 to 6 percent, this was pretty easy financial picking. When the Congress passed the 3-percent loan, however, it was necessary to do some refinancing, and then the plan was adopted to borrow from private banks at 1½ percent with the Government at Washington subordinating its liens to those of the private banks. By what right the Government at Washington did this has not been disclosed, but it was done and the cooperatives borrowed as much as $55,000,000 in 1 year with the Government's liens on the cotton made subordinate to those of the private banks.

Even with all this money the American Cotton Cooperative Association had to have working capital, and how to get it was the next problem. The private banks would not lend to them at 1 11/16 percent unless the Government subordinated its liens. The Government, in the second year, decided it would not subordinate its liens, and thereupon the following plan was adopted: The A. C. C. A., in some manner that has not been fully explained, caused its State associations, each one individually, to borrow from the Farm Credit Administration sums aggregating $5,000,000 to be turned over to the American Cotton Cooperative Association and the State associations to receive preferred stock in the American Cotton Cooperative Association for the money (Daley, vol. I, p. 93).

In other words, the American Cotton Cooperative Association did not borrow the money; and, remarkable to tell, the individual State associations borrowed this money and took stock in the American Cotton Cooperative Association for it.

Exhibit C to Mr. Creekmore's testimony shows that the following companies borrowed from the Farm Credit Administration the $5,000,000 and turned it over to the A. C. C. A.:

Alabama Cotton Cooperative Association	$400,000
Brazos Valley Cotton Cooperative Association	425,000
California Cotton Cooperative Association	175,000
Louisiana Cotton Cooperative Association	800,000
Mid-South Cotton Growers' Association	800,000
Mississippi Cooperative Cotton Association	800,000
Oklahoma Cotton Growers' Association	500,000
South Carolina Cotton Growers' Association	200,000
South Texas Cotton Cooperative Association	200,000
Southwestern Irrigated Cotton Growers	200,000
West Texas Cotton Growers' Association	500,000

Now, let's analyze these transactions.

The Alabama Cotton Cooperative Association had been wound up in receivership, and of course it is inconceivable that the Government would lend to this bankrupt concern $400,000.

The Brazos Valley Cotton Cooperative Association had no assets of any kind, and this was admitted by its officers (McCrary, vol. I, p. 356).

The California Cotton Cooperative Association, Ltd., there was no proof about.

The Georgia Cotton Cooperative Association is now being wound up through a receivership (Creekmore, vol. I, p. 9; Williams, vol. I, p. 386).

The Louisiana Cotton Cooperative Association, there was no evidence concerning ($365,000 stock in A. C. C. A.; Williams, vol. I, p. 291).

The Mid-South Cotton Growers' Association has quite a history. It had failed in 1929 and was in an expiring condition when the Government lent money to it. It is true that Mr. Henry, its manager, stated in his testimony that the Mid-South had $100,000 of Government bonds and $100,000 in cash and a building that he had bought for $35,000, and that it had some equities in the stock of the A. C. C. A. in stock dividends, but taking all these, it wasn't in a financial condition to borrow $800,000, and the Government will probably not get 10 percent of its loan back from the Mid-South (Henry, vol. I, p. 205).

The Mississippi Cotton Cooperative Association is supposed to be a going concern, but its assets were not disclosed (about $360,000; Stewart, vol. I, p. 342).

The Oklahoma Cotton Growers' Association had recently been sold by the Government, lock, stock, and barrel to the A. C. C. A. itself, and the Government had lost something like half a million dollars by it, and yet this bankrupt concern was allowed by the Commodity Credit Corporation to borrow $500,000 and invest it in the stock of the A. C. C. A. (Creekmore, vol. I, pp. 27–29).

The South Carolina Association had likewise had to compromise its affairs at a great loss to the Government (McCutcheon, vol. I, p. 152).

The South Texas Association, its assets were not disclosed.

The Texas Cotton Cooperative Association, its assets were not disclosed.

The West Texas Cotton Growers' Association admitted that they had no assets of any kind (Lee, vol. I, p. 361).

Thus we see that the enormous sum of $5,000,000 was loaned by the Government to the several associations, none of which were able to borrow any such sums with any expectation of paying them back, and none of which borrowed for themselves, but for the benefit of the A. C. C. A.

The whole transaction, in the opinion of your subcommittee, was a fraud upon the Government.

What was the purpose of this transaction? Although the A. C. C. A. had failed twice, costing the Government something like $140,000,000, and although it admits that it is now insolvent unless the Government continues its aid, yet it claims to have put some $4,000,000 in reserve and issued stock therefor, and that it has a line of credit, as testified to by Mr. Creekmore, of $15,500,000 with the Farm Credit Administration, and $75,000,000 with private banks; and under these circumstances the question naturally arises: Why did the A. C. C. A. have to erect this amazingly peculiar financial structure in order to obtain working capital?

It is the opinion of your subcommittee that these loans are virtually worthless and the Government will be unable to collect them.

THE COOPERATIVES AND THE SEED-LOAN BORROWERS

The Congress having passed a law that cooperatives should be encouraged in every way possible, the Federal Farm Credit Administration recommended that the seed-loan cotton should be turned over as far as possible to the cotton cooperatives, and this was done.

And look at the charges that were made: $1.30 per bale other than seasonal charges. What they were nobody knows; $5 for membership fee; 50 cents for a newspaper publication (Henry, vol. I, p. 197 through 202).

These charges were unconscionable and indefensible. Take the poor seed-loan borrower who can get credit nowhere else to make a crop, who was the poorest of the poor, and who in order to maintain himself and family had to borrow the pitifully small sum that he was allowed to borrow from the seed-loan office; and think of charges other than storage, insurance, and interest, mounting up to him of more than $11 per bale—more than 13 percent of the value of the cotton—taken out of the cotton for this enormous trust in the cotton-buying business known as the American Cotton Cooperative Association (Henry, vol. I, p. 232).

To my mind the most condemning fact brought out was the treatment of the seed-loan borrower by the A. C. C. A. and its affiliates.

GOVERNMENT BOUNTY AND FAVORITISM

Remember that the American Cotton Cooperative Association has been in existence for 5 years.

The following sums have been paid to the American Cotton Cooperative Association by the Government on Government-controlled cotton as services and expenses, by years:

1930–31	$531,710.32
1931–32	907,909.87
1932–33	883,032.84
1933–34	789,060.65
1934–35	724,499.33

totaling $3,836,213.01, or an average per year of $767,499.33.

All of this is obtained from Mr. Creekmore's exhibit Q and his testimony.

It is true that expenses apportioned to the Stabilization Corporation out of the above amounted to $1,278,967.43; but since that corporation was officered and serviced by exactly the same people as the American Cotton Cooperative Association, that was a mere matter of bookkeeping (Creekmore, vol. II, p. 215).

Over and above this income the A. C. C. A. made enormous sums out of interest annually by charging the member associations more than they paid the Government for the money. The interest sheets have not yet been furnished, but Mr. Creekmore says he will furnish them and the amount that the Government gave them under interest transactions will be shown and made a part of this paragraph. Over and above the income which the American Cotton Cooperative Association made, the affiliated associations made additional interest on the loans made by them to individual members (Creekmore, vol. I, p. 57).

In other words, the farmer paid the bill, except when there was a loss, and kindly Congress assumed these enormous losses.

RECONCENTRATION OF COTTON

Much of the $3,836,213.01 was for reconcentrating and otherwise handling Government cotton. But last spring or early summer another reconcentration of cotton was ordered. Announcements were made by the Federal Farm Credit Administration that bids would be received for reconcentration of cotton on which the Government had a lien for the purpose of making room for the new cotton crop of 1935–36. It was estimated that it would be necessary to reconcentrate some 3,000,000 bales. Bids were put in to do this handling by the A. C. C. A. by John M. Parker & Co., of New Orleans, and others.

Mr. Parker testified that they put in a bid to reconcentrate this cotton for 40 cents per bale flat (Parker, vol. I, p. 495).

The A. C. C. A. put in a bid for reconcentrating the first 500,000 bales at 48 cents, the second 500,000 at 45 cents, the third 500,000 at 40 cents, and any additional bales for 35 cents (Parker, vol. I, pp. 498–499).

Up to the time of the hearing only 1,600,000 bales had been reconcentrated. Whether there would have been any more was not known. But it must be remembered that the A. C. C. A. had received 48 cents a bale on the first 500,000 bales, 45 cents on the second 500,000 bales, and 40 cents on the third 500,000 bales—and then they handled very little more. So that the average price of handling the cotton was more than 43 cents per bale, while Mr. Parker offered to reconcentrate the cotton for 40 cents per bale, and if the Parker bid had been accepted—and he represented a responsible firm—the Government would have saved some fifty to seventy thousand dollars by giving the bid to him. But the A. C. C. A. got the job.

Some question was raised as to whether the Department had the right to let this contract without advertising for bids. No bids were advertised for.

In connection with this reconcentration of cotton, Mr. R. L. Taylor, president of the Federal Compress Co., which warehouses the cotton in the Memphis district, or a large part of it, stated that he offered to reconcentrate all of the cotton in his district necessary to be reconcentrated without charge The bid to do it for nothing was declined (Taylor, vol. I, p. 420).

Mr. Parker testified that the reconcentration of this cotton was very expensive to the farmer, and this testimony was not in any way denied (Parker, vol. I, p. 502).

When the cotton goes in the warehouse it is sampled, and when it was reconcentrated the Government required it to be sampled again, and by regulation these second samples were destroyed so far as the use of them was concerned, but it was said that the A. C. C. A. credited the value of them to the Federal Farm Credit Administration. However, Mr. Parker testified that when the cotton is sold it must again be sampled.

Now, the amount taken out at each one of these sampling operations ranges from three-quarters of a pound to a pound, and thus the farmer is deprived of these three samples, at the present price of cotton, or 3 to 35 cents per bale (Parker, vol. I, p. 501).

In addition to that, when the cotton is sold under the third sampling the cost of that sample is from 35 to 50 cents.

It will thus be seen that the reconcentration movement cost the farmer something like 65 to 75 cents per bale. But what is the poor farmer if he is not to be mulcted in this way? Who cares for him anyhow?

In addition to that, quite frequently the cotton was moved from warehouse to other points hundreds of miles away without the consent of the farmer, without the knowledge of the farmer, and how much delay and expense he may be put to to find his cotton in some far-off warehouse is yet to be seen.

In connection with this last reconcentration of cotton, southern Senators, almost to a Senator, and many southern cotton Congressmen, protested as vigorously as they knew how against this reconcentration of cotton. There was in their opinion no reason for it. It is doubtful if there was any reason for it, and the only one to benefit by it was the cotton cooperatives, and the only ones to lose by it will be the farmers—unless the loss is so great that the Government will have to come forward for a third time and assume it.

FUTURES AND SPECULATION

The committee has tried very zealously to obtain figures on the total number of bales of futures that were bought or sold during the existence of the cotton cooperatives. Mr. Creekmore said it was very difficult to get these figures, but exhibits H and I of his deposition indicate the amounts that he paid the futures brokers for 2 years, namely, for 1931–32 and 1932–33. For these 2 years, commissions alone amounted to $1,246,815.24 (Creekmore, vol. I, pp. 108–109).

Each year shows futures brokers' total commissions, being separated into two divisions, namely, "Brokers' commissions" and "Brokers' commissions earned." What is meant is not shown.

The figure of $1,246,815.24 shown above constitutes commissions on some eight-million-plus bales of futures based on the brokerage, as testified to, of 15 cents a bale. In other words, the cotton futures dealt in by the cotton cooperatives must have been many times the number of bales of spot cotton dealt in by them. Speculation at one time was freely admitted, and, of course, cannot be denied.

COMPARISON OF CHARGES

It is undeniable, and for a large part undisputed, that the charges for handling cotton and collected out of the cotton by the cooperatives are considerably larger than similar charges made by private merchants and buyers. No better illustration of these charges can be given than the following typical statement from the seed-loan office:

Résumé of typical settlements made on 1931 loans by Mid-South Cotton Growers' Association

(Henry, vol. I, pp. 192-203)

Our loan No.	Mid-South contract No.	Date of payment	Number of bales	Gross proceeds	Previous cash advance	Interest on cash advance	Deductions			Charges other than regular seasonal charges	Membership fee	Association news subscription	Interest on cash paid out for freight, storage, etc.	Gross deductions
							Light bale	Insurance	Storage					
21733	7603700	Feb. 27, 1934	1	$51.31	$5.59	$0.60	.....	$1.30	$4.55	$1.40	$5	$0.50	$0.40	$19.34
74769	3117500	Feb. 2, 1934	1	53.97	5.88	.65	.....	1.30	4.55	1.47	5	.50	.40	19.75
63420	2437400	Feb. 1, 1934	1	54.75	5.30	.52	.....	1.30	4.55	1.33	5	.50	.40	18.90
64006	6113100	Feb. 19, 1934	2	94.91	42.52	4.57	.....	2.65	9.25	2.54	5	.50	.80	67.83
26770	6165800	....do.....	1	48.44	5.00	.52	.....	1.30	4.55	1.28	5	.50	.40	18.55
30362	2378200	Jan. 26, 1934	1	37.72	4.00	.42	.....	1.30	4.55	1.00	5	.50	.40	17.17
8696	5917200	Feb. 16, 1934	1	44.98	16.81	1.84	.....	1.35	4.70	1.23	5	.50	.40	31.83
130299	2434200	Feb. 1, 1934	1	53.95	5.65	.62	.....	1.30	4.55	1.39	5	.50	.40	19.41
14228	5021000	Feb. 10, 1934	1	45.30	4.68	.50	.....	1.25	4.40	1.17	5	.50	.40	17.90
33949	2132500	Jan. 23, 1934	1	50.65	7.50	.83	.....	1.25	4.40	1.32	5	.50	.40	21.40
6219	5405700	Feb. 13, 1934	1	42.63	4.56	.52	.....	1.25	4.40	1.14	5	.50	.40	17.77
68771	2389200	Jan. 26, 1934	2	64.36	6.60	.62	$2	2.10	7.60	1.65	5	.50	.80	26.87
36672	5950100	Feb. 16, 1934	3	142.77	31.12	3.22	.....	3.90	13.65	3.89	5	.50	1.20	62.48
98745	2136200	Jan. 23, 1934	2	98.16	8.45	.88	.....	2.60	9.10	2.56	5	.50	.80	29.89
10828	5915100	Feb. 16, 1934	3	154.40	75.44	8.05	.....	4.00	13.95	3.90	5	.50	1.20	112.04
3006	5915800	....do.....	2	101.20	14.00	1.46	.....	2.60	9.10	2.63	5	.50	.80	36.09
128313	2152400	Jan. 26, 1934	2	82.46	8.30	.85	1	2.60	9.10	2.07	5	.50	.80	30.22
91063	2231800	Jan. 23, 1934	2	86.11	10.00	1.04	.....	2.60	9.10	2.30	5	.50	.80	31.34
89077	10104000	Sept. 20, 1933	2	87.40	11.97	.97	.....	2.10	7.60	5.30	5	.50	.80	34.24
17402	5010000	Feb. 10, 1934	2	82.28	8.90	.94	.....	2.60	9.10	2.17	5	.50	.80	30.01
59817	5728700	Feb. 16, 1934	2	114.15	11.60	1.25	.....	2.50	8.80	2.79	5	.50	.80	33.24
18171	6154400	Feb. 19, 1934	3	149.43	19.79	2.08	.....	3.95	13.80	3.82	5	.50	1.20	50.14
4073	6116000	....do.....	5	247.39	61.99	6.67	.....	6.55	22.90	6.30	5	.50	2.00	111.91
18176	6169800	....do.....	3	144.09	6.00	.63	.....	3.75	13.20	3.88	5	.50	1.20	34.15
457	6128800	....do.....	4	191.17	72.51	7.89	.....	5.25	18.35	5.06	5	.50	1.60	116.16
Total			49	2,332.97	454.16	48.13	3	62.65	219.80	63.79	125	12.50	19.60	1,008.63

KENNETH MCKELLAR.
JOHN G. TOWNSEND, JR.

Mr. MCKELLAR (for Mr. BANKHEAD) submitted the following minority views (pursuant to S. Res. 185):

My approval is withheld from the report submitted by Senator MCKELLAR pursuant to the authority of Senate Resolution No. 185, authorizing an investigation into the expenditures by the Federal Government for cotton cooperatives.

The testimony taken comprises 654 printed pages. Therefore, a detailed analysis of this testimony would unnecessarily prolong this report, but the following conclusions seem to me to be warranted:

1. The American Cotton Cooperative Association and its affiliates are farmer-owned and farmer-controlled, and that they are organized and operated in accordance with the letter and spirit of cooperative marketing laws.

2. The Government twice attempted efforts in the nature of stabilization operations, once in the 1929–30 cotton season when an advance of 16 cents per pound was made on cotton delivered through the cooperatives, and again in the 1930–31 cotton season when 90 percent of the market value of cotton was advanced to growers through the cooperatives. The Government has assumed and paid some of the losses incident to these stabilization operations but has not paid all losses.

3. The record shows that in performing the ordinary functions of cooperative marketing associations, exclusive of stabilization operations, American Cotton Cooperative Association and its affiliates on the whole have rendered satisfactory service. Out of over a quarter of a million producer members, less than 20 appeared to protest any grievance or criticism.

The evidence does show that the cotton cooperatives lost certain reserves and were put in debt to the Federal Government as a direct result of stabilization efforts conducted at the instance and under the direction of the Federal Government acting through the Federal Farm Board. The record further shows that since the cessation of these stabilization activities by the Government the operation of the cotton cooperatives as a whole have been conducted in accordance with sound business and cooperative principles. As illustrative of this the evidence conclusively shows the following facts: American Cotton Cooperative Association was organized in 1930 by 13 State and regional cotton cooperative associations with a paid-up capital of only $76,950. This association has accumulated a substantial capital and surplus reserve through earnings. At the close of the 1933–34 season the capital and surplus amounted to $2,355,658.59, and all of this, except the original $76,950, was a result of earnings. These earnings are held for the benefit of the producers whose patronage has contributed to it. At the close of the 1933–34 season $480,058.20 was distributed by this association as patronage dividends. These results have been accomplished in spite of some testimony by the cotton trade to the effect that the American Cotton Cooperative Association and its affiliates were paying more to producers than the trade could afford to pay, and were selling cotton to the mills at lower prices than the trade could afford to take.

I am impelled to the conclusion that during these years the operations of the cooperatives have reduced the spread between the producer and the consumer to the benefit of both.

4. The record does not justify the assumption that capital loans to the cooperatives are worthless, or that the Government will ultimately lose thereby. I find no basis for reflecting upon the officials of Farm Credit Administration appointed by the President pursuant to the law passed by Congress. None of these officials were called by the subcommittee; and certainly there is no evidence indicating that these capital loans were recklessly, improvidently, or illegally made. I see no reason to believe that the Government's loans are likely to be lost in whole or in part.

5. As to membership relations, the element of coercion is absent. The membership contracts introduced in the record give the members the right to withdraw from membership and cancel the contract. Hence I am unable to join in the view that the cooperatives retain their membership by coercion or duress.

6. The record shows that the cooperatives have rendered a noteworthy service. Through means of local offices and receiving agents, classing service is widely provided, to the end that farmers who do not know the grade or staple of their cotton, and may not understand its value, are advised in these respects.

A basis sheet is made available throughout the Cotton Belt, and every producer of cotton in the South can ascertain what the cooperatives will pay for his cotton on any date.

Various sales options are provided, including the seasonal pool, the daily fixation pool, and other pools. In the seasonal pool cotton is sought to be sold in an orderly manner at the average seasonal price received from sales rendered to growers. In the daily fixation pool the current day's price is given to the farmer. Under the marketing contracts he has exclusive option control in determining whether to sell through a daily pool or seasonal pool. There is no evidence that the judgment of the association's officials is substituted for his judgment in these particulars.

7. The immediate fixation or daily pool is a natural development of cooperative marketing. If only seasonal pool were offered, financed on a basis of advancing 60 percent of the market value at time of delivery, with subsequent distribution as sales are made from this pool, the effect would be to deny the advantages of cooperative marketing associations, and their facilities, to the weakest and neediest of the producers. With more than one-half of the American cotton crop produced under landlord's lien, crop mortgage, or furnishers' lien, the immediate fixation or daily pool is a necessity.

8. The evidence warrants the conclusion that the cooperatives have rendered noteworthy services in the marketing of cotton. To mention only a few, they have eliminated in large areas the purchase of cotton without taking into consideration in price fixing

the grade and staple of cotton. The old method is commonly referred to as hog-round buying; they have narrowed the differentials between interior country points and central marketing points; they have contributed to cutting down the spread between the price paid to the producer and the price paid by the mills; and they seek to make the marketing of cotton as direct as can be economically done. The record supports the conclusion that the cooperatives aim to pay to the producer the highest price possible, not to buy his cotton at the lowest price and sell it for the highest price.

9. The record shows that in the operation of the cotton cooperatives, there have been mistakes made. Handling never less than 1,000,000 bales per year since the organization of American Cotton Cooperative Association, it would be well-nigh impossible to market so large a volume of cotton without errors and perhaps injustice. But occasional errors should not call for a sweeping condemnation of the entire cooperative marketing system in cotton.

The public policy of the United States is committed to cooperative marketing. It was endorsed in the platform of both political parties in the last Presidential campaign. The cooperatives are seeking, to their credit, out of their own reserves, to build a solid financial structure. To expect the cotton producers immediately to contribute all of the capital needed to finance their operations is vain; and therefore, both major political parties pledged financial aid of the Government to the cooperatives.

It does not appear, as stated, that capital loans to American Cotton Cooperative Association and its affiliates have been recklessly or wantonly made, or that those whom the President has entrusted with responsibility for the affairs of the Farm Credit Administration have been recreant to their trust.

It is a fair deduction, as heretofore pointed out, that the cooperatives lost reserves, which they held for their farmer members, as a direct result of stabilization operations initiated by the Federal Government. The former Chairman of the Federal Farm Board, who was responsible, in part, for the policy initiated and the conduct of the operations, testified that the cooperatives and their members were penalized as a result of these operations. He frankly stated that the Federal Farm Board, at the close of the operation, was compelled to make a harsh and unfair settlement with the cooperatives based upon a legal interpretation of existing statutes. I am forced to the conclusion that the Congress, who alone can right the wrong, should, by appropriate legislation, restore to the cotton cooperatives and to their producer members the reserves which were thus appropriated.

J. H. BANKHEAD.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

COPYRIGHT TREATY

Mr. DUFFY. Mr. President, on the Executive Calendar is a treaty relating to the Copyright Union. In today's Washington Post appeared an editorial under the title "The Wrong End of the Avenue." The editorial referred to the fact that the young lady who wrote Gone With the Wind is having that book pirated in Holland. The last part of the editorial reads:

It was to end this obviously unsatisfactory condition that the International Copyright Union was formed. Failure of the United States to join throws American authors, editors, musicians, playwrights, and even radio broadcasters at the mercy of foreign publishers and producers.

We have an understanding that this treaty shall not come up for consideration prior to the 15th of December. I ask permission to have the entire editorial appear at this point in the RECORD as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post of December 10, 1937]

THE WRONG END OF THE AVENUE

Margaret Mitchell recently lost a suit brought against a Dutch publisher who, she asserts, is pirating her Gone With the Wind. Pending an appeal in Holland, she has turned to the Department of State for assistance. In so doing she went to the wrong end of Pennsylvania Avenue. She should have gone to Capitol Hill.

For years now Congress has had before it a proposal to make the United States a member of the International Copyright Union. Two years ago the Senate gave unanimous consent to this country's participation in the Berne convention, which would give automatic and virtually world-wide copyright to literary and artistic creations. But because a corroborating domestic statute was lacking, this vote was rescinded. And, though the Senate has approved it, the House has consistently blocked the needed legislation. So the entire matter is now at a standstill.

As a result, Miss Mitchell now finds her book published in Holland without her permission and without recompense for her. It isn't that the Dutch are particularly conscienceless. Almost all nations, including the United States, permit, or until recently have permitted, literary piracy. It was to end this obviously unsatisfactory condition that the International Copyright Union was formed. Failure of the United States to join throws American authors, editors, musicians, playwrights, and even radio broadcasters, at the mercy of foreign publishers and producers.

WEST VIRGINIA POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters in West Virginia heretofore confirmed, reconsidered, and restored to the Executive Calendar December 1, 1937.

Mr. McKELLAR. Mr. President, I ask unanimous consent that nominations of West Virginia postmasters be confirmed en bloc; and inasmuch as there has been considerable delay in the matter, I ask that the President be notified.

The PRESIDING OFFICER. Is there objection to the confirmation en bloc of the nominations of West Virginia postmasters on the calendar? The Chair hears none, and the nominations are confirmed.

Is there objection to the request of the Senator from Tennessee that the President be notified? The Chair hears none, and the President will be notified.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the remaining nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

That concludes the Executive Calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. Mr. President, it is my purpose to move a recess until 11 o'clock tomorrow morning. I have conferred with the Senator from Oregon [Mr. MCNARY], and that arrangement is agreeable to him, with the understanding that we shall suspend tomorrow at an earlier hour than we have been accustomed to suspend.

Mr. MCNARY. Mr. President, I recall that when a limitation was placed on debate, I accepted that limitation with the understanding that we should not have any more sessions beginning at 11 o'clock. I am willing to waive that because of the understanding I now have with the leader on the Democratic side that if we recess now until 11 o'clock tomorrow morning we shall recess tomorrow afternoon somewhat earlier than we usually do.

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 33 minutes p. m.) the Senate took a recess until tomorrow, Saturday, December 11, 1937, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate Friday, December 10 (legislative day of November 16), 1937

SECURITIES AND EXCHANGE COMMISSION

John W. Hanes, of North Carolina, to be a member of the Securities and Exchange Commission for a term expiring June 5, 1940, vice J. D. Ross, resigned.

Jerome N. Frank, of New York, to be a member of the Securities and Exchange Commission for a term expiring June 5, 1942, vice James M. Landis, resigned.

PUBLIC HEALTH SERVICE

Passed Asst. Surg. James B. Ryon to be surgeon in the United States Public Health Service, to rank as such from October 14, 1937.

Passed Asst. Surg. Felix R. Brunot to be surgeon in the United States Public Health Service, to rank as such from January 27, 1938.

Senior Surg. Robert H. Heterick to be medical director in the United States Public Health Service, to rank as such from November 22, 1937.

Asst. Dental Surg. Henry F. Canby to be passed assistant dental surgeon in the United States Public Health Service, to rank as such from November 16, 1937.

COAST GUARD

Charles E. Brush to be a constructor, with the rank of lieutenant, in the Coast Guard of the United States, to rank as such from November 12, 1935.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lt. Col. Robert Emmett Mason Goolrick, Air Corps (temporary colonel, Air Corps), from December 1, 1937.

Lt. Col. Marshall Magruder, Field Artillery, from December 1, 1937.

Lt. Col. Walter Putney Boatwright, Ordnance Department, from December 1, 1937.

Lt. Col. John Piper Smith, Coast Artillery Corps, from December 1, 1937.

Lt. Col. George Richard Koehler, Infantry, from December 1, 1937.

Lt. Col. Oliver Seth Wood, Infantry, from December 1, 1937.

Lt. Col. Allen Mitchell Burdett, Judge Advocate General's Department, from December 1, 1937.

Lt. Col. Edwin Kennedy Smith, Coast Artillery Corps, from December 1, 1937.

To be lieutenant colonels

Maj. Douglas Jenkins Page, Field Artillery, from December 1, 1937.

Maj. James Nephew Caperton, Cavalry, from December 1, 1937.

Maj. Harrison Herman, Cavalry, from December 1, 1937.

Maj. Frank Clark Scofield, Coast Artillery Corps, from December 1, 1937.

Maj. George Joseph Newgarden, Jr., Infantry, from December 1, 1937.

Maj. John Forest Goodman, Infantry, from December 1, 1937.

Maj. Ferdinand Francis Gallagher, Coast Artillery Corps, from December 1, 1937.

Maj. Barrington Lockhart Flanigen, Coast Artillery Corps, from December 1, 1937.

Maj. Robert Kenneth Whitson, Infantry, from December 1, 1937.

To be majors

Capt. Clay Anderson, Corps of Engineers, from December 1, 1937.

Capt. Vernon Calhoun DeVotie, Infantry, from December 1, 1937.

Capt. Willis Arthur Platts, Quartermaster Corps, from December 1, 1937.

Capt. Rene Edward deRussy, Quartermaster Corps, from December 1, 1937.

Capt. Irvin Boston Warner, Field Artillery, from December 1, 1937.

Capt. Clyde Grady, Infantry, from December 1, 1937.

Capt. Edward Marion George, Quartermaster Corps, from December 1, 1937.

Capt. Horace Joseph Brooks, Infantry, from December 1, 1937.

Capt. Morgan Ellis Jones, Infantry, from December 1, 1937.

Capt. George Howard Rarey, Infantry, from December 1, 1937.

Capt. Jacob Edward Uhrig, Infantry, from December 1, 1937.

Capt. Samuel Rivington Goodwin, Cavalry, from December 1, 1937.

Capt. George Walcott Ames, Coast Artillery Corps, from December 1, 1937.

Capt. Arthur Wellington Brock, Jr., Air Corps (temporary major, Air Corps), from December 4, 1937.

MEDICAL CORPS

To be lieutenant colonels

Maj. Adam George Heilman, Medical Corps, from January 3, 1938.

Maj. Lucius Kennedy Patterson, Medical Corps, from December 10, 1937.

Maj. Charles Robert Mueller, Medical Corps, from December 11, 1937.

Maj. Charles Fletcher Davis, Medical Corps, from December 12, 1937.

Maj. Clarence Mansfield Reddig, Medical Corps, from December 15, 1937.

Maj. William James Carroll, Medical Corps, from December 21, 1937.

To be captains

First Lt. John Thompson Brown Strode, Medical Corps, from December 17, 1937.

First Lt. Paul Hartsock Leach, Medical Corps, from December 17, 1937.

First Lt. Rex Clayton House, Medical Corps, from January 10, 1938.

DENTAL CORPS

To be lieutenant colonel

Maj. Daniel Sumner Lockwood, Dental Corps, from December 11, 1937.

To be captain

First Lt. Joseph Leroy Bernier, Dental Corps, from January 1, 1938.

VETERINARY CORPS

To be captain

First Lt. Velmer Wayne McGinnis, Veterinary Corps, from December 17, 1937.

CHAPLAINS

To be chaplains with the rank of lieutenant colonel

Chaplain (Maj.) Thomas Joseph Lennan, United States Army, from December 28, 1937.

Chaplain (Maj.) Claude Skene Harkey, United States Army, from December 28, 1937.

APPOINTMENTS IN THE REGULAR ARMY

MEDICAL CORPS

To be first lieutenants with rank from date of appointment

First Lt. Joseph Pease Russell, Medical Corps Reserve.

Capt. Elmer Deloss Gay, Medical Corps Reserve.

Capt. Erling Severre Fugelso, Medical Corps Reserve.

First Lt. Paul Alexander Paden, Medical Corps Reserve.

First Lt. David Fisher, Medical Corps Reserve.

First Lt. Henry McClellan Greenleaf, Medical Corps Reserve.

First Lt. Robert Reed Kelley, Medical Corps Reserve.

First Lt. Henry George Moehring, Medical Corps Reserve.

First Lt. Henry Armand Kind, Medical Corps Reserve.

Capt. John Henry Taber, Medical Corps Reserve.

First Lt. George John Matt, Medical Corps Reserve.

First Lt. Patrick Ignatius McShane, Medical Corps Reserve.

First Lt. Louis Samuel Leland, Medical Corps Reserve.

First Lt. Andres Gilberto Oliver, Medical Corps Reserve.

Capt. Earl Cranston Lowry, Medical Corps Reserve.

First Lt. Eugene Richard Inwood, Medical Corps Reserve.

First Lt. Kirk Shepard, Medical Corps Reserve.

First Lt. Clifford Lewis Graves, Medical Corps Reserve.

First Lt. Clark Batchelder Williams, Medical Corps Reserve.

First Lt. John Robert Woodruff, Medical Corps Reserve.

First Lt. Walter Joseph Reedy, Medical Corps Reserve.

First Lt. William Clark Cooper, Medical Corps Reserve.

First Lt. Henry Clay Vedder, Medical Corps Reserve.

First Lt. George Zalkan, Medical Corps Reserve.

First Lt. Albert Willard Kuske, Medical Corps Reserve.
First Lt. Leon Joseph Numainville, Medical Corps Reserve.
First Lt. Jay James Palmer, Medical Corps Reserve.
First Lt. William Maurice Jackson, Medical Corps Reserve.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Capt. Joseph Blair Daugherty, Infantry, with rank from August 1, 1935.

PROMOTIONS IN THE NAVY

MARINE CORPS

Maj. Charles T. Brooks to be a lieutenant colonel in the Marine Corps from the 25th day of November 1937.

Capt. Frederick C. Biebush to be a major in the Marine Corps from the 1st day of November 1937.

Capt. Gale T. Cummings to be a major in the Marine Corps from the 25th day of November 1937.

Capt. Edwin J. Farrell to be a major in the Marine Corps from the 1st day of December 1937.

First Lt. Lewis C. Hudson, Jr., to be a captain in the Marine Corps from the 25th day of November 1937.

First Lt. Edmund B. Games to be a captain in the Marine Corps from the 1st day of December 1937.

POSTMASTERS

ALABAMA

Albert W. Darby to be postmaster at Florence, Ala., in place of O. P. Anderson, deceased.

ARIZONA

John E. Wagner to be postmaster at Jerome, Ariz., in place of R. H. Cunningham, deceased.

ARKANSAS

Clarence G. Cooper to be postmaster at Fouke, Ark. Office became Presidential July 1, 1937.

Erma M. Odom to be postmaster at Fulton, Ark. Office became Presidential July 1, 1937.

CALIFORNIA

Eileen B. Cardiff to be postmaster at Altadena, Calif. Office established.

Antoinette E. Williams to be postmaster at Merced Falls, Calif. Office became Presidential July 1, 1937.

Arthur E. Flint to be postmaster at Penryn, Calif., in place of E. G. Crafts, deceased.

Paul Morrison Shadel to be postmaster at Ramona, Calif., in place of E. H. Russell, resigned.

Benjamin H. Steeg to be postmaster at Twentynine Palms, Calif. Office became Presidential July 1, 1937.

GEORGIA

Homer Roy Cobb to be postmaster at Ball Ground, Ga., in place of J. T. Cagle. Incumbent's commission expired June 1, 1936.

Royce G. Braselton to be postmaster at Braselton, Ga. Office became Presidential July 1, 1937.

Emma S. Brindle to be postmaster at Surrency, Ga., in place of J. C. Ross, removed.

IDAHO

John W. Hays to be postmaster at Dubois, Idaho, in place of H. E. Landacre, removed.

ILLINOIS

James Higgins to be postmaster at St. David, Ill. Office became Presidential July 1, 1937.

Herman E. Rinkema to be postmaster at South Holland, Ill., in place of R. L. Gibson. Incumbent's commission expired December 20, 1932.

IOWA

Harold G. Everett to be postmaster at Nodaway, Iowa, in place of A. L. Roberts, resigned.

Oscar G. Sharp to be postmaster at Seymour, Iowa, in place of W. B. Perkins, deceased.

KANSAS

Harold A. Rohrer to be postmaster at Junction City, Kans., in place of M. A. Frey, deceased.

Elizabeth Brackman to be postmaster at Scranton, Kans., in place of J. M. Michaels, removed.

KENTUCKY

Roy F. Williams to be postmaster at Lexington, Ky., in place of W. F. Klair, resigned.

LOUISIANA

Joseph Hugh Goldsby to be postmaster at Amite, La., in place of Nettie Sojourner, removed.

MAINE

Paul J. Cody to be postmaster at South Poland, Maine, in place of H. W. Ricker, Jr., deceased.

MASSACHUSETTS

Joseph William Gorman to be postmaster at Upton, Mass., in place of M. S. King, removed.

MICHIGAN

Robert S. Fish to be postmaster at Big Rapids, Mich, in place of J. L. Burkart, deceased.

Maud B. Perham to be postmaster at Lakeside, Mich., in place of L. E. Wilkinson, resigned.

Edward F. Carpenter to be postmaster at Levering, Mich., in place of W. H. Coffin, removed.

William B. Welles to be postmaster at Marshall, Mich., in place of F. R. Moses, resigned.

Leo F. Flynn to be postmaster at New Lothrop, Mich. Office became Presidential July 1, 1937.

George W. Francisco to be postmaster at Newport, Mich. Office became Presidential July 1, 1936.

Elizabeth Treiber to be postmaster at Norway, Mich., in place of E. M. LaFreniere, resigned.

Mildred Irene Asher to be postmaster at Orchard Lake, Mich., in place of D. J. Wilson. Incumbent's commission expired February 5, 1936.

Patrick H. Kane to be postmaster at Port Huron, Mich., in place of James Reid, deceased.

MINNESOTA

Dewey R. Wilcox to be postmaster at Pine City, Minn., in place of E. G. Perkins. Incumbent's commission expired June 20, 1934.

Vera M. Hegg to be postmaster at Shevlin, Minn. Office became Presidential July 1, 1937.

MISSOURI

Don Roy King to be postmaster at Gallatin, Mo., in place of F. M. Harrison. Incumbent's commission expired December 18, 1933.

Pearl E. Bussert to be postmaster at Wardell, Mo. Office became Presidential July 1, 1937.

NEVADA

Pete Petersen to be postmaster at Reno, Nev., in place of W. E. E. Kinnikin, deceased.

NEW JERSEY

John P. Adair to be postmaster at Highlands, N. J., in place of J. P. Adair. Incumbent's commission expired February 9, 1936.

Walter W. Lance to be postmaster at White House Station, N. J., in place of H. E. Carter, removed.

NEW MEXICO

James H. Bell to be postmaster at Mesilla Park, N. Mex., in place of J. J. Considine, removed.

Phil J. Martinez to be postmaster at Tierra Amarilla, N. Mex. Office became Presidential July 1, 1937.

Leon Panebouef to be postmaster at Vaughn, N. Mex., in place of F. D. Crespin, deceased.

NEW YORK

Catherine J. McMahon to be postmaster at Wyandanch, N. Y. Office became Presidential July 1, 1937.

NORTH CAROLINA

Effie Adams Brickhouse to be postmaster at Columbia, N. C., in place of T. W. Armstrong, resigned.

Benjamin F. Bird to be postmaster at Grover, N. C. Office became Presidential July 1, 1937.

NORTH DAKOTA

Margaret E. Wirtzfeld to be postmaster at Martin, N. Dak. Office became Presidential July 1, 1937.

Olaf L. Svidal to be postmaster at Starkweather, N. Dak., in place of Michael Coyne. Incumbent's commission expired May 23, 1936.

OHIO

Dora H. McGonagle to be postmaster at Junction City, Ohio, in place of J. F. McGonagle, deceased.

OREGON

Werner Raz to be postmaster at Multnomah, Oreg., in place of T. G. Hawley. Incumbent's commission expired April 12, 1936.

Loris V. Farleigh to be postmaster at Sisters, Oreg. Office became Presidential July 1, 1937.

Eva M. Stewart to be postmaster at Westfir, Oreg., in place of A. E. Gerimonte, resigned.

Mayrue Gregory to be postmaster at Westport, Oreg., in place of William Gregory, deceased.

PENNSYLVANIA

Loy W. Oligher to be postmaster at Clymer, Pa., in place of C. R. Bloom, removed.

Harry E. Reichert to be postmaster at Gilbertsville, Pa. Office became Presidential July 1, 1936.

Arthur D. Gibson to be postmaster at Mayview, Pa. Office became Presidential July 1, 1937.

James M. Gates to be postmaster at South Fork, Pa., in place of Catherine Gates, deceased.

SOUTH CAROLINA

Washington M. Ritter to be postmaster at Cope, S. C. Office became Presidential July 1, 1937.

TENNESSEE

L. Irene Rose to be postmaster at Tazewell, Tenn., in place of J. L. Goin. Incumbent's commission expired December 18, 1933.

TEXAS

Virgil E. Wootton to be postmaster at Hunt, Tex. Office became Presidential July 1, 1937.

Stella Jarrett to be postmaster at Olden, Tex. Office became Presidential July 1, 1937.

Henry E. Dunlavy to be postmaster at Temple, Tex., in place of C. L. Power, deceased.

VERMONT

Edward Patrick Kelley to be postmaster at Danby, Vt., in place of G. C. McIntyre, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 10 (legislative day of November 16), 1937

POSTMASTERS

COLORADO

Ethel E. Burrell, Fraser.

NORTH CAROLINA

Cornelius H. Julian, Franklinville.
August D. Wessell, Hallsboro.
William W. Hampton, Leaksville.
Esther Aycock Davenport, Pantego.

WEST VIRGINIA

Edwin Caperton, Alloy.
William H. Hilborn, Beverly.
Anna S. Been, Camden on Gauley.
Blanche L. O'Dell, Hastings.
George W. Kilmer, Hedgesville.
George L. Carlisle, Hillsboro.
Kerth Nottingham, Marlinton.
Nell Bennett Wolford, Pickens.
George L. Wilcoxon, Tams.
Merle G. Raab, Triadelphia.
Myrtle W. Orndorff, Wardensville.
Thelma P. Forbes, West Liberty.

HOUSE OF REPRESENTATIVES

FRIDAY, DECEMBER 10, 1937

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Infinite God, our Father, we pray Thee to receive us unto Thyself with fresh gratitude; be Thou unto us the One whom we delight to serve. Let us bring for Thy blessing our joys and sorrows, our failures and hopes, and all the prospects of life. Be with any who may be afflicted or distressed; minister unto them with the morning comfort of Thy love. Bless us, our Heavenly Father, with thoughts so beautiful and so ennobling that even amid the perplexities of daily labor we shall be conscious of the knowledge of satisfaction trembling in our breasts. Open the gates of life to those who endeavor to be faithful to every trust. We pray Thee to lighten the skies of our country with the radiant color of good cheer, and may strife, poverty, and contention dissolve in the glow of brotherhood and cooperation. By all that is sacred in religion, by all that is revered in the thought of Thee, by all that is dear to every American heart may we be eager to go forward. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend in the RECORD my own remarks at the last convention of the American Federation of Labor and to include therein a decision of the Supreme Court of the United States, rendered last Monday, which again recognizes Puerto Rico as a Territory of the United States.

The SPEAKER. Is there objection to the request of the Commissioner from Puerto Rico?

There was no objection.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by the Postmaster General before the National Association of Postmasters.

Mr. RICH. Mr. Speaker, reserving the right to object, there are going into the RECORD so many speeches made by this man that I wish to ask if he is the Postmaster General or the Democratic national chairman. Can somebody tell me what his duties are, because he is taking up about half the CONGRESSIONAL RECORD in these speeches?

Mr. MEAD. This is by far the best speech on postal affairs I have ever read, and I would suggest the gentleman read it.

Mr. RICH. If he has made a good speech on postal affairs and has that much interest in them, let us have it in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BREWSTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. SHANNON. Mr. Speaker, I ask unanimous consent that I may extend in the Appendix of the RECORD my own remarks on the subject of peace.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. PLUMLEY. Mr. Speaker, in order to keep the record straight, may I say that on December 15 our war debtor nations will owe us, as an installment due, $1,680,170,447. That is a lot of money even in these days.

It may not interest you to hear me harp periodically on this question of war debts, but so long as I am here I propose to remind you that these debts are unpaid so long as they are unpaid. I have read and studied all the alibis, excuses, and justifications and proposed methods of justification, and all that I have read and studied conspires, cooperates, and coerces me to believe that governments are neither good paymasters nor good merchants. They demoralize markets by their clumsy methods.

It has been so many times stated and so often demonstrated as to be almost axiomatic and incontrovertible as a proposition that the gain to a creditor nation equals in money value the loss to the debtor in money value only on the following assumptions, namely:

(a) That ordinary commercial methods are used in making the payments.

(b) That both debtor and creditor countries are firmly fixed on a gold standard.

(c) That the world's markets are reasonably open to the international movement of the goods.

You just try to square that proposition with the existing international situation. It will give you a headache.

CARRIED AS AN ASSET

I do not propose, however, to get into this discussion over my head. I admit I would not have to go very far to do that; neither do I assume to know or to assert anything more or further than the fact that the debts are not paid; that they are carried as an asset; and that there seems to be little, if any, prospect that they ever will be voluntarily paid. If I am wrong, someone please correct me.

It is a serious commentary on the existing state of affairs, the carrying of these debts as an asset; this holding out to the people the thought that there is a billion and a half or more owed them, which is in fact a tangible or an intangible asset. I do not know how many of you noticed it, but the papers of November 18 carried the following statement:

UNITED STATES PREPARES TO DUN 13 WAR DEBTOR NATIONS—EXPECTATION IS, HOWEVER, THAT ONLY FINLAND WILL HONOR ITS OBLIGATIONS DECEMBER 15

The United States prepared new bills today for 13 war debtor nations to remind them that they will owe $1,680,170,447 on December 15.

There appeared little prospect, however, any country besides Finland will make a payment. The sum represents a semiannual installment totaling $160,173,726, plus payments already in arrears of $1,519,996,720.

Here we are at a time in our history when, if ever, we needed money we need it now. Here are people who owe us a billion dollars and more who do not have the slightest intention of paying it, so far as I can learn.

WE LOANED THEM THE MONEY

We dug deep in our pockets to loan them the money, and we will have to dig deep in our pockets again to make up that same amount of money, or I miss my guess. Our taxes are bound to be increased unless these debts are paid, despite the reluctance of the taxpayers to assume any more or greater burdens, and notwithstanding all of the anesthetic Budget-balancing promises. I tell you if this Budget is ever balanced it is the taxpayers who will balance it. They will have to stand on their heads and rattle out every cent in their pockets or they will be strangled to death while their last dollar is pilfered, as someone sings a song of the "more abundant life," in an attempt to anaesthetize them during the operation.

For years these debts have violently disturbed trade and credit, both at home and abroad. They were one of the major causes of the depression, commencing in 1929—if that is when it commenced—and the unsettled state with respect to them has only aided, abetted, and assisted the perpetuation of the situation; and now contributes, still as a major factor, to the uncertainty, instability, and trepidation of the body politic as we see ourselves threatened to be pushed over a cliff and possibly into a deeper valley of despair than that into which we fell in 1929. The uncertainty regarding the whole matter, the cloud of indefiniteness which surrounds the matter, the delay in adjustment—all of these contribute to our very serious governmental and individual financial damage.

Theoretically, I am opposed to the cancelation of any of these debts. Theoretically, I am in favor of collecting them. I would do anything and everything, except go to war, to force these debtor nations to pay us the money they owe us. Patience has ceased to be a virtue; and, for one, as an American citizen, I resent having our country and our people made the laughingstock of the world. This nonpayment of the debts has come to be a joke with these debtors of ours. I told you before, and I tell you again, when payment of the debts due the United States are suggested in the parliaments of our debtor nations those who have the trepidation to make such suggestions are hooted and hissed and very plainly told that everybody knows that is a joke.

On the other hand, if they will not pay them as they stand, then I am inclined to think that I would make it an object for them to pay them on some basis or other, humiliating as that might be, for half a loaf would be better than no bread at all just now. For cash or good paper, I would be inclined to discount them down to a figure which the debtor countries could pay and would pay, in dollars and cents or their equivalent, on a basis of their ability to pay; then I would call it a day, even though a bad one. Settle this debt business, and now.

These debtor nations of ours heretofore have bought of us what they wanted and have been forced to pay cash. The truth is, I fear, that they have so long deferred their debt payment, and that which is our due, that they hope we have forgotten, or will, or that we will forgive them. They might just as well be disillusioned, for we have not forgotten and we have not forgiven. "If I owe Smith $10, and God forgives me, that does not pay Smith," is just as true today as when Robert G. Ingersoll said it.

TRADE TREATIES

If the proposed "treaty" with Great Britain contemplates as a condition precedent to its completed negotiation the payment of England's debt to us in full within a reasonable time, or if the matter of inducement for the consummation of the contract is the payment of their debt, I could look at the situation with considerably more equanimity than I do now. As it stands, I am disposed to say, "Good for Senator J. HAMILTON LEWIS, of Illinois." When his attention was called to the proposed negotiation of a reciprocal-trade treaty with Great Britain, he said, "Such a treaty with Great Britain should be held up until Great Britain pays its war debts to the United States."

Quoting him, he said:

I am protesting against the closing of any trade treaty with any of the nations who, being in debt to us, fails to return our money, but would cheat us of our honor before the world by aspersing us as robbers in our efforts to collect.

A "TOKEN" PAYMENT

It is quite a coincidence that since that speech was made the papers have carried the story that England was contemplating making a "token payment." Now, my notion is that this is American-inspired propoganda, raised to the *n*th power for purely political purposes at this time.

THE JOHNSON ACT

Either that, or could it be possible that England thinks that such a token payment as she is alleged to contemplate, if and when made, would relieve her from the prohibitions and restrictions contained in the Johnson Act with respect to selling securities or borrowing money directly or indirectly in these United States? I wonder.

PROPAGANDA

And speaking about propaganda, may I ask if you have read that book by Quincy Howe entitled "England Expects Every American To Do His Duty," in which he shows, as has

been said, how the same influences that brought the United States to the rescue of the British Empire in 1917 are pushing this country in the same direction in 1937?

The title defines the line of attack. Recent writers have recalled the part played by British propaganda in the United States between 1914 and 1917, and Mr. Howe shows the same propaganda working more effectively than ever today. He names names, both British and American, in a British network, manipulated by a few key people in London Washington, and New York.

As Britain's position throughout the world grows weaker, its dependence upon the United States increases. And this means more pressure, more propaganda, operating at full blast in a thousand directions as the zero hour draws nearer. The stage seems set for history to repeat itself. Or, so says the reviewer, "I know not what the truth may be; I tell the tale as it was told to me."

NO TOKEN PAYMENTS

In this matter of international debts, politics should stop at the water's edge, of course. Let us get and give a receipt in full of some kind or other—no token payments—and get this matter out of our system. Apparently it could be done notwithstanding all of the alleged complications and impossibilities supposed to be surrounding such negotiations. There is only one way for them to pay their debts and that is to pay them as and when they agreed to do. They should either "fish or cut bait."

Incidentally, may I inquire if it is not true that there is a certain provision in an old document known as the Constitution of the United States which limits the right of the Chief Executive and at the same time imposes a responsibility on the Senate when it says:

The President shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur.

TRADE AGREEMENTS ARE TREATIES

It never has been made clear, to me anyway, by what real authority the Secretary of State negotiates these treaties with foreign governments. Trade agreements, you say they are? Well, they are treaties nevertheless, made between nations, and you cannot get away from it. Moreover, the Senate cannot avoid the responsibility by undertaking to divest itself of its prerogatives, or by unconstitutionally delegating its exclusive authority of ratification under the Constitution even by an act of Congress.

There are many people in these United States who believe, as I do, that these trade treaties are not worth the paper on which they are written. There are a lot of good reasons in law, fact, and logic supporting this contention, and better men than Gunga Din to affirm the legality of this proposition.

You may be surprised to hear me say it, but I have no argument with those who contend that the Honorable Cordell Hull is a most able and efficient Secretary of State. I believe it to be the fact. I hold him in very high esteem. Moreover, any man who can take away from the United States Senate its treaty making or confirming powers and prerogatives is able.

I might say, as did somebody else long ago, that "I pride myself in recognizing and upholding ability in every party and wherever I meet it."

TRADE AGREEMENTS ARE NOT RECIPROCAL

All this talk about the Republican Party being opposed to reciprocity is propaganda or a red herring. Reciprocity is a Republican principle. Reciprocity, I say, and that is just the reason why I, as one Republican, am opposed to these trade agreements. They are not reciprocal. The one with Canada was deliberately drawn in such a way as to do the people of my State, and I think of all New England, definite dollar damage, and it has been accomplished.

Our protests availed us nothing. We were outsmarted and outtraded. I will vote for a reciprocal treaty, or would if I could have a chance, but I will not approve the negotiation of any new trade agreement or the continuance of any existing agreements which put Canadian products free of duty over the border, in direct competition with those raised and manufactured by the people of my State, at such price that they cannot compete and live. It is carrying the "good neighbor" policy altogether too far to ask one to approve an agreement which directly and deliberately robs his people of their property, at the same time placing them on the relief rolls through no fault of their own.

THIS IS NOT RECIPROCITY

There is no reciprocity in such a program. There is no reciprocity in any program which makes the American people the goat any time or any place.

A VERMONT YANKEE KNOWS A "BLIND SWAP"

Every Vermont farmer can form his own opinion as to the real reciprocity found in the trade treaties by observing the list I am about to include which shows only a few of the competitive agricultural products brought into this country during the last fiscal year. Here it is:

420,000 head of live cattle.
150,000,000 pounds of meats, which included 62,000,000 pounds of pork and 85,000,000 pounds of beef.
15,000,000 pounds of butter.
66,000,000 pounds of cheese.
10,500,000 pounds of dried and frozen eggs.
181,000,000 pounds of wool.
17,000,000 pounds of barley.
78,000,000 bushels of corn.
48,000,000 bushels of wheat (12,000,000 milled in bond for export).
190,858,000 pounds of rice and rice products.
73,822,000 pounds of tobacco, unmanufactured.
434,000,000 pounds of barley malt.
312,000,000 gallons of molasses, used in manufacture of alcohol.
19,000,000 gallons edible molasses.
6,600,000,000 pounds of sugar (3,300,000 short tons).
14,000,000 pounds of potato starch.
319,000,000 pounds of coconut oil (used in manufacturing butter substitutes).
519,634,000 pounds of copra (from which coconut oil is extracted).
360,000,000 pounds of palm oil (used in manufacture of soap).
64,000,000 pounds of palm nuts and palm nut kernels.
201,000,000 pounds of cottonseed oil (butter and lard substitutes).
147,000,000 pounds of tung oil (used in the manufacture of paints).
119,000,000 pounds of soybeans and soybean oil.
45,000,000 pounds of peanut oil.
48,000,000 pounds of forage crop seeds.
41,000,000 pounds of garden and field seeds.
551,000,000 pounds of vegetables of the common garden variety, including 59,000,000 pounds of dried beans, the latter accounting in large degree for the present low price of American beans.

The foregoing figures are selected from a bulletin entitled "Forage Crops and Markets" issued weekly by the Bureau of Agricultural Economics of the United States Department of Agriculture, which also shows the facts to be that the competitive imports exceeded the agricultural exports, the value of American farm exports declining by 4 percent and "the value of imports of commodities similar to or substituted for those produced on American farms rose by 35 percent over the fiscal year of 1935–36.

This just does not make sense from the "reciprocal" standpoint. It obviously is prejudicial to the interests and welfare of the American farmer, laborer, and everybody else, for "the farmer feeds them all."

As Representative CARLSON, of Kansas, told you the other day:

When Congress delegated its authority to the President to negotiate, through the Secretary of State, reciprocal-trade agreements, we gave him practically unlimited authority; and under the most-favored-nation clause there is placed in operation a principle which works to the great disadvantage of the United States in the reciprocal-trade agreements. Under this provision, which is included in all of the trade agreements, all of the nations of the world, except Germany and Australia, receive the benefit of the same tariff reductions as are made to any one country.

As he said:

The farmers of the United States are not asking for embargoes or prohibitive duties, but they do believe that the American farmer is entitled to the American market. In fact, they believe they are entitled to the same assistance that is being given industry, finance, or labor. The farmers of America are interested in securing every dollar's worth of foreign trade possible, but at the same

time they believe that the American market is the greatest market for their products. Our agricultural imports have reached staggering figures and our exports have diminished to a most alarming extent.

We all know that he stated the situation fairly when he called attention to the fact that—

In the reciprocal-trade agreements with Canada the United States made extensive reductions on agricultural products. All of the other nations in the world, except the two mentioned, received the advantage of these same reductions, although they make no reductions whatever in articles going from this country to the several nations.

The tariff on Canadian cattle coming into the United States weighing more than 700 pounds was reduced from 3 cents to 2 cents a pound. The tariff on dairy cattle coming into this country from Canada was reduced from 3 cents to 1½ cents a pound with quota restrictions. The tariff on calves weighing less than 175 pounds was reduced from 2½ cents a pound to 1½ cents a pound. These reductions, in accordance with the most-favored-nation clause, apply not only to Canada but to all the other countries of the world except Germany and Australia.

Canada made some concessions in tariffs to the United States in the trade agreements, mostly on automobiles and machinery, but the other nations of the world receiving the benefits of our reductions made no concessions to this country at all. In my opinion, this is not reciprocity. The theory of reciprocity is that we reduce the tariff on certain articles produced in a foreign country coming into the United States which are not produced to any great extent in this country and the other countries reduce the tariff on their articles bought in the United States and going to foreign countries.

He gave you some interesting figures with reference to the importation of cattle and hogs. He showed that—

Importation of cattle for the first 9 months of 1937 was valued at $14,647,000. This is more than the entire importation for the year 1936, during which year we imported 399,113 head of cattle, valued at $10,708,230. During the first 9 months of this year we imported 437,941 head, valued at the figure previously given. In 1933 this country imported 65,000 head of cattle, valued at $572,000. Our exports of cattle are too small for serious consideration. In 1933 we exported 2,912 head, valued at $192,000. These cattle were largely for breeding purposes.

In the first 9 months of 1937 we exported 2,943 head of cattle, valued at $336,512, as compared to the imports of $14,647,244 in 1937.

Imports of live hogs go from 29,000 in 1932 to 17,446,457 pounds in 1936 and to 15,763,411 pounds in the first 9 months of 1937. The value of live-hog imports in 1932 was $2,000, and for the year 1936 the value of live hogs imported was $1,453,841, and for the first 9 months of 1937 the importation of live hogs was $1,463,097. Using an average weight of 200 pounds per head, it would mean that we imported 87,232 head of hogs in 1936, and should they average 60 head to a carload, it would mean 1,454 carloads, or 200 trainloads of 70 cars each. Using the same basis for the first 9 months of 1937, we have imported 1,314 carloads of hogs.

With recent serious declines in hog prices, the farmers are seriously wondering if this large importation of hogs has not had a detrimental effect on local prices.

Perhaps and probably you think that nothing will come of all this talk respecting payment of the war debts, but let me tell you that if and when the time comes that the American people realize they are "holding the bag," when they have been bled white to pay taxes because debtor nations do not pay their debts, when, I say, the people of America get it into their heads that it is their money that is not being repaid to them, as individuals, then there will come along a President who, either because he has the intestinal fortitude of investiture, or because he is driven to it by public sentiment, will draw a sight draft on our debtors, as President Jackson did on France, and the American people will stand by to enforce the demand.

A most interesting, enlightening, and educative colloquy with respect to the situation took place in the Senate the other day. I think it is worth all it costs directly to call it to your attention.

Senator LEWIS was speaking when the following discussion took place:

Mr. BORAH. Mr. President——

Mr. LEWIS. Does my friend the Senator from Idaho wish to interrupt me? If so, I yield to him.

Mr. BORAH. The Senator refers to a probable treaty with Great Britain. I presume he is using the word "treaty" as synonymous with the term "trade agreement."

Mr. LEWIS. I am, sir; and I catch the point of view of my able friend. I think he and I have had some previous opportunity to exchange thoughts on the subject, and to agree that if it is in the form of a treaty, and distinctly a treaty, it should come before the Senate for ratification. If it is a mere matter of trade arrangement, it is assumed that the power and privilege have been granted the President, who will never abuse it. On these questions, I am at great variance with some of my colleagues, and later I may further harass the Senate with a discussion in detail as to our right to pass on treaties.

Mr. TYDINGS. Mr. President——

Mr. LEWIS. I yield to the Senator from Maryland.

Mr. TYDINGS. I think the Senator from Illinois will agree that if we were so fortunate as to collect the debt in its entirety we would be morally obligated to apply it, once it had been collected, to the liquidation of the existing debt of the United States, because the money that is owed to us was largely borrowed money which we, in turn, extended to our creditors in the form of credit. Therefore, were it to come back to us we would have to take the amount paid and apply it to the national debt as a matter of correct approach. In that event, the money would not be available to finance the farm program or current expenses; it ought to be applied to the reduction of the national debt.

Mr. LEWIS. I say then, sir, that if the money shall be paid by the debtors—and I hope it will be in such amount as will give to the word "token" great dignity and some degree of elevation and pride—that sum, sir, will go into the Treasury; the Treasury will have the right to apply it to such immediate needs as may be required; and, I take it, it would be most appropriate to utilize it in carrying out the provisions of the farm program under the pending bill. I see no reason why that should not be done.

Mr. NORRIS. Mr. President——

Mr. LEWIS. I yield to the Senator from Nebraska.

Mr. NORRIS. Regardless of what we would do with the money if we got it, there would probably be ample time for us to decide that question later on, for we have not received it up to date. [Laughter.]

Mr. LEWIS. Mr. President, I will ask the able Senator from Nebraska and my friend, of course, from Maryland, to note that if there could be returned to us what we have lately given in the way of other advances we would have rather a complete debt service of equality. The Department of Commerce sends us an estimate showing that the dividends paid during 1936 on foreign holdings of American stock amounted to $130,000,000, compared with $83,000,000 in 1935; that interest payments on American bonds held abroad were little changed from the preceding year, amounting to $22,000,000, while the income of foreigners from long-term investments totaled $30,000,000, against $25,000,000 in the previous year. So my eminent friend will see that our debtor nations are receiving very generous treatment from us. We equalize with favorable payments that which could pay us in return our interest due on the debt.

Mr. President, I come to the final point which I feel is greatly to be considered at this time as meeting the only offset that is tendered by our friends the debtors.

Mr. MCKELLAR. Mr. President, before the Senator proceeds to that point, will he yield to me?

Mr. LEWIS. I yield to the Senator from Tennessee.

Mr. MCKELLAR. The Senator from Illinois does not apprehend that in making a trade agreement any department would undertake to deal with the debt question, does he? The debt question is a matter of treaty, which this body would have to consider, as I understand.

Mr. LEWIS. The Senator raises the point that once before having been alluded to is sound and well stated. But since our honorable debtors have given notice to the world that these treaties are being made concerning trade, and in conjunction with, as I would gather, or compensation for a payment they are to make on the debts or some adjustment or recommendation looking to such, I answer the Senator that seems to be the point of their contention, and the basis only upon which they offer something touching these debts in the form of payment. We know that our officials of State or Commerce will not trade the rights of the United States to any debtor.

I say to my able friends about me that lately in Europe I was in a position to hear repeated again that which has been brought to you—that France, most artful in design, asks why should she pay; that this country owes her money extending from the days of the Revolution, when Franklin, our sponsor, and his fellow commissioner entered her country. It is said by France that the Colonies obtained a loan that went to our country. This was in the days of the Revolution. That this loan remains unpaid. England responds that States called the Southern States and certain others issued bonds at a critical time, and those bonds were circulated in the world and largely bought and are now held by the residents and citizens of England; that these are now held unpaid. I, therefore, tender to our honorable Department of State, as well as to the countries in question, a proposition. I suggest now, in view of this being the only answer these large debtors make for the purpose of an offset and some excuse for never considering our debt, that France figure the full amount of the principal of the debt she claims this country owes her out of that which came forth to us from her in the days of the Revolution. That England then figure the full amount of the principal of the debt that is claimed to be owing her by certain States. Then, sir, that England shall take the figure of her whole debt, and France take her whole debt, and use them as immediate offsets against the billions of dollars each owes us. Then, having

paid themselves by this system, return the surplus and the remainder at once in cash to the Treasury of the United States. In this manner we have paid their debts which they claim exist, and we have no altercation with them; we have entered into no parley with them, nor play with spiritual remark of professed honor superior to others, either seeking to repudiate what is right or seeking to hold back by some form of retrading a balance on the theory of a new arrangement.

We tender them the opportunity; we ask them to state the obligation which they say is owed to them and which we are willing to accept, and then pay the remainder to the Treasury so that we may use it under the agricultural bill that is now pending, and meet the proposition the able Senator from Maryland suggests, on the one hand, and that suggested by the Senator from Nebraska on the other. Then, sirs, let this be done before any trade treaty is consummated.

Mr. BORAH. Mr. President——

Mr. LEWIS. I yield to the Senator from Idaho.

Mr. BORAH. The able Senator from Illinois does not concede does he, that there was any part of our debt to France incurred during the American Revolution that was not paid by the United States?

Mr. LEWIS. I insist that we have proved time and time again that we have discharged that debt, and I now assume, I may say to my able friend from Idaho, that when they say there is some debt that they mean to say that there is due them a balance, from their point of view and their calculations, apart from that which the able Senator from Idaho and others around me know, by the history of our country, has been paid and discharged.

Mr. CLARK. Mr. President——

Mr. LEWIS. I yield to the Senator from Missouri.

Mr. CLARK. I ask the Senator from Illinois if it is not a fact that all the accounts between France and the United States were balanced during President Jackson's administration, when it was necessary for President Jackson to draw a sight draft for the balance, an act which almost caused war between the United States and France, France then, as now, taking it as an affront to her dignity to discuss a debt owing by her to another nation?

Mr. LEWIS. The Senator from Missouri having as author left with us, as a matter of splendid contribution, a couple of his books that cover subjects generally touching these matters, I have to say that it is claimed that President Jackson, under threat, had extorted from them at the time a form of obligation and put them in a position where they were as one met on the road by a robber and by that robber deprived of all they possessed.

Mr. CLARK. Would it not be a very fine thing to study the form by which President Jackson collected those debts and put it into effect once more?

Mr. LEWIS. Not only that, but I should like to impress on some of our debtors that the spirit of America still exists where such action can be taken and can be enforced.

Mr. President, having set forth these views, I desire to say that I do not adopt the theory that is assumed—the Senator from Idaho [Mr. BORAH] intimates he opposes it—that a trade agreement can be entered upon by honorable officials, the Secretary of State or the President, where it takes the form of a treaty. I am not able to understand from anything we have done that there ever was an intention on the part of this honorable body to abdicate the duty on the one hand or its constitutional prerogative on the other hand to ratify treaties, and become a party to this contract before it can be executed or enforced. I therefore say if there is pending a suggestion of a treaty with those debtors by which they are to obtain these advantages from the United States which they have enjoyed so long and which they have asked to have repeated to the point where they will greatly profit, before that shall be concluded I respectfully insist that the matter of the debt be taken up and in some form disposed of, and that our Government and our capable Secretary of State, whose patriotism is ever a tribute of praise, evince before the country that before the debtors shall have the advantage accorded them that is accorded other nations which have paid their debts and treated us fairly and with fairness, we insist upon an obligation to us now either to be paid or adjusted finally and the subject disposed of. I tender that suggestion that the matter shall no longer remain as something unsettled which can continue to disturb us and distress our relations of international friendships——

They tell me that Dorothy Thompson said recently that the proposed trade agreement with the British Commonwealth, if and when it becomes effective, "will enormously aid the cause of democratic government in the world." This is a consummation devoutly to be desired. I hope she may be right. It does occur to me, however, to ask if you do not think the prospects of its potential and possible efficacy would not be enhanced if we had some assurance that the British Commonwealth would keep its part of the contract, if and when entered into? If the future may be judged from the past, and somebody said it, the past was the only light to guide one's feet in the future—the British performance of its contract to pay its debt to us is not too comforting, and, as a matter of inducement for our entering into another contract, it is not too "enthusiasm rousing" as to be noticeable, is it?

We have a right to assume, judging the future by the past, do we not, that England will only keep any contract she makes with us, to the extent, and so far only as in her judgment will be to her advantage. If that is an unfair statement someone please set me right.

However, what I started to say was, that the next installment of war debt payments by our international debtors is due December 15 next. When I say "next" I mean the next due date has arrived. I do not mean to suggest it is the "next" payment, for, aside from Finland, the word "next" applied to any payment made or to be made is absolutely incorrect. That is that, and that is so, and it is true. One question: What are we going to do about the $1,519,996,720 they will owe us? The other, still unanswered, was asked by Calvin Coolidge, "They hired the money, didn't they?" [Applause.]

(Mr. PLUMLEY asked and was given permission to revise and extend his remarks in the RECORD.)

EXTENSION OF REMARKS

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the agricultural art exhibit.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANDERSON of Missouri asked and was given permission to extend his own remarks in the RECORD.

THE FARM BILL

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8505, with Mr. WARREN in the chair.

Mr. FLANNAGAN. Mr. Chairman, I ask unanimous consent to turn back to section 307 of the tobacco provision so I may offer a perfecting amendment, and for no other purpose.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. FLANNAGAN: Strike out, beginning in line 22 of page 25, down through line 8, on page 26, and insert in lieu thereof the following as a new subsection:

"SEC. 307 (a). The marketing of any tobacco in excess of the marketing quota for the farm on which the tobacco was produced shall be subject to a penalty of 50 percent of the market price of the tobacco on the date of such marketing or if the following rates are higher, 3 cents per pound in the case of flue-cured, Maryland, or burley, and 2 cents per pound in the case of all other kinds of tobacco. Such penalty shall be paid by the person who acquires such tobacco from the producer but an amount equivalent to the penalty shall be deducted by the buyer from the price paid to the producer in case such tobacco is marketed by sale; or, if the tobacco is marketed by the producer through a warehouseman or other agent, such penalty shall be paid by such warehouseman or agent who shall deduct an amount equivalent to the penalty from the price paid to the producer: *Provided*, That in case any tobacco is marketed directly to any person outside the United States the penalty shall be paid and remitted by the producer. All penalties shall be remitted to the Secretary and shall accrue to the United States."

The amendment was agreed to.

The CHAIRMAN. When the Committee rose yesterday, section 402 was still under consideration.

Mr. LUTHER A. JOHNSON. Mr. Chairman, I move to strike out the last three words and ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LUTHER A. JOHNSON. Mr. Chairman, for nearly 2 weeks the House has been considering this bill for the aid of agriculture, and we are now about to reach a vote upon its passage.

Throughout my service here, I have never known a bill to be given more careful and considerate attention, and the marked interest of the Members has been manifested by their constant attendance upon the floor during its entire consideration.

That the plight of agriculture is recognized by Congress as one of national and not sectional importance is demonstrated by the interest of the Members, both from the rural and urban sections of the Nation.

The district which I have the honor to represent is one of the richest agricultural sections in the Nation and stands among the top in the production of cotton. I am, therefore, fully aware of the state in which the cotton farmers are at this time, and am intensely interested in legislation that will tend to increase and stabilize the price of cotton.

While other agricultural sections doubtless need assistance, which this bill is designed to give, their condition is not comparable to that of the cotton producers. We have made one of the largest cotton crops in history, but the grossly inadequate price at which the farmers have been forced to sell has left the Southland, which is dependent upon cotton, in a most deplorable state.

Various reasons have been assigned for the cause of the business recession through which the country has been passing for the past several months, but in my judgment one of the fundamental causes has been the decline in the prices of agricultural products, which has impaired the buying power of the people, and President Roosevelt recognized this to be true when he called this special session of Congress for the purpose of passing legislation to aid in the restoration of farm prices.

We are fortunate in having as chairman of the Committee on Agriculture my colleague from Texas [Mr. JONES], who is recognized as one of the best-informed men in the Nation upon the subject of agricultural economics and problems relating to agriculture. He and his able committee spent weeks in the preparation of this bill before it was presented to the House. The problem with which they have had to deal is recognized as complex and most difficult to solve, and the discussion that has taken place on this floor in the consideration of the bill has demonstrated that it is easier to criticize than it is to construct a bill of this character.

There are so many divergent views as to the best method of approach and so many conflicting interests to be considered that it is humanly impossible to write a bill that will suit everyone. I doubt whether the bill in its entirety is satisfactory to anyone.

All legislation is more or less a matter of compromise, and the committee has apparently sought to take a middle course between the extreme views of the advocates of the various plans advanced.

No one can foretell what the effect of this bill will be. Several of its features are objectionable to me, and I entertain doubt as to whether it will accomplish the purpose for which it is intended. The Senate is considering a different farm bill, which they will doubtless pass within the next few days, and the bill in its final form will be worked out in a conference between the two Houses.

Believing that a necessity exists for legislation to aid the distressed condition of agriculture, I shall vote for this bill in the hope that the conferees of the two Houses may work out a bill that will materially aid in the restoration of agricultural prices.

My limited time will not permit me to discuss the bill or refer to its various features, but there are two matters to which I especially direct your attention: First, section 402, which has just been read, relating to new uses and new markets for farm commodities. This is a feature of the bill that should meet with the approval of everyone, and is, in my judgment, a very important provision of the bill. It authorizes an appropriation of $10,000,000 for each fiscal year for the establishment, equipment, maintenance, and administrative expenses of laboratories and other research facilities for the research into and development of new, scientific, chemical, and technical uses and new and extended markets and outlets for farm commodities and products thereof. Allotments to States for this purpose are available where the State appropriates not less than $250,000 for the establishment of physical facilities suitable for use in establishing such laboratories.

I was glad to hear the chairman of the Agricultural Committee [Mr. JONES] yesterday state that it was expected that a liberal amount of this sum would be used in the establishment of laboratories for the new uses of cotton. Of all the agricultural commodities, cotton is doubtless more susceptible to various uses than that of any other agricultural commodity. If new uses for cotton can be found in such laboratories, it will aid materially in the consumption of cotton, and thereby contribute in a measure to the solution of our problem.

The people of Texas are thoroughly aroused to the need and necessity of such a laboratory, and the Legislature of Texas, during the present year, passed a bill appropriating $250,000 to induce the Federal Government to establish a cotton laboratory in our State, but it was vetoed by the Governor because the legislature failed to provide funds to make such sum available. When this bill becomes a law it is my hope that Texas, which produces about one-third of the cotton of the Nation, will be the first State to avail itself of this provision.

When we go into the House for the final passage of this bill, there will doubtless be votes upon several different amendments. I hope there may be a separate vote upon the Ford amendment. While I have a very high regard for its author, the Ford amendment should be defeated. It has nothing to do with the allotment to the farms, and I am glad that the bill has a different base acreage allotment to the individual farms than we have had in the past. The old base acreage allotment to the individual farms was in many instances inequitable and unjust, and a new base acreage allotment to the farms is prescribed, which is preferable, and, in my judgment, fairer to the individual farmers, and will prevent discriminations and injustices that have been practiced in some instances in the past.

The Ford amendment, however, which seeks to change that portion of the bill with reference to the acreage allotment to the counties, is manifestly unfair and unjust, in that it deprives the cotton-producing counties from a just allotment of the acreage to which they are entitled. It will confer upon counties that have never produced cotton, acreage quotas in excess of the amount to which they are entitled, and counties which are not prepared to produce cotton, but which have been making other crops, will have cotton acreage allotment which they do not need. The counties in my district have all been producing cotton continuously before and since the Civil War, and are well adapted to the growth and production of cotton, and the Ford amendment would radically and unjustly reduce the acreage allotment which they have under existing law, and give the acreage allotment taken from them to other counties that have not grown cotton, and which counties are not as well suited to the production of cotton.

The Ford amendment is also unfair in that it adopts an entirely different method in the allotment to the counties than in the allotment to the States. If the method of acreage allotment to the States is fair, and that is not challenged, then the same method should be used in the allotment to the counties.

In other words, the allotment to the States is based upon cotton production by the States in the past, and the allotment to the counties should be by the same method. If it is fair for the States to have such an allotment, then it is equally fair to the counties.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. LUTHER A. JOHNSON. I yield.

Mr. FULMER. I just want to state to my colleague that that is exactly what we do under the bill, and where you have a cotton county which, because of the type of its soil, has been producing cotton all the while, that will be taken into consideration just like all the cotton States with respect to the national acreage, and will be dealt with according to the history of that county.

Mr. LUTHER A. JOHNSON. Yes. The Ford amendment relates to section 2, with reference to the payment of benefits under the soil conservation program, and was adopted early in the consideration of the bill, and I am convinced that the House did not understand the effect of the amendment, or they would not have adopted it.

Later in the bill, when we were considering the farm-marketing quotas, a similar amendment with reference to county allotments was offered by the gentleman from Mississippi [Mr. FORD] and the matter was more thoroughly discussed and better understood by the House, and the House rejected the Ford amendment, as applied to marketing quotas.

Since the House has rejected the Ford amendment as applied to marketing quotas, it would be manifestly unfair to have one provision with reference to county allotments under the farm-marketing quotas, and have another with reference to county allotments as to the payments of benefits under the soil-conservation program, and in order to make the terms of the bill harmonious, the Ford amendment should be eliminated.

Recapitulating, the Ford amendment should be defeated for three reasons: First, because it is an unjust discrimination against the cotton-producing counties; second, it prescribes a different method in the allotment to the counties than that prescribed by the bill with reference to the allotments to the States; and third, it is out of harmony with other provisions of the bill in prescribing one method for county allotments with reference to farm benefits, and an entirely different method of allotment to the counties under the marketing-quota provision and I therefore earnestly hope that it may be defeated by the House. [Applause.]

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: Page 82, beginning at line 14, after the word "subdivision", strike out the words "has hereafter appropriated not less than $250,000 for the establishment of" and insert in lieu thereof the following: "agrees to furnish."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 7 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

COOPERATION WITH THE STATES

Mr. CASE of South Dakota. Mr. Chairman, this particular section of the bill is one that everybody praises, and rightly so, I think. The appropriation of $10,000,000 for research and the development of new markets is important and the committee is to be commended for including it, but I doubt if the Members of the House really appreciate what is meant by the last proviso in the bill. The provision states:

No part of the sums available under this subsection shall be expended in any State or Territory in cooperation with any such State or Territory or its agencies or subdivisions unless the State, Territory, agency, or subdivision has hereafter appropriated not less than $250,000 for the establishment of physical facilities suitable for use in carrying out this subsection.

That means delay, at best. It means that this section, providing $10,000,000 for research, will not be available; there will not be anything done with it in your State or mine until after the legislature has met and found a quarter of a million dollars to provide new physical facilities suitable for use in carrying it out.

It means more than that. It means duplication. The gentleman from New York yesterday paid tribute to the general provision and said that the land-grant colleges no doubt already have facilities for cooperating. That is true. In many States the land-grant colleges do have the facilities for carrying on some of this research in a cooperative way, but they cannot use them under the terms of the bill until "hereafter" they appropriate another quarter of a million dollars for physical facilities, even though that means duplication of what they already have. That is what that provision means.

This provision means more than that. It means denial of this help to the very States that may need it most. It means that the States that do not have a new quarter of a million dollars which they can go out and get will not receive this help in finding and developing new markets. Yet they may have the greatest need for new uses and new markets for their farm products.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. Yes.

Mr. COLMER. I am quite interested in the gentleman's discussion of that provision of the bill, because I introduced a bill providing for such a provision. Also, the junior Senator from my State introduced such a bill. I am just wondering if the gentleman understands correctly that provision with reference to the $250,000 contribution. I think if he will investigate, he will find that the President of the United States himself suggested that before one of these laboratories could be located in any particular State, there should be some contribution by that State. I do not understand this to mean that the laboratory research work cannot go on unless a State puts up $250,000.

Mr. CASE of South Dakota. The language of the bill reads:

No part of the sums available under this subsection shall be expended in any State or Territory in cooperation with any such State or Territory or its agencies or subdivisions unless the State, Territory, agency, or subdivision has hereafter appropriated not less than $250,000 for the establishment of physical facilities suitable for use in carrying out this subsection.

So a State will not get any part of it even though it has laboratories now, unless it hereafter appropriates $250,000. My amendment merely provides:

No part of the sum shall be expended in any State or Territory in cooperation unless the State, Territory, or subdivision agrees to furnish physical facilities suitable for use in carrying out this subsection.

That provides for cooperation. The Secretary will require some cooperation, no doubt, before he goes into a State. But instead of putting into the statute a hard and fast provision that nothing can be done in any State unless it finds this quarter of a million dollars, let the Secretary cooperate if the State agrees to furnish suitable physical facilities. Do not close the door to the States that do not have a quarter of a million dollars for new and possibly duplicate facilities. [Applause.]

Mr. JONES. Mr. Chairman, I hope this amendment will not be adopted because we have in the existing research law passed about 18 months ago provision for regional research, and research within the States; this law combines the two functions, Federal and State. An increasing amount is annually appropriated for that purpose. This enables small laboratories to be operated by the State and also regional ones by the Department. That has no limitation upon it at all. This section provides for major research, and I had hoped, and the committee had hoped, that this might be confined to larger laboratories that would work on a regional basis, which would be helpful to the entire region. It was felt that if a State had the privilege of having one of these major research laboratories located within its borders, it certainly should be willing to put up as much as $250,000, so as to have an interest in it itself.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. MAY. I suggest it would be better to have one research laboratory, because that one laboratory would ascertain everything that a dozen other laboratories would.

Mr. JONES. I do not think so. You need to be near the place of production of the commodities, so that the officials will have the facilities for working on the particular commodity.

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired. The question is on the amendment offered by the gentleman from South Dakota.

The question was taken; and on a division (demanded by Mr. CASE of South Dakota) there were—ayes 32, noes 59.

So the amendment was rejected.

Mr. FULMER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. FULMER: Beginning on page 81, line 24, strike out all of section 402.

Mr. FULMER. Mr. Chairman, I am so deeply interested in this line of work that I regret exceedingly to make the motion to strike this section from the bill. I call the attention of Members of the House to the fact that annually we are expending millions of dollars for research work, and it reminds me of a ride on a merry-go-round. Annually they get on and go round and round, and then get off where they started. We ought to have millions put into research work. That is one of the main things that we could do to help the agricultural interests in this country. I want it understood that I am talking about this line of work as applied to cotton.

But we ought to write a definite bill, stating to the Department of Agriculture just what they should do and when and where it should be done, so that we could get somewhere and stop the wasting of millions of dollars and not accomplishing anything. What had been done in the way of new uses for cotton?

Some years ago we appropriated certain amounts for improvements in ginning cotton—and God knows we need improvements. The Department placed a plant down in Mississippi, but the ginning of cotton is still on the old basis, and about all we have gotten out of it is a booklet annually. Annually we get a book that they have spent their money, but they have not done a thing to improve ginning in the South. We can give them another $10,000,000. Perhaps no State will put up the $250,000, and they will continue to divide these ten millions with the Bureau of Standards and the Department of Agriculture and the agricultural colleges in the States, and in 5 years from now we will be just where we are today. I want our committee to write a definite bill saying to the Department just what we should do in bringing about the results that we ought to bring about by research work. [Applause.] The spending of this $10,000,000 will be just like the spending of various other millions which we have spent, and we have not scratched the ground.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. FULMER. I yield.

Mr. MAY. Does not the testimony before the gentleman's committee show that they have a large number of experts in the Department of Agriculture, regularly employed all the time, that they could set up an establishment and ascertain this thing and analyze these things and find new uses without additional appropriations?

Mr. FULMER. As I stated, this $10,000,000 will just be another ten million that will go through the same machinery and the same hands, and the results will be just what we have been getting.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman has expired.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 3 minutes.

Mr. REES of Kansas. What does the gentleman suggest should be done?

Mr. FULMER. As stated, there ought to be a bill written definitely telling the Department of Agriculture just exactly what they should do along different lines that will get results.

The CHAIRMAN. The time of the gentleman has expired.

At the time the Chair recognized the gentleman from South Carolina, the Chair did not understand the purport of his amendment, or he would not have recognized the gentleman from South Carolina at that particular point. The gentleman's amendment was to strike out the section. The Chair understands there are several perfecting amendments to be proposed to section 402.

Mr. JONES. Mr. Chairman, I ask unanimous consent that when the perfecting amendments are adopted, all debate on the Fulmer amendment and all amendments thereto close in 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WILCOX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WILCOX: On page 82, line 6, after the word "thereof", strike out the period and insert "of which sum of $10,000,000, $1,000,000 is hereby allocated to the Secretary of Commerce to be expended for the promotion of the sale of farm commodities and products thereof, in such manner as shall be by him directed."

Mr. JONES. Mr. Chairman, I would like to ask the other members of the committee if they do not think that amendment is agreeable? That amendment rather appeals to me. We would have additional methods of disposing of farm commodities and their products.

Mr. DOWELL. Mr. Chairman, will the gentleman yield for a question?

Mr. JONES. I hope this will not be taken out of the time of the gentleman from Florida.

Mr. DOWELL. Just how is this to be administered?

Mr. JONES. I think the amendment is self-explanatory. It will be expended by the Department of Commerce in an effort to advance the sale of farm commodities and products thereof abroad, as I understand it. I rather like the amendment.

Mr. WILCOX. Mr. Chairman, I do not want to be in the position of a lawyer arguing his case after he has won it. If the committee will accept my amendment I do not desire to make any speech. [Applause and laughter.]

This amendment is of particular value and importance to my State, because the Department of Commerce has been active in finding an expanded market for our fruits and vegetables. If they are given this additional $1,000,000 they can further expand our market and to that extent overcome the injury sustained by my people under the Cuban treaty.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Florida.

Mr. HOOK. Mr. Chairman, I rise in opposition to the amendment.

Mr. WILCOX. Well, Mr. Chairman, if there is going to be objection to it, I would like to be heard, of course.

Mr. HOOK. I just want to ask a question.

Mr. WILCOX. I yield to the gentleman.

Mr. HOOK. Is not section 32 for that purpose? Why divert $1,000,000 from the program for new uses and new markets?

Mr. JONES. As I understand it, section 32 funds are under the control of the Department of Agriculture and are used through the Federal Surplus Commodities Corporation. The Department of Commerce has its contacts, and it seems to me would be in a position—and I am sure that is the philosophy the gentleman from Florida has in mind—to, perhaps, negotiate some trades to help dispose of these products. I would like to have that amount turned over to that department for that purpose. I believe they might do something worth while.

Mr. WILCOX. They already have the machinery set up, and it will avoid the diversion of any of this fund for overhead expenses, because they already have the machinery set up for carrying out the very purpose for which the amendment is offered.

Mr. HOOK. Do they not have an authorization for that purpose already?

Mr. JONES. That philosophy is in the bill already.

Mr. HOOK. Is there not money appropriated for that purpose to the Department already?

Mr. JONES. I am not sufficiently familiar with the appropriations for the Department of Commerce to know, but I do know that with the machinery and facilities and contacts which they have throughout the world, with trade and business relationships, they certainly ought to be able to do something with it. I would like to try them out on it.

Mr. WILCOX. I thank the gentleman. And, now, Mr. Chairman and gentlemen, I want to say that this concession and the allocation of the $70,000,000 for the expansion of markets constitute about the only advantages that have been granted to the farmers of my State in any farm legislation passed during the last 5 years.

I regret that the point of order was sustained to the amendment which I offered yesterday and I regret that the tobacco amendments offered by my colleague [Mr. GREEN] were rejected. I have the gravest doubts about this bill. It is by no means satisfactory to me. It will be a keen disappointment to thousands of farmers in my State. I am going to vote for it, however, because I realize that it will be largely rewritten in conference, and I trust that it will be improved and the bad features removed in conference. And, since the only way to get it to conference is to pass it, I am going to vote for it, but I reserve the right to vote against it when it comes back from conference if it has not been improved.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. WILCOX].

The amendment was agreed to.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I offer a perfecting amendment.

The CHAIRMAN. The Chair will state to the gentleman from Minnesota that we have not reached the section that he proposes to amend.

The Chair will state to the gentleman from Texas that all perfecting amendments have now been offered to this section. There now remain 3 minutes on the amendment offered by the gentleman from South Carolina. The Chair recognizes the gentleman from Texas for 3 minutes.

Mr. JONES. Mr. Chairman, I hope the House will vote against the amendment offered by my good friend from South Carolina. I regard this as attacking the method that the experience of this and other nations has shown is the finest approach to the solution of the surplus-crop problem.

I was very much impressed by the facts presented by the gentleman from New York [Mr. REED] on yesterday. He has made a study of these things. I feel that this provision opens a vast field for accomplishment. You cannot name the places and set out the conditions absolutely in starting a proposal of this kind. But we always have control over the purse strings and the revenue officers will have to make good if this is continued. It is my feeling that every time we secure a wider use for cotton, wheat, dairy products, or any other commodity that is produced in America we add to the labor, we add to the employment, we add to the happiness of the people.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina to strike out the section.

The amendment was rejected.

The CHAIRMAN. Amendments are now in order to section 403.

Mr. McCORMACK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McCORMACK: At the end of line 4, on page 83, insert the following new language:

"SEC. 404. Section 32 of the act entitled 'An act to amend the Agricultural Adjustment Act, and for other purposes,' approved August 24, 1935, as amended, is amended by inserting at the end thereof the following: 'The powers under clause (2) of this section to encourage domestic consumption of commodities by diverting them from the normal channels of trade and commerce shall extend to fish (including shellfish) and the products thereof.'"

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. JONES. I understand this is simply carrying out what has been done heretofore. I do not think there will be objection to it.

Mr. COFFEE of Nebraska. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the funds set aside under section 32 are primarily for the purpose of finding ways of removing agricultural surpluses from the domestic market by converting them to industrial uses, diverting them to relief channels, or subsidizing the exportation of the surplus agricultural products. As you know, 30 percent of the customs receipts of this country are set aside for that purpose. If we include fish in this section we are going to enlarge the scope of section 32.

Every Member from an agricultural State knows that we have not sufficient money in this fund now to take care of the agricultural surpluses. If we include fish we shall have that much less money.

Mr. Chairman, I hope the amendment will be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 83, line 4, after the word "cotton", strike out the period, insert a comma, and add the following language: "and is further amended as follows: Notwithstanding any other provisions of section 32 as amended, not to exceed 50 percent of the funds made available by said section 32 shall be devoted to any one of the commodities of cotton, tobacco, corn, wheat, or rice in any fiscal year in carrying out the purposes of said section."

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. JONES. Will not the gentleman change his amendment to make it become effective after June 30, 1939, leaving out the coming year? Committals already have been made with which I think this amendment would conflict.

Mr. DIRKSEN. Yes.

Mr. JONES. And I will state that I do not want any more earmarking of this fund for specific commodities that run off into another field.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BOILEAU. Will not the gentleman agree to modify his amendment further by reducing 50 percent to 25 percent?

Mr. JONES. I rather think that would be a good modification, Mr. Chairman.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to modify my amendment in these two particulars.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 83, line 4, after the word "cotton", strike out the period, insert a comma, and add the following language: "and is further amended as follows:

"Notwithstanding any other provisions of section 32, as amended, not to exceed 25 percent of the funds made available by said section 32 shall be devoted during any fiscal year after June 30, 1939, to any one of the commodities of cotton, tobacco, corn, wheat, or rice in any fiscal year in carrying out the purposes of said section."

The CHAIRMAN. Does the gentleman from Illinois [Mr. DIRKSEN] desire recognition?

Mr. DIRKSEN. Mr. Chairman, I want to take just a moment or two.

In a few words, I should like to summarize the situation which prompts this amendment. Members will recall that in August of 1935, the House passed a series of amendments to the Agricultural Adjustment Act. Included in that amendment was a section, popularly referred to as section 32.

This section provides that an amount equal to 30 percent of the gross customs receipts may be used for the purpose of paying indemnities to exporters and producers of agricultural commodities and for the purpose of diverting such commodities and surplus quantities thereof from the regular channels of trade. As a result of this section indemnities have been paid for the export of surplus wheat from the Pacific coast, export of other commodities, and for the purchase of such commodities and their distribution to relief. Only a portion of the funds made available by this section have been used.

On the last day of the first session of the Seventy-fifth Congress and just an hour before its adjournment sine die, something happened which provoked many Members. The conference report on an appropriation bill came back to the House for final action, containing a legislation provision which earmarked $65,000,000 of the section 32 funds for each of the years of 1938 and 1939 with which to pay benefits to cotton producers. In fact, it provided for a benefit that should represent the difference between 12 cents a pound and the prevailing spot price of cotton but not to exceed 3 cents a pound. To me as well as others, it appeared that all of the section 32 funds might be used for a single commodity and this can hardly be regarded as fair to the producers of other commodities such as corn, wheat, tobacco, and rice. Customs receipts or their equivalent are after all public funds and should be equitably and fairly allocated among all commodities and in order to insure that this will be done, the amendment I propose recites that not to exceed 50 percent of section 32 funds shall be devoted to any one commodity. I am quite agreeable to the modifications suggested by the chairman of the committee and also to the suggestions of the gentleman from Wisconsin [Mr. BOILEAU] to reduce the figure to 25 percent. The only reason for setting it at 50 percent was to make provision for the funds that have already been earmarked in 1938 and 1939.

It may be of interest to Members to know that the customs receipts for the fiscal year 1938 are estimated at $463,000,000 and that 30 percent of this amount would make available, for section 32 purposes, the sum of $138,900,000. With the limitation proposed by this amendment at least a portion of this fund will be available for all commodities that may need assistance through indemnities to exporters or for purchase of surpluses and their diversion to relief. I appreciate the complete fairness of the committee in agreeing to this proposal as modified.

Mr. JONES. Mr. Chairman, I would like to insert the words "agricultural commodities or the products thereof."

Mr. DIRKSEN. I think the basic act takes care of commodities or the products thereof.

The CHAIRMAN. Does the gentleman from Texas ask unanimous consent to modify the amendment?

Mr. DIRKSEN. It is not necessary. The basic act takes care of the other commodities.

The CHAIRMAN. Does the gentleman from Texas [Mr. JONES] ask to further modify the amendment?

Mr. JONES. It is satisfactory.

Mr. WHITTINGTON. Mr. Chairman, may we have the amendment reported as modified?

The CHAIRMAN. The Clerk has just reported the modified amendment.

Mr. WHITTINGTON. We understood there was a further modification.

The CHAIRMAN. No. But the Clerk may again report the amendment as modified.

The Clerk again read the modified Dirksen amendment.

Mr. JONES. Mr. Chairman, I do believe the words "to any one agricultural commodity or the products thereof" should be included.

Mr. DIRKSEN. I am agreeable to that.

Mr. JONES. I ask unanimous consent to include those words.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to further modify the amendment. The Clerk will report the modification.

The Clerk read as follows:

Insert the word "agricultural", so as to read: "to any one of the agricultural commodities."

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent that we may come back to this particular section, at which time an amendment may be prepared that will meet the desires of the various gentlemen.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. JONES. Mr. Chairman, reserving the right to object, we have a lot of things to do here today. I believe the words "or the products thereof" should also be included.

Mr. DIRKSEN. I am agreeable to that modification.

Mr. BOILEAU. Mr. Chairman, I withdraw my unanimous-consent request.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 83, line 4, after the word "cotton", strike out the period, insert a comma, and add the following language: "and is further amended as follows: 'notwithstanding any other provision of section 32 as amended, not to exceed 25 percent of the funds made available by said section 32 shall be devoted during any fiscal year after June 30, 1939, to any one agricultural commodity or the products thereof in any fiscal year in carrying out the purposes of said section.'"

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The question was taken; and on a division (demanded by Mr. BOILEAU and Mr. DIRKSEN) there were—ayes 103, noes 60.

So the amendment was agreed to.

The CHAIRMAN. Are there any further amendments to section 404?

Mr. COLMER. Mr. Chairman, I move to strike out the last word; and ask particularly for the attention of the gentleman from Texas, the chairman of this committee.

Mr. Chairman and Members of the Committee, the historian Green, in his Short History of the English People, relates a most interesting human incident. This narrative is so illustrative of my state of mind upon this farm bill, upon which we will no doubt vote today, after some 10 days of debate, that with your indulgence I should like to relate it here. According to this great historian, back in the days prior to the invasion of that great country by William the Conqueror, in 1066, an Irish monk was pioneering in that part of the British Empire then known as North Umberland. Late in the afternoon, tired of body and weary of foot, as the shades of evening were falling across that rugged country, he came upon the estate of a great landed lord. He sought an entrance and finally found himself in the vast hall, the floor of which was strewn with rushes for a carpet. The evening meal was being partaken of. On an elevation in one end of the room the lord and his lieutenants were seated around the banquet table. Over the rest of the hall sat the vassals and tenants, each partaking of the crude foods that were served. Now, strangers were rare in that section of this unsettled country. So the mighty lord called upon the monk for the purpose of his mission. The monk, arising, proceeded to address the lord and serfs. In a simple but convincing manner, he told the story that is now so familiar to the civilized world of Christ

and the Christian religion. The reaction was what might have been expected among a heathen people. A discussion ensued. Finally an aged servant with but a few years separating him from the grave arose and, addressing his lord and master, said, "Lord, let us accept the creed that this good man, stranger though he be, brings us. Otherwise we have no hope. Our lives are like that of the bird that flies into this hall from yonder window, circles the room a few times, and then flits out through the window. He comes from nowhere and returns from whence he came." [Laughter and applause.]

And so, Mr. Chairman, I shall vote for this legislation—not because it represents my views or philosophy of this type of legislation. I shall vote for it because it offers the only hope that we now have for relief to the agricultural peoples of this great country. And I shall support it by my vote with the hope and belief that when the Senate has enacted its bill, which is so different in its provisions from the bill which we now have in conference, some kind of legislation that will be of substantal benefit to our farmers will be enacted. Every man here must realize that this legislation is going to be rewritten in conference and that we shall have another opportunity to pass upon that legislation when it is brought back from conference.

Frankly, Mr. Chairman, I must confess with all due deference to the committee which reported this bill, that it is far from being the type of legislation that the country is expecting. On a former occasion I gave this committee due credit for their honesty and integrity of purpose. But the fact remains that this legislation in its present form will prove, if enacted into law, the greatest disappointment that the farmers of this country have experienced in some time. It is satisfactory to no one with whom I have discussed it. Strip it of all of its unnecessary verbiage and analyze it, and you have but one thing—namely, the machinery for the distribution of the soil-erosion benefits and the loan benefits. Both of which benefits we already have.

I yield now to the distinguished chairman of the Committee on Agriculture, who has worked very laboriously and arduously on this legislation, for his reaction to this statement.

Mr. JONES. Mr. Chairman, I may say to the gentleman that I believe there is a good deal more in this bill than that. In the first place, we authorize changing this program to an acreage basis, which I think is very desirable and will be fairer. We have much better control of the small producer. We have provision for loans which will run along through the years, rather than giving temporary authorities. Then we have a provision for research, to which the gentleman referred. We have a provision which makes mandatory the use of the fund made available for exports and for wider distribution at home. We have a provision for tackling the discrimination in freight rates.

Further, we have a provision which would probably make necessary the appropriation of the full $500,000,000, which was not used last year. We provide for a much higher authority to the local committees, giving more leeway to them in the handling of their projects, which I believe is very desirable. In addition, I believe we have a better method of distributing the funds and also of handling the problems which we already have before us.

These are some of the additional provisions we have in the bill. I cannot think of all of them now, but I believe this bill is an infinite improvement over the other, even aside from the marketing provisions.

We also have a further provision that if a jam comes, through the vote of the farmers themselves they can have orderly marketing, which is largely the system used by business.

I think the bill is a very great improvement over the present situation.

Mr. COLMER. I appreciate the comments of the distinguished chairman of the Committee on Agriculture, but——

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I yield to the gentleman from Texas.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. I am afraid our chairman is too optimistic about the program for next year, including the 60 percent acreage provision. The program for next year is already prepared. This bill surely will not become a law before February 1, if then, so it will probably be too late even if the Department of Agriculture wants to put it into effect at that time, as it is too near planting time. I am hopeful that the gentleman is correct, but I believe he is too optimistic.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I yield to the gentleman from North Carolina.

Mr. COOLEY. May I suggest to the gentleman that this bill contains a reference to tobacco, and this provision is very satisfactory to all the tobacco-producing sections.

Mr. COLMER. Mr. Chairman, I appreciate what has been said about this matter, but I am still not convinced that this bill is going to be of any substantial benefit to the cotton growers of my section.

Mr. KLEBERG. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I am sorry, my time is very limited.

This piece of legislation will prove unsatisfactory to both the proponents of a compulsory-control program and the voluntary-control advocates. If left in its present form and enacted into law as such it would mean 8-cent cotton at the most next year. It does not even attempt to go into effect, so far as the marketing quotas are concerned, until 1939. And I here and now predict that it will not go into effect at that time because the demand for some substantial remedial legislation will be so pressing before 1939 that this legislation will be discarded. The conferees must rewrite a new bill. Whatever is good in each bill of the respective Houses must be salvaged, and out of it must come a new and remedial piece of legislation.

Mr. Chairman, the needs are adamant. With a 19,000,000-bale crop this year the price of cotton today is less than 8 cents a pound. There is going to be a substantial carry-over until next year. The cotton farmer is in distressing circumstances. It cost him as much if not more to produce his cotton this year than he will receive for it. It will be difficult for him next year to raise the necessary funds to supply himself for another crop. His children must go to school; his taxes must be paid; his family must be fed and clothed. And yet, with this enormous carry-over of eight or ten million bales of cotton last year, he is not even promised under this legislation any more assistance than he received this year. If a better piece of legislation does not come forth from the conference, on the part of the conferees considering both bills, there is going to be much distress in the farm areas, and particularly in the Cotton Belt next year.

With this in mind I have sought in every way I knew to improve this piece of legislation during the past 10 days that it has been considered and even prior to that time when the committee was considering the legislation in executive session. And, mind you, Mr. Chairman, that was the only opportunity that we had to make our views known. The committee, under the lash of haste in order to get this measure ready for this extraordinary session, held only executive sessions. No piece of legislation that has come before this body in the time that I have been a Member thereof has received more earnest and conscientious effort on my part than has this particular piece of legislation. As one of the sponsors and coauthors of the so-called Poage bill, together with Messrs. POAGE and PATMAN, we endeavored in every way to bring this thought embodied in this bill to the attention of the House. Naturally, I supported it when it was offered as a substitute for this bill which we will soon

vote upon. This piece of legislation which we introduced, of course, was not perfect. But it did offer the farmer a profit on his products. It provided for that essential necessity of recapturing our foreign markets. It did give the farmer the parity price, which the Department of Agriculture now estimates at 16½ cents per pound for that portion of the cotton consumed in the United States. It did allow him an opportunity to grow as much additional cotton as he saw fit to throw upon the world market at world prices to compete with foreign growers' cotton. Notwithstanding all of the objections that have been raised to it, it offers a workable basis on which a piece of farm legislation could be enacted by the Congress that would make our farmers happy and prosperous.

It is passing strange to me that under this program of this administration every time someone tries to offer Federal aid to the farmers he is met with the cry of, "How are you going to get the money?" or, "How is the consumer going to pay such prices?" or, "You can't do that, because it is not practicable or constitutional." And yet when some other class of people is involved, these same people, many of whom claim to be administration leaders, fall in line and demand your cooperation on the theory that it is an administration measure. I maintain that it is just as equitable, feasible, practical, constitutional, and just as easy to get the money to help the agricultural industry as it is any other industry or class of people. It is just as feasible, constitutional, practical, and financially sound to enact a farm bill with parity prices as it is to enact a coal bill or a wage and hour bill. They are all on the same principle. I believe in labor receiving a fair and adequate wage, but I also believe with the same justice and reason in seeing the farmer receive a living wage and a fair wage returned for his efforts in the form of a fair price for his commodities.

In spite of what I have just said I do not want to leave the inference that the bill is bad in its entirety. Certainly it is better than no legislation at all. Its provisions for research laboratories for the development of new uses for agricultural products have already been praised by me. And I am very grateful to the committee, and particularly to the chairman [Mr. JONES] for the adoption of the committee amendment which I besought of him for a three-bale exemption from the penalties of the marketing quotas. This provision in the bill will mean much, especially to the small farmers who grow cotton.

So, Mr. Chairman, in conclusion, as disappointing as the legislation is and as I fear that it will prove to be in its administration, I find myself in the attitude of the landlord's vassal to whom I referred in the outset. I shall go along on the theory that it offers the only hope, coupled with the hope that this legislation may be substantially remedied in conference before being finally enacted into law.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 6 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LEAVY. Mr. Chairman, I rise in opposition to the pro forma amendment.

NATURE OF THE PROBLEM

Mr. Chairman, there is no division of opinion in this House on the question of the plight of agriculture. In that regard it certainly is not a partisan question; neither is it a sectional question. The Republican farmer, the Democratic farmer, and the Progressive farmer, and the Farmer-Laborite farmer all suffer alike. The farmers of the West, the North, East, and the South have the same common grief.

NO REFLECTION ON THE COMMITTEE

There shortly will be proposed here a bill offered by the gentleman from Iowa [Mr. EICHER] and the gentleman from Oklahoma [Mr. MASSINGALE] as a substitute for H. R. 8505, the committee bill, which will come more nearly accomplishing the purpose that all of us in this Congress and throughout the Nation desire, than would the bill that we have had under consideration for almost 10 days. Making this statement, I in no way want the inference drawn that I reflect upon the good faith, sincerity of purpose, nor the intelligence of the Agriculture Committee of this House nor its great leader.

THE TWO BILLS

I want to refer to the substitute as the Massingale-Eicher bill, and I shall refer to the bill that we have had under consideration for this long time as the committee bill. Now I want to contrast these two measures as best I can within the limited time at my disposal.

The committee bill is a document of some 86 pages, and it seeks to complement, supplement, and tie itself into previously enacted legislation, to wit, the Soil Conservation, Surplus Commodity Corporation, and Domestic Allotment Acts. This very effort has made of the committee bill a document most difficult of full understanding because of the amending effect it will have on the Soil Conservation and Domestic Allotment Acts. These acts are general in their scope and operation, while that of the committee bill limits itself to but five major agricultural products and creates innumerable possibilities for both partiality and prejudice to sections, to groups, and agricultural commodities themselves.

Now, let us look at the Massingale-Eicher bill. It is an independent act some 16 pages in length, covers the whole field of agricultural production, and in no way interferes with the operation or effect of existing agricultural legislation. It cannot be held as partial or prejudicial to any section, region, commodity, or group. It is written in plain, simple, understandable language, with all the legalistic words and phrases necessary. It would provide by law that the American farmer should be given the cost of production for such commodities as are domestically consumed, and for such additional commodities as would be stored as warehouse reserves. This proposal, I am sure, is what each of us wants, irrespective of our political affiliation and irrespective of whether we represent exclusively urban or rural constituencies.

The committee bill presents extremely difficult and complex administrative features. At most, the benefits to be derived are uncertain and the distribution of such benefits in all probability, would prove to be inequitable. The Massingale-Eicher bill simply avails itself of existing governmental agencies in the Department of Agriculture that would ascertain, as they have in the past for a good many years, the cost of producing a particular commodity, keeping each farm as a separate unit and then allow the original producer of such product such cost plus the return on his investment, for so much as was domestically consumed or stored. Should he see fit to produce in any one year quantities substantially in excess of what are consumed, or stored against possible contingencies, such excess, in many lines, would be produced at an actual loss, and the natural reaction to this class of product would be a voluntary curtailment without governmental coercion or compulsion. In other words, the effect sought to keep production in the innumerable agricultural products reasonably within demand, would be brought about through natural and not by arbitrary compulsion.

COMMITTEE BILL NOT EFFECTIVE UNTIL 1939

Another argument of tremendous weight in giving consideration to the merits of these two bills is the fact that if the committee bill accomplished all that its most optimistic sponsors think it would, it is conceded that it could accomplish nothing before the crop season of 1939 because its complicated and difficult mechanical features make it impossible to be set in operation before 1939. The Massingale-Eicher bill would be effective in 1938 when it is needed the most.

Again there is this contrast. No one can even ascertain with any remote degree of certainty the drain upon the Federal Treasury to make effective the operations of the committee bill, while it is quite certain and definite that to put into effect the operation of the Massingale-Eicher bill would cost comparatively little and be no drain on the Federal Treasury.

CONSTITUTIONAL ISSUES

As to their constitutionality, even the most liberal among us have a feeling of doubt and concern relative to certain features of the committee bill. To illustrate, it proposes to make effective its quotas through a negative vote, rather than an affirmative vote. It recites that if more than one-third of those qualified vote against quotas, then there would be no quotas, instead of providing that when two-thirds vote affirmatively for quotas such shall be imposed. The reason for this is to meet constitutional objections to such legislation found in the A. A. A. decision. I am wondering how we can escape that well-known, common, and fundamental principle of law which every lawyer in this House knows and which has the approval of the American people. That is: "You cannot do by indirection that which you are forbidden from doing directly." Here we are in the position of admitting that affirmatively we cannot impose quotas, so we seek to do it negatively and accomplish the same result.

DENIES TO FARMER HIS "DAY IN COURT"

Then there is another feature of the committee bill which evidently was written into the measure to comply with the due-process clause of the Federal Constitution, but which in express language denies to the litigant the benefits of that constitutional provision and denies to the courts powers expressly granted them by the Constitution and the laws by which they exist. I refer specifically to the paragraphs found on pages 79 and 80 entitled "Court Review" and "Exclusive Jurisdiction." Briefly, it is there provided that an aggrieved farmer, when it is sought to impose upon him against his will the compulsory provisions of the act, may institute an action in the Federal court. And when he gets into the court, the court is expressly denied the right in any manner whatever to pass upon the facts involved in the dispute or to review the facts, but must approve the facts as found by the review committee appointed by the Secretary of Agriculture, a party in interest.

I want you to consider for a moment the anomalous situation created where a court of general jurisdiction has before it through voluntary submission both the interested parties and the subject matter and then is told by the language of the act that it cannot exercise its constitutional and its inherent powers, but must accept a decision by a nonjudicial administrative body as final and conclusive. I certainly doubt the constitutionality of this provision.

In the Massingale-Eicher bill no such complications whatever exist.

SUBSTITUTE BILL LEAVES THE FARMER FREE

Another distinguishing and all-important difference between the committee bill and the bill we seek to substitute for it is that the committee bill is based upon compulsion by the Government, commanding and compelling the farmer to do certain things and to refrain from doing certain other things—legislative conduct inconsistent with our theory of free government. In the pending substitute bill the matter of free choice is left to the farmer. The committee bill is based upon the theory of limiting production with the hope of possible Government rewards for so doing and upon maintaining insofar as possible the status quo of agricultural production in the enumerated commodities without giving consideration to the retiring of old and worn-out lands and the bringing of new lands into use—without giving consideration to a constantly changing method of production and distribution and without giving consideration to that great field of agriculture that lies outside of and beyond the five commodities mentioned. The very efforts to do this have resulted in 86 pages of printed matter contained in the bill with its confusing language.

EVERY CLASS OF FARMER BENEFITED

Now, when we come to the Massingale-Eicher bill, we will find it free from the question of doubt as to its constitutionality. We find it based upon the just and equitable principle that "the laborer is worthy of his hire" and that the farmer, irrespective of the type of agriculture that he happens to be engaged in, will have his rights protected by being assured a reward for the hours he spends in toil in producing the fundamental essentials for the existence of life itself. We shall find that it will tend to keep that vast army of fine people now living on our farms there, because the rewards for time used in agricultural production can be made equal to those used in the industrial field. It is consistent with the proposed wage and hour legislation because it assures the agricultural producer a decent return for his efforts just as wage and hour legislation seeks to benefit the industrial worker. I favor that principle for both these two great and important classes.

In addition to this, the bill we seek to substitute favors the very fellow that we seek to help most; the little man, the poor man, the individual farmer. He will find it not only best to remain on the farm, but there will be held out to him the real hope of ultimately being an independent unit in a great national program, free from the curse of sharecropping, farm tenancy, and overwhelming mortgage burdens.

END GAMBLING ON BOARD OF TRADE

I know that to the hundreds of parasites and gamblers on the board of trade, who rob both the farmer and consumer, that the enactment into law of the Massingale-Eicher bill would be unpopular, because by providing that the farmer should have the cost of production for domestic consumption and the world price for the exportable surplus, we would sound the death knell for those gamblers who have farmed the farmer and robbed him of the major portion of his efforts throughout the years. There would be no trading in futures. There would be no buying on margin. There would be no "bear" and "bull" markets, but there would be justice in a maximum degree, to the most important single element in our Nation, the American farmer.

It seems to me, Members of Congress, that based upon the highest plane of patriotism and in fairness to the most important single unit in our economic structure, we can and all should vote to substitute the Massingale-Eicher bill for the committee bill or procure such result by a motion to recommit. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I think the sections we have just considered, 401, 402, 403, and 404, would be better arranged under title II, and I therefore offer an amendment, now that those sections have been considered, which changes the title and makes the appropriate changes in numerals, and so forth.

The Clerk read as follow:

Amendment offered by Mr. JONES: Page 14, strike out lines 4 and 5, and insert:

"Title II—Adjustment in Freight Rates, New Uses and Markets, Disposition of Surpluses, Loan Provisions, and Consumer Safeguards."

"Part I—Freight Rates, New Uses and Markets, Disposition of Surpluses."

Page 14, after line 5, insert the matter found beginning on page 81, line 4, and ending on page 83, line 14, with the following changes:

Page 81, line 5, strike out "401" and insert "201."
Page 81, line 24, strike out "402" and insert "202."
Page 82, line 23, strike out "403" and insert "203."
Page 83, line 7, strike out "404" and insert "204."
Strike out the matter on pages 81 and 83 above referred to.
Page 14, after the material heretofore inserted, insert:
"Part II—Loan Provisions and Consumer Safeguards."
Page 14, line 7, strike out "201" and insert "221."
Page 15, line 11, strike out "202" and insert "222."

The amendment was agreed to.

Mr. CASE of South Dakota. Mr. Chairman, I ask unanimous consent to return to section 402 for the purpose of offering an amendment, simply to strike out the word "hereafter." I have spoken to the chairman about it.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: Page 82, in line 15, strike out the word "hereafter."

The amendment was agreed to.

The CHAIRMAN. Are there any amendments to section 405?

Mr. JONES. Mr. Chairman, I ask unanimous consent that section 405 be changed to section 401.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Are there any amendments to section 406?

Mr. HOPE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, for the past several days during the discussion of this bill some of my Republican friends representing the dairy sections have shed a good many tears over the control and restraint which they feel this bill would put upon the producers of commodities like cotton, wheat, corn, tobacco, and rice. I understand the gentleman from Minnesota, Mr. ANDRESEN, will offer a motion to recommit which will provide for striking out all provisions relating to marketing quotas. There will also be a separate vote on the question of applying marketing quotas to wheat.

In this connection I want to call the attention of the Committee to the fact that on the 19th day of last April the House passed what is known as the Agricultural Marketing Agreement Act of 1937, which was passed especially for the benefit of the dairy industry and at the urgent solicitation of Members of Congress and others representing that industry. That measure provides infinitely more control, and infinitely stricter penalties upon farmers and producers than anything we have in this bill.

I call the attention of the members of the Committee to the fact that under the terms of that marketing-agreement act, covering dairy and other products, the penalty for the producer who exceeds the allotment given him by the Secretary of Agriculture is to pay three times the current market value of the commodity.

In the present bill the penalty for the producer of cotton who oversells is 2 cents a pound, and the producer of wheat or corn pays 15 cents a bushel, only a fraction of the value of the commodity. I call further attention to the fact that while the present bill has no provision for fines and penalties, under the terms of this act which we passed last spring, which was not opposed by any Member of the House from the dairy section or any other, there is a provision giving the Secretary of Agriculture authority to make regulations which shall have the force and effect of law, and that the penalty for violation of those laws made by the Secretary of Agriculture is a fine of not to exceed $100.

Mr. Chairman, in view of the fact that the question of marketing quotas will be an issue in some of the roll-call votes on the bill, I thought perhaps some of the Representatives from the dairy sections who expect to vote against marketing quotas, after having only last April voted for much stricter compulsory provisions, might want to save themselves embarrassment by offering an amendment to repeal the act of last April. I have accordingly prepared such an amendment, which I shall be glad to submit to any Member if he cares to offer it at this time.

The CHAIRMAN. The time of the gentleman from Kansas has expired. Are there any amendments to section 407?

Mr. LUCE. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Page 84, strike out all of section 407 and insert in lieu thereof the following:

"The Secretary is authorized and directed to make appointments for the performance of the functions specified by this act in accordance with the provisions of the Civil Service Act of January 16, 1883, as amended, and to fix the compensation in accordance with the provisions of the Classification Act of 1923, as amended."

Mr. LUCE. Mr. Chairman, this section, if it becomes law, will keep out from under the merit system the personnel who will carry out the law. My amendment proposes the contrary, that the personnel shall be put under the merit system. I am going to pursue the somewhat novel course of presenting my argument in the words of the President of the United States. As early as August of 1933 Mr. Roosevelt wrote:

The merit system in civil service is in no danger at my hands, but, on the contrary, I hope that it will be extended and improved during my term as President.

On the 29th of January 1936, in a letter to the League of Women Voters, the President said:

There can be no question of greater moment, or broader effect, than the maintenance, strengthening, and extension of the merit system.

And because he says no question can be of greater moment, I submit that this section is in importance equal to any other part of the bill. No question can be of greater moment, says the President.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Not at this moment, until I finish reporting the words of the President of the United States.

Mr. COOLEY. I thought the gentleman had finished.

Mr. LUCE. I have not. I also call attention to the message he sent on the 12th of January of this year in respect to the reorganization of the executive departments, which, in one of his five proposals that he deemed of the greatest importance to the welfare of the country, began as follows:

The merit system should be extended upward, outward, and downward to cover all nonpolicy determining posts.

Next, after the President had watched Congress through 5 months disregard his request, pay no attention to a thing which he called a question of which there is none of greater moment, on the 3d of last June he sent to the Vice President a report of the Civil Service Commission that stated there had been more than 70 bills introduced in that session proposing complete exemption for all positions affected thereby. In the accompanying letter the President said:

Aside from the undoubted fact that the merit system affords the best method of administration of Government business, the particular feature of the system which has the greatest appeal is the open competition it provides to the taxpayers to seek the public employment for which they pay. Please let me urge upon the Congress the desirability of placing all but policy-forming positions under the merit system.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. LUCE. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes.

The CHAIRMAN. Is there objection?

Mr. JONES. Mr. Chairman, I reserve the right to object, and ask unanimous consent that all debate upon this section and all amendments thereto close in 10 minutes.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. TREADWAY. Will the gentleman allow me 3 minutes?

Mr. JONES. I would like very much to get through with the consideration of the bill.

Mr. TREADWAY. I have not said a word on the bill.

Mr. JONES. Then, Mr. Chairman, I ask unanimous consent that debate close in 11 minutes.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman give me 1 minute?

Mr. JONES. Yes. Mr. Chairman, I ask unanimous consent that debate upon this section, all amendments thereto close in 12 minutes, 5 minutes to the gentleman from Massachusetts [Mr. LUCE], 3 to the gentleman from Massachusetts [Mr. TREADWAY], and 1 to the gentlewoman from Massachusetts [Mrs. ROGERS], and the rest to myself.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LUCE. Mr. Chairman, we have now seen this Congress, through many months, refuse to pay heed to the request of the President. It persists in a policy it has now an opportunity to change, that of inflicting the spoils system upon every new activity of the Government. For this reason, sir, singularly enough, I, a member of the opposition party, appeal to those who are presumed to pay attention to

the words of the President, to accept this amendment, and show to the country that you mean to follow him whenever any opportunity permits.

As for the President himself, my regret is that he has through these 4 years and more shown no sign of wish or intention to use his great power over Members of Congress toward influencing them to give heed to his views in this matter. He would confer a blessing on his country if he ceased to content himself with idle words. [Applause.]

The CHAIRMAN. The gentleman from Massachusetts [Mr. TREADWAY] is recognized for 3 minutes.

Mr. TREADWAY. Mr. Chairman, I am heartily in favor of the amendment offered by my colleague, Mr. LUCE. I think, however, it might be wise to offer just a little democratic advice at this time, entirely unsolicited, of course, on the part of the Democrats.

There has come into my possession a letter signed by the acting treasurer of the Democratic National Committee, addressed to officeholders and other good Democrats, soliciting $25 each during the month of December, for the Democratic fund, in order to further the interests of the Roosevelt Administration. Anyone making that contribution of $25 is entitled to a ticket to a dinner—a great dinner, spread all over the country, evidently, celebrating the fact that there are Democrats anxious to contribute $25 to such a cause.

My interest in this is to urge the Democratic National Committee to revise their mailing list and not send out such an appeal as that to people still employed under civil service. I think it is very necessary——

Mr. CUMMINGS. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. No. I do not have time to yield.

Mr. CUMMINGS. I simply wanted to state my ticket was $100.

Mr. TREADWAY. Evidently the expected contributions from Members of Congress are rated somewhat higher than from the ordinary officeholders. I simply wanted to advise the Democratic National Committee to revise their mailing list, especially if the names of the people to whom the application is made are civil-service employees of the Government.

Of course this is no new process of hold-up methods on the part of Democratic headquarters to secure forced contributions. This dinner farce has been going on for several years and is nothing more nor less than intimidation. Mr. Farley cannot sign the letters himself, as he did originally, because that is directly contrary to section 118 of the Criminal Code. The Democratic National Committee beats the devil around the bush by having the letters signed by the acting treasurer. But everyone to whom the letter is sent knows that Mr. Farley is informed as to who "comes across" and who does not.

The Jesse James method of securing political contributions now in use by the Democratic National Committee is clearly contrary to the spirit of the law protecting civil-service employees from political intimidation. It just goes to show how far Mr. Farley's organization is willing to go in order to perpetuate the New Deal in office.

The funds are being solicited under the guise of selling the contributor a ticket to a dinner. But anyone knows that it is impossible for any person to eat $25 worth of food, at least at one sitting. And of course the price of the ticket varies with the importance of the office—$25 to a humble employee under civil service and $100 to a Congressman. No doubt in special cases they fix the price as high as the traffic will bear, just as they did in the case of the campaign books which were sold to corporations in violation of the Corrupt Practices Act.

The letter to which I have been referring, with the name of the person to whom it was sent deleted, is as follows:

DEMOCRATIC NATIONAL COMMITTEE,
NATIONAL PRESS BUILDING,
Washington, December 1, 1937.

Personal

(Name of addressee deleted.)

There is now being planned a Nation-wide drive, starting December 1, to obtain a pledge from loyal Democrats in each State who will contribute $25 to the Democratic National Committee, payable over a period of 5 months.

This campaign ends January 8, 1938, and to celebrate this occasion there has been planned a dinner in each of the States. Every contributor will be entitled to a reservation and is invited to attend the celebration to officially represent his own county.

The Democratic National Committee asks and will deeply appreciate your support of this 6 weeks' drive which we hope will mark "One More Step Forward" in our party's progress during President Roosevelt's administration.

Your whole-hearted cooperation to this extent will assure another "Great Democratic Victory."

Sincerely yours,

(Signed) OLIVER A. QUAYLE, Jr.,
Acting Treasurer.

Aside from pointing out the high-pressure methods used by Democratic headquarters to secure political contributions, my purpose in referring to this matter was to call to the attention of civil-service employees the fact that they are under no obligation to make a contribution to this dinner. The civil-service law specifically provides that the Civil Service Commission shall make clear to employees the fact that "no person in the public service is for that reason under any obligation to contribute to any political fund"; also that they "will not be removed or otherwise prejudiced for refusing to do so."

The CHAIRMAN. The Chair recognizes the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I earnestly hope this amendment will be adopted. I am a firm believer in civil service. I always live up to it myself in any appointment that I recommend.

Later this afternoon, after the completion of the farm bill, I will address the House upon the civil-service history from its very beginning. It is not a party matter, Mr. Chairman. History proves that it has not been a party matter in the past. I earnestly hope that the Members of the House will follow the suggestion of the President, although it has not been lived up to by himself or his Postmaster General, and make the civil service a real civil service, instead of prostituting it as it has been in the past.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I am a firm believer in the merit system. I believe that appointments generally should be selected through that method, but I do believe that the residential requirements should be enforced.

I have offered an amendment to the general Civil Service Act requiring that appointments be made in all the various States and subdivisions of people who have been at least 2 years bona fide residents of the respective divisions. [Applause.]

I have a long line of correspondence with the President of the Civil Service Commission. I have told him I would endeavor to put the civil service in every bill if he will see that they get an amendment to the general Civil Service Act that would keep them from sending people from Washington and other States down into Texas and getting people down there who do not know anything about it. [Applause.]

When they get a civil-service merit system that really works and that gets local people in local positions, I will vote for them all along the line. [Applause.]

Of course, in this particular thing an exception ought to be made as to the county committees. There are more of those than any others. They are selected by the farmers and it is impractical to have them subject to civil service.

I have had this subject up with the Civil Service Committee and have talked it over with the chairman of that committee and told him that if they did not have men in the State who were on the eligible list, they can hold a local examination and get men qualified. When they do that I will join them and go clear down the line on the merit system.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. DEMPSEY. Do you think that in administering the matters in this bill they should be administered as they have been in the farm tenancy bill, where cheap, political lawyers are made chairmen of the advisory boards as they have been in my State?

Mr. JONES. I do not want to make any comparative statements. I certainly do not want that type in this bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

All time has expired.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. LUCE) there were—ayes 34, noes 77.

So the amendment was rejected.

Mr. LUCE. Mr. Chairman, I ask for tellers.

Tellers were refused.

The CHAIRMAN. Are there amendments to section 408?

Mr. LEWIS of Colorado. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. LEWIS of Colorado. I yield.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes, 5 minutes to be allotted to the gentleman from Colorado [Mr. LEWIS], 5 to the gentleman from Pennsylvania [Mr. MOSER], and 5 to the gentleman from California [Mr. VOORHIS].

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LEWIS of Colorado. Mr. Chairman, I am sure we all have the greatest admiration and respect for the Committee on Agriculture, which has labored so long and so faithfully on this bill. I am very anxious to help the agricultural interests of this Nation. In spite of some misgivings, which have not been wholly overcome, although I have listened carefully to most of the discussion on this bill, I am inclined to vote for this bill, provided I can be satisfied on one point. I know that my vote among 435 makes very little difference, but I do feel that somewhere in this bill there should be a definite limitation as to what it is going to cost. Our President has very clearly intimated that unless the cost is kept down within a certain limit, or some provision is made to supply additional revenue, he may veto it. Our Speaker on Wednesday, December 8, inquired of the chairman of the Committee on Agriculture as to what funds would be actually available without the imposition of new taxes. The chairman's answer did not satisfy me that provision is made in this bill to keep the cost within the limitations indicated by the President, or that the chairman had any assurance, or that any of us had any assurance, that provision would be made, in case the cost of the bill exceeds that limit, to raise additional taxes or where such taxes would be laid.

I am receiving communications from citizens. They say they want to help the farmers, but how much is this bill going to cost? Mr. Chairman, I think before we pass any more bills we should know how much such bills are going to cost the taxpayers of this Nation and where and how the additional money is to be raised.

Repeated warnings have been given by the President and by various Members of the House and of the Senate and by other public men that we cannot go on indefinitely the way we have been going. Everybody knows that. I pause to ask the chairman of the Agricultural Committee if he is willing to put in this bill a ceiling, so to speak, on what this bill is going to cost?

Mr. JONES. Mr. Chairman, the only specific authorizations that have been made are those made under the Soil Conservation Act. This bill authorizes additional ones, but no specific authorization is contained in this bill. I had hoped that if the necessity arose the Ways and Means Committee might find additional funds. I certainly do not want to put a ceiling in the bill, because it makes no specific appropriation at all.

Mr. LEWIS of Colorado. Mr. Chairman, that is precisely the point. There is no limitation upon the cost. The blue sky is the limit. We have no statement from the Ways and Means Committee as to how or where we can raise the money.

Mr. JONES. No sum is specifically authorized except the ones that already have been authorized under previous acts.

Mr. LEWIS of Colorado. I regret to say, under those circumstances, unless some limit of cost is put in the bill, I shall be constrained to vote against the bill. The Members of this House and the taxpayers of this Nation are entitled to know what will be the upper limit of the cost of this measure.

Mr. JONES. I do not think the gentleman meant to say that the President will veto the bill, for I do not think he has any information on that subject.

Mr. LEWIS of Colorado. We should not put the President in that position. We should not put him or the Members of this House in the position of deciding upon a bill until its ultimate cost is known.

Mr. JONES. I think this bill is the fairest one that has been presented so far.

Mr. LEWIS of Colorado. I realize full well the excellent work the gentleman from Texas and the other members of his able, industrious, and patriotic committee have been doing. I am just stating my position, which I believe is shared by many Members of this House. I cannot vote for the bill unless there is included a definite limitation on its cost—a limitation on the amount of expenditures of the peoples' money which we are authorizing by passing this bill.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from California [Mr. VOORHIS] is recognized for 5 minutes.

Mr. VOORHIS. Mr. Chairman, there are, in general, two considerations that keep coming up in the course of the debate on this bill. The first is the basic importance of assuring to the farmers of America a decent income, cost of production for the work that they do raising the crops upon which America depends. The second is the argument against attempts to regulate production, to limit production, and arguments to the effect that it is going to be difficult to control farmers in what they are to plant, and so on, and so forth.

I feel that the distinguished chairman of the Agriculture Committee very eloquently answered a lot of those arguments when he pointed out that it was of no particular advantage to a person to have liberty if he had only liberty to live in poverty. After all, we have already come to the position where in many fields in America we are guaranteeing certain prices to great industries like coal and railroads. Many of us, myself included, are heartily in favor of putting a floor under the wages of the worst-paid people of this country. Under those circumstances why should we not put a floor under the price that the farmer receives? As pointed out by the gentleman from Washington [Mr. LEAVY], a proposal to that effect will shortly be brought before us. It implies merely the fixing of a minimum price below which farm commodities cannot be gambled in, a minimum-cost-of-production price which the farmer must receive on all of his crop which is required for the domestic market. This proposal means, in other words, the American market for the American farmer. It implies no restriction of production, but it does imply that there shall be a fair price given to the farmer. Furthermore, it requires no complicated mechanism of enforcement.

I realize the implications of this type of legislation, and I know that they are serious, but I think the record should be made and that we should be looking forward to the time when we shall have to grapple with this problem on a basis like this. It means, furthermore, no limitation of production except such as is incidental and necessary to soil conservation. If all the families in America had cotton mat-

tresses and could afford enough cotton sheets, a much larger proportion of our cotton would be consumed domestically. In short, American poverty alone limits our domestic farm market.

Then we might have, as I wish we could have in this legislation, provision for the distribution of surplus commodities for the nourishment of undernourished children in the schools of America, a matter with which I am deeply concerned, having been a school teacher a good deal of my life. We would obviously need a Government marketing corporation to handle the surpluses. Farmers would receive receipts for the proportion of their crop taken by this corporation and would take their chances on what they would receive for it after sale on the open world market.

Mr. Chairman, I am not going to vote against this bill if it is the best we can get, but I will say at this time I would be delighted if this other principle of guaranteed cost of production prices to the farmer, with no limitation on production excepting such as comes about through soil conservaton legislation, might be adopted instead. I think we may all say that for the welfare of the whole of America, better income to agriculture is one of the basic necessities. This is a direct way of getting at that problem.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MOSER] is recognized for 5 minutes.

Mr. MOSER of Pennsylvania. Mr. Chairman, I sought recognition at this time for the purpose of addressing myself to the chairman of the Committee on Agriculture, for whom I have a very sincere affection. As a new recruit to the merit system for the civil service, I wish to extend to him my most sincere congratulations and welcome him to our midst.

Mr. Chairman, there is no one who came to this Congress with more affection for the civil-service system than myself. When I came here I found from experience that the civil service had been cast to the four winds of the heavens through disregard of its provisions. I have a very sincere conviction on that question, and I earnestly hope that everything the gentleman from Texas has mentioned with respect to the President of the Civil Service Commission may be accomplished in the cause of a true merit system in connection with the civil service.

I do not believe the President of the Civil Service Commission understood what the distinguished chairman of the Committee on Agriculture meant when he addressed himself to him. I do know that the President of the Civil Service Commission appeared before the Committee on the Civil Service and stated it was his experience that when an examination was thrown open to competition, while arguing against the open competitive examination, it was his experience there were 14 applicants for every vacancy, and with 300,000 non-civil-service positions that would throw open examinations to some 4,200,000 people, an impossible task.

May I say I do not believe the President of the Civil Service Commission is well informed. I would like to say further for the benefit of the Committee that a colleague from another State had a person call at his office in order to ascertain what States did not have their quotas. Being a resident of Virginia, that person wished to establish residence elsewhere, to take a quota legally apportioned to another State.

Mr. Chairman, I welcome the addition of the chairman of the Committee on Agriculture to the group of advocates of a merit system in the civil service.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

Mr. JONES. Mr. Chairman, I ask unanimous consent that part II be read by title and amendments may be offered to any part of the section.

The CHAIRMAN. Is there objection?

There was no objection.

The matter is as follows:

PART II—APPROPRIATIONS AND ADMINISTRATIVE EXPENSES

APPROPRIATIONS

SEC. 421. (a) Beginning with the fiscal year ending June 30, 1938, there is hereby authorized to be appropriated, for each fiscal year for the administration of this act and for the making of soil conservation and other payments such sums as Congress may determine, in addition to any amount made available pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended.

(b) For the administration of this act during the fiscal year ending June 30, 1938, there is hereby authorized to be made available from the funds appropriated for such fiscal year for carrying out the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, a sum not to exceed $5,000,000.

(c) Sums appropriated pursuant to subsection (a) are also authorized to be made available for the purpose of further carrying out the provisions of section 32, as amended, of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935.

(d) Sums appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended, are also authorized to be made available for any one or more of the purposes for which sums appropriated pursuant to this act are authorized to be made available.

ADMINISTRATIVE EXPENSES

SEC. 422. The Secretary is authorized and directed to make such expenditures as he deems necessary to carry out the provisions of this act, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, law books, books of reference, directories, periodicals, and newspapers.

ALLOTMENT OF APPROPRIATIONS

SEC. 423. All funds for carrying out the provisions of this act shall be available for allotment to bureaus and offices of the Department, and for transfer to such other agencies of the Federal Government or to such State agencies as the Secretary may request to cooperate or assist in carrying out the provisions of this act.

Mr. JONES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I offer this motion in order to express my appreciation to the Members of the House for the fine courtesy they have shown to me and to the other members of the Committee on Agriculture in connection with the handling of the pending bill. It has been a very difficult assignment. I think the bill affects our biggest national problem. Naturally, every man, woman, and child within the borders of this broad country of ours is interested in its solution.

We had a number of different methods of approach that were presented to us. I understand there are some Members who have indicated their intention to vote to recommit this bill to the Committee on Agriculture simply because they are not wholly satisfied with the bill in its present form. I hope they will not do that. We would be face to face with the same problem of men appearing before us who honestly think and have deep convictions that this, that, or the other plan, or still another plan is the sovereign solution of this problem. I would rather you vote for or against the bill as is. I do not relish the task of going back and trying to select one plan of all those presented and bringing it out here and perhaps having it assaulted even worse than the one now under consideration has been assaulted.

I appreciate very much the tribute which the Chairman of the Committee of the Whole paid to me and to the committee of which I have the honor to be the head. I wish I merited the tribute. I have never sought to be ranked as a great Member of Congress. I have tried insofar as I could to live according to the old-fashioned principle of simple and rugged honesty taught me by my father, and to have a reasonable amount of the industry that he taught me was essential to happiness. That is all I claim.

Mr. Chairman, the Committee on Agriculture has done its best to present a program. I feel it is a very effective one. We provide a simplication of the present farm program. The present Soil Conservation Act I believe is the greatest single step that has ever been taken by the American Congress, if we had nothing else, toward recognizing the right

of agriculture and seeing that it is brought back at least a part of the way to a true place in the picture of our economic life. That in a measure is an offset to the tariff, which, may I say, was recognized by both of the great leaders of two different schools of thought in the beginning of our history, to whom I referred in my opening speech—Thomas Jefferson and Alexander Hamilton. Both agreed on the principle of equality, but differed as to the road by which they would reach that equality. Thomas Jefferson led that school of thought which believed there should be no special legislation in behalf of different groups. Hamilton led the school of philosophy which believed that in the interest of building up the industry of America there should be special legislation in behalf of industrial groups, but he recognized that the circle ought to be completed. They stood for the same major objective but had different roads of approach. I believe we stand there today. I believe everyone in this House wants to live by the principles those two men favored. Some in this House are Democrats and some Republicans, but all are Americans.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that I may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, we follow the soil-conservation provision with one which I think is very important. We have tried to get Congress to direct the attention of those administering the act to the necessity and the desirability of disposing of more agricultural products, both at home and abroad. We write into this measure a stipulation that it shall be the duty of the Secretary of Agriculture to use these funds in that way. I am persuaded that, with the Soil Conservation Act benefits plus the $125,000,000 which is available and will hereafter be available for the purpose of enlarging our markets at home and disposing of agricultural commodities and the products thereof abroad, we shall be able in most years to have a fairly satisfactory agricultural situation.

For instance, when we refrain from growing a bale of cotton, probably $15 to $18 is lost in labor from the soil to the workbench of the final garment maker. The same is true of other commodities. If we should take half the amount we would lose by refraining from growing a bale of cotton and pay the loss involved in exporting the commodity or its products, and preferably the products, to countries which do not produce cotton and would be favored by such export, we would help the people abroad and at the same time be better off at home. For this reason we have featured that phase in this legislation.

Following that provision we have the farm marketing quotas, so-called, which are to be used only when, after making the soil-conservation payments and exporting abroad all we can as well as distributing the products at home, there comes a glut; and the quotas shall be imposed even then only when the farmers vote in favor thereof.

This is the picture in the most general way of what the committee has presented for your consideration. I hope you will vote the proposition up or down and not go off into other legislation which is far-reaching. [Applause.]

[Here the gavel fell.]

Mr. ANDRESEN of Minnesota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN of Minnesota: On page 86, after line 11, insert the following: "The aggregate amount expended in any fiscal year for administrative expenses to carry out the purposes of this act, the Soil Conservation and Domestic Allotment Act, as amended, and section 32, as amended, of the act entitled 'An act to amend the Agricultural Adjustment Act, and for other purposes,' approved August 24, 1935, shall not exceed 5 percent of the aggregate amount appropriated for such fiscal year for such purposes."

Mr. JONES. Does the gentleman want to discuss the amendment? I am inclined to say I will agree to it, but the gentleman indicated he wanted to make some remarks.

Mr. ANDRESEN of Minnesota. I do, but I shall make them after this is disposed of.

Mr. JONES. This amendment is in accord with the other amendment to which the House has heretofore agreed, and I can see no objection to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. ANDRESEN].

The amendment was agreed to.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I move to strike out the last three words, and ask unanimous consent to proceed for 8 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ANDRESEN of Minnesota. Mr. Chairman, in concluding this long and arduous debate which has taxed the patience of our good friends, I want to take this opportunity to compliment our chairman and the members of the Committee on Agriculture, as well as my colleagues, on staying with us and listening to the debate on one of the most important pieces of legislation which has ever been proposed to any Congress. The courtesy of our distinguished chairman, the gentleman from Texas [Mr. JONES], has been exceeded only by his zeal to put through a bill which I believe will not stand the test in any court in this country.

The long duration of this debate has been necessary because no hearings were held by the Committee on Agriculture, and no one, to be affected by the bill, was given an opportunity to express views either for or against this type of legislation or any other legislation.

To summarize what has been said here in the debate, we are writing permanent farm legislation. A special session of Congress has been called to enact sound and beneficial legislation. While this bill no doubt has many meritorious provisions, many of us in the opposition believe the bill will not accomplish the intended results; in fact, Members on both sides of the aisle have indicated in their remarks on the floor that the bill will bring lower prices for agricultural products instead of higher prices; that instead of having an ever-normal granary we shall have an abnormal granary; and instead of having a normal supply to take care of domestic requirements in this country, the supplies permitted by the bill before compulsory control goes into effect will be so large that agriculture will be in a worse state after the bill has gone into operation than would be the case with any other type of legislation we might pass.

There has been some question about the attitude of various farm organizations with reference to this bill, and I am referring to the bill H. R. 8505, which is now before the House. The American Farm Bureau, the National Grange, the Farmers' Union, and all the dairy associations are opposed to title III of the bill, which contains the marketing quotas and the compulsory provisions, comprising approximately 60 pages of the bill. The farmers generally are opposed to the compulsory provisions. They do not want compulsion. They are interested in price and nothing else.

A good many Members of Congress have advocated various types of bills, such as bills embodying the cost-of-production theory, parity price, and the domestic allotment plan. These proposals have not been considered by our committee, and personally I believe we should consider all of the plans in order to work out a satisfactory as well as a constitutional law.

Should the bill before us be passed and approved in its present form, we have written permanent farm legislation, and every group will be denied the right to appear before our Committee on Agriculture and present their proposals.

In order to give everyone an opportunity to be heard in the drafting of farm legislation, I propose to offer a motion

to recommit the bill to the Committee on Agriculture. This will give the committee a chance next week, if the motion is adopted, to take the bill and write an entirely new bill, retaining the meritorious provisions included in this measure—and there are many of them—and then bring a bill back to the House next week for final action, for we should pass farm legislation in a special session of Congress called specifically for that purpose.

Mr. CUMMINGS. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. I am sorry I cannot yield.

Mr. CUMMINGS. Just for a question.

Mr. ANDRESEN of Minnesota. Yes; I yield.

Mr. CUMMINGS. The gentleman is a member of the Committee on Agriculture and with the other members of the committee has spent the last 4 or 5 weeks on this legislation. Does the gentleman think it possible, if the bill is referred back to the committee, to report out another bill in a week or 2 weeks or a month?

Mr. ANDRESEN of Minnesota. I will say to my friend from Colorado——

Mr. CUMMINGS. The gentleman can answer that "yes" or "no."

Mr. ANDRESEN of Minnesota. I will say to my friend that we can take the objectionable features out of this bill and report out a bill and get it passed in this House by unanimous consent.

Mr. CUMMINGS. If we would let you write the bill yourself, you would use more time than that trying to do it.

Mr. ANDRESEN of Minnesota. Then we would have a bill here that would give the equality to agriculture to which our chairman has called attention. We are all for that, but this bill will not do it. We want to protect the American markets for the farmers of this country and expand production of commodities of which we produce a deficiency. Also we desire to enact legislation that will restore our foreign market for surplus farm products. We want to restore a parity price level, if that is possible, so that the farmers may have an income and become an integral part of our real American protective system. I am for honest and effective farm legislation. You might fool yourself as to the merits of this bill, but you cannot fool the farmer. I am firmly convinced that in the year 1938, if this bill goes into operation, the prices on farm products will be lower than they are today. The only things which might change the price structure are war, increased foreign demand, or drought.

The compulsory control and marketing quota sections of this bill were conceived in haste and dedicated by its sponsors to an un-American and unconstitutional end. The general effect of these provisions can only bring about a dislocation of agriculture, destruction of our foreign markets, and the surrender of independence by the farmers to a common dictator in Washington. [Applause.]

Mr. TRANSUE rose.

Mr. JONES. Mr. Chairman, it is my purpose in a moment to ask to limit debate on this paragraph with the exception of the substitute which it is planned will be offered by the gentleman from Iowa [Mr. EICHER], on which I hope to have an agreement to have 1 hour of debate on the side for the purpose of presenting that measure. I hope the gentlemen who expect to speak on that measure will not insist on talking now, because we are going to be late this afternoon getting through.

With this understanding, I am going to try to get a limit on the discussion now and I hope the Members will be as modest as possible in their requests for time. I would like to know those who wish to speak on the measure now.

Mr. Chairman, I wonder if the Members who desire to speak now will not be willing to limit their remarks to 3 minutes.

I ask unanimous consent, Mr. Chairman, that all Members who have indicated that they wish to be recognized for 3 minutes may be so recognized, and when their time has concluded, I may have 2 minutes, and that all time on this part and all amendments thereto do then close with the exception of debate on the substitute to be offered by the gentleman from Iowa [Mr. EICHER].

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The following names were taken by one of the clerks at the desk of Members who desire to address the Committee for 3 minutes: The gentleman from Massachusetts [Mr. GIFFORD], the gentleman from South Carolina [Mr. MCMILLAN], the gentleman from Nebraska [Mr. LUCKEY], the gentleman from Kentucky [Mr. MAY], the gentleman from Iowa [Mr. THURSTON], the gentleman from Massachusetts [Mr. TREADWAY], the gentleman from Michigan [Mr. TRANSUE], the gentleman from New York [Mr. SNELL], and the gentleman from Nebraska [Mr. STEFAN].

Mr. MARTIN of Colorado. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MARTIN of Colorado. What is this list that the Chairman has just been reading?

The CHAIRMAN. The gentleman surely heard the unanimous-consent request submitted by the gentleman from Texas [Mr. JONES] that certain ones who rose in pursuance of the request would have the right to address the Committee for 3 minutes. The Chair was simply notifying those who had been observed by the Chair to rise.

The Chair recognizes the gentleman from Michigan [Mr. TRANSUE] for 3 minutes.

Mr. TRANSUE. Mr. Chairman and Members of the Committee, 30,000,000 people are directly depending upon this bill. Indirectly it vitally affects our entire population. Certainly we shall not leave to chance the fate and immediate welfare of one-fourth of our Nation, whose failure means bankruptcy for them and depression throughout our country. My memory of 32-cent wheat and 3-cent hogs is too recent for me to subscribe to the philosophy that farm prices should be left to mere chance.

When Government protects industry by raising and increasing tariffs, this is a proper and applauded governmental function under the Constitution. When we use the power of Government to aid farmers we are charged with taking away the liberty of the farmers.

Is it liberty to have farms and chattels sold by the sheriff at foreclosure sales? The farmers of Iowa and my own State, Michigan, do not think much of this kind of liberty. They banded together and by force prevented these foreclosure sales back in 1932, even to the attempted hanging of a judge.

It is well for us to remember what happened then. It can happen again under like conditions. Farmers will not see all of their life's work taken from them wholesale through no fault of their own and because of conditions over which they have no control. The same may be said of others who labor; they will not starve.

There are certain inalienable rights of man that must be respected. The right to earn one's living and his family's living is still a right of every individual. Many of our people are being prevented from exercising this right at the present time. If our policies or our inaction place very many more in this category, then it will be indeed idle to discuss here the liberty that is talked of by so many in opposition to every attempt to correct and ameliorate dangerous conditions.

Government has not kept pace with the developments and progress that have marked scientific and technological advances. In our complex system no man is any longer sufficient unto himself. Government must cooperate with every segment of our population so that all may have at the very least a decent living. Failing that cooperation—failing this realization that there is a duty toward our neighbor, then the future looks dark indeed.

Many have talked but few have acted in this essential question of helping the farmers of America. In fact, every

party platform in the recent political history of our country has contained promises and more promises to help the farmers and revive agriculture. But farmers and agriculture were given help and assistance of a real and definite nature for the first time by this administration. In 1932 we found 32-cent wheat and 3-cent hogs and other agricultural prices in proportion. These prices prevented the farmers of America from buying the thousands of things that they wanted and needed but which their poverty made impossible for them to get.

These low prices stopped our mills and automobile factories and put 15,000,000 men out of jobs. These prices made bankruptcy the rule with nearly half of the business places gone to the wall and the rest on the way to the same fate. The Agricultural Adjustment Act was passed to stop this downward spiral. It did the job.

Now we are to have an agricultural bill for the general welfare of agriculture and the prosperity of the rest of the Nation. We are not going to sit idly by, waiting to catch sight of prosperity just around the corner. We are not going to permit a trend that would lead again to 32-cent wheat and 3-cent hogs. I believe that this agricultural bill will again start the lagging wheels of industry. I believe that agricultural products will again be sold at a profit to the producer and at a fair price to the consumer, and it is in this belief that I vote for this bill. [Applause.]

Mr. TREADWAY. Mr. Chairman, the gentleman from Colorado [Mr. LEWIS] a few moments ago brought up a very interesting question—one that has not been discussed very much during the week or more of debate on this bill—namely, the cost of the measure. In answering him, or partially answering him, the chairman of the Committee on Agriculture [Mr. JONES] referred to the Committee on Ways and Means. I think he said he hoped that that committee would find ways and means of paying the bill.

That is a very pleasant task, but as one member of that committee I would like to have some definite idea of what amount the Committee on Agriculture expects to ask the Ways and Means Committee to find in the form of more taxation on the American people should this bill become a law. We are here in an effort to reduce taxation and to economize in governmental expenditures at the request of the President of the United States, and still a bill that I am told will cost the Government at least $750,000,000 per annum has been given no consideration whatsoever from the standpoint of cost or the additional burden of taxation upon the people that it will necessitate. The Committee on Agriculture, as I just said, very pleasantly and kindly and in a friendly way "passes the buck" to the Committee on Ways and Means to find that enormous sum of money to pay for a measure of which we do not know the purport and which the committee itself has not thoroughly described to us.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. REED of New York. Some estimate the cost will be at least $1,000,000,000.

Mr. TREADWAY. One thing I know about it is that leading members on the Committee on Agriculture and a few members of the Committee on Ways and Means had a brief consultation, at which it was not decided whether the bill would provide the necessary revenue or simply carry an authorization for an appropriation, leaving it up to the Committee on Ways and Means to raise the necessary funds by a separate tax bill. Later it was decided that the Committee on Agriculture would pay no attention to the cost but look to the Committee on Ways and Means for means of paying the bill. I, for one, do not want to accept that responsibility, in view of the fact that we are anxious to reduce the cost of government to the American taxpayer. Any taxes that would be imposed would still further increase the cost of living and oppress those of small means.

Mr. SHORT. And this is not temporary but is permanent legislation.

Mr. TREADWAY. It is permanent legislation. I think the cost of this measure ought to be given careful consideration, which has not so far been done.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. GIFFORD. Mr. Chairman, just a few words of protest from the ranking member of the Committee on Expenditures. Nothing has been said until the present moment with any definiteness as to the cost of this measure. As a member of that committee, I fully realize that the promises you have made here must be kept. You have the $500,000,000 for soil conservation, and you have $125,000,000 already available, and in the last paragraph of this bill—read it—provision is made that both sums can be used in any way the Secretary may see fit; it can be juggled around to pay such benefits and in such proportion as he may feel disposed to favor. The point is that you must and will live up to these promises. You cannot pay one farmer for doing something and not pay another farmer who has also qualified.

The bill itself is very, very difficult to understand. I have read the RECORD patiently and have not asked questions that might expose my inability to comprehend. I am taking this little bit of comfort, that fools may ask questions that wise men cannot answer. That is what the teacher told the pupil. The pupil said, "No wonder I could not pass the examination." So I have refrained from asking questions, but I rise at this time to say that we are not wholly uninformed. We realize that $625,000,000 will be available, but that will not be all. Before the close of the next session you will probably feel in honor bound to appropriate a lot more money. You must live up to these agreements. The debate shows conclusively the futility of this legislation, which simply is enlarged largess to the farmers at the expense of the taxpayers and raise the cost of living to the entire Nation.

I have listened carefully to the remarks about parity prices. I have some 14,000 industrial workers who were recently, perhaps permanently, thrown out of work. The mills are being torn down. These people are very anxious to know what you ought to have for your so-called parity prices compared with what they are now receiving. They were put out of business largely trying to help the farmer, for when you imposed that processing tax upon them it was the last straw that that industry could bear. Parity prices are now a mockery to those industrial workers. What are we willing to do for them?

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. MAY. Mr. Chairman, I have not sought during the debate of this bill opportunity to speak on the merits of the measure. Having grown up to manhood on a farm, I naturally have a great deal of sympathy for the farmer, but we are now to the point where it becomes not a question of legislation but a question of expediency and procedure. I have voted on the various amendments that have been offered on the floor of the House, sometimes against the committee, sometimes with the committee. I am not at this time fully satisfied with the bill, but I realize it is one of the most difficult problems with which the Congress of the United States is called upon to deal. To begin with, the farmers themselves are divided and have a variety of notions about what ought to be done for them. Therefore it is not strange to find when we are dealing with some five or six major commodities that the representatives of those farmers are split into groups, contending for various things. I recognize the fact that it would be a difficult thing to reconcile all those differences, and I have reached the conclusion, although it is not entirely satisfactory to me, that with a good deal of reluctance I shall vote for the passage of the bill. I shall vote for it upon the idea that I believe the chairman of this committee and some of his associates, who have made an extensive study of it, are in better position to take care of the interests of the Representatives in the House of Representatives in any matters at issue in conference than they would be to go back to their committee

in extended hearings and bring in another bill. I think that is where we may get some relief, and for that reason I propose to vote for the bill, reserving the right, if the conferees do not improve the bill, to vote against the conference report.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. THURSTON. Every Member of this body realizes that the entire membership of the Committee on Agriculture have been attentive to every constructive suggestion made that might prove helpful to agriculture, and its many subdivisions. We also know that this committee has worked industriously for several weeks, not only during the special session, but in the preceding regular session, in an endeavor to report out a bill that would cover the major phases of this important subject.

While there are a number of provisions in this measure which might prove helpful to the dairying and corn-producing sections of the country, it is clearly apparent that the main structure of the bill has been primarily built around cotton, with wheat occupying second place, and the two great major sections of agriculture, corn and dairying, occupying the least important positions.

The country should understand that when the House and Senate bills are passed by the respective bodies, there will be material differences between the two bills. Under the legislative procedure, the two bills are then referred to conferees representing each body; and strange as it may seem, it is doubtful if there will be a Member of the House or the Senate on the conference committee from a primary corn or dairying section. Cotton and wheat Members will control the conference committee, which to a considerable degree, will rewrite the provisions in the bill which will finally be enacted into a law.

While the bill under consideration may have some moderate benefits for grain and dairy farmers, it is questionable if any substantial results will accrue to the groups mentioned, through this legislation.

It is true that the framework of the bill is intended to supplement and fit into the existing soil conservation program; and to that extent it is to be commended. The provision which will permit grain loans is also desirable, but it is to be regretted that the amendment which would make these loans mandatory was defeated. A long-time farm program should carry this definite assurance to the farmer, as we know that a law to grant loans to steamship operating companies leaves no uncertainty as to financing these water carriers, which will compete with our railroads, that at this time are imploring the Interstate Commerce to grant increased rates because of nonprofit operations.

I wish to assert that if some real benefits are to be brought to agriculture, the increase of import duties on competitive farm products, which are being imported in great quantities, would result in partially saving our market for the American farmer. Great quantities of pork and corn were imported into the United States during the present calendar year, and whenever our farm production is somewhat curtailed, the foreign producer shares our market when the prices of farm products are profitable.

With a free-trade Secretary of State and a free-trade Secretary of Agriculture, who have charge of the reciprocal-treaty program, there does not appear to be any immediate hope of relief from the free-trade, low-tariff program of the present administration.

The only reason our farmers are getting fair prices for some of their products is because the Republicans, in 1930, increased the duties upon foreign farm products from 20 percent to 100 percent. At this time, more than 1,000,000 pounds of foreign wool per day is being brought into our markets. Every pound of this wool could be produced within our own boundaries.

During the first 9 months of the calendar year 1937, the following pork items were imported into the United States, mainly from Poland: live hogs, 15,763,411 pounds; fresh pork, 17,379,469 pounds; hams, shoulders, and bacon, 36,536,887 pounds; other pork, 4,509,503 pounds.

The reciprocal treaty with Cuba has already given that country tariff reductions in the sum of more than $100,000,000, and placed restrictions upon the production of cane and beet sugar in our country. The slight benefits to our farm products, in the Cuban agreement, were absorbed in the increased importation of blackstrap molasses. In the face of this tremendous gift to the sugar planters of Cuba, most of whom have their head offices in large New York City banks, we are now paying our farmers in the semi-arid districts public funds to reduce beet sugar acreage, so that we can purchase more sugar from Cuba. If these farmers would be allowed to normally produce beet sugar, a considerable acreage now in corn and wheat would be diminished, somewhat relieving the pressure on the products last mentioned.

No other nation has a group of impractical dreamers who are paying their own farmers to reduce production, so that purchases from abroad will displace products which might be raised from their own soil.

There is another highly inconsistent policy of the present administration, in greatly increasing irrigation projects, that when completed will compete with the farmers who are now being paid to hold down production. The discontinuance of this program would prove helpful to the farmer already in business. The Government even allows the concerns promoting new irrigation projects to share in benefits along with the farmer who is already established; so, the Government is in the highly contradictory business of creating new farm projects, and then paying benefits so that they will be only partially operated.

Under the guise of conserving crude oil for future use, the present administration sponsored legislation which would authorize the States to limit the production of petroleum products. If there is any likelihood of an early depletion of this supply of fuel, a provision to require the dilution of gasoline with one-tenth or one-fifth of wood alcohol, to be manufactured from corn or other grains, would likely absorb all excess farm products. Thus a better fuel for motors would be provided, and a tremendous amount of grain and vegetation could be converted into this type of industrial alcohol.

In conclusion, first, if we could retain the present duties on farm products without the reductions made through present and future reciprocal agreements; second, increase some duties on farm products which are being imported in great quantities; third, allow our own farmers to produce cane and beet sugar to capacity; fourth, sharply curtail, if not wholly abandon, the reclamation program; and, fifth, promote the use of wood alcohol, we would be conferring real, definite, and beneficial assistance to agriculture.

One of the principal difficulties of the farm program within the past few years, including the present bill, is the basic principle of storing the surplus without making provision to absorb or dispose of such surplus. The foregoing suggestions concretely deal with the absorption of domestic surpluses and preventing surplus farm products from coming into the country. It is one thing to administer medicine to a patient, but the patient wants a cure instead of a constant dosage with prospects of being a permanent invalid.

During the last regular session I offered an amendment to a tax bill which if adopted would have increased the import duties now levied upon foreign farm products 25 percent. The proposal was supported by the Republicans, and with two exceptions the Democrats opposed the amendment which would have curtailed the large inflow of products from cheap land, cheap labor countries.

On several occasions, in committee and on the floor of the House of Representatives, I have opposed appropriations for funds to build more irrigation projects; likewise, I voted against the original measure to delegate to some subordinates in the executive branch of the Government the power to negotiate reciprocal-trade agreements without the consent of the Congress. When this measure was extended, at some length I again pointed out the harmful effects of these agreements on American agriculture, hence, these suggestions for

the betterment of our farming industry are now new to me, as I have severally offered to and discussed the same proposals with the Members upon prior occasions.

It is to be hoped that the leaders of public thought in our country, and especially those who are active in their efforts to bring about equality for agriculture, will study these proposals, which, if placed in operation, will not disturb the present soil-erosion program but will prove to be a sound basis in the solution of some of the major phases of our agricultural problem.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Nebraska [Mr. LUCKEY] is recognized for 3 minutes.

Mr. LUCKEY of Nebraska. Mr. Chairman and colleagues, before a final vote is taken on this farm bill I want to say just a few words which I have refrained from saying during the prolonged days of this debate. There has been a great deal of oratory, and there are some who believe that the passage of this bill will bring a permanent solution to our farm problems. I do not think that it will, although I admit there are some good features in the bill. I believe we are approaching the farm problem from the wrong angle.

I have farmed for many years myself and represent a district which is largely engaged in agriculture. No one is more anxious than I am to see farmers secure parity prices and to see farmers placed upon an equal basis with those engaged in other pursuits. It seems to be the opinion here that this bill will bring about those results, and I will not oppose any measure intended to help my people. At the same time, I want to make it clear that as far as I am personally concerned, the passage of this bill does not solve the farm problem. The fight has only begun, and this bill marks but one stage in the farmer's battle for economic equality.

There are some good features in this bill and some bad ones. The good should be saved and the bad eliminated, and I hope that this will be accomplished in conference before the bill is finally enacted. This bill represents only one approach to the problem we have before us. The theory and philosophy on which it is based to me seems fallacious. If this legislation brings about parity prices for these basic farm commodities, which I do not believe it will do, then we are in danger of losing our foreign markets. On the other hand, if it does not bring about parity prices, then the farmer is not getting what he is entitled to in justice and equity.

This legislation has now been debated by both the House and Senate for almost 2 weeks. Hearings have been held all over the country. The Agricultural Committees have been wrestling with it for months. The House has spent more time in debating this measure than it has devoted to any bill in 14 years. Yet apparently no one is satisfied with the bill. It is now evident that we are trying to solve this farm problem on the wrong theory. In the present state of the controversy it seems impossible to approach the problem in any other manner than that now under consideration. It appears that in order to get economically sound legislation we will have to learn through the costly process of trial and error. We could avoid many of the mistakes and much of the expense if we would take from this legislation the sound principles and combine them with the sound principles of the other plans that have been advanced. Such a combination of ideas and principles is not impossible and must be achieved if we are to have effected and economically sound farm legislation. [Applause.]

The CHAIRMAN. The gentleman from South Carolina [Mr. MCMILLAN] is recognized for 3 minutes.

Mr. MCMILLAN. Mr. Chairman, for the past 10 days the Committee of the Whole House on the state of the Union has been carefully considering the bill presented for our consideration by the Committee on Agriculture. I desire, along with other Members of the House, to pay tribute to Chairman JONES, of the committee, and his associates for their laborious work in undertaking to present to us for our consideration a bill of such magnitude.

Mr. Chairman, I have endeavored during these 10 days to listen to the debate and to study the provisions of this bill. All of us recognize the enormity of this problem. There are various farm commodities involved in which every Member of Congress from one section or the other of the country is greatly concerned. I wish it were possible for me, representing, as I do, a great district of the South, to support this bill; but title II of the bill, where the compulsory features are provided and where control and direction, indirectly though it may be, come from Washington, undertaking to tell the farmers of this country whether they plant cotton, corn, or tobacco, or any other commodity covered in this bill, I think is fatal, and certainly against the principles of our form of government. [Applause.]

The farmers of my State are in a large measure considered as small farmers. Since the days of the Revolution, they have been independent of any outside forces or spasmodic Santa Clauses. It is true that they have not accumulated fortunes, but in their own way have somehow been enabled to make ends meet; have reared their families, and made good citizens. I do not believe that the liberty-loving farmers of my State, or of any State in the Nation, are now willing to surrender that liberty and independence which they have enjoyed for more than a century to any straitjacket methods, or control emanating from Washington, telling them how much cotton they can or cannot plant, what they must do with their acres which are not planted, prohibiting them from grazing their cattle on idle acres, or any other dictatorial authority exercised over them by any set of individuals clothed with bureaucratic authority to take away from a man his inherent liberties guaranteed under the Constitution. I do not think the time has yet arrived in this country where the farmers of this Nation are willing to admit that planned scarcity is essential to their welfare, when there are millions of people in America wanting food and needing clothes.

Take my own State of South Carolina. In 1918 she planted approximately two and one-half million acres in cotton. In 1937 this had been reduced to 1,900,000 acres, and, if I am correctly informed, this bill will lop off an additional 317,000 acres. South Carolina has increased her grade and staple of cotton until now more than 95 percent grades middling fifteen-sixteenths or better. The third largest textile center in the world, her mills are spinning this high-grade cotton; and yet, with our mills spinning more than three-fourths of a million bales more than we raise, we are told that we must now further curtail our crop. This is economically unsound. Our farmers can deliver their cotton to the mill doors; get a premium upon their grade and staple; get the benefit of excessive freight hauls, storage, insurance, and other charges which are imposed upon this identical cotton when brought from distant States; and yet in the face of these facts within the past few months a shipment of Brazilian cotton of more than 2,500 bales was laid down at the Pacific Mills in Columbia, S. C., when our warehouses and compresses within the very shadows of these identical mills were bulging with cotton. So I say something is economically wrong when a situation like this exists.

This year's crop amounts to more than 18,000,000 bales. Our southern labor is now geared to an 18,000,000-bale crop, and if the farmers of the South are regimented to the extent that is proposed by the terms of this bill we can expect a crop of only twelve or fourteen million bales at the most—what is the situation we then face? With a reduction of approximately one-third of our cotton crop it means that one-third of the labor of all factors entering into the handling of cotton, cottonseed, and its byproducts, must seek employment elsewhere. This means the reduction of labor in all of our gins, oil mills, compresses, railroads, refineries, trucking lines, stevedores, steamship lines, cotton merchants, cotton factors, and many other industries which are directly affected thereby. This labor cannot be absorbed by southern industry for the very simple reason that there is not enough

southern industry to absorb it in the first place, and in the second place the labor is of such a type that it is unfitted for any industrial pursuits. Thus we will have approximately 1,500,000 people in the South who are going to be out of employment if this drastic control measure is applied to the cotton-producing States. I need not quote from the records, for every Member in this body knows far too well how much it will cost the Government if we are forced to extend relief to this great army of unemployed, not to mention the economic loss which will necessarily follow their enforced idleness; and, greater than all of this, the destruction of the morale of worthy citizens of our country who want, and are willing, to work, but who by their Government are forced on the dole.

Suppose for the sake of argument that our cotton crop next year is reduced to 10,000,000 bales, by reason of control production and that this crop brings as much as 12 cents a pound, which, I submit, is most optimistic, the farmers of the South would then have an income of $600,000,000. With the soil-conservation payments estimated at $125,000,000, their total income would be $725,000,000. Compare this with the crop of today of 18,000,000 bales at 8 cents a pound, which would bring $720,000,000, and with the subsidy and the payments made them amounting to $220,000,000, the cotton farmers' income this year would amount to $940,000,000. Here is an actual loss, under the proposed control method, amounting to $215,000,000, not to mention the cost of administration by the Government. If there is any logic, reason, or common sense in this type of legislation, I am unable to find it.

Price pegging has proved to be the ruination of the cotton farmer and while it seemingly may have helped him temporarily, it has been the one factor which has caused our exports to diminish from 7,861,000 bales, 1932–33, to 3,000,000 bales, 1937–38, or a net loss of over 4,800,000 bales. It is well to remember also that for every five bales of cotton lost in our foreign market one southern family goes on relief.

The United States is now a creditor Nation and you know how this affects our foreign markets. Cotton composes, in normal times, the major portion of our exports and is the one factor which has more to do with our balance of trade than all of the rest combined. It is one of the few products which is an absolutely necessary element in the lives of the peoples of the world, and yet, by pegging our price of cotton beyond the world market, thereby making it impossible for foreign nations to purchase the same, we have, as a result, seen foreign production increase from 10,652,000 bales of cotton in 1932–33 to 20,000,000 bales in 1937–38. Now, mark you, this tremendous increase in production was made during the time when we had production control and loans beyond the world market price. If there is one salvation for the cotton-growing South, it is to regain and maintain its foreign markets for its one crop, of which approximately 40 percent is consumed locally and the other 60 percent must go into the channels of the world's trade, under normal conditions that formerly prevailed.

I am reliably informed that all things considered, American-grown cotton enjoys a premium over a majority of cotton grown elsewhere in that it has a greater tensile strength and the general character of spinning exceeds that of other cotton.

With the reciprocal-trade agreements, which are now being conducted and consummated by one of the ablest Secretaries of State this Government has ever had, I have every reason to believe that if American cotton is allowed to again take its place in open competition with the world's market that it will soon regain that commanding position and prestige which it has formerly enjoyed.

Mr. Chairman, I now desire to address myself for a few moments to a remedy for this problem as I see it: The southern farmer for 100 years has been purchasing everything that he buys in a highly protected market and has sold the products of his labor, as everyone knows, in an unprotected market. All of us know that it would be disastrous to the industrial sections of our country to attempt at one fell swoop to destroy the tariff walls. I believe there is not a man on the floor of this House who does not see the injustice and the unfairness to the agricultural South by reason of our existing tariff wall. In my judgment it is a legal obligation, not to mention the moral or the equitable side, for the Government to give to the cotton-producing South an offset against this tariff market in which it must buy. It is my belief that a direct appropriation from the Treasury, from tariff receipts, if necessary, to the farmer will give him a parity price on his domestically consumed cotton as an equalizing factor, is the best possible solution of this problem. Then tell him that if he wants to raise more cotton, let him take his chance and sell it in the world market. With farmers in Brazil and European countries able to buy farm machinery from our American factories cheaper than the cotton farmer can buy it himself, is it not fair to give him this protection on his domestically consumed crop and thereby, in a measure, offset the tremendous disadvantages of competition which he has and, is now suffering, with foreign markets. With a guaranteed parity price payment he will then be in a position to go out and compete with the farmers of other cotton-producing countries over whom we have been literally holding an umbrella by pegging our price beyond that of the world market.

Our cotton farmer has the intelligence, the initiative, the ingenuity, and the good common sense to compete with any farmers anywhere in the world, and if given a fair chance and a square deal I am confident he will be able to thereby regain, to a great extent, the export market which we have lost by these ill-conceived policies which we have been following for the past few years. If done, our relief rolls will vanish not only from the farms but from every other factor which in any manner comes in contact with the production and processing of the great white crop of the South.

In conclusion, Mr. Chairman, may I state that, in my judgment, all the farmer asks of this Government is a square deal. The farmers of America have been the most independent of our entire citizenship since this Republic was founded. They have been that great cross section of our population which has steadied the Nation in times of stress. It is they who have always rallied to the defense of our country in times of danger. It is they who furnish every ounce of food, all of the wearing apparel, and all of the absolute necessities of life for our 129,000,000 people. Is it fair to place this great liberty-loving group of citizens in a strait jacket of regimentation when they are asking of you only the chance to make an honest living under equalized economic conditions, when they are saying to you, "Take the products of our labors, send them to foreign countries, recoup for us our lost foreign markets, and bring back to the South that prosperity which she has enjoyed in years gone by"? They are saying, Mr. Chairman, to the farmers of the West and Midwest, "Do not force us to abandon our fields of cotton and plant them in corn, wheat, potatoes, and other products which will be in competition with you; we are now to you what the export market is to us, we absorb and pay for the surplus products and we do not want to go into forced competition with you, for we are all Americans under one Nation, one flag, one common heritage, and we want to live as good neighbors. We do not want enforced on us a policy which will make it necessary for us to grow that which we now buy from you, and all we ask of you and at your hands is for our common Government to give us those equalized factors which will put us on the same economic plane."

Mr. Chairman, do this, and I feel that the farm problem will adjust itself, that peace and contentment will again reign throughout the Nation, and the fields of southern cotton will again blossom as a rose.

[Here the gavel fell.]

Mr. STEFAN. Mr. Chairman, in the closing minutes of this debate, I rise to ask a question of the ranking member of the Committee on Agriculture, whether or not if this bill is defeated in the House the soil-conservation program, as is, will continue?

Mr. GILCHRIST. It will.

Mr. STEFAN. And my farmers will continue to get benefits through the soil-conservation program?

Mr. GILCHRIST. Yes.

Mr. SHORT. They will.

Mr. STEFAN. And will be allowed to borrow money on their crops?

Mr. GILCHRIST. It is not certain that they will be allowed to borrow money, but the probability is they will be.

Mr. STEFAN. Mr. Chairman, the farmers in my district are in favor of the principles of the voluntary soil-conservation program. They want to conserve the soil. They want to provide you with an ever-normal granary, and they want parity prices. They have gone into this under a voluntary program. They want a voluntary program and not a compulsory program. They have told me they are against being bossed, and they will not stand for being bossed.

There has been great controversy and a lot of questions have been asked whether or not the various farm organizations are for this program. The Farmers Union is not for it as it is written. Neither is the Grange. Neither are some of the cooperatives in the dairy industry. Today, I am reliably informed, a telegram has been sent to some Members of this House from Mr. Earl Smith, vice president of the Farm Bureau Federation, saying that he is not for this particular bill. These three farm organizations are not for it. We already have a program which is voluntary and under which our farmers can have benefits, the Soil Conservation Act.

Here we have all of these great farm organizations telling us not to be too hasty in passing permanent farm legislation upon which the farmers themselves are not agreed. These organizations represent practically all of the farmers for whom we are trying to pass a law, a law under which their present and future lives and activities will be affected.

We have here many suggested amendments which would improve this legislation. We have here amendments which would result in protecting the American market for the American farmer. This idea the committee has not placed in the proposed bill. There is not one word in the bill as to how our own farmers' market is to be protected against importations of the products of foreign farms which are coming to us in such gigantic quantities. There is not one word in the bill about how we should safeguard our own farmers from being forced to sell their own products at world prices. There is not one word on safeguarding the domestic price or American price to our own farmers. All we see here is a demand to "hurry up and pass this bill," ignoring the demands of farmers and farmers' organizations for helpful amendments. We hear even members of the committee admitting they do not understand the bill. How, in heaven's name, can you really expect the real farmers out there in my district of Nebraska to understand it? There is absolutely no need to be in such haste on permanent farm legislation. Do not let us write a bill with so many penalties, legal terms, rules and regulations, and court proceedings that even a Philadelphia lawyer cannot understand them.

In the last few years, farmers in my district have been forced to sign contracts and agreements, the wording of which neither they nor the officials charged with the duty of carrying out the rules and regulations could understand. I beg of you that if you do write laws to regulate the lives of farmers, please write these laws so that the real farmer knows just exactly what those laws and rules mean.

It is admitted here by a ranking minority member of this Agricultural Committee, who favors the bill as is, that without it my farmers can still enjoy the benefits of the present soil-conservation program. He admits that they can still borrow money on the security of their farm crops. This voluntary program which they now favor, in my opinion, can act as a stopgap until we give serious consideration to a permanent farm program, a program which will meet the approval of the farmers affected and the farm organizations representing these farmers. Because I think that there will be absolutely no benefit to the farmers through this incomplete and hasty legislation, I ask that the bill be sent back to the committee for further and more serious consideration.

This is supposed to be the greatest deliberative body in the world. We are now legislating to directly affect the lives and the business of not less than one quarter of our population. I have attended every minute of these debates and deliberations on this farm legislation. I have read every page of the bill and all of the proposed amendments. I have thumbed through the hearings of the committee and read all of the reports. I have but recently returned from my own district where I personally visited 20 of my 22 counties and where I discussed these matters with the farmers themselves. I feel I know what they want and what they need and I feel that they sent me here with full confidence that I would vote my honest convictions on any legislation affecting them. Therefore, Mr. Chairman, notwithstanding the fact that I am tremendously anxious to vote for a permanent farm bill which will benefit the farmer, I feel that unless this bill is recommitted to the committee for further deliberation in order to make it perfect, or as near perfect as possible, I shall have to oppose it. I do this with great reluctance because I sincerely sympathize with the committee which has worked on this bill for many weeks. It is my sincere hope that after this bill passes the House, as in my opinion it will, the House and Senate conferees who will eventually write this bill, will bring us permanent farm legislation to which I can conscientiously subscribe.

The CHAIRMAN. The gentleman from Iowa [Mr. HARRINGTON] is recognized for 3 minutes.

Mr. HARRINGTON. Mr. Chairman, as the representative of a district in which corn-hog farming is the principal industry, I can see little of benefit to the people of Iowa in the pending farm bill, except possibly a brand new bale of red tape. Therefore, I think the bill should be recommitted and the Committee on Agriculture respectfully asked to bring out one of the other bills which gets right into the meat of the matter and absolutely gives the farmer the one thing he wants—and that is a price for his products approaching the cost of production.

I have a bill pending which, without mincing 87 pages of words, provides that the farmer shall receive parity prices for the products of his soil and toil, and further provides a definite method for him to secure such a price. On the other hand, my colleague from Iowa [Mr. EICHER] and Representative MASSINGALE of Oklahoma have had a bill in the House for several years that goes a step further than mine and fixes farm prices at real cost of production. Because their bill is better known and in the interest of harmony among the real friends of the farmer in this chamber, I am willing to subordinate any possible pride of authorship and to vote wholeheartedly in support of the Eicher-Massingale bill.

In justice to the Committee on Agriculture, however, I first want to point out two principal reasons why the pending bill offers little of interest to the corn-hog farmer.

First. The mandatory loan feature has been stricken out, and it is left to the discretion of the President and the Secretary of Agriculture when and whether crop loans are to be made. That is just about what we have already. In fact, a 50-cent corn loan was just recently authorized, but so far it has proved of little benefit to the people of my district. The price of cash corn delivered at the elevator remains around the 40-cent mark.

As an illustration, I just noticed today an advertisement in the Spencer (Iowa) Reporter by a used-car firm which offered to allow the farmers "up to 50 cents a bushel" for their corn in a trade-in deal on a second-hand car. Mind you, they do not offer 50 cents—merely "up to 50 cents"! And what does the farmer get in return? He gets an allowance on a second-hand automobile—in other words, a chance on a pig in a poke. This gives you some idea of the present

status of corn prices in the State of Iowa. Consequently, we do not want 50-cent loans "at the discretion of anybody." We want loans based on parity, or, if we can get it, on the cost of production; and we want authority for those loans written into law.

In the second place, the pending committee bill provides for marketing quotas, with price stabilization only when the crop is indicated to be 15 percent above normal, carry-over considered. Well, we have figured out, in the case of corn, that under this bill we would have price stabilization only in years when production reached the astounding volume of 2,900,000,000 bushels, or some 20 percent above a bumper crop. This production would be attained on an average of only about once in 10 years. Do we want price stabilization 1 year in 10, or do we want it every year? I think the farmer khows the answer to that one, even if some of our colleagues do not.

Now, as to the Eicher-Massingale bill, it is a good bill; it is a two-price bill; and incidentally it practically pays its own way. It calls for cost of production on every bushel of corn and every bale of cotton and every other principal commodity consumed on the domestic market, and for the dumping of surpluses at world prices.

Yes; some of my friends will say, "But it is price fixing," and throw up their hands in holy horror at such an idea. Well, what if it is? Have not we already authorized price fixing for coal, and does not Government fix freight rates, and are we not currently being asked to do a little price fixing on behalf of the underdog in industry? Mind you, our farmers are not asking for a 40-hour week, or a 50-hour week, or even an 80-hour week. All they are asking is a decent price for their toil and investment, and they will continue to work from sun-up to sun-down without complaint in order that not two-thirds but three-thirds of our Nation may be properly fed and clothed.

Pass this bill—or, if it is too radical for some of you, substitute parity prices for cost of production—and we will really revive buying power on the farm. Throughout our economic history agricultural buying power has been the driving force behind industrial expansion, plentiful employment, good wages, and the "full dinner pail." Therefore, my friends from the cities and industrial areas, if you are looking for a real cure for "recession" instead of patent medicines and governmental "shots in the arm," I simply ask that you give consideration to this old family prescription, which has proved a tried and true remedy from George Washington's time on down. Give the farmer buying power and you will not have to worry about empty smokestacks and industrial breadlines. I thank you. [Applause.]

The CHAIRMAN. The gentleman from Texas [Mr. JONES] is recognized for 2 minutes.

Mr. JONES. Mr. Chairman, I yield back my time.

The CHAIRMAN. All time on this section has expired.

Mr. MASSINGALE. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MASSINGALE: Strike out all after the enacting clause and insert the following as a substitute for the bill.

Mr. JONES. Mr. Chairman, I desire to reserve a point of order against the amendment. It is not my present intention to make the point of order. I certainly expect to let the matter be discussed.

The CHAIRMAN. The gentleman from Texas reserves a point of order.

Mr. BOILEAU. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BOILEAU. Mr. Chairman, I make the point of order that a point of order cannot be reserved except by unanimous consent; and I object to such a request.

Mr. JONES. Will not the gentleman permit a discussion of the amendment?

Mr. BOILEAU. Yes, I would like to have it discussed if we are going to have a vote on it.

Mr. JONES. It is not my intention to make the point of order.

Mr. BOILEAU. I hope I can prevail on the gentleman to withdraw the point of order to give us an opportunity to discuss the bill and assure us of a vote on it. I understand it is the gentleman's intention to permit debate, but I appeal to the gentleman and to the Members of the House that we ought to have a vote on this amendment. That was my understanding. I certainly object to having discussion if it does not mean anything. If it means anything it should be discussed and allowed to come to a vote. I hope the gentleman will withdraw the reservation of the point of order.

Mr. JONES. Mr. Chairman, it is not my disposition to press the point of order. I reserved it only in case somebody felt they did not have an opportunity. I am not going to press the point of order at this time. I wish the gentleman would let us take that question up later.

Mr. BOILEAU. It would be too late then. I submit to the gentleman that I am in entire accord with him that there should be discussion of the amendment. I think it should be voted upon and that there should be very full discussion; but, if I can prevent it, I do not want full discussion to take place and then the gentleman from Texas make the point of order and have all of our time wasted and have the story go out to the American people that we have given consideration to this matter, when as a matter of fact we have not given it fair consideration.

Mr. JONES. I thought the gentleman, regardless of whether the point of order was made, wanted to have discussion of the amendment. I have no disposition to cut off discussion.

Mr. BOILEAU. The gentleman from Texas, however, intimates that the point of order will be made. I want to say that word has gone around the Capitol for the last 3 or 4 days that there was going to be a vote on this amendment.

Mr. JONES. Mr. Chairman, I do not object to having a vote on this amendment. I think we will save time if we do, because it would take 2 hours to settle the point of order.

Mr. FULLER. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. FULLER. Mr. Chairman, I make the point of order that the amendment is not germane to the bill.

Mr. JONES. Mr. Chairman, I hope the gentleman will not insist on his point of order.

Mr. FULLER. After discussing the bill as long as we have, everybody knowing what the measure is, everybody knowing what the substitute is, everybody knowing that the amendment is not going to be adopted, to spend 2 hours discussing it, when it has already been discussed thoroughly, especially when we are going to be kept here until 10 or 11 o'clock tonight to pass this bill—and we do not care how late it is—I think is foolish, myself.

Mr. JONES. No; I think we shall be through by 6 o'clock.

The CHAIRMAN. The gentleman from Arkansas [Mr. FULLER] has made a point of order, which the Chair will ask him to withhold temporarily until the amendment is either read or its reading is dispensed with.

Mr. FULLER. Mr. Chairman, I withhold the point of order temporarily.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. PHILLIPS. Mr. Chairman, reserving the right to object to ask a question of the chairman of the Committee on Agriculture, how long will it take to read the amendment?

Mr. JONES. It will take probably 8 or 10 minutes.

Mr. PHILLIPS. Then I think it ought to be read.

Mr. JONES. Printed copies are available.

Mr. PHILLIPS. Mr. Chairman, I withdraw my reservation of objection.

Mr. ROBSION of Kentucky. Mr. Chairman, I object. I want to hear the amendment read.

The Clerk read as follows:

Amendment offered by Mr. MASSINGALE: Strike out all after the enacting clause, and insert the following as a substitute for the bill:

"TITLE

"SECTION 1. That this act may be cited as the Agricultural Equality Act of 1937.

"FINDINGS OF FACT AND DECLARATION OF PURPOSE AND POLICY

"SEC. 2. That the following facts are found to be established:

"(a) That the stability of agriculture and the prosperity of those engaged therein are essential to the national public welfare;

"(b) That the periodic recurrence of domestically unmarketable surpluses of agricultural products, the fixing in speculative markets of the prices paid to the producers of such products, and the violent and unjustified fluctuations in such prices cause disastrous dislocations and interruptions in commerce and in the adequate distribution of the necessities of life among consumers, all greatly detrimental to the national public welfare;

"(c) That the money return to farmers has at all times been greatly deficient and out of harmony with the money returns derived in other pursuits, resulting in the inability of the farmers to buy in necessary volume the products and services of other economic groups;

"(d) That unfair competition, through seasonal and speculative price discrimination and otherwise, exists in the purchase of agricultural commodities from the producers thereof;

"(e) That the facts found in subsections (b), (c), and (d) hereof constitute a burden upon and interference with interstate and foreign commerce; and

"(f) That Congress has the power to regulate commerce in agricultural commodities with foreign nations and among the several States.

"It is therefore and hereby declared to be the purpose and policy of the Congress—

"(1) To raise and restore permanently the money return for agriculture;

"(2) To stabilize the agricultural industry on an equitable money basis with other industries;

"(3) To prevent unfair competition in the interstate and foreign marketing of agricultural products;

"(4) To provide warehouse reserves and an ever-normal granary against droughts, floods, and other emergencies; and,

"(5) In furtherance of the foregoing objectives, to invoke its constitutional power, (a) to regulate interstate and foreign commerce in all agricultural commodities within the provisions of the act; and (b) to provide for the general welfare.

"DEFINITIONS

"SEC. 3. (a) For the purposes of this act a 'transaction' in respect to any commodity shall be considered to be in interstate commerce if such commodity is part of that current of commerce that is usual in the industry or industries engaged in the handling of such commodity whereby such commodity (and its products) are sent from one State with the expectation that they will end their transit, after purchase, in another, including, in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State or for manufacturing, milling, processing, packing, slaughtering, ginning, compressing, or in any manner handling or converting such commodity or any part thereof within the State and the shipment outside the State of the products resulting therefrom. Articles normally in such current of commerce shall not be considered out of such current through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this act.

"(b) The terms 'warehouse reserves' and 'ever-normal granary' as herein used are defined as being such quantity of each agricultural product as should be held in storage against droughts, floods, hailstorms, or other agricultural calamities.

"(c) The term 'agricultural products' as used in this act shall include farm products of the soil, poultry, and livestock, and the processed products and byproducts thereof, yielding exportable surpluses, except those that are perishable.

"(d) 'Producer' as used in this act shall mean the original producer of agricultural products.

"DETERMINATION OF COST OF PRODUCTION

"SEC. 4. The Secretary of Agriculture shall ascertain and determine for each year the average cost of production to farmers of all agricultural products included within the provisions of this act and all other agricultural products. Such average cost of production shall be determined after public hearings, participated in by the representatives of farmers' organizations, and all items of cost, including all taxes and other overhead charges, shall be estimated and included in accordance with the formula and method commonly used in the manufacturing industry. The Secretary of Agriculture shall consider the average individual farm as a business unit, and shall, among other things, include compensation to farm operators for management and for labor for themselves and their families and hired help, equal to the compensation paid for like time and services in industry, together with adequate allowances for depreciation of soil, improvements, buildings, equipment, stock-breeding animals, and work animals. He shall also determine the fair and reasonable property investment value, not necessarily the market value, devoted to the production of such agricultural products, using the official census data so far as possible, and calculate a capital return of 4 percent upon the investment value thus determined. He shall also calculate the average yields and production during the previous five-yield period in determining the average cost-of-production prices. If necessary, in order to carry into effect the purposes of this act, the Secretary of Agriculture shall further ascertain and allow an equitable differential against varying transportation costs to different markets and shall establish appropriate zones or classifications therefor.

"OTHER DETERMINATIONS

"SEC. 5. The Secretary of Agriculture shall annually ascertain, determine, and designate the beginning and the ending of the marketing year of each of the agricultural products included within the provisions of this act and shall estimate the volume of production for the current year of each of such agricultural products. He shall also annually estimate (1) the quantity and percentage of the total volume marketed from farms that is required for domestic consumption and is to be distributed in the current of interstate commerce; (2) the quantity and percentage to be distributed in intrastate commerce affecting the price of the portion to be distributed in the current of interstate and foreign commerce; (3) the quantity and percentage remaining that shall be held in warehouse reserves or an ever-normal granary: *Provided*, That the quantity and percentage so estimated for any one year shall not exceed 3⅓ percent, nor shall the total quantity and percentage held exceed 10 percent of the total estimated production; and (4) the quantity and percentage of the total that will remain for export.

"PROCLAMATION BY THE SECRETARY OF AGRICULTURE

"SEC. 6. (a) The Secretary of Agriculture shall thereupon, prior to such beginning of the marketing year of each of such agricultural products, make public proclamation and announcement annually of such determination of such average-cost-of-production prices of each of such agricultural products and of the domestic production and consumption, export, and warehouse reserves, totals, and percentages aforesaid, and of the amounts thereof as so determined, and of the date when, and the period during which, the same shall be controlling, as provided herein, upon the sale, purchase, and the handling of each such agricultural product; and upon request shall furnish detailed information to all dealers, manufacturers, millers, elevator operators, processors, packers, butchers, ginners, compressors, and other agencies dealing in or handling such agricultural products in interstate or foreign commerce.

"(b) Domestic price: After the applicable effective date, all said dealers, manufacturers, millers, elevator operators, processors, packers, butchers, ginners, compressors, and other agencies shall pay to the producers of such agricultural products not less than such average-cost-of-production price, determined and proclaimed as aforesaid, for such percentage of each delivery of such agricultural product as is not estimated for export or for ever-normal granary or warehouse reserves.

"(c) Licenses: No dealer, manufacturer, miller, elevator operator, processor, packer, butcher, ginner, compressor, or other agency dealing in or handling any of such agricultural products in interstate or foreign commerce shall operate as such dealer, manufacturer, miller, elevator operator, processor, packer, butcher, ginner, compressor, or agent dealing in or handling such agricultural products without first procuring from the Secretary of Agriculture a license pursuant to such regulations as the Secretary of Agriculture may prescribe: *Provided*, That no license shall be required of any producer under the provisions of this act.

"(d) Surplus receipts: When any producer of agricultural products within the provisions of this act shall deliver any such agricultural products to any such dealer, manufacturer, miller, elevator operator, processor, packer, butcher, ginner, compressor, or any other agency dealing in or handling such products, the Secretary of Agriculture shall cause to be issued to such agricultural producer two receipts, one showing on its face the quantity and grade of such percentage of such agricultural product as is proclaimed by the Secretary of Agriculture to be the percentage and quantity of the said agricultural product that is required for warehouse reserves or ever-normal granary, and the other showing the export quantity, grade, and percentage. The said receipts which the Secretary of Agriculture has so caused to be issued shall be signed by him and countersigned by such dealer, manufacturer, miller, elevator operator, processor, packer, butcher, ginner, compressor, or other agency dealing in or handling such agricultural products, for purposes of identification, and shall be delivered to such producer at the time of such delivery of the agricultural product by the producer to such dealer, manufacturer, miller, elevator operator, processor, packer, butcher, ginner, compressor, or other agency.

"MARKETING OF SURPLUS

"SEC. 7. At such reasonable time as the Secretary of Agriculture may direct, the said dealers, manufacturers, millers, elevator operators, processors, packers, butchers, ginners, compressors, and other agencies dealing in or handling such agricultural products shall deliver to the Secretary of Agriculture all of the warehouse reserves and export quantities and percentages of agricultural products in the kind and grade as receipted or in processed or converted form as hereinafter provided. If and when authorized by the Secretary of Agriculture, bills of sale evidencing storage of such surplus quantities and percentages on farms, under seal, will be accepted by such agency in lieu of the physical delivery of the property. In the case of livestock and poultry, the packers and also the butchers, after processing the same, subject to Government

inspection, shall make delivery of the warehouse reserves and export quantities and percentages in the form of livestock or poultry products: *Provided*, That the butchers may deliver their warehouse reserves and export quantities and percentages through packers, and the Secretary of Agriculture shall pay the reasonable cost of processing; and the same provision shall apply to dairy products and the processors and converters thereof. If unable to make reasonable and satisfactory arrangements for such processing or converting, then the Secretary of Agriculture shall purchase the proper equipment and facilities therefor, and with the right of condemnation to acquire the necessary real estate. The Secretary of Agriculture shall provide, by rental, purchase, or construction, or by condemnation in State or Federal courts, the necessary storage and terminal facilities for handling the warehouse reserves and export quantities and percentages, and shall withhold same entirely from the domestic market, except for such emergencies as hereinafter authorized and provided, and shall hold and dispose of same to the best advantage in any world market, and after proclamation and upon request of the Secretary of Agriculture the Post Office Department shall, at the end of the marketing year, redeem the receipts for export percentages in the net amount realized for each product after deducting all costs and expenses of handling and disposing of the same as determined and proclaimed by the Secretary of Agriculture. Receipts for reserve percentages shall be redeemed in manner aforesaid when and only after such reserve percentages are sold and at the net price realized therefor, but to the extent same may be used for agricultural relief purposes without compensation, there shall be no redemption.

"Ever-normal granary: The Secretary of Agriculture shall hold in storage the percentages and quantity estimated for warehouse reserves and ever-normal granary as a reserve against agricultural emergencies, occasioned by floods, droughts, pestilence, or other calamities, and the same may be disposed of for such agricultural-relief purposes as the Secretary of Agriculture may determine.

"National equalization: If in any State the demand for domestic consumption is greater than the national estimated percentage, the Secretary of Agriculture is authorized to supply the deficiency out of the export-surplus percentage from any other convenient State at the cost of production price plus transportation, storage, and handling charges, and it shall maintain a national balance by purchasing upon the same terms like amounts from the percentage estimated for domestic consumption in States where the demand for domestic consumption is less than the national estimated percentage.

"Adjustment of supply to demand: If the quantity and percentage estimated for domestic consumption should be insufficient to supply the domestic demand, the Secretary of Agriculture is authorized to supply such shortage out of the export-surplus percentage at the cost-of-production price, plus storage and expenses.

"FINANCING REDEMPTION OF SURPLUS RECEIPTS

"SEC. 8. The Secretary of Agriculture is authorized to advance, from time to time, to the Postmaster General such sums as are shown to be required for the redemption of such receipts as provided herein and for the expenses of the Post Office Department in connection therewith. At the request of the Secretary of Agriculture, the Postmaster General, under such regulations as he may prescribe, shall require the employees of the Post Office Department to perform, without extra compensation, such fiscal-agency services as may be required in the handling, safekeeping, and redemption of said receipts.

REGULATIONS

"SEC. 9. The Secretary of Agriculture is hereby directed to prescribe regulations for carrying out the provisions of this act. The regulations prescribed pursuant to this act shall include requirements with respect to the issuance of licenses to dealers, compressors, manufacturers, millers, elevator operators, processors, packers, butchers, or other agents dealing in or handling such agricultural products in interstate or foreign commerce, system of accounts, auditing of accounts to be kept by licensees, submission of reports by them and the entry and inspection by the duly authorized agents of the Secretary of Agriculture of the places of business of such licensees.

"PENALTY FOR VIOLATING PROVISIONS

"SEC. 10. Any person, dealer, compressor, manufacturer, miller, elevator operator, processor, packer, butcher, or other agent, dealing in or handling such agricultural products, who violates the provisions of this act by knowingly and willfully paying less than the average cost of production prices so determined and proclaimed by the Secretary of Agriculture, shall be punished by a fine not exceeding $1,000 or imprisonment not exceeding 1 year, or by both such fine and imprisonment.

"PROTECTION OF EXPORT MARKETS

"SEC. 11. The Secretary of Agriculture is directed to protect all foreign markets for the exportable surplus of agricultural products now being held or hereafter acquired by exporters and cooperative organizations, and for that purpose is directed to furnish the necessary products, when available, at the net price to farmers as herein provided.

"TARIFF ADJUSTMENTS

"SEC. 12. The President of the United States, the Secretary of Agriculture, the Secretary of the Treasury, the Secretary of State, and the Secretary of Commerce are directed to cooperate in exercising their lawful powers, through the medium of foreign-trade agreements and through other appropriate measures for restriction or expansion of imports of competing agricultural commodities their converted or processed products, their byproducts, or competing substitutes, to maintain the prices to farmers for the domestically consumed quantities and percentages of all agricultural commodities as nearly as may be within a range not exceeding 10 percent above the proclaimed cost-of-production price level: *Provided*, That the United States Tariff Commission upon request of the President or upon resolution of either or both Houses of Congress or if agricultural imports are substantial and increasing in ratio to domestic production and if in the judgment of the Commission there is good and sufficient reason therefor, then, upon its own motion or upon the request of the Secretary of Agriculture or upon application of any interested party, shall investigate the differences in the costs of production of any domestic agricultural commodity and of any like or similar foreign agricultural commodity and shall recommend to the President such an increase (within the limits of section 336 of the Tariff Act of 1930) in the duty upon imports of the said foreign commodities or such a limitation in the total quantity permitted entry, or entry without increase in duty, as it may find necessary to equalize the said differences in cost and to maintain the standards established pursuant to this act. In the case of a commodity on the free list in the Tariff Act of 1930, it shall recommend, if required for the purposes of this section, a limitation on the total quantity permitted entry. The President shall by proclamation approve and cause to be put into effect the recommendations of the Commission if, in his judgment, they are warranted by the facts ascertained in the Commission's investigation: *Provided further*, That all provisions of title III, part II, of the Tariff Act of 1930, applicable with respect to investigations, reports, and proclamations under section 336 of the said tariff act, shall, insofar as they are not inconsistent with this section, be applicable with respect to investigations under this section. Nothing in this section shall be construed as permitting action in violation of any international obligation of the United States. In recommending any limitation of the quantity permitted entry, or entry without an increase in duty, the Commission, if it finds it necessary to enforce such limitations or to carry out any of the provisions of this section, shall recommend that the foreign commodity concerned be forbidden entry except under license from the Secretary of Agriculture and that the quantity permitted entry, or entry without an increase in duty, shall be allocated among the different supplying countries on the basis of the proportion of agricultural imports from each country in a previous representative period. Any proclamation under this section may be modified or terminated by the President whenever he approves findings submitted to him by the Commission that conditions require the modification recommended by the Commission to carry out the purposes of this section or that the conditions requiring the proclamation no longer exist.

"SEPARABILITY CLAUSE

"SEC. 13. If any provision of this act is declared unconstitutional, or the applicability thereof to any person, circumstance, or commodity is held invalid, the validity of the remainder of this act, and the applicability thereof to other persons, circumstances, or commodities, shall not be affected thereby."

Mr. FULLER. Mr. Chairman, I renew my point of order.

The CHAIRMAN. The gentleman from Arkansas makes a point of order against the amendment offered in the form of a substitute. Does the gentleman from Oklahoma [Mr. MASSINGALE] desire to argue the point of order?

Mr. MASSINGALE. Mr. Chairman, I believe I am sufficiently advised with reference to the rule to be compelled to say that if the point of order is insisted upon the Chair perhaps will sustain it as to germaneness; therefore, as far as I am concerned, I am ready for the Chair to rule.

The CHAIRMAN (Mr. WARREN). The Chair is ready to rule.

The bill under consideration is a bill to regulate the marketing of domestically produced farm products.

The substitute offered by the gentleman from Oklahoma [Mr. MASSINGALE] provides among other things, that the Secretary of Agriculture shall determine the cost of production of such agricultural products and shall issue a proclamation to that effect.

It further provides that after that proclamation has been issued all dealers, manufacturers, millers, elevator operators, processors, packers, butchers, ginners, compressors, and other agencies shall pay to the producers of such agricultural products not less than such average cost of production price.

There is a further provision which provides for the licensing, not of the farmers, but of the dealers, manufacturers, millers, elevator operators, and so forth, and so forth.

There is also a provision, known as section 12 of the substitute, dealing with tariff adjustments, something entirely foreign to the bill now under consideration by the House.

The Chair has before him a decision rendered by the late Speaker Rainey, which may be found in Cannon's Precedents, volume VIII, section 2969, in which he quotes decisions on this subject by present Members of the House, both on the majority and minority side. On account of the importance of the amendment offered by the gentleman from Oklahoma [Mr. MASSINGALE] and in fairness to him and the proponents of his substitute, the Chair feels that he should read an excerpt from the opinion of the late Speaker Rainey.

On April 13, 1933, a bill was under consideration to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, and to amend and supplement the Federal Farm Loan Act by the granting of credit through the Federal Land Bank System.

Mr. GERALD J. BOILEAU, of Wisconsin, moved to recommit the bill to the Committee on Agriculture with instructions to report it back forthwith with an amendment striking out all after the enacting clause and subsituting a bill providing for the liquidation and refinancing of agricultural indebtedness by the expansion of the currency through issuance of bonds redeemable in Federal Reserve notes.

Mr. MARVIN JONES, of Texas, made the point of order that the amendment was not germane.

The Speaker, the late Mr. Henry T. Rainey, of Illinois, held as follows:

The question presented has been passed upon two or three times and presents nothing new. The bill under consideration provides a method of farm relief, essentially by the issuance of bonds, to be marketed in the ordinary way. The Frazier bill, which is the subject of the motion to recommit, provides also for farm relief, also for bond issues, and, in addition to that, provides a method of meeting the bond issues by currency printed and issued, clearly inflation, which may amount to as much as three and one-half billion dollars. The two methods are as wide apart as the poles.

The present Speaker of the House argued a like question back in 1924 when the very first farm-relief bill was under consideration, the first of the McNary-Haugen bills. That bill provided a method of farm relief, fixing farm prices with reference to related products, and the present Speaker of the House proposed an amendment to the bill which provided an entirely different method, and the present Speaker agrees with the gentleman from Texas when he said that his method was much better than the method provided in that bill; but that did not make any difference. A point of order was made against the amendment proposed by the present Speaker, by Mr. CANNON of Missouri, the author of Cannon's Precedents, and the gentleman from Missouri argued the point of order and convinced the Chairman of the Committee of the Whole, Mr. SANDERS, although he did not convince me, that my amendment was not germane. The object of my amendment then and the object of the bill under consideration at that time were to provide methods of farm relief, but they were widely different, although not as widely different as is proposed in the so-called Frazier bill and in the bill under consideration.

Again on April 24, 1929, the same question came up.

The Chairman of the Committee of the Whole at that time was Mr. MAPES. He rendered a decision based upon the decision rendered by Mr. SANDERS in 1924. The opinion by Chairman MAPES was a well-considered opinion covering the entire subject.

The Chair feels he cannot ignore the precedents that he has cited, and he might add that he could call attention to a number of others. The Chair, therefore, feels constrained to and does sustain the point of order.

In view of that decision and in view of the admitted fact that there is a wide distinction and difference in the two methods of approach, the Chair sustains the point of order made by the gentleman from Arkansas [Mr. FULLER].

Mr. JONES. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with various amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. JONES. Mr. Speaker, I move the previous question on all amendments except the Boileau amendment.

The previous question on all amendments except the Boileau amendment was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. BOILEAU. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. Will there be an opportunity for a separate vote on the Boileau amendment?

Mr. JONES. I may say to the gentleman I am about to ask for a separate vote on it.

Mr. BOILEAU. I confess I am not familiar with the procedure in the situation now before the House as to the effect of ordering the previous question on all amendments except the Boileau amendment.

The SPEAKER. The previous question has already been ordered by the House, thus bringing to an immediate vote all amendments except the so-called Boileau amendment. The gentleman from Texas is now demanding a separate vote upon certain amendments. The Chair will recognize the gentleman from Wisconsin to demand a separate vote upon his amendment if the gentleman from Texas does not do so.

Mr. LUCAS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LUCAS. Mr. Speaker, during the debate on this bill in the committee, I offered an amendment to the loan section of the bill, to make it mandatory upon the Secretary of Agriculture to make loans upon corn, which was carried. Following that, the gentleman from Texas [Mr. PATMAN], offered an amendment, which was debated for approximately an hour and then voted down. Following that, the gentleman from Texas [Mr. JONES] offered an amendment which, as I recall it, deleted a portion of the language the committee had written in the bill originally, and also my amendment to such language.

Mr. Speaker, if a separate vote is called for upon the Jones amendment, and that vote should be in the negative, is the amendment of the gentleman from Illinois [Mr. LUCAS] at that time automatically revived, and would it be included in that section of the bill?

The SPEAKER. The Chair may state that the Chair can take parliamentary or judicial notice only of the action of the Committee of the Whole as reported by the Chairman of that Committee. Under the hypothesis set forth by the gentleman from Illinois, the Chair is of the opinion that under the circumstances as stated the amendment of the gentleman from Illinois would not automatically be before the House for consideration.

Mr. LUCAS. Do I correctly understand from the opinion of the Chair that the bill as written at the present time would be in order and would become the law in the event the House voted in the negative on the Jones amendment?

The SPEAKER. There are other considerations involved with reference to the passage of the bill and its becoming law. The Chair may state the only parliamentary question now pending before the House is upon the request for a separate vote on the amendments which were adopted in the Committee of the Whole. The Chair, of course, cannot anticipate what action the House will take upon the separate amendments. Any parliamentary inquiry with reference to any phase of the bill after such vote is had would have to be determined by the Chair at that juncture.

Mr. LUCAS. Do I understand I am premature in making this inquiry, Mr. Speaker?

The SPEAKER. The Chair is of the opinion the inquiry is not pertinent to the present parliamentary situation.

Mr. LUCAS. The inquiry was made in good faith but apparently is premature, and I beg the Speaker's pardon for taking the time of the House.

Mr. JONES. Mr. Speaker, I ask for a separate vote on four amendments.

I ask first for a separate vote on the so-called Ford amendment, striking out and inserting language on page 6, lines 5 to 17, inclusive. I also ask for a separate vote on a similar amendment which was offered by the gentleman from Mississippi [Mr. FORD], on page 4, line 21. This is a corrective amendment, and, inasmuch as it is a technical amendment made necessary by the other Ford amendment, I ask unanimous consent, Mr. Speaker, that the two amendments may be considered together.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Speaker, I ask also for a separate vote on the so-called Boileau amendment, inserting language on page 9, line 4.

I also ask for a separate vote on the so-called Coffee amendment, which struck out part III of title III, relating to marketing quotas on wheat.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. LUCAS. Mr. Speaker, I demand a separate vote on the Jones amendment.

The SPEAKER. The gentleman from Illinois demands a separate vote on the Jones amendment, which he has described heretofore. For the purpose of the RECORD, will the gentleman cite to the Chair the page to which the amendment was offered?

Mr. JONES. Mr. Speaker, my amendment strikes out, beginning with line 14, on page 14, the remaining part of the paragraph down to and including line 9, on page 15.

Mr. BOILEAU. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. Mr. Speaker, the gentleman from Texas [Mr. JONES] has moved the previous question on all amendments except the Boileau amendment. I do not recall a similar situation since I have been a Member of the House, and I frankly confess I do not know the effect of the motion of the gentleman from Texas. I would appreciate it if the Speaker would explain to the Members of the House the present status of the Boileau amendment.

Am I correct in my understanding of the present situation that because of the previous question having been ordered on all amendments other than the Boileau amendment there is no longer opportunity for debate on such amendments, but that, the previous question not having been ordered on the Boileau amendment, there is opportunity for debate on it unless the previous question is ordered?

The SPEAKER. Unless the previous question is ordered on the Boileau amendment, if a Member should seek recognition to debate the amendment the Chair would recognize that right.

Mr. BOILEAU. If a motion for the previous question were made and the previous question ordered on the Boileau amendment, would that amendment then be in the same position before this body as the other amendments?

The SPEAKER. It would, except the previous question has already been ordered on the other amendments, and under the present situation the amendments upon which the previous question is ordered will be put to a vote and disposed of before the Boileau amendment is before the House for consideration.

Mr. BOILEAU. Mr. Speaker, I ask recognition now for the purpose of moving the previous question on the Boileau amendment.

Mr. JONES. Mr. Speaker, I do not yield to the gentleman for that purpose.

The SPEAKER. The previous question has been ordered on the other amendments and they will have to be disposed of first.

Mr. BOILEAU. Mr. Speaker, a further parliamentary inquiry, and I appreciate the patience of the Chair in this respect.

After the motion is disposed of, the previous question having been ordered on the other amendments, would it then be in order for me to seek recognition or would I be entitled to prior recognition to move the previous question on the Boileau amendment?

The SPEAKER. The Chair would be inclined to recognize the gentleman in charge of the bill first, if he desired recognition.

Is a separate vote demanded on any other amendment? If not, the Chair will put them in gross.

Mr. MICHENER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MICHENER. As I understand, the only purpose of this procedure is that those who favor the Boileau amendment are expected to vote with the chairman on all the other amendments and the vote on the Boileau amendment will come last.

The SPEAKER. The Chair will state that it is not the duty of the Chair to undertake to interpret the purpose of motions.

Mr. COFFEE of Nebraska. Mr. Speaker, I demand a separate vote on the amendment to eliminate the marketing quotas on corn.

Mr. JONES. Mr. Speaker, that amendment was not adopted.

The SPEAKER. If the amendment was not adopted in Committee of the Whole, of course, it would not be in order to demand a separate vote.

Mr. BIERMANN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BIERMANN. Mr. Speaker, at page 14, the so-called Lucas amendment was adopted, providing for certain mandatory loans on corn. Sometime after that amendment had been adopted, the gentleman from Texas offered an amendment striking out all of section 201, beginning with line 14, on page 14, which included the so-called Lucas amendment. The gentleman from Illinois [Mr. LUCAS] has asked for a separate vote on the Jones amendment to strike out. If the Jones amendment is voted down, does that put section 201 where it was immediately preceding the adoption of the Jones amendment?

The SPEAKER. The Chair would state in answer to the inquiry that in such a contingency the bill would be left in the form in which it was originally reported to the House by the Committee on Agriculture.

The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The Clerk will report both of the so-called Ford amendments.

The Clerk read as follows.

Amendments offered by Mr. FORD of Mississippi: On page 4, in line 21, after the second "and", insert "(except in the case of cotton)."

On page 6, beginning in line 5, strike out all down to the period in line 17, and insert in lieu thereof the following:

"(3) In the case of cotton, 95 percent of the State acreage allotment shall be apportioned annually by the Secretary among the farms within the State on which cotton has been planted at least once during the 5 years immediately preceding the year for which the allotment is made, so that the allotment of each farm shall be a prescribed percentage of the average (during such 5-year period) of the tilled acres of the farm, which percentage shall be the same for all farms in the State."

The SPEAKER. The question is on agreeing to the amendments.

The amendments were rejected.

The SPEAKER. The Clerk will report the so-called Coffee of Nebraska amendment.

The Clerk read as follows:

Amendment offered by Mr. COFFEE of Nebraska: In title III, strike out part III, relating to marketing quotas on wheat.

The question was taken; and on a division (demanded by Mr. COFFEE of Nebraska) there were—ayes 96, noes 163.

Mr. COFFEE of Nebraska and Mr. ANDRESEN of Minnesota demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 174, nays 219, answered "present" 1, not voting 36, as follows:

[Roll No. 12]

YEAS—174

Allen, Ill.	Fiesinger	Lemke	Rogers, Okla.
Amlie	Fletcher	Lord	Rutherford
Andresen, Minn.	Forand	Luce	Sauthoff
Andrews	Ford, Miss.	Luckey, Nebr.	Schneider, Wis.
Arends	Frey, Pa.	McGehee	Secrest
Ashbrook	Gamble, N. Y.	McGroarty	Seger
Bacon	Gearhart	McLean	Shafer, Mich.
Barry	Gehrmann	McMillan	Short
Barton	Gifford	Maas	Simpson
Bates	Gingery	Magnuson	Smith, Conn.
Bernard	Gray, Pa.	Mapes	Smith, Maine
Bigelow	Green	Martin, Mass.	Smith, Wash.
Binderup	Greever	Mason	Snell
Boehne	Guyer	Massingale	Somers, N. Y.
Bolleau	Gwynne	Merritt	Stack
Boren	Halleck	Michener	Stefan
Brewster	Hancock, N. Y.	Moser, Pa.	Sutphin
Brown	Hart	Mosier, Ohio	Swope
Buck	Harter	Mott	Taber
Buckler, Minn.	Hartley	Norton	Tarver
Burdick	Hendricks	Oliver	Taylor, S. C.
Cannon, Wis.	Hill, Wash.	O'Malley	Taylor, Tenn.
Carter	Hoffman	O'Neill, N. J.	Teigan
Case, S. Dak.	Houston	Owen	Thomas, N. J.
Church	Hull	Patterson	Thurston
Clark, Idaho	Hunter	Peterson, Fla.	Tinkham
Clason	Imhoff	Peterson, Ga.	Tobey
Cluett	Jarrett	Pfeifer	Towey
Coffee, Nebr.	Jenkins, Ohio	Phillips	Treadway
Coffee, Wash.	Jenks, N. H.	Plumley	Wadsworth
Cole, N. Y.	Johnson, Minn.	Poage	Wallgren
Crawford	Johnson, Okla.	Polk	Walter
Crowther	Kenney	Powers	Welch
Culkin	Kinzer	Randolph	Wene
Dempsey	Kirwan	Rankin	White, Ohio
Dirksen	Kleberg	Reece, Tenn.	Wigglesworth
Dondero	Kniffin	Reed, Ill.	Wilcox
Eaton	Knutson	Reed, N. Y.	Withrow
Ellenbogen	Kvale	Rees, Kans.	Wolcott
Engel	Lambertson	Rich	Wolfenden
Englebright	Lamneck	Robertson	Wolverton
Evans	Lanzetta	Robsion, Ky.	Woodruff
Faddis	Lea	Rockefeller	
Ferguson	Leavy	Rogers, Mass.	

NAYS—219

Allen, Del.	Dies	Honeyman	Mead
Allen, La.	Dingell	Hook	Meeks
Allen, Pa.	Disney	Hope	Mills
Anderson, Mo.	Dixon	Izac	Mitchell, Ill.
Arnold	Dockweiler	Jacobsen	Mitchell, Tenn.
Barden	Doughton	Jarman	Mouton
Beam	Dowell	Jenckes, Ind.	Murdock, Ariz.
Beiter	Doxey	Johnson, Luther A.	Murdock, Utah
Biermann	Drewry, Va.	Johnson, Lyndon	Nelson
Bland	Driver	Johnson, W. Va.	Nichols
Bloom	Duncan	Jones	O'Brien, Ill.
Boland, Pa.	Dunn	Kee	O'Brien, Mich.
Boyer	Eberharter	Keller	O'Connell, Mont.
Bradley	Eckert	Kelly, Ill.	O'Connell, R. I.
Buckley, N. Y.	Edmiston	Kelly, N. Y.	O'Connor, Mont.
Bulwinkle	Eicher	Kennedy, Md.	O'Day
Burch	Elliott	Keogh	O'Leary
Byrne	Farley	Kerr	O'Neal, Ky.
Caldwell	Fernandez	Kitchens	O'Toole
Cannon, Mo.	Fitzgerald	Kocialkowski	Pace
Carlson	Fitzpatrick	Kopplemann	Palmisano
Cartwright	Flannagan	Kramer	Parsons
Champion	Ford, Calif.	Lambeth	Patman
Chandler	Fries, Ill.	Lanham	Patrick
Chapman	Fuller	Larrabee	Patton
Citron	Fulmer	Lewis, Colo.	Pearson
Clark, N. C.	Gambrill, Md.	Long	Pierce
Claypool	Garrett	Lucas	Rabaut
Cochran	Gilchrist	Ludlow	Ramsay
Colden	Gildea	Luecke, Mich.	Ramspeck
Collins	Goldsborough	McAndrews	Rayburn
Colmer	Gray, Ind.	McClellan	Reilly
Connery	Greenwood	McCormack	Richards
Cooley	Gregory	McFarlane	Rigney
Cooper	Griffith	McGrath	Robinson, Utah
Cravens	Griswold	McKeough	Romjue
Creal	Haines	McLaughlin	Ryan
Crosby	Hamilton	McReynolds	Sabath
Crosser	Hancock, N. C.	McSweeney	Sadowski
Crowe	Harlan	Mahon, S. C.	Sanders
Cullen	Harrington	Mahon, Tex.	Satterfield
Cummings	Havenner	Maloney	Schaefer, Ill.
Curley	Healy	Mansfield	Schulte
Delaney	Hennings	Martin, Colo.	Scott
DeMuth	Hill, Ala.	Maverick	Scrugham
DeRouen	Hobbs	May	Shanley
Shannon	Steagall	Tolan	Wearin
Sheppard	Sullivan	Transue	West
Sirovich	Sumners, Tex.	Turner	White, Idaho
Smith, Va.	Taylor, Colo.	Umstead	Whittington
Snyder, Pa.	Terry	Vincent, B. M.	Williams
South	Thom	Vinson, Fred M.	Wood
Sparkman	Thomas, Tex.	Vinson, Ga.	Woodrum
Spence	Thomason, Tex.	Voorhis	Zimmerman
Starnes	Thompson, Ill.	Warren	

ANSWERED "PRESENT"—1

Ditter

NOT VOTING—36

Aleshire	Costello	Flannery	O'Connor, N. Y.
Atkinson	Cox	Gasque	Pettengill
Bell	Daly	Gavagan	Quinn
Boykin	Deen	Hildebrandt	Sacks
Boylan, N. Y.	Dickstein	Holmes	Schuetz
Brooks	Dorsey	Kennedy, N. Y.	Smith, W. Va.
Casey, Mass.	Douglas	Lesinski	Sweeney
Celler	Drew, Pa.	Lewis, Md.	Weaver
Cole, Md.	Fish	McGranery	Welchel

So the amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Ditter (for) with Mr. O'Connor of New York (against).
Mr. Holmes (for) with Mr. Flannery (against).
Mr. Fish (for) with Mr. Cox (against).
Mr. Douglas (for) with Mr. Brooks (against).
Mr. Kennedy of New York (for) with Mr. Dickstein (against).

General pairs:

Mr. Schuetz with Mr. Smith of West Virginia.
Mr. Boylan of New York with Mr. Drew of Pennsylvania.
Mr Weaver with Mr. Aleshire.
Mr. Gavagan with Mr. Quinn.
Mr. Pettengill with Mr. Lewis of Maryland.
Mr. Bell with Mr. Welchel.
Mr. Gasque with Mr. Lesinski.
Mr. McGranery with Mr. Boykin.
Mr. Sweeney with Mr. Costello.
Mr. Cole of Maryland with Mr. Atkinson.
Mr. Celler with Mr. Dorsey.
Mr. Hildebrandt with Mr. Casey of Massachusetts.
Mr. Daly with Mr. Deen.

Mr. IMHOFF changed his vote from "no" to "aye."

Mr. FARLEY changed his vote from "aye" to "no."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will announce the next amendment, on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 14, line 13, strike out all after the period down through line 9 on page 15.

The SPEAKER. The question is on agreeing to the amendment.

Mr. LUCAS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LUCAS. Mr. Speaker, while we were considering this bill I offered an amendment to the loan section, and after general debate the Committee adopted that amendment. Following that the gentleman from Texas [Mr. PATMAN] offered a further amendment, and after debate for about an hour the Committee defeated that amendment. Following that the gentleman from Texas [Mr. JONES] offered an amendment in which he deleted language above and below the language which I had amended by my amendment, and after general debate the amendment of the gentleman from Texas was adopted. Now, if the Jones amendment, upon which a separate vote has been demanded, should be voted in the negative, would such a vote automatically revive and return to life the amendment of the gentleman from Illinois which was adopted by the Committee?

The SPEAKER. The amendment originally proposed in Committee of the Whole by the gentleman from Illinois [Mr. LUCAS], which was superseded in its terms by the subsequent amendment of the gentleman from Texas [Mr. JONES], has not been reported to the House. The Chair has no knowledge of anything that was done in the Committee, except the report made by the Chairman of the Committee of the Whole. However, to clarify the situation, the Chair thinks it is proper to state that he has been advised that the gentleman from Illinois [Mr. LUCAS] did introduce an amendment on page 14, from lines 19 down through part of line 24, which was

adopted by the Committee of the Whole. Subsequent to that time the gentleman from Texas [Mr. JONES] introduced an amendment striking out all of section 201, beginning at line 14, down through the remainder of the section, so that as reported to the House by the Chairman of the Committee of the Whole the Jones amendment is the matter now pending in the House, and that is all.

Mr. LUCAS. Mr. Speaker, under these circumstances I ask unanimous consent that the request that I made for a separate vote on this amendment be withdrawn.

The SPEAKER. The previous question has already been ordered on the Jones amendment, and the House will vote upon it.

Mr. DOWELL rose.

The SPEAKER. For what purpose does the gentleman from Iowa rise?

Mr. DOWELL. To propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DOWELL. The amendment of the gentleman from Illinois [Mr. LUCAS] was adopted in the Committee of the Whole. Should not that amendment have been reported to the House?

The SPEAKER. It should not, because it was entirely superseded by a subsequent amendment proposed by the gentleman from Texas [Mr. JONES]. All of the language of the Lucas amendment was stricken from the bill, together with other language of the section comprehending the Lucas amendment.

The question is on agreeing to the Jones amendment.

The question was taken, and the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment. The Chair thinks it proper to state that this is the so-called Boileau amendment.

Mr. BOILEAU rose.

The SPEAKER. For what purpose does the gentleman from Wisconsin rise?

Mr. BOILEAU. Mr. Speaker, I rise to demand recognition to move the previous question on the Boileau amendment.

The SPEAKER. The amendment has not yet been reported to the House. The Clerk will report the Boileau amendment.

The Clerk read as follows:

Amendment offered by Mr. BOILEAU: On page 9, line 4, strike out the period, insert a comma and the following: "And (except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be permanently used for grazing purposes only) shall be further conditioned upon the utilization of the land, with respect to which such payment is made, so that soil-building and soil-conserving crops planted or produced on lands normally used for the production of cotton, wheat, rice, tobacco, or field corn shall be used for the purpose of building and conserving the fertility of the soil, or for the production of agricultural commodities to be consumed on the farm, and not for market. As used in this subsection, the term 'for market' means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and such term shall not include consumption on the farm. An agricultural commodity shall be deemed consumed on the farm if consumed by the farmer's family, employees, or household, or by his work stock; or if fed to poultry or livestock on his farm and such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household."

Mr. JONES. Mr. Chairman, I move the previous question on the amendment and the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the Boileau amendment.

The question was taken; and on a division (demanded by Mr. BOILEAU) there were ayes 149 and noes 180.

Mr. BOILEAU. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 202, nays 188, not voting 40, as follows:

[Roll No. 13]

YEAS—202

Allen, Del.	Eaton	Lamneck	Rutherford
Allen, Ill.	Eckert	Lanzetta	Ryan
Allen, Pa.	Edmiston	Lea	Sauthoff
Amlie	Eicher	Leavy	Schaefer, Ill.
Andresen, Minn.	Ellenbogen	Lemke	Schneider, Wis.
Andrews	Elliott	Lord	Schulte
Arends	Engel	Lucas	Scott
Ashbrook	Englebright	Luce	Scrugham
Bacon	Evans	Ludlow	Secrest
Barry	Fitzgerald	McAndrews	Seger
Barton	Fitzpatrick	McCormack	Shafer, Mich.
Bates	Fleger	McKeough	Shanley
Beam	Forand	McLean	Short
Beiter	Frey, Pa.	McSweeney	Simpson
Bernard	Fries, Ill.	Mans	Sirovich
Biermann	Gamble, N. Y.	Magnuson	Smith, Conn.
Bigelow	Gearhart	Mapes	Smith, Maine
Binderup	Gehrmann	Martin, Mass.	Smith, Va.
Bloom	Gifford	Mason	Smith, Wash.
Boehne	Gilchrist	Mead	Snell
Boileau	Gingery	Meeks	Somers, N. Y.
Boyer	Gray, Pa.	Merritt	Stack
Bradley	Guyer	Michener	Stefan
Brewster	Gwynne	Moser, Pa.	Sullivan
Buckler, Minn.	Hancock, N. Y.	Mosier, Ohio	Sutphin
Buckley, N. Y.	Harlan	Mott	Swope
Burdick	Hart	Murdock, Utah	Taber
Byrne	Harter	Norton	Taylor, Colo.
Cannon, Wis.	Hartley	O'Brien, Ill.	Taylor, Tenn.
Carter	Havenner	O'Connell, Mont.	Teigan
Casey, Mass.	Healey	O'Connell, R. I.	Thomas, N. J.
Church	Hill, Wash.	O'Day	Thurston
Citron	Hoffman	O'Leary	Tinkham
Clark, Idaho	Hull	Oliver	Tobey
Clason	Hunter	O'Malley	Towey
Cluett	Imhoff	O'Neill, N. J.	Treadway
Coffee, Wash.	Izac	O'Toole	Voorhis
Cole, N. Y.	Jarrett	Parsons	Wadsworth
Connery	Jenkins, Ohio	Pfeifer	Wallgren
Crawford	Jenks, N. H.	Plumley	Walter
Crowther	Johnson, Minn.	Polk	Welch
Culkin	Kelly, Ill.	Powers	Wene
Cullen	Kelly, N. Y.	Randolph	White, Ohio
Cummings	Kenney	Reece, Tenn.	Wigglesworth
Curley	Keogh	Reed, Ill.	Withrow
Delaney	Kinzer	Reed, N. Y.	Wolcott
Dirksen	Kirwan	Reilly	Wolfenden
Ditter	Kniffin	Rich	Wolverton
Dondero	Knutson	Robsion, Ky.	Woodruff
Dowell	Kopplemann	Rockefeller	
Dunn	Kvale	Rogers, Mass.	

NAYS—188

Allen, La.	Drewry, Va.	Kee	Pace
Anderson, Mo.	Driver	Kennedy, Md.	Palmisano
Arnold	Duncan	Kerr	Patman
Barden	Eberharter	Kitchens	Patrick
Bell	Faddis	Kleberg	Patterson
Bland	Farley	Kocialkowski	Patton
Boland, Pa.	Ferguson	Kramer	Pearson
Boren	Fernandez	Lambertson	Peterson, Fla.
Brown	Flannagan	Lambeth	Peterson, Ga.
Buck	Fletcher	Lanham	Pierce
Bulwinkle	Ford, Calif.	Larrabee	Phillips
Burch	Ford, Miss.	Lesinski	Poage
Caldwell	Fuller	Lewis, Colo.	Rabaut
Cannon, Mo.	Fulmer	Long	Ramsay
Carlson	Gambrill, Md.	Luckey, Nebr.	Ramspeck
Cartwright	Garrett	Luecke, Mich.	Rankin
Case, S. Dak.	Gildea	McClellan	Rayburn
Champion	Goldsborough	McFarlane	Rees, Kans.
Chandler	Gray, Ind.	McGehee	Richards
Chapman	Green	McGranery	Rigney
Clark, N. C.	Greenwood	McGrath	Robertson
Claypool	Greever	McLaughlin	Robinson, Utah
Cochran	Gregory	McMillan	Rogers, Okla.
Coffee, Nebr.	Griffith	McReynolds	Romjue
Colden	Griswold	Mahon, S. C.	Sadowski
Collins	Haines	Mahon, Tex.	Sanders
Colmer	Halleck	Maloney	Satterfield
Cooley	Hamilton	Mansfield	Shannon
Cooper	Hancock, N. C.	Martin, Colo.	Sheppard
Cravens	Harrington	Massingale	South
Creal	Hendricks	Maverick	Sparkman
Crosby	Hill, Ala.	May	Spence
Crosser	Hobbs	Mills	Starnes
Crowe	Honeyman	Mitchell, Ill.	Steagall
Dempsey	Hook	Mitchell, Tenn.	Sumners, Tex.
DeMuth	Hope	Mouton	Tarver
DeRouen	Houston	Murdock, Ariz.	Taylor, S. C.
Dies	Jenckes, Ind.	Nelson	Terry
Dingell	Johnson, Luther A.	Nichols	Thom
Disney	Johnson, Lyndon	O'Brien, Mich.	Thomas, Tex.
Dixon	Johnson, Okla.	O'Connor, Mont.	Thomason, Tex.
Doughton	Johnson, W. Va.	O'Neal, Ky.	Thompson, Ill.
Doxey	Jones	Owen	Tolan

Transue	Vinson, Fred M.	West	Williams
Turner	Vinson, Ga.	White, Idaho	Wood
Umstead	Warren	Whittington	Woodrum
Vincent, B. M.	Wearin	Wilcox	Zimmerman

NOT VOTING—40

Aleshire	Deen	Hennings	Pettengill
Atkinson	Dickstein	Hildebrandt	Quinn
Boykin	Dockweiler	Holmes	Sabath
Boylan, N. Y.	Dorsey	Jacobsen	Sacks
Brooks	Douglas	Jarman	Schuetz
Celler	Drew, Pa.	Keller	Smith, W. Va.
Cole, Md.	Fish	Kennedy, N. Y.	Snyder, Pa.
Costello	Flannery	Lewis, Md.	Sweeney
Cox	Gasque	McGroarty	Weaver
Daly	Gavagan	O'Connor, N. Y.	Whelchel

So the amendment was agreed to.

The Clerk announced the following additional pairs:

On this vote:

Mr. Holmes (for) with Mr. Flannery (against).
Mr. Fish (for) with Mr. Cox (against).
Mr. Douglas (for) with Mr. Brooks (against).

General pairs:

Mr. Schuetz with Mr. Smith of West Virginia.
Mr. Boylan of New York with Mr. Drew of Pennsylvania.
Mr. Weaver with Mr. Aleshire.
Mr. Gavagan with Mr. Quinn.
Mr. Pettengill with Mr. Lewis of Maryland.
Mr. Sweeney with Mr. Costello.
Mr. Cole of Maryland with Mr. Atkinson.
Mr. Celler with Mr. Dorsey.
Mr. Hildebrandt with Mr. Boykin.
Mr. Daly with Mr. Deen.
Mr. Dickstein with Mr. Kennedy of New York.
Mr. Gasque with Mr. Sacks.
Mr. Whelchel with Mr. Keller.
Mr. Dockweiler with Mr. Jarman.
Mr. Sabath with Mr. Hennings.
Mr. Snyder of Pennsylvania with Mr. Jacobsen.

Mr. HARRINGTON. Mr. Speaker, I change my vote from "aye" to "no."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. ANDRESEN of Minnesota. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman a member of the Committee on Agriculture?

Mr. ANDRESEN of Minnesota. I am.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ANDRESEN of Minnesota. I am.

The SPEAKER. The gentleman from Minnesota qualifies. The Clerk will report the motion of the gentleman from Minnesota.

The Clerk read as follows:

Mr. ANDRESEN of Minnesota moves to recommit the bill (H. R. 8505) to the Committee on Agriculture.

Mr. JONES. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Minnesota.

Mr. SNELL. Mr. Speaker, on that motion I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 196, nays 205, answered "present" 1, not voting 28, as follows:

[Roll No. 14]

YEAS—196

Allen, Ill.	Ashbrook	Bigelow	Buck
Allen, Pa.	Bacon	Binderup	Buckler, Minn.
Anderson, Mo.	Barry	Boehne	Burdick
Andresen, Minn.	Barton	Boileau	Caldwell
Andrews	Bates	Boren	Cannon, Mo.
Arends	Bernard	Boyer	Cannon, Wis.
Arnold	Biermann	Brewster	Carter
Case, S. Dak.	Guyer	McLean	Schneider, Wis.
Champion	Gwynne	McMillan	Schulte
Church	Halleck	McSweeney	Secrest
Clason	Hancock, N. Y.	Maas	Seger
Claypool	Harrington	Mapes	Shafer, Mich.
Cluett	Hart	Martin, Mass.	Shannon
Coffee, Nebr.	Harter	Mason	Sheppard
Cole, N. Y.	Hartley	Massingale	Short
Crawford	Hennings	Meeks	Simpson
Crosser	Hoffman	Michener	Smith, Conn.
Crowe	Houston	Mitchell, Ill.	Smith, Maine
Crowther	Hull	Moser, Pa.	Snell
Culkin	Hunter	Mosier, Ohio	Stack
Dempsey	Imhoff	Mott	Starnes
Dies	Jarrett	O'Connell, Mont.	Stefan
Dirksen	Jenckes, Ind.	Oliver	Sutphin
Dockweiler	Jenkins, Ohio	O'Neal, Ky.	Taber
Dondero	Jenks, N. H.	O'Neill, N. J.	Tarver
Eaton	Johnson, Minn.	Pace	Taylor, S. C.
Edmiston	Johnson, Okla.	Parsons	Taylor, Tenn.
Eicher	Kee	Patman	Teigan
Ellenbogen	Kinzer	Patterson	Thomas, N. J.
Elliott	Kirwan	Peterson, Ga.	Thomas, Tex.
Engel	Kleberg	Phillips	Thompson, Ill.
Englebright	Kniffin	Plumley	Thurston
Farley	Knutson	Powers	Tinkham
Ferguson	Kocialkowski	Randolph	Tobey
Fieger	Kramer	Rankin	Towey
Fletcher	Kvale	Reece, Tenn.	Treadway
Forand	Lambertson	Reed, Ill.	Voorhis
Frey, Pa.	Lamneck	Reed, N. Y.	Wadsworth
Fries, Ill.	Larrabee	Rees, Kans.	Walter
Gamble, N. Y.	Leavy	Rich	Welch
Gearhart	Lemke	Rigney	Wene
Gehrmann	Long	Robertson	White, Idaho
Gifford	Lord	Robsion, Ky.	White, Ohio
Gingery	Lucas	Rockefeller	Wigglesworth
Gray, Ind.	Luce	Rogers, Mass.	Withrow
Gray, Pa.	Luckey, Nebr.	Rogers, Okla.	Wolcott
Green	Ludlow	Rutherford	Wolfenden
Greenwood	McFarlane	Sauthoff	Wolverton
Griswold	McGroarty	Schaefer, Ill.	Woodruff

NAYS—205

Allen, Del.	Duncan	Lambeth	Polk
Allen, La.	Dunn	Lanham	Rabaut
Amlie	Eberharter	Lanzetta	Ramsay
Barden	Eckert	Lea	Ramspeck
Beam	Evans	Lesinski	Rayburn
Beiter	Faddis	Lewis, Colo.	Reilly
Bell	Fernandez	Lewis, Md.	Richards
Bland	Fitzgerald	Luecke, Mich.	Robinson, Utah
Bloom	Fitzpatrick	McAndrews	Romjue
Boland, Pa.	Flannagan	McClellan	Ryan
Boykin	Ford, Calif.	McCormack	Sabath
Bradley	Ford, Miss.	McGehee	Sacks
Brown	Fuller	McGranery	Sadowski
Buckley, N. Y.	Fulmer	McGrath	Sanders
Bulwinkle	Gambrill, Md.	McKeough	Satterfield
Burch	Garrett	McLaughlin	Scott
Byrne	Gilchrist	McReynolds	Scrugham
Carlson	Gildea	Magnuson	Sirovich
Cartwright	Goldsborough	Mahon, S. C.	Smith, Va.
Casey, Mass.	Greever	Mahon, Tex.	Smith, Wash.
Chandler	Gregory	Maloney	Snyder, Pa.
Chapman	Griffith	Mansfield	Somers, N. Y.
Citron	Haines	Martin, Colo.	South
Clark, Idaho	Hamilton	Maverick	Sparkman
Clark, N. C.	Hancock, N. C.	May	Spence
Cochran	Harlan	Mead	Steagall
Coffee, Wash.	Havenner	Merritt	Sullivan
Colden	Healey	Mills	Sumners, Tex.
Collins	Hendricks	Mitchell, Tenn.	Swope
Colmer	Hildebrandt	Mouton	Taylor, Colo.
Connery	Hill, Ala.	Murdock, Ariz.	Terry
Cooley	Hill, Wash.	Murdock, Utah	Thom
Cooper	Hobbs	Nelson	Thomason, Tex.
Cravens	Honeyman	Nichols	Tolan
Creal	Hook	Norton	Transue
Crosby	Hope	O'Brien, Ill.	Turner
Cullen	Izac	O'Brien, Mich.	Umstead
Cummings	Jacobsen	O'Connell, R. I.	Vincent, B. M.
Curley	Jarman	O'Connor, Mont.	Vinson, Fred M.
Deen	Johnson, Luther A.	O'Day	Vinson, Ga.
Delaney	Johnson, Lyndon	O'Leary	Wallgren
DeMuth	Johnson, W. Va.	O'Malley	Warren
DeRouen	Jones	O'Toole	Wearin
Dingell	Keller	Owen	Whittington
Disney	Kelly, Ill.	Palmisano	Wilcox
Dixon	Kelly, N. Y.	Patrick	Williams
Dorsey	Kennedy, Md.	Patton	Wood
Doughton	Kenney	Pearson	Woodrum
Dowell	Keogh	Peterson, Fla.	Zimmerman
Doxey	Kerr	Pfeifer	
Drewry, Va.	Kitchens	Pierce	
Driver	Kopplemann	Poage	

ANSWERED "PRESENT"—1

Ditter

NOT VOTING—28

Aleshire	Cox	Gasque	Schuetz
Atkinson	Daly	Gavagan	Shanley
Boylan, N. Y.	Dickstein	Holmes	Smith, W. Va.
Brooks	Douglas	Kennedy, N. Y.	Sweeney
Celler	Drew, Pa.	O'Connor, N. Y.	Weaver
Cole, Md.	Fish	Pettengill	West
Costello	Flannery	Quinn	Whelchel

So the motion to recommit was rejected.

The Clerk announced the following additional pairs:

On this vote:

Mr. Ditter (for) with Mr. O'Connor of New York (against).
Mr. Holmes (for) with Mr. Flannery (against).
Mr. Fish (for) with Mr. Cox (against).
Mr. Douglas (for) with Mr. Brooks (against).
Mr. Kennedy of New York (for) with Mr. Dickstein (against).
Mr. Smith of West Virginia (for) with Mr. Schuetz (against).

Until further notice:

Mr. Boylan of New York with Mr. Drew of Pennsylvania.
Mr. Weaver with Mr. Aleshire.
Mr. Gavagan with Mr. Quinn.
Mr. Pettengill with Mr. Shanley.
Mr. Sweeney with Mr. Costello.
Mr. Cole of Maryland with Mr. Atkinson.
Mr. Whelchel with Mr. Celler.
Mr. Gasque with Mr. Daly.

Mr. HENNINGS and Mr. SHEPPARD changed their vote from "nay" to "yea."

Mr. MERRITT changed his vote from "yea" to "nay."

Mr. DITTER. Mr. Speaker, in view of my pair with the gentleman from New York, Mr. O'CONNOR, I withdraw my vote of "yea." He would have voted "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. SNELL. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 267, nays 130, answered "present" 3, not voting 30, as follows:

[Roll No. 15]

YEAS—267

Allen, Del.	Cravens	Gregory	Luckey, Nebr.
Allen, La.	Creal	Griffith	Ludlow
Amlie	Crosby	Griswold	Luecke, Mich.
Anderson, Mo.	Crosser	Guyer	McAndrews
Arnold	Crowe	Haines	McClellan
Barden	Cullen	Hamilton	McCormack
Beam	Cummings	Hancock, N. C.	McFarlane
Beiter	Curley	Harlan	McGehee
Bell	Deen	Harrington	McGranery
Bernard	Delaney	Havenner	McGrath
Biermann	DeMuth	Healey	McKeough
Binderup	DeRouen	Hendricks	McLaughlin
Bland	Dies	Hildebrandt	McReynolds
Bloom	Dingell	Hill, Ala.	McSweeney
Boehne	Disney	Hill, Wash.	Magnuson
Bolleau	Dixon	Honeyman	Mahon, S. C.
Boland, Pa.	Dockweiler	Hook	Mahon, Tex.
Boyer	Dorsey	Hope	Maloney
Boykin	Dowell	Houston	Mansfield
Bradley	Doxey	Imhoff	Martin, Colo.
Brown	Drewry, Va.	Izac	Maverick
Buck	Driver	Jacobsen	May
Buckler, Minn.	Duncan	Jarman	Mead
Buckley, N. Y.	Dunn	Jenckes, Ind.	Meeks
Bulwinkle	Eberharter	Johnson, Luther A.	Merritt
Burch	Eckert	Johnson, Lyndon	Mills
Burdick	Eicher	Johnson, Minn.	Mitchell, Ill.
Byrne	Ellenbogen	Johnson, Okla.	Mitchell, Tenn.
Cannon, Mo.	Elliott	Johnson, W. Va.	Mosier, Ohio
Cannon, Wis.	Faddis	Jones	Mouton
Carlson	Farley	Kee	Murdock, Ariz.
Cartwright	Fernandez	Keller	Murdock, Utah
Case, S. Dak.	Fitzgerald	Kelly, Ill.	Nelson
Casey, Mass.	Fitzpatrick	Kelly, N. Y.	Nichols
Champion	Flannagan	Kennedy, Md.	Norton
Chandler	Ford, Calif.	Kenney	O'Brien, Ill.
Chapman	Ford, Miss.	Keogh	O'Brien, Mich.
Citron	Fries, Ill.	Kerr	O'Connell, Mont.
Clark, Idaho	Fuller	Kitchens	O'Connell, R. I.
Clark, N. C.	Fulmer	Kopplemann	O'Connor, Mont.
Claypool	Gambrill, Md.	Kramer	O'Day
Cochran	Garrett	Kvale	O'Leary
Coffee, Wash.	Gilchrist	Lambeth	O'Toole
Colden	Gildea	Lanham	Owen
Collins	Gingery	Lanzetta	Palmisano
Colmer	Goldsborough	Larrabee	Parsons
Connery	Gray, Ind.	Lea	Patman
Cooley	Greenwood	Lesinski	Patrick
Cooper	Greever	Long	Patterson
Patton	Ryan	Sparkman	Umstead
Pearson	Sabath	Spence	Vincent, B. M.
Peterson, Fla.	Sacks	Steagall	Vinson, Ga.
Pfeifer	Sanders	Sullivan	Voorhis
Pierce	Satterfield	Sumners, Tex.	Wallgren
Poage	Sauthoff	Swope	Walter
Rabaut	Schaefer, Ill.	Taylor, Colo.	Warren
Ramsay	Schneider, Wis.	Taylor, S. C.	Wearin
Ramspeck	Schulte	Taylor, Tenn.	Welch
Rankin	Shanley	Teigan	White, Idaho
Rayburn	Shannon	Terry	Whittington
Reece, Tenn.	Sheppard	Thom	Wilcox
Rees, Kans.	Sirovich	Thomas, Tex.	Williams
Reilly	Smith, Va.	Thomason, Tex.	Withrow
Richards	Smith, Wash.	Thurston	Wood
Rigney	Snyder, Pa.	Tolan	Woodrum
Robinson, Utah	Somers, N. Y.	Transue	Zimmerman
Romjue	South	Turner	

NAYS—130

Allen, Ill.	Fletcher	Lewis, Colo.	Rutherford
Allen, Pa.	Forand	Lord	Scott
Andresen, Minn.	Frey, Pa.	Lucas	Scrugham
Andrews	Gamble, N. Y.	Luce	Secrest
Arends	Gearhart	McGroarty	Seger
Ashbrook	Gehrmann	McLean	Shafer, Mich.
Bacon	Gifford	McMillan	Short
Barry	Gray, Pa.	Maas	Simpson
Barton	Green	Mapes	Smith, Conn.
Bates	Gwynne	Martin, Mass.	Smith, Maine
Bigelow	Halleck	Mason	Snell
Boren	Hancock, N. Y.	Massingale	Stack
Brewster	Hart	Michener	Starnes
Caldwell	Harter	Moser, Pa.	Stefan
Carter	Hartley	Mott	Sutphin
Church	Hennings	Oliver	Taber
Clason	Hobbs	O'Malley	Tarver
Cluett	Hoffman	O'Neal, Ky.	Thomas, N. J.
Coffee, Nebr.	Hull	O'Neill, N. J.	Thompson, Ill.
Cole, N. Y.	Hunter	Pace	Tinkham
Crawford	Jarrett	Peterson, Ga.	Tobey
Crowther	Jenkins, Ohio	Phillips	Towey
Culkin	Jenks, N. H.	Plumley	Wadsworth
Dempsey	Kinzer	Polk	Wene
Dirksen	Kirwan	Powers	West
Dondero	Kleberg	Randolph	White, Ohio
Eaton	Kniffin	Reed, Ill.	Wigglesworth
Edmiston	Knutson	Rich	Wolcott
Engel	Kocialkowski	Robertson	Wolfenden
Englebright	Lambertson	Robsion, Ky.	Wolverton
Evans	Lamneck	Rockefeller	Woodruff
Ferguson	Leavy	Rogers, Mass.	
Fleger	Lemke	Rogers, Okla.	

ANSWERED "PRESENT"—3

Ditter	Reed, N. Y.	Treadway

NOT VOTING—30

Aleshire	Daly	Gavagan	Schuetz
Atkinson	Dickstein	Holmes	Smith, W. Va.
Boylan, N. Y.	Doughton	Kennedy, N. Y.	Sweeney
Brooks	Douglas	Lewis, Md.	Vinson, Fred M.
Celler	Drew, Pa.	O'Connor, N. Y.	Weaver
Cole, Md.	Fish	Pettengill	Whelchel
Costello	Flannery	Quinn	
Cox	Gasque	Sadowski	

So the bill was passed.

The Clerk announced the following pairs:

On the vote:

Mr. O'Connor of New York (for) with Mr. Ditter (against).
Mr. Fred M. Vinson (for) with Mr. Reed of New York (against).
Mr. Flannery (for) with Mr. Holmes (against).
Mr. Cox (for) with Mr. Fish (against).
Mr. Brooks (for) with Mr. Douglas (against).
Mr. Dickstein (for) with Mr. Kennedy of New York (against).
Mr. Schuetz (for) with Mr. Smith of West Virginia (against).
Mr. Doughton (for) with Mr. Treadway (against).

General pairs:

Mr. Boylan of New York with Mr. Drew of Pennsylvania.
Mr. Weaver with Mr. Aleshire.
Mr. Gavagan with Mr. Quinn.
Mr. Pettengill with Mr. Lewis of Maryland.
Mr. Sweeney with Mr. Costello.
Mr. Cole of Maryland with Mr. Atkinson.
Mr. Celler with Mr. Daly.
Mr. Gasque with Mr. Whelchel.

Mr. STARNES and Mr. KNUTSON changed their votes from "yea" to "nay."

Mr. TREADWAY. Mr. Speaker, I desire to withdraw my vote from "nay," in view of the fact I have a pair with the gentleman from North Carolina, Mr. DOUGHTON, and desire to vote "present."

Mr. REED of New York. Mr. Speaker, I have a pair with the gentleman from Kentucky, Mr. FRED M. VINSON. I wish to withdraw my vote and vote "present."

Mr. DITTER. Mr. Speaker, in view of my pair with the gentleman from New York, Mr. O'CONNOR, I withdraw my vote of "nay" and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. McLAUGHLIN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. McLAUGHLIN. Mr. Speaker, I wish to announce on behalf of the Committee on the Judiciary that on next Monday, at 10:30 a. m., in the meeting rooms of the Judiciary Committee, hearings will be held on House Joint Resolution 199, offered by the gentleman from Indiana [Mr. LUDLOW], proposing an amendment to the Constitution of the United States to provide for a referendum on war.

EXTENSION OF REMARKS

Mr. BOREN asked and was given permission to extend his own remarks in the RECORD.

Mr. FORD of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and insert therein an address by the mayor of my city covering the indigent-transient problem on the Pacific coast.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HEALEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein two communications on the wage and hour bill from the National Consumers' League.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BRADLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include a certain letter which I received in regard to the wage and hour legislation and my reply thereto.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BIGELOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a radio address by me.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TEIGAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address by Governor Benson, of Minnesota, at a recent farm conference held in St. Paul.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. O'CONNELL of Montana. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein some correspondence exchanged between the mayor of Jersey City and myself.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

Mr. KNUTSON. Mr. Speaker, reserving the right to object, does the gentleman intend to have it printed for general circulation?

The SPEAKER. Does the gentleman from Minnesota object?

Mr. KNUTSON. No.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD by including a short letter from the Governor of New York, Herbert H. Lehman, referring to House bill 2927, relating to railroad freight rates.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The letter referred to follows:

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, December 7, 1937.

Hon. WALTER G. ANDREWS,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: I beg to draw your attention to the fact that the passage of House bill no. 2927, introduced by Congressman RAMSPECK, relating to railroad freight rates, would undoubtedly have a very adverse effect on the industries of New York State.

This bill would in effect require as a matter of congressional enactment that railroad freight rates for transportation from one section of the country to another should, in all instances, be on the basis of the freight rates within the territory of destination. In other words, that freight rates from the South to the North should be on the basis of the lower level of freight rates within the North, while freight rates from the North to the South should be on the basis of the higher level within the South. This measure is apparently a part of the general activity of the Southern States seeking to attract industry to the South by securing a freight rate adjustment which would be preferential to southern producers in competition with northern producers. Another phase of this movement is represented by the proceeding inaugurated by the southern Governors before the Interstate Commerce Commission seeking a reduction of freight rates from the South to the North to the level of those obtaining within the North. The State of New York has intervened in this proceeding for the protection of its citizens.

I am sure you will agree with me that apart from the adverse effect upon New York of the method of rate making provided by the Ramspeck bill, the bill itself is fundamentally unsound in that it would remove rate making from the quasi-judicial jurisdiction of the Interstate Commerce Commission and make it the subject of special congressional legislation.

I bring this matter to your attention and strongly urge that you oppose the passage of the bill which cannot but help to be harmful to New York State.

Very sincerely yours,

HERBERT H. LEHMAN.

PERMISSION TO ADDRESS THE HOUSE

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that after the disposition of business on the Speaker's table on Monday next I may be given the 20 minutes allotted to me today.

The SPEAKER. The gentleman from Minnesota asks unanimous consent that on Monday next after the disposition of matters on the Speaker's table and at the conclusion of the legislative program in order for the day, he may be permitted to address the House for 20 minutes. Is there objection?

Mr. RAYBURN. Mr. Speaker, reserving the right to object, it is understood the gentleman's speech will come after the legislative program is completed?

Mr. KNUTSON. May I ask the majority leader if we shall have general debate on the wage-hour bill?

Mr. RAYBURN. There will be 4 hours of general debate, I may say to the gentleman.

Mr. KNUTSON. Such debate will not necessarily be confined to the bill?

Mr. RAYBURN. I do not know just exactly what the rule provides.

Mr. KNUTSON. I shall try to get time in general debate then.

The SPEAKER. The Chair may state to the gentleman from Minnesota that under the rule the general debate on Monday is to be confined to the wage and hour bill.

Mr. KNUTSON. I believe I can get time in general debate, Mr. Speaker. That is agreeable to me.

I withdraw my request, Mr. Speaker.

EXTENSION OF REMARKS

Mr. O'CONNELL of Montana. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD with reference to the Committee for Industrial Organization and its activities in the State of Ohio.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

VOTE ON THE FARM BILL

Mr. DEEN. Mr. Speaker, when the vote was taken on the Boileau amendment and on the Coffee amendment, I was unavoidably detained in one of the departments on an emergency official matter. If I had been present I would have voted "nay" on both amendments.

The SPEAKER. Under special order of the House, the gentleman from Texas [Mr. MAVERICK] is recognized for 30 minutes.

Mr. MAVERICK. Mr. Speaker, the address I shall make today is entirely nonpartisan, and I shall be pleased to yield for any question of a nonpartisan nature after I have started. Of course, if I make any partisan statement, I shall be glad to be called on it.

My purpose today is to talk about the efficiency and responsibility of the American Government. We have serious problems in this country today. We have unemployment, we have war, we have fascism, we have communism, we have hate, and we have a break-down of democracy all over the world. We have monopoly and all sorts of things which need the most studious attention of the Congress of the United States.

I sometimes wonder whether our Government is responsible. I wonder whether the policies we enunciate are being carried out, right or wrong; whether we indeed are floundering a little bit; whether or not the Democratic Party is responsible, and whether any other party would be responsible if it were in power.

We are here in an extraordinary session, called by the President of the United States under his constitutional power. We return to a scene of confusion, and lack of legislative preparation, where a Democratic Rules Committee has refused to let the Democratic Party vote on its pledged party policies, and a situation of fear and lack of confidence among certain groups.

In such a situation, we should have a Government that is directly responsible to the people. We are supposed to be a democracy. For that reason I have attempted to appraise the situation, and attempt an analysis. Besides, I will make a few comparisons.

BRITISH SYSTEM—WHY NOT MR. WALLACE ON OUR FLOOR?

As everyone in this Chamber knows, the members of the British Cabinet come on the floor of the House of Commons, and they are eligible to do so because each member of the Cabinet is a member of one House or the other of Parliament. Let us take, for instance, the bill we have been discussing for the last 10 days in the House of Representatives. It seems to me if we had had the Secretary of Agriculture here on the floor, we could have asked him a lot of questions and secured valuable information.

I am well satisfied with the way the gentleman from Texas [Mr. JONES], chairman of the Committee on Agriculture, has conducted the Agricultural bill.

I believe he is an able and conscientious chairman of the Committee on Agriculture and has done a fine job. But that is not the point. I believe we would have had much more information if the Secretary of Agriculture had been on the floor to answer questions.

ABOUT 350,000 ADDED TO W. P. A.—CONGRESS DOES NOT KNOW WHY

Let us take another situation. As a friend of the administration, I read in the paper this morning that Mr. Hopkins has issued a statement to the effect that he is going to increase the W. P. A. rolls by 350,000 persons. Was a single Congressman consulted on this move? Was a single leader of the Democratic Party, either in the Senate or in the House, consulted on it?

Personally, I believe he was absolutely right; but I do not actually know whether or not he was right. It is technically true he is not a member of the Cabinet, but he is a high official of the Government. Why should not Mr. Hopkins have come in and made that announcement on this floor and answered the questions of members of both the Democratic Party and the opposition?

Also, I should like to know what is on Mr. Morgenthau's mind. I should like to know what he is thinking about. I have no idea what he is thinking about, in the way of taxation or anything else. I understand he is a fine gentleman; but so far as I am concerned, he is a sphinx locked up in a watertight, soundproof money box. Let him get out of his box, and tell us what it is all about.

Now let me make some comparisons with the Government of Great Britain. Our Government, our Constitution, proceeded from the British, even though it was by bloody revolution. Considering the similarities of the two nations, and the fact that Great Britain is a successful parliamentary government in the face of dictatorships and conditions of greatest international instability, such comparisons may be of value.

In England, as we know, there is an "unwritten" constitution (see below I, The British Constitution) and "a cabinet government." The practice of Cabinet members attending sessions of Parliament, and taking part in the debates, and answering questions is essential to the Englishman's concept of representative and responsible government.

CHIEF JUSTICE HUGHES SAYS RESPONSIBILITY IS DIVIDED IN OUR GOVERNMENT

Many of the best American thinkers believe that our members of the Cabinet should be given the privilege of the floor of Congress. On this question, Chief Justice of the United States Hughes has said:

> The President of the United States is the Executive, with separate powers. He has important relation to legislative action through his recommendations and his veto power. He may win support by favors, by party pressure, by arguments, by the moral force of appeals to the country.
>
> But he is not the leader of Congress.
>
> Even the representatives of his own party may oppose and defeat his recommendations without affecting his tenure or their own.
>
> Responsibility is divided.
>
> The country looks for results which because of a division of powers it cannot secure. It is apt to hold the President responsible as though by some magic charm he could accomplish what under our constitutional arrangement it is impossible to achieve. There are committees and blocs. There are conferences and entreaties, but the capacity to put things through, enjoyed by a parliamentary ministry, is absent.

PUBLIC CONFIDENCE IN PRESIDENT, ADMINISTRATION MEASURES

Chief Justice Hughes then says, "but the American system has the advantage of stability," and adds:

> The failure of an administration measure in the Congress, however strongly urged, leaves him undisturbed in the tenure of his office and it may be with an even higher degree of public confidence.

This statement was made before the proposal of the President to reform the Supreme Court and other Federal courts, a sort of prophecy that although the suggestions later made by the President were killed by his own party, he enjoys, by actual polls, greater confidence with the people. Those who blocked the program still are in office. And the Supreme Court question remains unsolved. This is a strange situation in democratic government.

CABINET MEMBERS SHOULD GO ON FLOOR—HUGHES

Mr. Hughes strongly believes in permitting members of the Cabinet on the floor of Congress, and says the practice is contitutional. There has never been any question as to the constitutionality or propriety of the practice. (See below II, Historical Background, Cabinet Idea.)

He says:

> There is, however, the possibility of improvement without weakening our safeguards, by improving the methods of contact between the Executive and the Congress.
>
> It ought to be possible for Cabinet officers to take part in the debates in both Houses on matters touching their departments and thus to be able to give exact information and to defend themselves against unjust attacks. A vast amount of time is now wasted in the Congress.
>
> Under the present arrangement, a Cabinet officer often hears of misunderstandings and of an outpouring of mistaken notions, which a brief statement from him could have corrected, but the misapprehension has been voiced and has gone through the country perhaps never to be overtaken.

He continues:

We can preserve the advantages of stability and enhance the opportunities of Executive leadership, not by overriding the cherished prerogatives of the Congress, or by attempting to gain an illicit advantage for that leadership, but by having a recognized contact through the regular admission of Cabinet officers to the floor of both Houses of Congress.

Mr. LEWIS of Maryland. Mr. Speaker, will the gentleman yield?

Mr. MAVERICK. I yield to the gentleman from Maryland.

Mr. LEWIS of Maryland. Reading the Constitution in a simple way, one would say we can give the privilege of the floor to any person of whom our judgment approves and for such purpose as our judgment approves. A vote could not be given to a member of the Cabinet, but he might have the same voice here which is accorded the Delegate from Alaska and the Commissioner from Puerto Rico.

Mr. MAVERICK. The gentleman from Maryland, one of the best students of government in the House, is correct.

Mr. LEWIS of Maryland. This would serve the purpose the gentleman has in mind.

Mr. MAVERICK. That is correct, and that is what I have in mind.

Mr. THOM. Mr. Speaker, will the gentleman yield?

Mr. MAVERICK. I yield.

Mr. THOM. I may say to the gentleman, I introduced a bill at the last session which would give the privilege of the floor to members of the Cabinet and, of course, exclude them from voting. The bill is now before the Committee on the Judiciary.

Mr. MAVERICK. I knew the gentleman had done that and I am pleased he has done it. I think it is going to help a great deal toward clarifying democratic government and making it responsible.

Now let me proceed with some elementary explanations which are essential to the story. In the first place, the British Cabinet is selected from Parliament, one house or the other. If it is desired to appoint one a Cabinet member who is not a member of Parliament, he must first be a candidate for Parliament, and get elected. He can run for a seat in the House of Commons in any part of Great Britain, just as any American can be a candidate anywhere within his own State, whether a resident of his own district or not.

Their Cabinet, like our Cabinet, has neither constitutional nor statutory standing. Still, it controls the British Government and does it within the British Constitution. It is in fact a committee of the leading men of the party in majority control of the House of Commons.

Mr. BREWSTER. Mr. Speaker, will the gentleman yield?

Mr. MAVERICK. Of course, I yield to my friend.

Mr. BREWSTER. May I ask the gentleman whether or not he feels that in recent years the historic function of the American Cabinet, as a council to the President, has been pretty much dissipated?

Mr. MAVERICK. I am speaking just now of the British Cabinet and, as you know, when I started out I said I was not going to answer any partisan question. Is that not a little partisan?

Mr. BREWSTER. I did not confine it to this administration. If the gentleman makes the application, that is up to him. It is a question of the coat fitting.

Mr. MAVERICK. Well, Joseph's coat was of many colors; it depends on how you look at it—some are color blind as to the coat of Roosevelt. Whatever its color, it fits the American people. But this must not be partisan wrangle, and I answer by saying that at various times in the history of the United States we have had Presidents who did not listen to the Cabinet, while others did, but as far as Government responsibility is concerned, legally, the Cabinet has nothing to do with it, because it is not in the Constitution nor provided by statutes. The President can listen to his Cabinet or not listen to it as he pleases.

Mr. BREWSTER. Would it be a fair statement to say that over a long period of years the sessions of the Cabinet have been the important event of the governmental week, and the announcement of their conclusions was regarded with great concern and interest?

Mr. MAVERICK. I think so, and possibly we agree. So far as I am concerned, I do not like the idea of a Cabinet locking itself up in its compartment without giving us information, and announcing a particular policy without either contact or consultation with Congress.

Mr. BREWSTER. I am in entire agreement with the gentleman.

Mr. MAVERICK. I might say to my colleague, the former Governor of Maine, that would apply, no matter what administration we might have.

Mr. WHITE of Ohio. Mr. Speaker, will the gentleman yield?

Mr. MAVERICK. I yield to my distinguished friend.

Mr. WHITE of Ohio. The gentleman from Texas the other day very kindly focused his interest on whether or not Congress had a right to discuss the responsibility of this Government in determining whether or not a state of war exists in the Far East. If the proposition the gentleman is expounding here now were in effect, would not that provide an excellent example of the way in which we would be able to call the Secretary of State in here and get direct answers upon the question, and find out why he thinks this mass murder that has been going on over there in the piling up high of corpses on the streets of China is merely technicality or a state of war?

Mr. MAVERICK. Sure. I thank the gentleman for his statement, and I believe that Secretary Hull should be asked to come on this floor and explain his foreign policies. I do not see any reason why Mr. Hull should not come in here and say what he has in his mind.

I came here as one of the firm believers in neutrality, and I still believe in it, but now we are getting into an international situation, and I do not understand it. I want to know the truth about it, and it would not hurt us in the slightest to have Mr. Hull on the floor. And it would not hurt Mr. Hull. The main thing is, it would improve our understanding of foreign affairs, and permit us to have sensible policies.

Mr. WHITE of Ohio. Right in this specific particular, the question has arisen, has it not, as to whether or not the policy conforms to the Neutrality Act adopted by Congress?

Mr. MAVERICK. That is true.

Mr. WHITE of Ohio. And the distinguished chairman of the Committee on Foreign Affairs, for whom I have a great deal of affection, when we asked the question about the policy, said it was a technicality, and, in substance, he indicated that he did not feel that it was any of the business of Congress.

Mr. MAVERICK. That might be a fair conclusion; Congress should know foreign policies first-hand——

Mr. WHITE of Ohio (interjecting). But it seems to me that Congress having passed the neutrality law, we have a great deal of business and responsibility in determining whether or not the President's action conforms to that law.

Mr. MAVERICK. Of course, the gentleman is right. Foreign affairs—and domestic affairs, too—should be discussed in the Chamber and not be arrived at by some mysterious symbols of some kind at the other end of the Avenue.

HOUSE OF COMMONS IS THE GOVERNMENT OF ENGLAND

Let me complete my explanation of the House of Commons. Please do not interrupt me for a few minutes. Now, the House of Commons is really the Government of England. The House of Lords once had the same power as our American Senate on refusing to concur with the House of Representatives, but it has it no longer. In 1911 the Liberal Government under Asquith, threatened to "pack" the House of Lords (by having the King appoint more Lords) to such an extent that it would no longer stand in the way of progress in England, but after lengthy disputes the House of Lords withdrew their power as against the House of Commons. It still has the power to hold up any law passed by the House of Commons for a period of as much

as 2 years. However, this power is never exercised, because it would precipitate an election in which the House of Lords would very likely lose the issue.

It is also to be noted that elections in England are held on issues and our elections are held on dates.

The explanation of this latter is simple; for in our country elections are held at certain periods and the elected Member of the House of Representatives or Senate remains in office until his term expires, whether he keeps his pledges or not and whether he is responsible or not. In England the members of the House of Commons hold office until there is an issue sufficient to have an election but in any case an election is held within 5 years.

In England, the Ministry is responsible directly to Parliament because of its own responsibility for legislative and executive work. Also it is quite true that the leaders in the English system both influence and control the action of the House, at least as long as they are able to maintain the confidence of their colleagues.

Because the Executive in this country is considered to be entirely separate from the legislative branch of the Government, he does not enjoy the "immunity from responsibility for political and administrative action which attaches to the English King," as Sir Courteney Ilbert says in "Parliament," who continues:

He (the President) has more power: he not only reigns, but governs.

Viewing the Government of England from the viewpoint of an American, it appears that all actual power is vested in the House of Commons, and it is directly responsible to the English people.

WHO IS RESPONSIBLE IN THE UNITED STATES? WHICH BRANCH?

The question then arises, Who in our Government is responsible? Who, in the last analysis, must bear the responsibility of either good or bad government?

The President?

Many students say "no" because Congress may not follow any of his suggestions. Or, further, if Congress does follow his suggestions, that the laws enacted by them and signed by him may be declared unconstitutional by the Supreme Court, or, rather, that the Supreme Court may refuse to enforce the laws executed by both the President and the legislative branch.

Some say the President is really responsible to the people. But they admit that under our system of checks and balances that it is often difficult for the President, and sometimes impossible, as stated in effect by Chief Justice Hughes, to fulfill his promises to the people. To me, this is not a final answer. It merely indicates that we must find a definite way of ascertaining the will of the people.

IS CONGRESS RESPONSIBLE TO THE PEOPLE?

Next, is Congress responsible?

The answer again seems to be no, because the President has the constitutional power of veto; and, although a majority might approve passing the bill over his veto, his veto would block the will of Congress unless they mustered a two-thirds majority. More, if Congress enacts a law, and it is approved by the President, according to the Constitution of the United States, it may later be declared unconstitutional; being again a situation in which the Court refuses to enforce the law which the representatives of the people have enacted. There again the claim is made that Congress is not the responsible agent.

Then, if neither the President nor Congress is responsible, is the Supreme Court responsible?

The answer is still no, because the Court cannot initiate legislation. All the Court can do is for five out of its nine members to say that a law, in their opinion, is "unconstitutional," and refuse to enforce it, because they do not like it.

NO RESPONSIBILITY, CHAOS; ALL CHECK, NO BALANCE—NO GOVERNMENT

In such a situation it is easily conceivable that if the three branches of government do not cooperate with each other for the common good of the people of the United States the Government might end in chaos. This is purely a governmental question, and might apply when any party is in power.

We are told that our Government is one of checks and balances; that the Supreme Court is supposed to be a check on Congress. However, attempts to give the Supreme Court revisionary or veto power of Congress was three times voted down by the Constitutional Convention. Although long and scholarly books have been written to the contrary, I do not believe there was any intention on the part of even a minority of the writers of the Constitution to give the Supreme Court the power to nullify acts of Congress. The truth of the matter is that the idea of checks and balances was in connection with the Senate and House of Representatives. (See below, III, Madison's Journals, Checks and Balances.)

Whatever was in our forefathers' minds, they did not give the Supreme Court such power in the Constitution; but the present fact is, that if the Supreme Court "declares a law unconstitutional," and refuses to enforce it, that constitutes a check on Congress (and incidentally the people) but no balance. That is the end, and nothing of a practical nature can be accomplished to correct the situation.

IS COHERENT GOVERNMENT POSSIBLE WITH WATERTIGHT COMPARTMENTS?

Let us consider the legislative and executive, omitting the Supreme Court, as two arms of government necessary for coordinated action. They are supposed to exist in separate watertight compartments, entirely independent of each other. It seems to me that if this idea is carried out strictly that we can have no proper performance of governmental functions, as I intimated in the beginning of this speech. Certainly, the bringing together of the executive and legislative in closer cooperation would permit the coherent performance of governmental functions.

It is becoming increasingly difficult for Members of Congress to obtain information from administrative departments. As technical and scientific advances are made in civilization, the legislator needs more and more information to carry out his duties intelligently. With all the information locked up in the watertight compartment at the other end of the Avenue, with no real cooperation or contact, the occasional dumping on us of annual reports, ponderous tomes or battalions of dreary statistics, or the personal appearance of administrators before our committees, does not really inform the membership of Congress.

We must understand that since the executive branch is entirely separate from Congress the executive branch is the sole repository of information. We merely write laws, and frequently without sufficient information and understanding. A closer cooperation of the two branches would make the information upon which to draft legislation more readily available and understandable to the Congress. That would produce better legislation.

SPOILS BRIDGE GAP BETWEEN PRESIDENT AND CONGRESS

How has the gap between the legislative and executive branches been bridged in the past? The answer is, generally by patronage and the spoils system, and when the spoils give out there is a conflict between the two branches. For myself, I should prefer the merit system, with a greater cooperation between the executive and legislative based upon political principles and party responsibility.

Now let us return to the House of Commons, predominant in the British Government. Comparatively, the House of Representatives in the United States is in no way predominant. This is not intended as an odious comparison, but as a statement of fact which I believe is well recognized. We frequently permit the allocation to the Senate of the approval of even minor appointments, in spite of such approval not being necessary under the Constitution. More and more this body gives way to the Senate.

LIBERTIES OF PEOPLE PROTECTED BY THEMSELVES

William Bennet Munro says in Governments of Europe:

The chief function of the House of Commons is to protect the people's rights and to assure their liberties against oppression. It was for the attainment of these ends that the House was developed.

That's just another way of saying that the liberties of the people are protected by themselves. It is all obvious; members of the House of Commons are elected by the people, directly responsible to the people, and can be turned out at an election if it does not protect those liberties.

It is upon the principle which I have already mentioned that elections in England are held on issues, and not merely at stated times as in the United States. This is of extreme importance.

Now, there have been numerous claims that the Supreme Court of the United States protects the liberties of the people. But it must be borne in mind that insofar as the real liberties of the people are concerned, such as freedom of speech, press, and other liberties, the record of the Congress of the United States is an excellent one. It might be said that our Congress as a whole has pretty well fulfilled the function of preserving the essential liberties of the people, just as the House of Commons has done.

But sometimes I am asked, "Well, suppose Congress violates the Constitution. Who is to protect us?" My answer is that the Congress has never violated civil or religious liberty as far as the Supreme Court is concerned, except in one possible case following the Civil War, when a Confederate was prohibited from practicing before the Court itself. This was held unconstitutional. But when such laws as the Alien and Sedition Acts were passed during the Adams administration, and the various sedition and espionage acts since, the courts have either enforced the acts or declared them constitutional. There again, without expressing an opinion, the people of the United States must decide by whom, and in what capacity, are liberties to be protected.

PRACTICAL FUNCTIONS OF ENGLISH CABINET SYSTEM

Let us consider some of the practical functions of the English Cabinet system. (See below, IV, Differences English and American systems.) With privileges of the floor, the minister takes direct charge of a bill and pilots it through the House; answers questions of members, and generally cooperates with the legislative branch, of which he is also a member.

No Englishman believes that this is dominating the legislative branch, but rather that the legislative branch is dominating the executive branch, or that the legislative branch is really the Government.

Concerning the workings of our Government, I should like to submit two questions for consideration:

MEMBERS OF AMERICAN CABINET ON FLOOR OF CONGRESS

First. Would it harm our Congress, or democratic government, to permit members of the Cabinet to come on the floor?

I say this because occasionally but not often a fear has been expressed that executive would indirectly dominate the legislative branch. But let us consider this from a practical viewpoint. Sometimes for solid weeks I have heard denunciations of Cabinet members; for some it has been years. The Cabinet officer never gets a chance to answer; suppose he had the privilege of the floor? I have often thought it might save time, make government more efficient, and more responsible. And far from increasing the power of the Executive there might be a tendency to decrease it, or at least to cause a better understanding between the two arms of government.

COOPERATION, LEGISLATIVE WITH ADMINISTRATIVE, NECESSARY

Second. Why should not the various branches of the administration or executive arm of the Government answer questions freely, and offer cooperation to Members of Congress freely? Why should not we establish the regular daily "question hour" (see below for description of custom, V, Question Hour in House of Commons), as in the House of Commons?

I say this because although I believe all departments of our Government are usually courteous and cooperative, they frequently refuse information, assistance, or cooperation because they have instructions from "The Budget" not to do so. This means that these departments have instructions from the President, of course.

In this we see the growing power of the Executive, and the diminishing power of the legislative. We see a situation wherein ordinary requests for information are frequently not obtainable from the part of the Government under the Executive. If this condition is expanded, it will be no check and balance, but a case where the legislative branch is "balanced off."

Mr. SCHNEIDER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MAVERICK. I yield to the distinguished Progressive of Wisconsin.

Mr. SCHNEIDER of Wisconsin. The Bureau of the Budget is directly under the President. It is under his command, and in case he should lay down a certain rule, he would not want one of his agents to tell just why he was laying down the rule.

Mr. MAVERICK. I do not know what the rule is, except that the Executive is the sole repository of information.

We have no real information on which to legislate.

The executive and the administrative branches are the sole repositories of information. We have none.

Mr. SCHNEIDER of Wisconsin. Under the gentleman's plan he is not calling the Chief Executive but merely certain Cabinet officers?

Mr. MAVERICK. I would call members of the Cabinet and I would call Harry Hopkins and have him explain why he does certain things.

Mr. SCHNEIDER of Wisconsin. But all the Members of the House could not detain the members of the Cabinet and get all information. One could not get that from a Cabinet officer on the floor of the House, because he would have to be here half the time.

Mr. MAVERICK. Yes, you could, because you would have a question hour each day and he could answer questions in that hour, either orally or in writing——

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. Gladly.

Mr. THOM. Under the British Parliament system a member of Parliament may present a question known as an "interrogatory."

He submits that interrogatory in a question box, and the particular Cabinet officer to whom it is addressed then has time to prepare his answer. When he appears in the Parliament he makes a full explanation of that question, and that question alone. I have at home some of the interrogatories in printed form that were addressed to members of the Cabinet of England.

It seems to me it works very effectively, but you have to confine the issue. You cannot have a man coming in here in catch-as-catch-can fashion and answer any question propounded.

Mr. MAVERICK. I thank the able gentleman for his cooperation and excellent explanation. Further answering, a member of Parliament makes a written request, and I think it is within 48 hours that the member of the Cabinet answers the question. He hands it up to the clerk and in 48 hours the question is answered. If the Cabinet member refuses to answer, they have some parliamentary practices that are similar to ours, demanding information, but in any event the Cabinet member is given sufficient time to answer.

Mr. BREWSTER. Mr. Speaker, will the gentleman yield?

Mr. MAVERICK. I yield.

Mr. BREWSTER. Has it not been the practice that with matters which concern the district of a Congressman or a Senator, he was usually given the information as quickly as anyone else—as to what was to be done affecting a given project? Has not that hitherto been the usual practice? They would tell a Congressman as quickly as they would tell anybody else.

Mr. MAVERICK. I think so. I do not know.

Mr. BREWSTER. It has been brought to my attention in the last 24 hours by two of the most distinguished and

loyal Members on the other side of the aisle that recently that practice has been entirely changed, and that announcements of projects in the various districts are given to the press before they are given to the Member of Congress, even though the Member of Congress has registered his interest.

Mr. MAVERICK. That has happened to me, but lately not so much.

Mr. BREWSTER. They do not do it any more?

Mr. MAVERICK. No; but I think that practice ought to be corrected, too. Congress should know policies; a Member should always be informed of his district. I think the establishment of the question hour would correct the situation.

Mr. BREWSTER. The gentleman would agree with me that it would certainly be proper for a Member of Congress to be informed as soon as members of the press?

Mr. MAVERICK. Sooner.

We all understand that if this Government is to function more efficiently there must be greater cooperation of the legislative and the administrative operations. We sit on top of Capitol Hill and yell about the bureaucrats and braintrusters; how much better would it be if the two functions worked together more closely? Munro says the British Parliament question hour "keeps the experts responsive to a body of laymen"—a good thing.

Somehow there is a skittishness about the mere asking of a question in this country. If a Republican wants to know something, it is almost treason for a Democrat to vote for him to have the information. If the Republican asks, it is usually said that he is "only trying to embarrass the administration," and is therefore usually refused by a vote of a Democratic Congress. The same has been true when the Republicans were in power.

It is true that questions are often asked to embarrass the administration; sometimes the request would require such an expenditure as would make the answer too expensive. But on the whole, it would appear to me that no member of the Cabinet, no bureau, department, or section of government should maintain any practice they could not explain publicly.

GOVERNMENT SHOULD DELIVER THE GOODS

Mr. Speaker, each person can make whatever conclusion he cares to make about the facts that I have submitted. But one conclusion is obvious: In the United States of America the people are entitled to governmental responsibility, that is, that the Government should deliver the goods.

When I use the expression "deliver the goods" I do not mean that we should necessarily bring on any Utopia, or give perfect results, but at least we should carry out our responsibilities; and that if such responsibility is not met that the people of the United States should have some redress.

HAVE WE A HOUSING PROGRAM OR NOT?

Have we a program or not? When we get to discussing our program we talk about housing. It is said we are going to spend $16,000,000,000; but nobody knows whether we are going to spend $16,000,000,000, a dime, or nothing. Or, again, take the proposition of creating the seven planning boards, like seven T. V. A.'s. I am for it, but I want to get it done. I want the men who are responsible for it to come here on the floor and submit themselves to interrogation. Then we should act.

Mr. VOORHIS. Mr. Speaker, will the gentleman yield?

Mr. MAVERICK. I yield.

Mr. VOORHIS. We hear a lot of complaint sometimes about Congress giving to a certain body or a certain department a specific job to do, but not being able to legislate in detail as to exactly how it is to be done, for the reason that it is so complicated that we cannot do it. In other words, Congress says what is to be done and limits the money to be spent but leaves to expert managers the working out of practical details. Does not the gentleman believe that questions and complaints connected with that problem would be answered if we were to have coordination such as he suggested?

Mr. MAVERICK. Certainly; the gentleman is right. We question the action of some bureau, some department. We get up on the floor and raise Cain about bureaucracy and say somebody ought to be impeached, we bellow about the Constitution; whereas the whole thing could be settled in 15 minutes by a simple conversation or an answer to a question.

I hear people say that we should not have "delegation of power," but we delegate power to a bureau, and turn the bureau completely loose, leaving it to float down the River of Doubt and Forgetfulness. If we want to cure that condition, we should have people here on the floor to answer for it. That is a good way for us to deliver the goods.

Mr. JOHNSON of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. MAVERICK. I yield.

Mr. JOHNSON of Minnesota. The gentleman spoke about a $16,000,000,000 potential investment in housing. We do not need to ask the Federal Housing Administrator whether or not that is going to work, for we know it is not with an interest rate of 5½ percent; that is already doomed.

Mr. MAVERICK. I think the gentleman is getting on specific points, and outside the principle of this discussion The point is, that if we had the responsible man here on the floor we could get an answer right away whether it would work or why it would not work. And I think we would find, as the gentleman suggests, 5½ percent is too much; in England people borrowed at 3 percent to build homes.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. MAVERICK. I yield.

Mr. COCHRAN. The gentleman realizes that the rules of the House provide a method whereby any Member may request information from a department.

Mr. MAVERICK. Yes.

Mr. COCHRAN. If the resolution the Member introduces is agreed to by the House the information will be brought to him.

Mr. MAVERICK. It is a very difficult and unsatisfactory process. I have information I want to get right now that one of my friends will not give me because he has instructions he must follow.

Mr. COCHRAN. Does the gentleman realize that if that information were available that Members of Congress would be harassed by their constituents to increase this appropriation, decrease that appropriation, or to get to the Bureau of the Budget before the Bureau sends up its recommendations?

Mr. MAVERICK. That is absolutely the way it ought to be; our constituents ought to have the right to harass us; they ought to have the right to know whether we have high appropriations or low appropriations. The idea of government responsibility is the opposite of secrecy, and secrecy of the administrative proceedings is what I am kicking about. I think it is wrong; I think facts ought to be brought out here on the floor, where both Congress and the people will know.

Mr. COCHRAN. As a matter of fact, the gentleman is going to get the information the first week that Congress convenes; the President is going to send it down to us in his annual Budget message. Why not give him a chance to make up his Budget?

Mr. MAVERICK. I am not talking about the Budget; I am talking about the Legislature. We ought to be kept informed all of the time.

METHODS OF GOVERNMENT; RULES COMMITTEE

Let us discuss some methods of government. Why not at least try these suggestions for a while? Such practices might be considered "innovations" but certainly they would do no harm. Indeed, the practices might be of great benefit toward a clear understanding of government by the Members of Congress themselves, enabling them to more intelligently vote on issues before Congress.

And what about our Rules Committee? As the country knows, a majority of that committee has recently steadfastly refused to permit the House to vote on an administration measure, the wage and hour bill. Mr. SNELL, minority leader, gives the laugh to the Democratic Party for not being able to get consideration of its own bills, pledged by the party. I

conclude from his statement that he believes the action of the Rules Committee in obstructing its own party to have been an example of irresponsibility.

It seems to me that the position of the minority leader is correct. We, the Democrats, have an overwhelming majority. We have pledged in every way to enact a wage and hour bill. But the Rules Committee, through its Democratic members, defies the Democratic Party and the Democratic leadership to the last. It is true that now, by the difficult process of getting 218 Members of the House to sign a petition, the wage and hour bill will be considered—signed by 196 Democrats, 9 Republicans, 8 Progressives, and 5 Farmer Laborites. This is final victory for the Democratic leadership, but it took members of other parties to put it over.

This is direct repudiation by the House of the Rules Committee, or at least of those Members who attempted to obstruct its consideration in the House.

Had the Democratic leadership failed in getting out the bill to be voted on, it would have been repudiation for them; indicating the House was with the Rules Committee rather than the leadership, the President, and the party.

Now comes an interesting question, based on responsibility. In view of the repudiation of the Rules Committee, why shouldn't they resign? I do not question their motives, but it does seem that Congress should some day develop policies of responsibility. I do not believe that resignations should occur on every little difference of opinion, but this was a major issue, and acknowledged as such.

Mr. Speaker, I repeat that the people are entitled to responsibility. This is not merely in application to the Democratic Party but to the Republican as well. For that reason, both the Democrats and Republicans should so fix their practices as to give to the American people responsible government.

Responsible government is always necessary, but more so now than ever. We are having what is termed a business recession, and what may turn out to be a real depression. There is an extreme amount of bitterness in the press, public opinion, private conversation, and speeches of public officials. In the agriculture bill which we have recently discussed, the most serious human and economic questions were brought before the people. In the matter of taxation there is the widest variance of opinion.

In accomplishing these ends there are certain definite things that can be done. If we have a responsible government, and, at the same time, the merit system, we will certainly render to the American people what is generally known as "better service," or coherent governmental action. For that reason, I have introduced three simple House resolutions: The first one being to permit the right of debate to members of the Cabinet; the second one being to establish the "question hour"; and the third one to change the rule of having 218 Members to discharge a committee, to 145, which is much more equitable and just. (The gist of these resolutions is contained below under VI, House Resolutions Presented.)

The people of America are really approaching a major crisis. To have a government which is not responsible, with branches of the Government working against each other, and to continue without even partially permanent policies, is to invite disaster.

Mr. Speaker, I do not believe that we, or the American people, really understand how serious this question is. In any event, I present these views as being worthy of the study of the Congress of the United States. [Applause.]

I. THE ENGLISH CONSTITUTION

To say it is "unwritten" is misnomer

To say the British Constitution is unwritten, is in a sense incorrect. For, indeed, the constitution is evidenced by an enormous mass of writings; in fact, besides many "charters" are the thousands of acts of Parliament, which are a part of it.

The best way to explain the English Constitution, in my opinion, is to say that it is an Englishman's idea of what is fair, based on English precedent written and unwritten for at least seven or eight centuries, and probably many more. For instance, a part of the constitution most often mentioned is the Magna Carta, or Great Charter, wrested from King John in 1215. It is usually referred to as the foundation of the English Constitution.

Most writers list some five elements in the English Constitution—first, the Charters, which include Magna Carta, 1215, just mentioned; the Petition of Right, 1628; the Agreement of the People, 1647; the Bill of Rights, 1689; then certain acts such as the Act of Settlement, 1701; the Acts of Union with Scotland, 1707, with Ireland, 1800; the Great Reform Act, 1832; the Parliament Act, 1911, when House of Lords drew in their horns; Government of India Act, 1919; Irish Treaty, 1921; and the Statute of Westminster, 1931. The other four elements are the usual statutes of Parliament, judicial decisions (bearing in mind Parliament has full power to repeal or enact anything and that no court can declare an act of Parliament void or unconstitutional), the common law, and customs and usages.

As stated elsewhere, the House of Commons guards the liberties of the people. The people elect the House of Commons; in other words, the people protect their own liberties.

II. HISTORICAL BACKGROUND CABINET IDEA

Historically this matter has been discussed ever since the Nation was formed. As I have stated, there is not any question at all about the constitutionality and propriety of the practice. Thorough investigation of this was made in 1864, and a report made recommending adoption of the idea of bringing on the floor members of the Cabinet.

1. 1864 Report calls for open executive influence

The House committee said on that date as follows:

First. That it is the duty of Congress to avail itself of the best possible means of information in relation to the measures of legislation on which it may be called to act.

Second. That the influence of the executive department upon the legislative, whatever it may be, should be open, declared, and authorized, rather than secret, concealed, and unauthorized.

2. Senate committee favors Cabinet presence in 1881

In the Senate, Forty-sixth Congress, third session, February 4, 1881, a select committee reported favoring the plan and made long historical references as to the propriety and constitutionality.

Among other things they also said:

Your committee is not unmindful of the maxim that in a constitutional government the great powers are divided into legislative, executive, and judicial, and that they should be conferred upon distinct departments. These departments should be defined and maintained, and it is a sufficiently accurate expression to say that they should be independent of each other.

But this independence, in no just or practical sense, means an entire separation, either in their organization or their functions—isolation, either in the scope or the exercise of their powers. Such independence or isolation would produce either conflict or paralysis, either inevitable collision or inaction, and either the one or the other would be in derogation of the efficiency of the Government.

Such independence of coequal and coordinate departments has never existed in any civilized government and never can exist.

James G. Blaine was one of the signers.

3. Woodrow Wilson believed that the cabinet system of government was the best

He said:

Cabinet government has in it everything to recommend it. Especially to Americans should it commend itself. It is, first of all, the simplest and most straightforward system of party government.

However, his idea was to have strictly the English system, that is, that Members of Congress or Parliament could also be members of the Cabinet, which would require a constitutional change. He went much further than any other American authority I can find. The resolutions which I have introduced require no constitutional change whatever, since the members of the Cabinet would not be Members of Congress but would merely have privileges of the floor and debate, and would be required to answer questions.

However, Mr. Wilson, being strongly attached to the cabinet principle, conforms to the idea that full discussion will bring to light the truth, and says also:

Charlatans cannot long play statesmen successfully when the whole country is sitting as critic. And in Congress itself a single

quick and pointed and well-directed question from a keen antagonist may utterly betray any minister who has aught to conceal. Even business routine will tear away any thin covering of plausibility from the shams of dishonest policy. There is nothing so wholesome as having public servants always on public trial.

Wilson believed that the independence of the executive and legislative should be maintained, stating that they should not be consolidated, but that their antagonisms should be neutralized by their association and their interests harmonized, adding "a Cabinet committee would constitute such a bond."

He also said:

We must have legislation which has been definitely forecast in party programs and sanctioned by the public voice. Instead of the present arrangements for compromise, piecemeal legislating, we must have coherent plans from recognized party leaders and means for holding them to a faithful execution of those plans in clear-cut acts of Congress.

At another time Wilson stated that representative government is that form which best enables a free people to govern themselves. Further, that the business of representation was the discussion of public business. He added:

They (Congress) should legislate as if in the presence of the whole country, because they come under the closest scrutiny and fullest criticism of all the representatives of the country speaking in open and free debate. Only in such an assembly, only in such an atmosphere of publicity, only by means of such a vast investigating machine can the different sections of a great country learn each other's feelings and interests.

4. President Taft recommends in 1912

Another one recommending the presence of Cabinet Members on the floor of Congress was President William Howard Taft in a message to Congress on December 19, 1912. He had already been defeated. As is well known, no particular move was made to adopt the system during the Wilson administration.

Mr. Taft said in part as follows:

I recommend the adoption of legislation which shall make it the duty of heads of Departments—the members of the President's Cabinet—at convenient times to attend the session of the House and the Senate, which shall provide seats for them in each House and give them the opportunity to take part in all discussions and to answer questions of which they have had due notice.

The rigid holding apart of the executive and the legislative branches of this Government has not worked for the great advantage of either. There has been much lost motion in the machinery, due to the lack of cooperation and interchange of views face to face between the representatives of the Executive and the Members of the two legislative branches of the Government. It was never intended that they should be separated in the sense of not being in constant effective touch and relationship to each other. The legislative and the executive each performs its own appropriate function, but these functions must be coordinated.

Time and time again debates have arisen in each House upon issues which the information of a particular Department head would have enabled him, if present, to end at once by a simple explanation or statement. Time and time again a forceful and earnest presentation of facts and arguments by the representative of the Executive whose duty it is to enforce the law would have brought about a useful reform by amendment, which in the absence of such a statement has failed of passage. I do not think I am mistaken in saying that the presence of the members of the Cabinet on the floor of each house would greatly contribute to the enactment of beneficial legislation.

Nor would this in any degree deprive either the legislative or the executive of the independence which separation of the two branches has been intended to promote. It would only facilitate their cooperation in the public interest.

III. MADISON'S JOURNAL—CHECKS AS BALANCES

Supreme Court was not considered check on Congress

Frequently we hear the Supreme Court has a right to declare acts of Congress unconstitutional because we are a government of "checks and balances"; that the Supreme Court is supposed to check Congress. Wholly aside from this question of the power of the Court, there is no evidence that the Court was intended as a check on Congress.

In truth, this theory of the Court being a check on Congress is quite recent. I can remember when I attended high school back in 1912 that we were told that the forefathers created the House of Representatives as a House of Commons and the Senate as a sort of House of Lords, and this is historically correct. Even then no such doctrine of the Court being a check on Congress was taught.

So I will quote here some excerpts from Madison's Journal of the Constitutional Convention of 1787, held in Philadelphia:

Governor Randolph, of Virginia: "He thought it would be impossible for the State legislatures to appoint the Senators because it would not produce the check intended. The first branch of the Federal Legislature should have the appointment of the Senators, and then the check would be complete. There will also be a check in the revisionary power of the Executive."

Mr. Williamson, of North Carolina: * * * "The different modes of representation in the different branches will serve as a mutual check."

Mr. Patterson, of New Jersey: "It is urged that two branches in the legislature are necessary. Why? For the purpose of a check. * * * Do the people complain of Congress? No; what they wish is that Congress may have more power."

Mr. Bedford, of Delaware: "The two branches would produce a sufficient control within the Legislature itself."

Mr. Gouverneur Morris, of Pennsylvania: "It is confessed on all hands that the second branch ought to be a check on the first, for without its having this effect it is perfectly useless. The first branch can only be checked by ability and virtue in the second branch. * * * History proves that the men of large property will uniformly endeavor to establish tyranny. Give them the second branch * * * and this lust of power will ever be checked by the democratic branch, and thus form a stability in your Government."

Judge Ellsworth, of Connecticut: "Is it not the case in the British Constitution, the wisdom of which so many gentlemen have united in applauding? Have not the few, the House of Lords, a check upon the many, the House of Commons, and one upon both?"

Mr. Dickinson, of Delaware: "Was of the opinion that the mode by him proposed, like the British Houses of Lords and Commons, whose powers flow from different sources, are mutual checks on each other and will thus promote the real happiness and security of the country."

Mr. Martin, of Maryland: "If gentlemen conceive that the legislative branch is dangerous, divide it into two."

Mr. King, of Massachusetts: "The Congress must be divided into two branches, by this means it may be balanced, which is impracticable with one body."

Mr. Patterson, of New Jersey: "There is no check in a single branch. There should be distinct and independent branches, reciprocal control."

I present these few statements merely to show that the term "checks and balances" is used frequently without its correct meaning. But it is also important for the people to know that if the Government conducts itself as three warring sections or departments, the three checking each other from carrying out the will of the people, that the result may be chaos.

IV. DIFFERENCES, ENGLISH AND AMERICAN SYSTEMS

Munro explains the differences in the British and American systems. He says that "fundamentally they are alike, but there are some sharp contrasts between the two." I have here followed him somewhat, but have combined his statement with other research:

1. Executive power; party responsibility compared

In the United States there is formal executive leadership, or headship, in the form of the President. In England there is none as we Americans understand it; a Cabinet drawn chiefly from the House of Commons is the real executive arm of the Government. The Crown is merely the symbol-head of executive power.

To vote against the Government, or the party in power, is the same as voting to put the opposition in power. Or to explain it in the American sense, a vote against the Democratic Party by a Democrat would be to possibly precipitate an election, and to put the Republicans in power.

But Munro says:

The American Congressman, when he votes against some measure which the administration is known to support, knows full well that nothing catastrophic will happen. His party will not go out of power, if it is in power; it will continue in office to the end of its prescribed term, even though it were turned down by the House of Representatives on one measure after another.

The mess of our Rules Committee, the statements of Mr. Chief Justice Hughes recited in the beginning of this address, the general confusion occurring this session, the existence of our departments of Government in separate watertight compartments, the patronage system, shows the necessity for the development of policies and customs to determine responsibility. This must be faced by the American people, and an

understanding must be had as to the Executive power—and of the legislative and judicial as well.

2. Introduction of bills—Public and private

A second difference is that in Congress any Member who cares to may introduce a bill. In this, the Seventy-fifth Session of Congress, about 12,000 bills have been introduced. In other sessions as many as 18,000 have been introduced. But in Parliament, leaders of the party usually confer, work out the program, and then introduce a bill designed to meet the situation. As a result, the bills generally become law, and in addition comparatively few other bills are introduced.

Essentially, all bills introduced in our Congress are public bills, although they are for public and private purposes. But in England there is a distinction between public and private bills. A public bill concerns the general welfare, a private bill concerns things not ordinarily applying to all the public, such as a delegation of power to a city or the building of a bridge or road.

Also in England there are public bills, usually introduced by a member of the Government or head of a committee; and private members' bills, meaning bills introduced by an ordinary member who is not a leader of the party. In the United States there is no such distinction made; and in England the private member's bill has little chance of passing.

It might be noted, however, that the custom of committee chairmen introducing bills is increasing in this country, and that passage of bills of other Congressmen are becoming much more difficult.

It is very interesting to note the difference of the consideration of an English and an American bill. I have placed them in parallel columns for ready comparisons:

American	English
Introduction.	Introduction immediately followed by first reading, which is formal.
Referred to appropriate committee by Speaker.	Second reading. This is known as "Second Reading Debate" and includes explanation of bill, and is for purpose of determining viewpoint of House. This is so committee will not take the bill blind. It results in less amendments, and less in bills being "torn to pieces."
Committee considers; reports out.	Goes to committee. Chairman is said to be impartial. Direct contact with Cabinet member responsible and experts always readily available. Braintrusters pal with the M. P.'s.
Chairman of committee goes to Rules Committee and requests resolution (rule) for its consideration.	Report stage. Apparently they are lucky enough not to have a Rules Committee; but they go into the Committee of the Whole, just as we do.
Rules Committee reports out "Rule" (if it wants to), and the House either accepts or rejects.	Amendments.
If accepted, House resolves itself into Committee of the Whole, debates bill. Then bill is read by sections, and amendments are offered by any member with right to talk five minutes each.	Third reading—no Senate to worry about; the House of Lords goes through some rigamarole but ends by saying yes, and the King very graciously gives his Royal assent. Later Gentlemen walk around in beautiful scarlet robes; they use ancient Norman phrases; it is all very dignified and orderly. But to explain it in the American language, it is the will of the people being carried out, which is swell.
Reported back to House with amendments.	No judicial review. Courts enforce law and people therefore have no misunderstanding.
Separate vote on amendments if demanded.	
Engrossed and read a third time.	
Vote by House on passage.	
Transmittal to the Senate by message.	
Consideration by the Senate (if they wish to take it up), according to their own rules. This may be within a reasonable time, or never.	
Returned to House, either with or without amendments. If without amendments, it goes to enrollment; if with amendments, there are various settlements of differences through conferences, which may last a very long time.	
Enrollment process: First on parchment, then examination by Committee on Enrolled Bills.	
Signed by Speaker and President of the Senate.	
Transmitted to the President of the United States.	
Approval by President. Or disapproval, in which case Congress may pass over veto by two-thirds vote.	
Law filed with Secretary of State.	
After this the bill has to run the gauntlet of the courts. In many instances there are numerous different rulings over United States by various Federal courts. Bill may not be passed on until fifty-odd years afterward, like Dred Scott decision, which declared the Missouri Compromise unconstitutional, and helped bring on the Civil War.	

It is explained elsewhere, however, that in Parliament the private members have little chance of getting their bills enacted into law. In other words, if the leaders of the party are not behind a bill it seldom if ever passes. But no such situation as a Rules Committee holding up the House leadership and its own party could possibly exist in the English House of Commons.

On the other hand, in the United States House of Representatives any Member of Congress has a chance of having his bill heard and enacted into law, in spite of party leadership and the Administration—for instance, the Patman bonus bill and the Frazier-Lemke bill. Still, we are forced to admit there is a lack of party and governmental responsibility in the United States.

I believe that we can improve our system by having members of the Cabinet on the floor, and without developing the weaknesses of the British system. The privileges of all Members of Congress would remain the same, maintaining the best elements of our present practices.

3. Committee—Difference in presentation of bills

The third difference is the committee work. In England the seniority rule is not in effect. The work presented to the committees is—at least according to authorities—completely nonpartisan, especially as to private bills.

In the House of Representatives, bills are sent directly to the committee and afterward are sent to the House, which may amend it in dozens of ways. In England there is a preliminary reading and a preliminary debate, as shown in the parallel columns above.

In the House of Representatives the committees run the risk of their bills never even being considered even if they vote it out; then if it does reach the floor it may again be defeated. In the House of Commons, bills which come out of committees usually pass.

4. Committee chairmen, their functions; name of bills

The fourth difference is that the chairmen of committees do not receive the publicity in England that they do in the United States. Bills have no names in England as to individuals, such as the Volstead Act, Patman bonus bill, or the Wagner-Steagall Act, but are titled as to their true meaning.

5. Debate—Yielding floor; differences

The fifth difference is the matter of yielding the floor. In the House of Commons when one takes the floor for debate he is permitted to conclude his statement without being interrupted by other members of the House. As we all know, it is difficult for any of us to finish a debate without being interrupted many times. However, this is not important, and in any event the practice depends on the individual. In the present presentation in the body of my speech, questions and statements of other Members are noted. I was glad to do this, and it added to the interest and information of the debate.

6. Record of debate—Leave to print

The CONGRESSIONAL RECORD has its twin in the Parliamentary Debates, called the Hansard, which covers the debates. There is no such thing as leave to print in Parliament. It merely covers what is actually said, and is an accurate but drearier publication than the RECORD, which is a feat, at that.

Personally, I believe our custom is much the better. Some complain that everything is going into the RECORD. But the cost to the American people is extremely small. And the RECORD is about the only newspaper where there exists the

most complete freedom of speech—and the fact that everything goes in is a benefit, and not a detriment.

V. QUESTION HOUR IN THE HOUSE OF COMMONS

Is effective check on bureaucratic tendencies

In the question hour, which is each session day and immediately follows the reading of the journal, members' questions presented in writing the day before are read by a clerk.

Of this, Munro says:

This is a feature of English parliamentary procedure which has no counterpart in American legislatures.

No member can ask more than four questions at a single sitting. According to the rules of the House of Commons these questions cannot contain any "argument, inference, imputation, epithet, or ironical expression." And they are naturally restricted strictly to requests for information.

And Munro further says:

The importance of the question hour, with all that it implies, has not been sufficiently appreciated by foreign students of English Government. It is an effective check upon those bureaucratic tendencies which are bound to appear in every government.

Concerning these customs, Munro further says:

Ministers sometimes get irritated at the flood of questions: their subordinates (who have to prepare the answers) blaspheme at the members who frame them; but the private citizen has no right to complain. The question hour in the House of Commons is probably worth all that it costs the British taxpayer.

Munro concludes:

As a palladium of his rights and liberties it is worthy to be ranked with trial by jury and the writ of habeas corpus.

The moral effect upon his ministers is good, for they know that any administrative action, however unimportant, may be dragged out in the glare of publicity.

Method described by Sir Courtney Ibert

I also include excerpts from the book, Parliament, by Sir Courtney Ilbert, for many years clerk of the House of Commons. I do this because Munro is an American, and Sir Courtney's statement is that of an Englishman. He says:

Any member has the right to address a question to any minister of the Crown, being also a member of the House, about the public affairs with which he is officially connected, or a matter of administration for which he is responsible. The proper object of such a question is to obtain information on a matter of fact within the special cognizance of the minister, and the rules and the practice of the House limit the right to ask questions so as to confine them to this object. The practice of putting questions to ministers developed rapidly during the latter half of the nineteenth century, and tended to occupy so much time that restrictions became necessary.

Under the existing rules, notice of any such question must—except in special cases—appear on the notice paper of the House at least 1 day before the answer is to be given, so that the minister may have time to prepare his answer. If a member wishes his question to be answered orally, he marks it with an asterisk, and a period of about three-quarters of an hour is set apart on four afternoons of the week for the answering of such questions.

During that period, supplementary questions may be asked within limits determined by the Speaker, but no debate is allowed to arise, and in this respect the English practice differs from the "interpellations" of the French Chamber. A minister cannot be compelled to answer a question, and sometimes declines to do so on the ground of public interest. It is for him to determine what kind of answer is likely to be considered proper and sufficient in the circumstances of the case. An unsatisfactory answer may give rise to a motion for adjournment of the House, which, under one of the standing orders, is the technical mode of obtaining a discussion at a later hour of the day. But such a motion is not allowed unless the matter to be discussed is a "definite matter of urgent public importance," and the Speaker is strict in his interpretation of this rule. The answers to "unstarred" questions, and to "starred" questions for which time cannot be found within the allowed period, are circulated to members subsequently.

Asking questions in the House is one of the easiest methods by which a member can notify his constituents the attention which he devotes to public affairs and to their special interests. For this and other reasons, the right to ask questions is specially liable to abuse, and its exercise needs careful supervision by the Speaker and those acting under his authority.

But there is no more valuable safeguard against maladministration, no more effective method of bringing the searchlight of criticism to bear on the action or inaction of the executive government and its subordinates. A minister has to be constantly asking himself, not merely whether his proceedings and the proceedings of those for whom he is responsible are legally or technically defensible, but what kind of answer he can give if questioned about them in the House, and how that answer will be received.

VI. HOUSE RESOLUTIONS PRESENTED

1. Providing Cabinet members right of debate, H. Res. 377

The following is the resolution to permit members of the Cabinet to have part in debates:

The heads of Departments shall have the right to participate in debate in the Hall of the House on matters relating to the business of their respective Departments; are invited to be present in the Hall of the House during such times as matters concerning their Departments are being considered or debated; and are requested to cooperate in the conduct of the Question Hour for the benefit and information of the House.

2. Establishing Question Hour, H. Res. 378

The following establishes the Question Hour:

There shall be held in the House immediately following the reading of the Journal on each Monday, Tuesday, and Wednesday a Question Hour, which shall not consume more than one hour, during which heads of Departments are requested to answer orally or in writing questions propounded by Members of the House. Any such question shall be deposited in triplicate with the Clerk of the House who shall transmit a copy to the head of Department concerned. Each question to be answered shall be read to the House and answers thereto, if not delivered orally, shall be read to the House. No question shall be read to the House unless the head of Department to whom it is addressed has transmitted to the House his reply in writing or has indicated to the House his readiness to deliver an oral answer. There shall be printed in the RECORD any question (and the answer thereto) or answer the reading or delivery of which was begun but remained uncompleted at the termination of such hour.

3. Amendment of 218 rule and substitution of 145 rule, H. Res. 379

As all Members of the House know, it takes 218 Members of the House to sign a petition to even get a bill considered, if the Rules Committee refuses, as in the case of the wage and hour bill, an administration and party measure. This makes it easier and it follows:

When Members to the total number of 145 shall have signed the motion, it shall be entered on the Journal, printed with the signatures thereto in the CONGRESSIONAL RECORD, and referred to the Calendar of Motions to Discharge Committees.

Mr. RAYBURN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RAYBURN. Several Members during the last day or two have been asking me with reference to the discharge petition which was signed up last week whether if we adjourn over tomorrow a sufficient number of legislative days will have intervened to make the wage-hour bill in order on Monday. I ask the Speaker if that is the fact?

The SPEAKER. In reply to the inquiry of the gentleman from Texas, and in order to avoid confusion about a proper decision of this question if it should arise, the Chair quotes the following excerpt from the discharge rule:

When a majority of the total membership of the House shall have signed the motion it shall be entered on the Journal, printed with the signatures thereto in the CONGRESSIONAL RECORD, and referred to the Calendar of Motions to Discharge Committees.

On the second and fourth Mondays of each month, except during the last 6 days of any session of Congress, immediately after the approval of the Journal, any Member who has signed a motion to discharge which has been on the calendar at least 7 days prior thereto, and seeks recognition, shall be recognized for the purpose of calling up the motion; and the House shall proceed to its consideration in the manner herein provided without intervening motion except one motion to adjourn.

The petition to discharge the Committee on Rules from consideration of the rule involving the wage and hour bill was signed on December 2 by 218 Members of the House and immediately was referred to the Calendar of Motions to Discharge Committees under the rule the Chair has just read.

In answer to the inquiry of the gentleman from Texas the Chair holds that without any session of the House of Representatives tomorrow the 7 legislative days necessary in order to make this matter in order on Monday next will have expired, and there is no question in the mind of the Chair that the rule will have been complied with if we do not meet tomorrow. If that question should be raised on Monday next, the Chair would so hold.

ADJOURNMENT ORDER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. Under a previous special order of the House the gentleman from Massachusetts [Mr. TREADWAY] is recognized for 15 minutes.

(Mr. TREADWAY asked and was given permission to revise and extend his own remarks in the RECORD.)

Mr. TREADWAY. Mr. Speaker, I desire to call the attention of the House to H. R. 8629, a bill introduced by me on December 6, entitled—

A bill to repeal the undistributed profits tax as of the taxable year 1937, to impose in lieu thereof a one-point increase in the normal tax upon corporations, and to restore the flat rate of 12½-percent tax upon capital gains.

This measure carries out the unanimous resolution of the Republican Members of the House in favoring the immediate retroactive repeal of the undistributed-profits tax.

It proposes to make up the loss of revenue by increasing the normal corporate income tax.

The measure also carries out the action of the Republican members of the Ways and Means Committee in favoring the restoration of the 12½-percent limit on capital gains, such as we had in the law from 1921 to 1934.

There can be no question but what these two taxes have been a major contributing factor in the present Roosevelt depression.

Both have contributed materially to the instability of business as well as to increased unemployment.

Both are responsible for the disinclination on the part of investors to put their money into productive enterprise.

When the Government steps in and takes the lion's share of any gains, and at the same time refuses to share the loss, there is not much inducement for private capital to be put to work.

As a consequence thousands upon thousands of men are being deprived of employment which private capital otherwise would be glad to furnish.

The present business depression has reached an acute condition.

Immediate action along the lines of the bill I have introduced is necessary, if the present downward spiral of business is to be checked.

The deferring of action until the next session, as proposed by the Democratic majority on the tax subcommittee and as confirmed by the leaders of the administration, is both unwarranted and unwise.

The country demands action now.

Business needs action now.

There is no reason in the world why we cannot act now.

It is said that there is not time to draft a proper bill.

This is all nonsense.

It may well be that it would take time to draft the complicated and cumbersome bill that the Democratic majority on the tax subcommittee propose to bring out.

But that bill will not be a solution to the ills that confront us today.

The Democratic majority propose to retain the principle of taxing undistributed profits.

And it proposes to continue to take the lion's share of the capital gains of those who furnish the capital with which business operates and labor is given employment.

The country does not want that kind of a bill.

The unconditional, immediate, retroactive repeal of the undistributed-profits tax is demanded as a partial solution to the present business nose dive.

It would be no trouble at all to draft a bill to carry out that purpose.

All you would need to do is draft one sentence to repeal the undistributed-profits tax.

The changes in the rate structure of the corporate income tax could be effected by simply striking out the present rates and inserting rates 1 point higher.

The House could act on such a measure under suspension of the rules in 40 minutes' time.

There is absolutely no excuse for failure to act now.

Even as regards the modification of the capital-gains tax, no drafting difficulties need be met.

The provisions of my bill respecting the taxation of capital gains are copied from previous statutes.

No new language would have to be prepared to restore the 12½-percent limit on capital gains.

If the Ways and Means Committee wanted to, it could bring out a bill immediately to take care of the situation.

Now let me devote a few minutes to the details of the measure I have introduced.

It repeals, as I have said, the iniquitous undistributed-profits tax back to January 1 of this year.

To make up the loss in revenue, it increases the present normal income tax on corporations by 1 percent in each bracket.

The present rates are 8 percent on the first $2,000 of net income, 11 percent on amounts between $2,000 and $15,000, 13 percent on amounts between $15,000 and $40,000, and 15 percent on amounts over $40,000.

These rates would be changed under the bill to 9, 12, 14, and 16 percent, respectively.

Personally, I would not be opposed to increasing the rates by 2 percent in each bracket if necessary.

I am sure business concerns would prefer paying a higher tax based on ability to pay than the present undistributed-profits tax, which is based on inability to pay, the rates of which range from 7 to 27 percent.

I would even be willing to go back to the rates as they existed before the undistributed-profits tax was imposed; namely, 12½, 13, 14, and 15 percent.

The Treasury estimates the present undistributed-profits tax to yield $150,000,000 from corporations.

A 1-percent increase in the normal corporate income tax would make up a large part of this revenue.

According to the Treasury's own figures, a 2-percent increase would make up the entire amount.

Dividends for the past year have for the most part been paid out.

Hence, even though the undistributed-profits tax is retroactively repealed, the Treasury will still get an increased revenue from stockholders, due to the accelerated dividend distributions.

The only loss of revenue would be with respect to the penalty tax paid by corporations which could not distribute their earnings.

It is doubtful if the undistributed-profits tax collected from corporations this year will reach more than seventy-five millions, due to the large dividend distribution.

The 1-percent increase in normal corporate rates which I have proposed will make up this loss.

Even if the loss is greater, there still remains the question whether Congress wants to collect this "blood money" from struggling, debt-ridden corporations who cannot escape the penalty tax.

There still remains the further question whether we want to hijack the corporation which by State law is prohibited from paying dividends until it becomes solvent.

While the Treasury makes estimates for the Democratic majority, the accuracy of those estimates can be questioned, as it is absolutely impossible to correctly forecast future business trends.

We have had some experience with this in the past year; already the Treasury has had to revise its 1938 estimates twice, and they will undoubtedly have to be revised again—possibly two or three more times.

If the present business decline continues, the revenues may be as much as half a billion short this year.

And if unemployment continues to increase, we may have to put up another billion and a half for relief.

Only today the press carries the story that Federal relief projects would be expanded to take care of 350,000 idle, which, of course, includes only a part of those who have lost their jobs since the present slump began.

If business is relieved of these burdensome taxes we can avoid this loss, which will otherwise be much greater than any loss which the repeal of these taxes will occasion.

To revert to the proposed changes in the capital-gains tax, the bill would give taxpayers an option of segregating their capital gains from other income and paying a flat rate of 12½ percent, such as was in effect under the Revenue Act of 1921 and subsequent acts down to 1934.

Under section 4 of my bill taxpayers who would normally be subject to a less rate than 12½ percent are allowed to continue paying a capital-gains tax under the present provisions.

The present difficulty over the capital-gains tax, however, is not due to its application to taxpayers in the lower surtax brackets.

It is only in the upper brackets that the surtax rates become confiscatory and remove the incentive for investment.

Following the World War, when capital gains were subject to the full surtax rates then prevailing, there was a freezing of capital transactions and a disinclination on the part of investors to put their funds into productive enterprise because of the confiscatory rates.

Congress, in the Revenue Act of 1921, remedied the situation by giving taxpayers the option of paying a flat tax of 12½ percent on their capital gains, as is now proposed in my bill.

This flat tax did much at that time to attract capital back into business and furnish jobs for the unemployed.

In my opinion, the adoption of a flat tax would actually operate to increase the revenue.

In other words, the proposed change, instead of losing money, would be productive in the long run of greatly increased revenue collections by the Government.

With confiscatory rates, the Government collects very little from capital gains, because few capital transactions are engaged in.

However, let me call attention to the fact that in the fairly normal year of 1926, under a 12½-percent capital-gains tax, the Government collected $225,000,000 from capital gains, as against $507,000,000 from other sources, in the case of individuals.

In 1928 the revenues from capital gains under the 12½-percent rate were $576,000,000, as against $588,000,000 from other sources of individual income.

In 1935, according to the Treasury's own figures, the estimated tax from capital gains was only $85,000,000, compared with $572,000,000 from other sources of individual income.

Note the contrast, keeping in mind that in 1935 we did not have the 12½-percent limitation.

If these figures do not make out an unanswerable case for the restoration of the 12½-percent limit, then nothing can.

It would be more productive of revenue and at the same time it would help business and employment.

I call attention to the fact that while the tax subcommittee proposes to set up an upper limit in taxing capital gains the limit will be much higher than my bill proposed, particularly on gains from assets held for a period of less than 5 years.

For example, the maximum rate will be 30.4 percent on assets held for 2 years, as against 12½ percent under my bill.

This will not do much to stimulate capital transactions.

In fact, the committee plan induces taxpayers to hold off making sales by offering a lower rate for each additional year up to 5 that the asset is held.

My bill stimulates transactions in capital assets held 1 year or more and does not offer any inducement for holding up sales and thereby freezing the capital market.

Due to the current business recession there will be little if any revenue from capital gains this year.

If the Treasury were perfectly frank, this would be conceded.

Hence, we can start with the premise that the proposed changes could not possibly cost 1 cent of revenue this year.

As to future years, I am confident, as I have already indicated, that the 12½-percent rate will result in a vastly increased revenue from capital gains by encouraging instead of stifling capital transactions.

The bill makes no change respecting capital net losses except to provide for a 2-year carry-over of any net loss in excess of the $2,000 that may be deducted against ordinary income.

The provisions of the bill respecting gains from short sales, from the retirement of bonds, and from partial liquidation, make no change in existing law.

The proposed changes in the capital-gains tax would be retroactive to January 1 of this year.

Without violating the confidence of executive sessions of the tax subcommittee, I think I am entitled to say that on Wednesday I attempted to have the committee consider my bill but the chairman, supported by his Democratic colleagues, refused to entertain my motion.

I was told that it could be made later on when the committee again took up its own substitute plan.

The trouble with that is, Mr. Speaker, that later on will be too late to do any good.

We will have adjourned long before that time ever comes.

If we are going to do anything to help business and employment, it must be done now to accomplish any good.

The passage of my bill, H. R. 8629, would be the greatest most beneficial, and most appreciated Christmas gift that we could present to the country.

It is evident that we cannot get action by the Ways and Means Committee.

There is only one alternative, namely, a motion made from the floor for immediate consideration which, of course, would require unanimous consent.

I would be glad to aid in presenting the people with this Christmas gift by making such a motion, but I realize it would be futile.

The Democratic majority would not accept that program as much as many Members on the other side of the aisle would like to see it done.

All that the Republican minority can do, therefore, is to show the country our good faith by presenting a definite program of what we would do if we had the power.

The passage of H. R. 8629 would be a great boon to business and the people generally.

Let the Democratic majority swallow its pride, admit its mistake in placing wrong legislation upon the statute books, and join in repealing these laws now by agreeing to H. R. 8629. [Applause.]

The SPEAKER pro tempore (Mr. ZIMMERMAN). Under a previous special order of the House, the gentleman from Missouri [Mr. SHANNON] is recognized for 15 minutes.

Mr. SHANNON. Mr. Speaker, I do not think I need to make any apology for talking today upon a subject that is uppermost in the minds of the American people. In Asia and in Europe wars are raging in which thousands of civilians—men, women, and children—are being daily slaughtered. From the columns of the newspapers we read of the imminence of other wars among nations that stand today armed to the teeth, ready to fly at one another's throats, awaiting some spark that will precipitate a conflict.

I think it is time that we gave some serious thought to this question of war—to this "sport of kings," as it has been facetiously called. A commentator once referred to it as "legalized murder," but that is an old-fashioned description of the game as it is played in modern times.

INTERNATIONAL LAWS FLOUTED

Today we are having wars that do not wear the legal cloak. By a nice discrimination we call them undeclared wars—an invention of terms that enables nations to defy the humanitarian codes of international law and to engage in the business of wholesale slaughter and destruction without regard to the conventional codes of God or man. Only the other day an announcement came out of Tokio that a 50,000,000 yen issue of "Chinese incident" baby bonds had been sold, and that an additional issue would soon be offered.

No mention is made of the word "war" in raising funds to carry on mass murders in China. "The Chinese incident"—that is what Japan calls it.

What a terrible thought it is that after 10,000 years of alleged civilization, the slaughter of human beings—of terror-stricken civilians and helpless women and children—with deadly weapons, poison gases, and merciless bombs dropped from the air, is considered a mere "incident."

Then we read a description of war written by the son of one of Europe's modern militarists. Describing a war in which a peaceful country was invaded, its property appropriated, and its inhabitants shamelessly killed, he writes that it was "magnificent sport"; "the quintessence of beauty"; and great fun. And he refers to the innocent victims of the depredation as "shameful, white-faced jackals."

YOUTH OF WORLD TRAPPED

I remember when I was a very young man there was a sporting game among the gun clubs in which live pigeons were the targets. The pigeons—beautiful and home-loving birds—were shut up in traps, and as they were released the marksmen would fire at them on the wing and bring them down, and the man who had the most pigeons to his credit was awarded a trophy or a medal.

The poor pigeons never had a chance. But even in that sporting game there came a reaction within my memory. So many protests went up, particularly from the women of the country, at this inhuman use of helpless birds that the gunmen were finally induced to substitute clay pigeons for the live birds.

But in this big game of war there is no substitution. The youth of the world are enclosed in their traps, called trenches, and a single killer with a machine gun in a hidden point of vantage can mow them down like cattle in a pen. Or, if they are released from that trap, they are exposed to the dangers of spouting flames, deadly gases, hand grenades and shells that blow them into bits. Youth slaughtered by the millions for causes unknown to the slaughtered ones; that is the warfare of today.

ATTRITION UNTO EXTINCTION

I recollect reading one time an essay of Thomas Carlyle's in which he gave an illustration of war that struck me as a true and forcible one. Two kings fell out with each other over a boundary dispute. But they were both of an economical turn of mind and they did not care to go to much expense of money or manhood to settle the dispute. So one king said to the other, "Let us each choose a few hundred young men from our shops and professions; and you put yours in a uniform of red and I will put mine in a uniform of blue. Then you and I will sit upon a high hill and let them fight it out in the valley below. At the end of the day whichever side has the most men left will be the winner, and that will settle our dispute."

Was not that really what happened in the World War? That war was called a war of attrition, a long process of cutting down the other's manpower; a daily, nightly, weekly, monthly, yearly slaughter to see which side would have the most men left.

Was anything gained in that awful conflict? I have talked with men who served in the World War, and have read many historical versions of that war and revelations pertaining thereto, and I still do not know of anything that it saved. I know one thing it did not save; it did not save the lives of those American boys who were torn from their peaceful pursuits and from the bosoms of their loved ones to shoulder a gun and go away to die in foreign trenches and be buried in foreign graves. Something it did "save", if you can call it that, was the home-returning army of the maimed, the blind, the shell-shocked victims that are now passing their broken lives in the military hospitals of the country.

NATIONAL REFERENDUM ON WAR

The supreme logic of war today is to exterminate and destroy, to kill and kill until no one is left to be killed, and call it victory. The few hundreds of Carlyle's kings have become the millions and millions of the youth of all lands who are being pitted against each other in this game of death, and the millions and millions more who are being trained throughout the world to become murderers of their fellowmen.

War is not of the genius of our institutions. It is not within the ambitions of the American people. The men and the women of this country hate war. I was taught by a mother who remembered the horrors of the War between the States in this country to hate war. I hate it for its uselessness, its inhumanities, its murderous hates, and the havoc that it leaves in its trail in the hearts and the homes of the people of our peace-loving land.

I want to tell you what I think we need in this country at the present time. We need meetings called in every town hall in the land where the people can assemble and let the war provokers in high places know what is the sentiment of millions of peaceful American fathers and mothers, sons and daughters. I want the voice of the people to go forth to their highest officials and their lowest in authority, that they will hold them responsible for every act that tends to involve us in the disputes of foreign nations.

The people of the United States should have the final say on the question of war, and I am sure that a referendum today on that question would have but one result—it would be overwhelmingly against war or any policy that might lead to war.

MOCKERY OF NOBLEST WORK OF GOD

What a precious host of love and life, of beauty and gentleness, is given up to the slaughter pens of war. The noblest, the most beautiful living things in this world are offered up for sacrifice. Whether you have sons of your own or not, if you are merely a human being with memories of your own youth, the thought must often come to you that the most glorious ideals of humanity are embodied in the youth of 18 to 25. As I grow older, I learn more and more to value youth, to share in my heart its hopes and ambitions, to love its fineness and nobilities, and to consider the young human being the noblest work of God, the perfection of creation.

Shakespeare, who, I believe, knew more about human nature than any man who ever lived, drew a picture in his Hamlet of the human being in all his wonderful faculties.

What a piece of work is man—

He wrote—

How noble in reason, how infinite in faculty, in form and moving how express and admirable, in action how like an angel, in apprehension how like a god—the beauty of the world, the paragon of animals.

And yet this paragon of animals this wonderful creation of angelic mind and admirable body, is the target we put up in the game of war to be shot at, to be exterminated, to be mangled and torn and killed to decide some dispute in the cabinets of statesmen about boundary lines, about territories, about trade balances, about oil wells or iron mines, about tungsten deposits, about what is called expansion and imperialism, when not given the name of progress and civilization.

WAR OF LIBERTY OR DOLLARS?

Make no mistake. Wars may be given more high-sounding names. They may be masked under the names of freedom and liberty and national pride and honor. But the wars of today are wars of plunder and profit, struggles for power and domination, and the ideals behind them are no higher than the dollar and the bond.

If you believe this is an overstatement, read the cable news in your papers from day to day. You will read, for instance, that Great Britain made only mild protests to Japan when some of her nationals were killed by Japanese bombs, but when Japan announced that she would take over the administration of the Shanghai customs, you heard what a howl went up. Great Britain immediately served notice on Japan that she would have something quite definite to say about that—the customhouse dollars. And she said, moreover, that the United States and France would back her up. The big outstanding truth is that the nations of the world

are quicker on the trigger where dollars are concerned than where the youth of the land are concerned.

I am getting rather weary of hearing other nations say that the United States will stand by them. We want to stand with nobody; with no nation that is playing the game of war or fooling with its fires. We have announced our neutral policy; let us stand on it. Let us remain, as we were designed from the start, a nation whose ideals are liberty, peace, and no entangling alliances; the guardian of the spirit of freedom, democracy, and humane government on this side of the Atlantic. [Applause.]

The SPEAKER pro tempore. Under a previous special order of the House the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 15 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, no activity in human affairs is so complex as modern government. No activity in human affairs demands and requires such scientific knowledge and experience as modern government. No service known in the activities of the human race requires such loyalty, selflessness, and devotion to ideals as modern scientific government.

Presidents come and Presidents go. Cabinets come and Cabinets go. Members of the Congress pass in a continuous and never-ending procession of individuals who for a little time appear and have their part in government, only to go back to their places in the ranks of the people. But government goes on—must go on—continuously, day and night, month in and month out, year in and year out. That government, and I mean by that the actual structure of government, is composed of those civil employees in the multifarious departments, bureaus, and agencies who carry on the myriad activities authorized by the people through their Congress and which are directed to a greater or lesser degree by the Chief Executive and his immediate assistants and advisers. The real work, the vital work of government, however, lies in the activities of those legions of civil servants who remain through the years though administrations change.

It is because of the complexity of modern civilization and modern government that our civil service is of such transcendent importance. Every student of civil government concedes without argument that not only is an incorruptible, efficient, and nonpolitical civil service a vital and indispensable necessity to good government but that the greater the extent of that civil service in government the more widely that civil service embraces the employees of the government, the more scientific, sound, capable, and economical administration of government we shall have.

For nearly 5 years past we have witnessed a strange paradox. We have heard a constant flow of noble sentiments, high-flown phrases, ardent promises—all expressed in the cause, ostensibly, of a devotion to a constantly progressive and constantly improved civil service in the Government of the United States. But in that period, most unhappily, we have witnessed a continuous and unremitting succession of acts diametrically opposed to the promises which have been made. There has been promises—positive promises—glowing promises—but no performance. There have been words, reassuring words, heartening words, encouraging words, but no works.

Chief among those who have given lip service to an incorruptible, efficient, and nonpolitical civil service has been Franklin Delano Roosevelt. As long ago as 1920 he said:

I think that everybody who has studied the question is in favor of the civil service. (Speech, Harvard Union, Cambridge, Mass., 1920, while Assistant Secretary of the Navy.)

Again Mr. Roosevelt said in 1920:

I do not believe, of course, that the civil-service system should be wiped out, or that we should return to the "spoils" system, but there is altogether too much assumption in this Government that executive officers will use their authority for political purposes. My own wonder is that, considering the existing circumstances, the employees of the Government are as efficient as they actually are. (Letter to Representative Clifford Ireland, June 20, 1920.)

Again, in 1933, Mr. Roosevelt declared in positive terms:

The merit system in civil service is in no danger at my hands; but on the contrary, I hope it will be extended and improved during my term as President. (Letter to Civil Service Reform League, August 1933.)

We find Mr. Roosevelt in 1935 laying down the dictum that—

The conditions of public work must be improved and protected. Mere party membership and loyalty can no longer be the exclusive test. (Address, Milwaukee, Wis., August 24, 1935.)

Quoting again Mr. Roosevelt's promises, we find him saying:

The Seventy-third Congress, as a part of its efforts to meet the emergency with which the Nation was confronted, exempted from the civil-service requirements positions in the newly created emergency agencies. The Seventy-fourth Congress made some additional exemptions.

The merit system has been and will continue to be extended during my administration.

The Civil Service Commission advises me that progress is being made in replenishing its registers and I hope that within the near future the civil-service law and rules may be applied to agencies that are now excepted from civil-service requirements, at least to the extent that it is determined that such agencies are to become established branches of the Government. (Letter to H. E. Kaplan, secretary, National Civil Service Reform League, September 17, 1935.)

Hear this ringing declaration from Mr. Roosevelt's lips:

It matters not what political party is in power by the elective will of the people, the Government functions for all, and there can be no question of greater moment or broader effect than the maintenance, strengthening, and extension of the merit system, established in the competitive principles of the Civil Service Act, whose fifty-third birthday is being celebrated this month.

* * * I am glad to assure your great organization of my support in this effort. (Letter read in radio broadcast sponsored by League of Women Voters, January 29, 1936.)

In the cloistered precincts of his own study, Mr. Roosevelt, with calm deliberation, wrote these words in his book On Our Way:

* * * Ever since I knew Grover Cleveland when I was a boy, I have been a deep believer in the principles of civil service.

* * * Building on it as a foundation I believe that it will be possible for this country to work out a system of public service that will be at least as honest and efficient as the British civil service, and that will have more initiative and adaptability. (On Our Way, book by F. D. Roosevelt, pp. 246 and 247.)

Such are the glowing promises, such the ardent lip service of Mr. Roosevelt to the high ideal of an incorruptible, efficient, and nonpolitical civil service to carry on the Government while administrations change, while Presidents and Cabinets and Congresses come and go.

Now let us see about performance. The acknowledged dispenser of patronage, the acknowledged and nationally recognized political adviser and manager of Franklin Delano Roosevelt, is a genial gentleman of great personal charm who holds the dual position of Postmaster General of the United States and the chairmanship of the Democratic National Committee. You will already have suspected that I am referring to the famous James Aloysius Farley. It is not denied by President Roosevelt nor by any New Dealer that Mr. Farley's views on government, on patronage, and on civil service not only have tremendous influence but that thus far his acts in this connection have been unrebuked and unchanged by President Roosevelt.

Mr. Farley has expressed himself on occasion with regard to the whole premise and philosophy of a nonpolitical, incorruptible, and efficient civil service. On one such occasion he wrote in a letter:

I don't agree with your method of selecting men, which you indicate is done by a board of engineers. My attitude, Bob, would be to appoint no one but a Democrat to these laboring positions. (Mr. Farley, chairman, New York State Democratic Committee, 1931, in a letter to Robert Moses, chairman, Long Island State Park Commission.)

On another occasion Mr. Farley said:

We know that for every job we can find a Democrat of superior qualifications. (Jefferson Day banquet speech, Minneapolis, May 6, 1933.)

On a certain occasion Mr. Farley took his pen in hand and wrote rather frankly his view of government and his unconcealed devotion to the political spoils system. Having settled himself comfortably in the quiet precincts of his study, Mr. Farley wrote in an article for a magazine:

> The Democrats have the right * * * to supplant one-fifth, or 150,000, of the Federal officeholders. * * * The final decision on all these questions naturally rests with the President himself. I am simply his helper.
>
> The patronage is a reward to those who have worked for party victory. It is also an assistance in building party machinery for the next election.
>
> * * * I am a trustee of something that does not belong to me. The patronage belongs to the Democratic Party. (Passing Out the Patronage, article by Farley, American Magazine, July 1933.)

Contrast this view with that of James Madison, who held that the wanton removal of a meritorious officer was an impeachable offense. (See Encyclopedia Britannica, vol. 5, p. 747.)

What a vast abyss, inconceivably wide and deep, exists between the philosophy expressed by Franklin Delano Roosevelt and that expressed by James Aloysius Farley.

What a vast and deep difference between the vain and unfruitful promises of Franklin Delano Roosevelt and the unswerving performance of James Aloysius Farley.

Let us see if the foregoing is a fair statement. I wish to insert at this point in my remarks a table taken from the annual report of the Civil Service Commission, Form 2909, of March 1933. It is entitled "Employees of the Executive Branch, 1884–1933 (Exclusive of Military)." It shows by years, from June 30, 1884, to March 3, 1933, inclusive, the total number employed, the number of civil-service positions, and the percent of those in civil service to that total.

Employees of the executive branch, 1884–1933
[Exclusive of military]

	Total number employed	Number in civil-service positions	Percent of civil service to total
June 30, 1884	131,208	13,780	10.5
June 30, 1894	180,000	45,821	25.5
June 30, 1904	301,000	154,093	51.2
June 30, 1913	443,605	282,597	63.7
June 30, 1916	438,057	296,926	67.8
Nov. 11, 1918	917,760	642,432	70.0
June 30, 1923	515,772	411,398	79.8
June 30, 1924	521,641	415,593	79.7
June 30, 1925	532,798	423,538	79.5
June 30, 1926	528,542	422,300	79.9
June 30, 1927	527,228	422,998	80.2
June 30, 1928	540,867	431,763	79.8
June 30, 1929	559,579	445,957	79.7
June 30, 1930	580,494	462,083	79.6
June 30, 1931	588,206	468,050	79.6
June 30, 1932	583,196	467,161	80.1
Mar. 3, 1933	563,487	467,272	82.9

This table shows that from June 30, 1884, to March 3, 1933, the percent of Government employees in the civil service rose from 10.5 percent to 82.9 percent.

At this point I want to insert in these remarks another table entitled "Employees of the Executive Branch, 1933–37 (Exclusive of Military) showing by years from March 3, 1933, to June 30, 1937, the total number employed in Government, the number in civil-service positions, and the percent of civil-service personnel to the total employees for each of those years:

Employees of the executive branch, 1933–37
[Exclusive of military]

Date	Total number employed	Number in civil-service positions	Percent of civil service to total
Mar. 3, 1933	563,487	467,272	82.9
June 30, 1933	572,091	456,096	79.7
June 30, 1934	673,095	450,622	66.9
June 30, 1935	719,440	455,264	63.3
June 30, 1936	824,259	498,725	61.0
June 30, 1937	841,664	532,073	63.2
Increase, 1933–37	278,177	64,801	23.3
Increase, 1933 to 1937 (percent)	49.4	13.9	

This table is taken from the annual report of the Civil Service Commission. It shows that under Mr. Roosevelt's administration, and under the spoils philosophy of Mr. Farley, the percentage of civil-service employees in Government dropped from 82.9 percent to 63.2 percent. This table further shows that the increase in Federal employees within that period, 1933–37, was 278,177, of whom only 64,801 were placed under civil-service regulations, the percentage of the total new employees so placed being only 23.2 percent.

Thus it is that we have the undeniable and unbiased record of performance as against the glowing promises and the ardent lip service to the ideal of an incorruptible, efficient, and nonpolitical civil service in government.

As I said a while ago, Mr. Speaker, the importance of the civil service in our Government is too fundamental for it to be made a question of partisan dispute or a subject of acrimonious political debate.

I do not for a moment doubt that the Members of this House on the other side of the aisle believe just as implicitly in the fundamental importance of an incorruptible, efficient, and nonpolitical civil service as do any of us on this side of the aisle. This is not a question, Mr. Speaker, which involves any of us as Democrats or Republicans in a dispute. I conceive it to be a problem which involves a strictly Roosevelt-Farley-New Deal policy as counteropposed to the desires and to the policy of the Members of this House on both sides of the aisle. Let me now say, therefore, that my remarks are not directed as criticism toward any group or any individuals in this Congress but they are directed as criticism toward Mr. Roosevelt and Mr. Farley and the other administrators of the New Deal who have brought about this steady and alarming decrease and disintegration of our civil service during the past 5 years.

While it is true that I have the honor to be the ranking member of the Civil Service Committee, I address myself to this question not as a political matter at all. I concede it to be a proposition of such fundamental importance to the people of this Nation that it must be kept on a plane of consideration and action very far above any question of political advantage or the building up of any political machine, or the perpetuation of any political bureaucracy whatsoever. Indeed, so fundamentally fair is the merit system, that I, as do some other Members of the House, always insist on competitive examinations to determine any appointments to West Point or to Annapolis. Under such a system, the poor, obscure boy has an equal chance with all others. Merit ability is the essence of the civil service, and no other basis is possible if it is to be a civil service in anything but name. Let me trace briefly, if I may, the history of civil service under our Government.

During the first 40 years, following the adoption of the Constitution, the Federal public service was held in high esteem, although there was no formal civil service.

The spoils system as we now know it, that spoils system whose chief proponent and executor is James Aloysius Farley, had its origin in the administration of Andrew Jackson. Singularly enough, Martin Van Buren, President Jackson's Secretary of State, brought with him into the Federal Government the political spoils system that had existed in New York. It is to be remarked that our genial Mr. Farley hails from New York. Van Buren's slogan and his guiding motive in his political activities was "to the victor belongs the spoils." Again it is to be remarked that Mr. Farley has voiced and has put into execution identically that perverted philosophy of government.

Jackson and Van Buren fastened the spoils system on the country, and it grew without serious interruption during the next 50 years.

Following the Civil War, Senator Charles Sumner (Republican), of Massachusetts; Representatives Thomas A. Jenckes (Republican), of Rhode Island, and Carl Schurz (Republican), of Missouri, were among the first supporters of the movement to reform the public service. This movement finally resulted in the provision in the appropriations act of 1871 providing for competitive examinations for all

persons entering the public service. (Now sec. 1753, Revised Statutes.)

This law was passed, as it so happened, by a Republican Congress and was signed by a Republican President. Congress failed in 1874 to appropriate the funds necessary to carry out the act of 1871. Nevertheless the movement was slowly gaining ground until finally President Hayes sent Dorman B. Eaton to England to study the British civil service. Eaton made a detailed report on the British civil service which proved of great value in drafting the Civil Service Act which was finally adopted by the Congress of 1883.

The Republicans were not alone in their advocacy of a civil service. In 1880 Senator Pendleton (Democrat), of Ohio, introduced in the Senate a civil-service reform bill, which passed the Senate December 27, 1882, and the House in January 1883.

The Civil Service Act of 1883 (act of January 16, 1883, 22 Stat. 403) is a clear, concise, and comprehensive civil-service law. Under this statute when earnestly and properly applied, it is possible to develop a career service based on the highest principles of public administration. The act sets forth in broad outline the general principles governing the employment and promotion of public servants. The details are to be filled in by the President with the assistance of the Civil Service Commission. The actual administrative work is performed by a bipartisan Civil Service Commission. During the 50 years following the enactment of this measure, an increasingly large proportion of Government employees went under civil service. The Republican Party when in power actively enforced and extended the law, and Theodore Roosevelt, as chairman of the Civil Service Commission from 1889 to 1895, was particularly active in conducting investigations to make certain that various establishments were obeying the law.

The Civil Service Retirement Act was passed in 1920 and the Classification Act was passed in 1923. Both of these acts were important measures for the improvement of the civil-service system. The continuous growth and expansion of civil service from its beginning to the end of the Hoover administration is shown by the table to which I referred earlier in my remarks, that is, from June 30, 1884, to March 3, 1933.

A study of the figures given in this table make clear two facts: First, a steady increase in the number of employees; second, a continuously increasing proportion of the total personnel placed under civil service.

One excuse has more often been used by the present administration than any other to meet criticism of its course in permitting a retrogression in the civil-service system, and that is that so much of the New Deal Government is an "emergency set-up." It is significant to note in examining the history of the rise of the civil service that even during the great emergency of the World War the emergency civil employees were as far as possible appointed under the merit system. At the time of the armistice, November 11, 1918, out of the 917,760 civilian employees, 70 percent of them were under civil service.

With the demobilization of the World War organizations the proportion of civil-service workers increased to around 80 percent and remained at that figure until March 1933, although there was a gradual increase in number from 1923 to 1931. With the onslaught of the depression the forces were reduced. But again it is a significant fact that under President Hoover these reductions were made from the non-civil-service group, with the result that on March 3, 1933, of the total number of employees in the executive branch, 82.9 percent were under civil service.

I have tried to show, Mr. Speaker, in my discussion, that from 1883 to 1933 both the Republican and the Democratic administrations conscientiously fostered the civil-service system.

Although it is worthy of remark that the Democratic platform of 1932 made no reference to the civil service, I have already quoted Mr. Roosevelt himself at length to show that the Nation had every right to expect that under his administration the civil service would continue to expand and to be perfected into an incorruptible, efficient, and nonpolitical civilian force whose highest ideal would be the service of their country, and whose highest security would be the knowledge that conscientious and efficient service would be the only requirements necessary to keep them in the service of their country.

Notwithstanding these repeated promises and reiterated expressions of devotion to the cause of a broadened and perfected civil service in the United States, the record shows that the promises were not fulfilled by performance. Mr. Roosevelt, Mr. Farley, none of the administrators of the New Deal, can with justice and with truth lay claim to having fostered the civil service during their tenure of office. The table which I introduced a while ago covering the civil-service figures for the period from March 3, 1933 to June 30, 1937, tells a story totally at variance with the promises that were made by Mr. Roosevelt and others. This record, disclosing as it does, that the percentage of those in the civil service has gone from 82.9 percent when Mr. Roosevelt took office steadily down to 63.2 percent as of last June 30, refutes any claim of effort on the part of the New Deal administration to extend the civil service "upward, outward, and downward," and shows beyond possibility of denial that the civil service has been thrust backward instead.

A study of these Federal employment figures from March 3, 1933, to June 30, 1937, discloses an enormous increase in the number of Federal employees and the very small increase in the number under civil service.

Evidence as to the ill fortune the civil service was to suffer under the Roosevelt administration came very early after the new dealers rose to power. From March 4 to June 30 in 1933 President Roosevelt took advantage of the economy acts to reduce the civil-service personnel by 11,176. In the same period of less than 3 months Mr. Roosevelt used the emergency acts to increase the non-civil-service group by 19,780 individuals.

Mr. Speaker, how can any apologist of the New Deal pretend that the President or Mr. Farley or others in the executive department have been friendly to the civil service in the face of these figures? Think of it! In the 4⅓ years, from March 3, 1933, to June 30, 1937, the executive branch pay roll was increased by 278,177 persons, of whom only 64,801—23.3 percent—were appointed under the merit system.

To really grasp the significance of this backward trend of the civil service under the New Deal, we must ponder for a moment these facts:

The number of Federal employees on June 30, 1904, was 301,000. Nearly 29 years later, on March 3, 1933, the number had increased to 563,487—an additional number of 262,487. From March 3, 1933, to June 30, 1937, Mr. Roosevelt had increased the Federal personnel by 278,177. Therefore, in slightly more than 4 years, under President Roosevelt, the number of Federal employees has been increased by 14,690 persons more than it was increased in the previous 29-year period, 313,179 persons were added to the civil-service system—while in the 4 years under Mr. Roosevelt only 64,801 persons were added to the civil service. Do these figures bear out Mr. Roosevelt's repeated protestations of his intentions to extend the merit system "upward, outward, and downward"? Rather the sad and sinister trend of the civil service under the New Deal compels the conclusion that what actually is happening is not extension "upward, outward, and downward," but rather a blowing up, wiping out, and tearing down.

As I have stated, the New Deal administration claims justification for this enormous retrogression in the trend of the civil service by the pretense of an emergency that did not afford time for the machinery of civil service to function. Such a pretense is an empty and shallow excuse. It has no validity. It was disproved before it was ever made by another Democratic President—Woodrow Wilson. Consider

for a moment the figures covering President Wilson's administration. These figures are also taken from the civil-service records. They show that during the period from June 30, 1916, to November 11, 1918, the numerical increase of Federal employees was 479,703, of which number 345,506, or 72 percent—were put under civil service. These figures demonstrate more forcibly than can any words the utter lack of justification for President Roosevelt's "emergency argument." Since that is true, what is the secret behind these appointments which have been made without regard to the civil-service laws and regulations? The answer is to be found in another table of figures which I shall insert at this point in my remarks.

Date	Number of non-civil-service employees	Annual increase (+) or decrease (−)
Mar. 3, 1933	96,215	
June 30, 1933	115,995	+19,780
June 30, 1934	222,473	+106,478
June 30, 1935	264,176	+41,703
June 30, 1936	325,534	+61,358
June 30, 1937	309,591	−15,943
Net increase from 1933 to 1937		213,376

The increase of Federal employees during the fiscal year 1934 over the fiscal year 1933 was 106,478. There were congressional elections in November 1934.

The increase of the Federal Government personnel during the fiscal year 1935 over the fiscal year of 1934 was only 41,703. There were no elections that year.

The increase during the fiscal year 1936 over the fiscal year 1935 was 61,358. There was a Presidential election in November 1936.

The decrease—and note that word, "decrease"—in the number of Federal employees during the fiscal year 1937 under the fiscal year of 1936 was 15,943. There was no election in that year.

Congress during the last session passed, and President Roosevelt approved, several bills which provided that all of the employees of certain agencies should be appointed "without regard to civil-service laws and regulations."

A case exactly in point showing the attitude of the New Deal toward civil service is to be found in the action of the Senate Post Office Committee last Tuesday, November 30, in turning back the civil-service advocates by a vote of 6 to 3 and refusing to place postmasters in the first, second, and third classes under civil-service regulations.

The McKellar bill, which continues fourth-class postmasters under the merit system, does not extend "upward, outward, and downward" the civil service because the fourth-class postmasters are already under the merit system.

The McKellar bill would put first-, second-, and third-grade postmasters on a 4-year term. This simply means to continue postmasterships as a political football instead of placing the United States Mail Service entirely under the civil-service system, where it belongs, and under which it could reach a much higher efficiency than is possible under the present political spoils system.

No fair-minded person can escape the conviction, in the light of these figures and this record, that while Mr. Roosevelt has been giving lip service to a bigger and better civil service, Mr. Farley has been achieving a bigger and better political bureaucracy based upon the spoils system, and has been building up his Nation-wide political machine at the expense of the most important single fundamental agency of modern scientific government—the civil service. Mr. Roosevelt has spoken the fair words of promise for the civil service. Mr. Farley has performed without rebuke or remonstrance from President Roosevelt the political acts of sabotage which have been steadily undermining the civil service, which for more than half a century Executives, Democratic and Republican alike, and Congresses, Democratic and Republican alike, have been earnestly striving to build up.

Senator ARTHUR VANDENBERG, of Michigan, well summarized the situation which has resulted from the application of the Farley philosophy when he said:

> Never has a more completely patronage-conscious aggregation of victors to whom belong the spoils bedeviled Washington and its own leadership than in these post "horse and buggy" days. The employment problem which has most intimately and relentlessly troubled Democratic statesmen has been evidenced in their own outer offices, crowded with insistent applicants for their quick share of the Jacksonian dividends. Never before was Capitol mail so heavy. Railroads thrived and Washington hotels raced back to solvency. * * * Civil service is an irritating inconvenience in such a "bread and circus" hour. It is easy to understand what happened to it in this traffic jam. The political semaphore showed green 24 hours a day.

Despite every criticism, in the face of every protest, Mr. Roosevelt and Mr. Farley have proceeded with the undermining of the civil service.

The Republican platform of 1936 recognized this fact. In that platform it was said:

> Under the New Deal, official authority has been given to inexperienced and incompetent persons. The civil service has been sacrificed to create a national political machine. As a result the Federal Government has never presented such a picture of confusion and inefficiency.
>
> We pledge ourselves to the merit system, virtually destroyed by New Deal spoilsmen. It should be restored, improved, and extended.
>
> We will provide such conditions as offer an attractive permanent career in Government service to young men and women of ability, irrespective of party affiliations.

Time and again in this House and on this floor, Members have raised their voices, as I now raise mine, in protest and in warning against this sabotage of the civil-service system under the New Deal.

The distinguished gentleman from Kentucky [Mr. ROBSION] registered a protest on last January 28, when he said:

> No administration since the days of Andrew Jackson has done so much to break down the merit system and civil service and resurrect the spoils system as the present administration.

The distinguished gentleman from Tennessee [Mr. TAYLOR] has warned this House of this sinister condition of affairs.

One great defect of our whole civil-service system is the failure of the Congress to appropriate sufficient funds for the Civil Service Commission. This lack of funds has made it difficult for the Commission to perform the additional work imposed upon it by the unusual conditions of the New Deal. On August 18 last, on the floor of this House, and at other times, I myself insisted that if we would give the Civil Service Commission an adequate amount of money the situation would be improved.

The most serious undermining of the civil service during the New Deal has come about as a consequence of the new agencies, hastily created, under the guide of an emergency, or as a part of a program of centralization. It has made little difference whether these agencies are to be temporary or permanent, whether they are independent or a part of the regular governmental Departments, that have all been characterized by one common attribute; the acts authorizing their creation provided that the personnel should be selected without regard to the civil-service laws and regulations.

The most recent of the many instances of the fallacy and falsity of this argument of emergency set-ups being the reason for excluding Federal employees from the requirements of the Civil Service Act is found in the agricultural bill which this House has been considering in the present week. Section 407 of the present agricultural bill, which is a permanent measure, is so worded as to make the selection of personnel by the Agricultural Department subject to the provisions of law applicable to the appointment and compensation of personnel employed by the Agricultural Adjustment Administration. You will recall that those provisions in the old A. A. A. were that the personnel should be selected without regard to civil-service requirements and without regard to the Classification Act.

It is startling when we pause to consider that the Civil Service Commission, as of June 30, 1937, lists 21 independent

agencies, created since March 1933, with over 75,000 employees, none of whom has any civil-service status whatever.

I might go on and detail here, had I the time, the names of these different agencies and the number of their employees. Suffice it to say that the National Civil Service Reform League, in its proceedings during its fifty-third annual meeting in 1935, declared that:

> At no time since the enactment of the Federal civil-service law has the merit system faced such a critical test as now.

We may well ponder how much longer can our Government be administered effectively with its civil service recruited half on merit and half on patronage.

> During the Roosevelt administration about 60 new agencies have been created, all but a half dozen of which have been permitted to select their staffs without reference either to the civil-service law or the salary classification regulating compensation in the old Departments. In some of these new bureaus political recommendations have been prerequisite to employment; personal favoritism has given the entree to others. (Proceedings, Fifty-third Annual Meeting National Civil Service Reform League, 1935, p. 5.)

Again at its fifty-fourth annual meeting in the following year, the league declared:

> At no time since the adoption of the original civil-service law has there been so much public agitation for the application and extension of the merit system as today.

The league, during its fifty-fourth annual meeting, went on to say further:

> The Congress, however, has utterly failed to recognize this demonstration as a mandate from the public. No constructive personnel legislation that has been before it has received more than cursory attention. Even measures which have received committee approval have been buried on the calendar, from which they can be taken only by unanimous consent, which has been studiously withheld. * * *
>
> Although the President has often assured the league of his devotion to the merit system, such assurances have not been fortified by insistence that the constructive measures affecting the civil service be immediately enacted. Nor has he taken public notice of Cabinet defiance to its principles.
>
> We fear also that the failure of the President to take Executive action against demonstrated instances of partisan mismanagement of important branches of the service, or assessments of public employees for campaign contributions, must lend inevitably to the belief that he acquiesces in the actions of the Postmaster General and other members of the administration similarly bent toward the patronage system. (Proceedings Fifty-fourth Annual Meeting National Civil Service Reform League, 1936, p. 14.)

During the first session of the Seventy-fifth Congress three new agencies were created for the purposes of controlling and directing economic and social forces; they were the National Bituminous Coal Commission, the Farm Security Administration, and the United States Housing Authority. All three of these agencies are permanent establishments and are very largely exempt from the operation of the civil-service law.

With reference to the Bituminous Coal Commission, Senator WALLACE WHITE, Jr., of Maine, protested that—

> This is another instance where we are permitting the employment of an unlimited number of persons by the organization created by the bill without any reference whatever to the civil-service laws of the United States. I think that at some time, if we are to have any civil service left, there should be a halt called in this tendency. I am utterly unable to see why employees of a statistical bureau should not be appointed as a result of civil-service examination and should not be appointed because of merit.

Since that date the scandal in the Bituminous Coal Commission regarding the personnel and other matters has become a subject of comment throughout the press of this country day after day.

On June 28 of this year my distinguished colleague [Mr. MARTIN] protested the omission of the civil-service requirements from the act providing for the Farm Security Administration in the Department of Agriculture.

> If the new agency to be created—
>
> Said he—
>
> is to be as expensive as the Resettlement Bureau, there is not going to be very much left for the tenant farmer. The bulk will go for political jobs, as I note the civil-service requirement is carefully omitted.

I could go on and on, Mr. Speaker, quoting Member after Member of this House whose voice has been raised against this steady undermining and destruction of the civil service of the United States. To do so would simply be to repeat over and over again the protests and warnings in both Houses of this Congress of the dangers which threaten the civil service and the demands that Mr. Roosevelt stop these tendencies.

Mr. Speaker, there is now pending before the Congress a measure sponsored by President Roosevelt which, if approved by the national legislative body, will be the greatest single step toward the ultimate and absolute destruction of the civil service that has been taken since the merit system was first introduced into our American Government. That measure is contained in the President's Government reorganization bill. The President and his advisers in that bill recommend the abolition of the Civil Service Commission. The report of the President's committee criticizes the Civil Service Commission, brands it as unsuited to the work of a central personnel agency, asserts that the commission form of organization is "slow, cumbersome, wasteful, and ineffective in the conduct of administrative duty." This special committee also charges that "board members are customarily laymen and not professionally trained or experienced in the activities for which they are responsible."

It must be said, Mr. Speaker, in reply to these criticisms, that a Civil Service Commission composed even of laymen not "professionally trained or experienced in the activities for which they are responsible" is infinitely preferable to having no civil service or a civil service administered by political spoilsmen "professionally trained and experienced in the activities for which they are responsible"—which means to say, the placing of faithful henchmen in responsible and important positions in the Government where those henchmen operate purely from the standpoint of the spoils system of "getting theirs while the getting is good," and from the standpoint that governmental administration is political pie to be passed out to party workers as rewards for faithful service instead of being regarded as vital activities affecting the welfare and the very destiny of this Nation and its people.

I say to you, Mr. Speaker, that it is well-nigh incredible in the light of the emphatic and repeated promises of Mr. Roosevelt to support and defend and extend the merit system in Government that he should lend his approval to any such proposal as this.

Under the Government reorganization plan, in the place of the Civil Service Commission the latest draft of the administration's reorganization bill provides that there shall be created a single civil-service administrator, to be appointed by the President, by and with the advice and consent of the Senate, but with this highly dangerous provision—that this administrator would be removable by the President at will.

This administrator, under the terms of the bill, would serve for a period of 15 years, and he would have general control of the public service.

Think, Mr. Speaker, what an enormous and impossible task such a single administrator would have on his hands in attempting to execute the work that is now carried on by the board of three who compose the Civil Service Commission.

H. Eliot Kaplan, executive secretary of the National Civil Service Reform League, in testifying before the Senate Select Committee on Government Organization, said:

> * * * I do not believe it is possible for a single administrator to give all his energy and time to both administering the technical work of the Civil Service Administration as a department and still be able to carry on all the other functions dealing with determination of policies, and so on. The job of administering, being the executive head, is going to take all his time and energy.

Since under the terms of the pending bill this civil-service administrator would be removable by the President at will, the whole of the so-called nonpolitical civil service would be under the domination and control of the President. Who believes, Mr. Speaker, that under any such arrangement the civil-service administrator would dare do anything displeasing to the President, since by so doing he would court dismissal at the hands of the Chief Executive?

Who doubts for a moment, Mr. Speaker, what the situation would be under such an arrangement as this with the genial

James Aloysius Farley in charge of patronage and whispering in the President's ear the philosophy that "the patronage is a reward to those who have worked for party victory. It is also an assistance in building party machinery for the next election."

It is contended that President Roosevelt wants to extend the merit system "upward, outward, and downward." Certainly the provisions contained in Senate bill 2700, which was introduced by Senator Robinson, of Arkansas, just previous to his death, would not have this effect upon the civil service. The fact is, Mr. Speaker, the provision which is supposed to extend the civil service actually would operate to prevent the President from extending the civil service to any position which could not at the present time be brought within the merit system.

Discussing this provision before the Senate Select Committee on Government Organization, Secretary Kaplan, of the National Civil Service Reform League, testified before the committee as follows:

> Under the provisions of section 204 of the bill there can be little, if any, extension of the competitive system, for the following exceptions from competition are specifically made:
> 1. All positions in temporary emergency agencies * * *.
> 2. All positions in Federal corporations which by present law are excepted from the operations of the Civil Service Act * * *.
> 3. All positions not already subject to the Civil Service Act * * *.
> 4. All appointments now required to be made by the President with confirmation by the Senate * * *.
> * * * A new element or basis for exception is invoked in the guise of positions bearing "confidential relationship" to the department head. Experience has shown that this is a dangerous pretext for exemption from competition * * *.
> The measure places in the discretion of the President authorization to determine what positions should be exempted from the classified service as policy determining. There is, however, no limitation on this authority. (Hearings before Senate Select Committee on Government Organization, p. 144.)

There is no conclusion to be drawn from this proposed measure except that Mr. Roosevelt desires to extend his personal power and control over the merit system of government, and this proposed act would accomplish exactly this result. A civil-service administrator removable at will by the President would be merely a tool and a mouthpiece to do the President's will. It is absurd on the face of it to pretend that such a civil-service administrator is to be appointed for a period of 15 years and at the same time that he is to be removable at will by the Chief Executive. It would be far simpler, and certainly much more honest, to write into the bill the provision that this proposed civil-service administrator should hold office subject to the pleasure of the Chief Executive.

I submit that I have adduced an indisputable mass of evidence to prove that not only has Mr. Roosevelt not performed according to his promises concerning the merit system in government but that his patronage purveyor, Mr. Farley, has injected and extended his spoils system into every department of the Government. It is a conclusion which I dare say will not be argued by any fair-minded individual that any condition which would be set up under this proposal to abolish the Civil Service Commission and put the Service under the direction and control of a Presidential "Charlie McCarthy," would result in turning the civil service over to the tender mercies of James Aloysius Farley, and in giving that gentleman almost unlimited power to prostitute the merit system into patronage for the purpose of building party machinery for the next election.

Mr. Speaker, we want none of this sort of thing. We do not want to see the most fundamental and vital part of our Government, which has been laboriously built up over a period of more than half a century, through the efforts of Republican and Democratic statesmen alike, prostituted into a spoils system which would endanger the future of this Nation and its people. [Applause.]

Mr. SHANNON. Mr. Speaker, I asked and was given the unanimous consent of the House to have my speech incorporated in the Appendix of the RECORD. I ask that unanimous consent be given to withdraw the request.

The SPEAKER pro tempore. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. KLEBERG, indefinitely, on account of business.

PERMISSION TO ADDRESS THE HOUSE

Mr. MASSINGALE. Mr. Speaker, I ask unanimous consent that on Thursday next, immediately after the disposition of matters on the Speaker's table and at the conclusion of the legislative program in order for the day, I may be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. EICHER. Mr. Speaker, I ask unanimous consent that on Thursday next, following the disposition of matters on the Speaker's table and at the conclusion of the legislative business in order for the day and special orders heretofore made, I may be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

EXTENSION OF REMARKS

Mr. SCHNEIDER of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

ADJOURNMENT

Mr. BOLAND. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 21 minutes p. m.), under its previous order, the House adjourned until Monday, December 13, 1937, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Tuesday, December 14, 1937, at 10 a. m.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m., on Wednesday, December 15, 1937, for hearing on H. R. 8549, for public consideration of bill to deny United States citizenship to persons advocating government by dictatorship.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. CROSSER's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on House Joint Resolution 389, distribution and sale of motor vehicles.

There will be a meeting of Mr. MALONEY's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on S. 1261, through-routes bill.

There will be a meeting of Mr. MARTIN's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday, January 4, 1938. Business to be considered: Hearing on sales-tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, train-lengths bill.

COMMITTEE ON THE JUDICIARY

The Special Bankruptcy Subcommittee of the Committee on the Judiciary will hold a public hearing on the Frazier-Lemke bill, S. 2215, to amend section 75 of the Bankruptcy Act, in the Judiciary Committee room at 346, House Office Building, on Friday, December 17, 1937, at 10 a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

883. A letter from the Secretary of the Navy, transmitting a draft of a proposed bill to amend the act of May 4, 1898 (30 Stat. 369), so as to authorize the President to appoint 100 acting assistant surgeons for temporary service; to the Committee on Naval Affairs.

884. A letter from the Secretary of the Navy, transmitting the draft of a proposed bill to provide for civilian naval training, and for other purposes; to the Committee on Naval Affairs.

885. A letter from the Chairman, United States Maritime Commission, transmitting a report in compliance with the provisions of section 213 (a) of the Merchant Marine Act of 1936 (H. Doc. No. 454); to the Committee on Merchant Marine and Fisheries and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of Pennsylvania: A bill (H. R. 8673) for the relief of certain persons at certain projects of the Farm Security Administration, United States Department of Agriculture; to the Committee on Claims.

By Mr. DUNN: A bill (H. R. 8674) to provide an increase in salary for all guards and other employees in the prisons in the District of Columbia whose salaries are less than $2,000 per annum; to the Committee on the District of Columbia.

Also, a bill (H. R. 8675) to adjust the salaries of all members of the custodial guard force and all members of the special police custodial force in the Federal Government in the District of Columbia, and for other purposes; to the Committee on the Civil Service.

My Mr. O'CONNOR of Montana: A bill (H. R. 8676) to authorize the appointment of an additional judge for the district court of the United States for the district of Montana; to the Committee on the Judiciary.

By Mr. RANDOLPH: Resolution (H. Res. 376) authorizing the United States Tariff Commission to investigate the cost of production of leather products and glassware between the United States and foreign countries; to the Committee on Ways and Means.

By Mr. MAVERICK: Resolution (H. Res. 377) to amend the rules of the House to extend the privilege of debate to the heads of executive Departments in certain cases; to the Committee on Rules.

Also, resolution (H. Res. 378) to amend the rules of the House to provide for a question hour, at which heads of executive Departments are requested to appear and answer questions; to the Committee on Rules.

Also, resolution (H. Res. 379) to amend section 4 of rule XXVII of the House; to the Committee on Rules.

By Mr. FLETCHER: Resolution (H. Res. 380) to ascertain the cost of farm machinery and other necessary supplies to farmers, and for other purposes; to the Committee on Rules.

Also, resolution (H. Res. 381) providing for the expenses of the select committee authorized by House Resolution 380; to the Committee on Accounts.

By Mr. KENNEDY of Maryland: Joint resolution (H. J. Res. 535) to create a Federal Highway Safety Authority, composed of representatives of the Federal Government to be designated by the President and representatives of national organizations to be designated in the same manner; to the Committee on Interstate and Foreign Commerce.

By Mr. BIERMANN: Joint resolution (H. J. Res. 536) to amend the joint resolution entitled "Joint resolution to amend the joint resolution entitled 'Joint resolution providing for the prohibition of the export of arms, ammunition, and implements of war to belligerent countries; the prohibition of the transportation of arms, ammunition, and implements of war by vessels of the United States for the use of belligerent states; for the registration and licensing of persons engaged in the business of manufacturing, exporting, or importing arms, ammunition, or implements of war; and restricting travel by American citizens on belligerent ships during war,' approved August 31, 1935, as amended," approved May 1, 1937; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 8677) for the relief of Charles T. Buell; to the Committee on Claims.

By Mr. CELLER: A bill (H. R. 8678) for the relief of Albert St. Clair; to the Committee on Immigration and Naturalization.

By Mr. FLANNAGAN: A bill (H. R. 8679) granting a pension to Alma C. Hallead; to the Committee on Pensions.

By Mr. MARTIN of Massachusetts: A bill (H. R. 8680) for the relief of Carl H. Carlson; to the Committee on Claims.

By Mr. McLEAN: A bill (H. R. 8681) for the relief of Russell H. Lindsay; to the Committee on Naval Affairs.

By Mr. O'TOOLE: A bill (H. R. 8682) authorizing the President of the United States to present, in the name of Congress, medals of honor to John Forsythe and Otto Kafka; to the Committee on Naval Affairs.

By Mr. PALMISANO: A bill (H. R. 8683) for the relief of Gus Vakas; to the Committee on Claims.

By Mr. SHEPPARD: A bill (H. R. 8684) granting a pension to Kenneth L. Nay; to the Committee on Pensions.

Also, a bill (H. R. 8685) granting a pension to Chudleigh Andrews Clifford; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3573. By Mr. RICH: Petition of citizens of Williamsport, Pa., favoring the Black-Connery wage and hour bill; to the Committee on Labor.

3574. By Mr. ASHBROOK: Petition of the Ohio Pomona Grange of Coshocton County, protesting against Senate bill 69; to the Committee on Interstate and Foreign Commerce.

3575. By Mr. PFEIFER: Telegram from the New York City League of Women Voters, Anna Lord Strauss, city president, concerning the child-labor provisions in the labor bill; to the Committee on Labor.

3576. Also, petition of Clarence S. Brown & Co., Inc., New York City, concerning repeal of the undistributed profits tax law; to the Committee on Ways and Means.

3577. Also, petition of the Valve Pilot Corporation, New York City, concerning the undistributed-profits tax; to the Committee on Ways and Means.

3578. By the SPEAKER: Petition of Local 15, International Woodworkers of America, Escanaba, Mich., concerning effective embargo on all shipments of whatever nature to or from Japan; to the Committee on Ways and Means.

3579. Also, petition of the United Hatters, Cap, and Millinery Workers International Union, New York, concerning their resolution adopted by the board at its annual meeting held in Atlantic City, N. J., November 15 to 22; to the Committee on Labor.

3580. By Mr. MEAD: Petition of the Orleans County Pomona Grange of New York State, expressing opposition to the pending wage and hour bill; to the Committee on Labor.

3581. Also, petition of a number of Buffalo, N. Y., citizens favoring the Ludlow peace amendment; to the Committee on the Judiciary.

3582. By Mr. CITRON: Petition of the Workmen's Sick and Death Benefit Fund Association, of Bridgeport, Conn., calling

attention to the establishment of a Nazi camp for semimilitary training and asking for a congressional investigation; to the Committee on Immigration and Naturalization.

3583. By Mr. CARTER: Petition of the State Bar of California, memorializing the Congress to enact House bill 3155, providing for one public defender, and an assistant in each of the United States district courts; to the Committee on the Judiciary.

3584. Also, petition of the American Institute of Architects, urging the passage of legislation repealing the surtax on undistributed profits at once; to the Committee on Ways and Means.

3585. By Mr. ROMJUE: Petition of the American Legion Post, No. 285, Hamilton, Mo., calling upon Congress to take immediate steps to pass legislation declaring November 11 a national legal holiday; to the Committee on the Judiciary.

3586. By Mr. CARTER: Petition of the California Wool Growers' Association, opposing the diversion of social-security taxes, and urging such taxes be used only for the purpose for which they are intended; also urging amendments to the surtax on undivided profits; to the Committee on Ways and Means.

3587. By Mr. ANDREWS: Petition of the residents of Buffalo, N. Y., favoring enactment of House bill 4199; to the Committee on Ways and Means.

3588. By Mr. KRAMER: Resolution of the board of supervisors of Los Angeles County, pertaining to the Banking and Currency Committee reporting out the amendments to the National Housing Act, etc.; to the Committee on Banking and Currency.

3589. By Mr. ANDREWS: Petition of the residents of Buffalo, N. Y., protesting against the levying of any tax on food products; to the Committee on Ways and Means.

3590: By Mr. KRAMER: Resolution of the city council of Redding, Calif., pertaining to Central Valley project, etc.; to the Committee on Irrigation and Reclamation.

SENATE

SATURDAY, DECEMBER 11, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, December 10, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The CHIEF CLERK called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	Pepper
Andrews	Davis	King	Pittman
Ashurst	Dieterich	La Follette	Pope
Austin	Donahey	Lee	Radcliffe
Bailey	Duffy	Lewis	Reynolds
Bankhead	Ellender	Lodge	Russell
Barkley	Frazier	Logan	Schwartz
Berry	George	Lonergan	Schwellenbach
Bilbo	Gerry	Lundeen	Sheppard
Bone	Gibson	McAdoo	Shipstead
Borah	Gillette	McCarran	Smith
Brown, Mich.	Glass	McGill	Steiwer
Brown, N. H.	Graves	McKellar	Thomas, Okla.
Bulkley	Green	McNary	Thomas, Utah
Bulow	Guffey	Maloney	Townsend
Burke	Hale	Miller	Truman
Byrd	Harrison	Minton	Tydings
Byrnes	Hatch	Moore	Vandenberg
Capper	Hayden	Murray	Van Nuys
Caraway	Herring	Neely	Wagner
Chavez	Hitchcock	Norris	Walsh
Clark	Holt	O'Mahoney	White
Connally	Johnson, Calif.	Overton	

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from New Jersey [Mr. SMATHERS] is detained because of illness in his family.

The Senator from Montana [Mr. WHEELER] is unavoidably detained.

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Taxpayers' Protective League, of Newark, N. J., favoring the enactment of the bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching, which was ordered to lie on the table.

Mr. COPELAND presented resolutions adopted by a meeting of the Walton (N. Y.) Chamber of Commerce, protesting against the curtailing of Federal-aid highway appropriations to the States, which were referred to the Committee on Post Offices and Post Roads.

He also presented resolutions adopted by Cape Vincent Grange, No. 599, of Cape Vincent, and Lewis County Pomona Grange, both of the Patrons of Husbandry, in the State of New York, protesting against the enactment of the so-called Black-Connery wage and hour bill, which were ordered to lie on the table.

Mr. WALSH and Mr. LODGE presented a resolution adopted by the City Council of Revere, Mass., and approved by the mayor of that city, protesting against the influx of foreign-made shoes into the United States, which was referred to the Committee on Finance.

BUSINESS AND ECONOMIC CONDITIONS—PETITION

Mr. WALSH. Mr. President, I present a communication from leading industrialists and prominent businessmen of the city of Worcester, Mass., which I ask to be treated as a petition, printed in full in the CONGRESSIONAL RECORD, and referred to the Committee on Finance.

There being no objection, the petition was referred to the Committee on Finance and ordered to be printed in the RECORD, without the signatures, as follows:

A citizen's petition to the President and Congress.

SIR: At meetings held in Worcester, Mass., on December 2, 1937, and succeeding days the undersigned representatives of manufacturing and mercantile establishments of Worcester, deeply concerned with regard to the effect of executive and legislative action of the Federal Government upon business conditions in this district and throughout the country, with the hope that their fellow citizens who may view the problems in the same way will take like action, have determined to advise the administration and every Member of the Congress that in their opinion it is imperative that there should be prompt action by those in authority to the following ends, namely:

First, that the undistributed profits tax should be immediately repealed and that laws designed to raise the necessary funds for the maintenance of the Government be carefully considered in the light of recent experience and the likely effect upon economic conditions and the state of the public mind and public confidence.

Second, that the Government policy toward public utilities be such as to encourage the immediate expenditure of the large sums of money required to rehabilitate and afford the requisite expansion of these important agencies of community welfare.

Third, that the Government stop its competition with private business which has discouraged private enterprise and investment which are the foundations of increased employment and economic welfare.

Fourth, that emergency expenditures be confined to essentials for relief, and reduction in governmental costs be effected to revive confidence, eliminate necessity of additional taxation, and move directly toward balancing the Federal Budget.

Fifth, that the effect of the existing capital gains tax upon business cycles should be carefully considered.

Sixth, that no Federal wage and hour legislation be adopted without solemn consideration of its effect upon present economic conditions and future opportunities for a resumption of the widest possible measure of profitable employment.

We sincerely hope that the accomplishment of this all-important program will suffer no unnecessary delays in view of the present country-wide recession in business and its consequences for all of our citizens. Our concern in these matters can be understood because the livelihood of well over 50,000 of our fellow citizens depends upon the welfare of the establishments which we represent.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nominations of Forrest K. Geerken, of Minnesota, and David A. Thomasson, of Kentucky, for appointment as Foreign Service officers, unclassified, vice consuls of career, and secretaries in the Diplomatic Service.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for promotion in the Regular Army.

He also, from the same committee, reported favorably the nominations of sundry officers for appointment in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 3126) authorizing the Secretary of War to convey a certain parcel of land in Tillamook County, Oreg., to the State of Oregon to be used for highway purposes; and

A bill (S. 3127) to aid in providing a permanent mooring for the battleship *Oregon;* to the Committee on Military Affairs.

By Mr. MALONEY:

A bill (S. 3128) for the relief of Willard Twitchell; to the Committee on Finance.

By Mr. REYNOLDS:

A bill (S. 3129) for the relief of Dr. Henry Clay Risner; to the Committee on Claims.

By Mr. CONNALLY:

A bill (S. 3130) for the relief of W. O. West; to the Committee on Claims.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. BILBO, Mr. BANKHEAD, Mr. LA FOLLETTE, Mr. OVERTON, Mr. PEPPER, and Mr. RUSSELL each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were severally ordered to lie on the table and to be printed.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on December 6, 1937, the President had approved and signed the act (S. 2675) to amend certain sections of the Federal Credit Union Act approved June 26, 1934 (Public, No. 467, 73d Cong.).

THE UNITED STATES CUSTOMS COURT—ARTICLE BY HON. GEORGE STEWART BROWN

[Mr. TYDINGS asked and obtained leave to have printed in the RECORD an article by Hon. George Stewart Brown, judge of the United States Customs Court, entitled "The United States Customs Court," published in the American Bar Association Journal for June and July 1933, which appears in the Appendix.]

SENATOR WHEELER—ARTICLE IN NEW YORK TIMES MAGAZINE

[Mr. STEIWER asked and obtained leave to have printed in the RECORD an article entitled "The Liberal Who Fights New Deal Liberalism," published in the New York Times Magazine for August 8, 1937, which appears in the Appendix.]

THE CHALLENGE OF THE DROUGHT—ARTICLE BY JOHN C. PAGE

[Mr. NORRIS asked and obtained leave to have printed in the RECORD an article entitled "The Challenge of the Drought," by John C. Page, Commissioner of Reclamation, published in the Reclamation Era for November 1937, which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The VICE PRESIDENT. The clerk will state the next committee amendment.

The next amendment was, on page 69, beginning in line 19, to insert:

13. "Reserve supply level" shall be the normal supply plus a percentage of a normal supply adequate to insure a sufficient quantity to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty. In the case of tobacco such percentage shall be 5 percent. In the case of rice 10 percent.

Mr. McGILL. Mr. President, the amendment defining "reserve supply level" does not apply to any provision of the bill save and except the commodities of tobacco and rice. I move to amend the committee amendment on line 19, page 69, after the word "level", by inserting the words "of tobacco and rice."

The VICE PRESIDENT. The amendment offered by the Senator from Kansas to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 69, line 19, after the word "level", it is proposed to insert "of tobacco and rice."

The amendment to the amendment was agreed to.

Mr. BORAH. Mr. President, I should like to go back to page 65 for the purpose of offering an amendment in line 16.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The Parliamentary Clerk advises the Chair that since the matter in line 16 is part of a committee amendment, the proper procedure is to reconsider the vote by which the committee amendment was agreed to. Does the Senator from Idaho ask unanimous consent to reconsider that vote, so that he may offer an amendment to the committee amendment?

Mr. BORAH. I do.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote by which the committee amendment was agreed to is reconsidered.

Mr. BORAH. On page 65, line 16, after the word "estate", I move to insert the words "and freight rates"; and after the word "payments" in line 17, where it occurs the second time, I move to insert the words "freight rates." That is to enable the matter of freight rates to be taken into consideration in estimating parity of prices or parity of income.

The VICE PRESIDENT. The amendment offered by the Senator from Idaho to the amendment of the committee will be stated.

The LEGISLATIVE CLERK. On page 65, line 16, after the words "real estate", it is proposed to insert "and freight rates"; and on line 17, after the word "payments" where it occurs the second time, it is proposed to insert the same words.

Mr. McGILL. Mr. President, has the Senator from Idaho an estimate as to how much difference that would make with reference to what would constitute parity?

Mr. BORAH. No, I have no estimate and I do not know. I am in the same situation as we all are with reference to other items to be considered. However, I do know that unless the question of freight rates is taken into consideration the supposed benefits of the bill will be practically wiped out by an increase of 15 percent in freight rates.

Mr. McGILL. I do not agree with that statement, but I think the Senator has a very good point. Freight rates are an element which ought to be considered, in my judgment.

Mr. AUSTIN. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Vermont?

Mr. BORAH. I yield.

Mr. AUSTIN. I ask the Senator from Idaho if the ascertainment of parity would not have to take into consideration interest on mortgage debts, taxes, and freight rates of other

people than those who are engaged in farming as a gainful occupation?

Mr. BORAH. We should, I suppose; but we are dealing now only with a farm bill.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Idaho to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. The clerk calls the attention of the Chair to the fact that the Senator from Kansas [Mr. McGILL] offered an amendment, on page 69, line 19, which was adopted, but that the committee amendment as amended has not been agreed to.

Mr. McNARY. Mr. President, I did not clearly understand the Chair. What is the situation?

The VICE PRESIDENT. A few moments ago, before the Chair recognized the Senator from Idaho [Mr. BORAH], the Senate returned to page 69, line 19, where a certain amendment was offered by the Senator from Kansas [Mr. McGILL]. The amendment offered was an amendment to an amendment as reported by the committee, and it was agreed to, but up to this time the committee amendment as amended has not been agreed to. The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment of the Committee on Agriculture and Forestry was, on page 70, beginning in line 1, to insert:

> 14. "Ever-normal granary" for wheat and corn shall be such supply, in addition to the normal supply but not in excess of 10 percent thereof, as will maintain a surplus reserve adequate enough to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

Mr. POPE. Mr. President, near the close of the session yesterday the Senator from Vermont [Mr. AUSTIN] and I had a colloquy about the definition of parity of income as referred to on page 65. At that time he asked a very fair and very proper question as to why in arriving at parity the words "net income" should be used in comparison with the income of individuals other than farmers. Since that time I have made some investigation of the matter.

The reason why net income is compared to income of individuals other than farmers is that the net income of farmers, which means the gross income less necessary expenditures to produce the crop, is comparable to the income of others received from salaries or interest on investments or in other ways. That is why the term "net income" as applied to farmers and income as applied to others seemed quite comparable. It seemed to me quite proper to compare those incomes of farmers with the incomes of those who receive their incomes from other sources.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. POPE. Certainly.

Mr. AUSTIN. Is the Senator employing in this section the rules that are employed by the Internal Revenue Department in ascertaining net income and income for tax purposes?

Mr. POPE. I think that is true. While I am on my feet, I desire also to answer a question which the Senator from Vermont asked me near the beginning of the consideration of the bill. I may say that the questions of the Senator from Vermont throughout the whole debate have been uniformly fair and designed to bring out necessary information. I very much appreciate that, and I pay him my respects.

The Senator from Vermont asked a question some time ago as to whether or not, in my opinion, the provisions for a referendum in the corn and wheat title of the bill were not different from the provisions for a referendum applied to cotton, tobacco, and rice. At that time I could not give him a definite answer, because I had not carefully examined the provisions as to cotton, tobacco, and rice. Since that time I have made a rather careful examination of the matter.

On pages 24, 25, and 26 of the bill appear the referendum provisions as to wheat and corn. In lines 16 to 23, page 24, it is provided that the Secretary, after finding certain facts—

> shall proclaim the amount of such total supply, and that, beginning on the 15th day after the date of the proclamation, a national marketing quota shall be in effect.

I call particular attention to the last few words of that sentence:

> A national marketing quota shall be in effect.

At the bottom of page 25 and top of page 26 provision is made for a referendum; and if more than two-thirds of the farmers voting oppose such quota—

> the Secretary shall by proclamation suspend the operation of the national marketing quota.

Under authorities cited by me heretofore, it seems clear that the referendum would not originate the marketing quota, but would constitute an event determining when such quota should go into effect.

Mr. AUSTIN. Mr. President, will the Senator yield for a question at that point?

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Idaho yield to the Senator from Vermont?

Mr. POPE. I yield.

Mr. AUSTIN. This question has been raised in the courts of Vermont, and the highest court has held to be perfectly constitutional a referendum which merely postpones the effective date of the law, and commends the practice of postponing that date beyond another session of the legislative body, so that if it is deemed wise to make a change, such change can be made.

The matter that interests me is whether the determination of the legislature would be effective at all. I was doubtful of the soundness of that kind of legislation, and wondered if there was any purpose in making the provision therefor different than the one to which the Senator from Idaho now refers. I think they stand upon entirely different constitutional bases.

Mr. POPE. I shall discuss the point raised by the Senator. In the cotton provisions of the bill, which appear on pages 33 and 34, it is provided that the Secretary shall, after appropriate findings—

> Proclaim that beginning on the first of the marketing year next following, and continuing throughout such year, a national marketing quota shall be in effect.

Then follow the provisions for the referendum. Then it is provided that if more than one-third of the farmers voting in the referendum oppose the quota—

> The Secretary shall, within 15 days after the first referendum under this section and prior to the first day of the following January in case of any subsequent referendums, announce the result of the referendum and such quota shall not become effective.

While it will be noted that the wording in the cotton provision is slightly different from the wording in the wheat and corn provision, I think the effect is the same and that the same rule would apply. In the wheat and corn provision the quota would become suspended, while in the cotton provision the quota would not become effective. It would seem to me to be hairsplitting to try to make any difference in that language. In both cases the event is the same—that is, if two-thirds vote favorably in the referendum the quota goes into effect. That is the event putting it into effect, and while the language is different it seems to me that the essence of the results of the referendum is not different. Therefore in my judgment they both are of the same effect.

Mr. AUSTIN. Mr. President, in that connection I invite attention to the case of Schechter Poultry Corporation against United States, in which Mr. Justice Cardozo, concurring, made this statement about the delegation of legislative authority through a referendum. Of course, I have

to assume that the referendum provided for in the bill is one we are accustomed to, one that is ascertained by a ballot in some systematic and regular and orderly way. Assuming that to be true, then I think the question I have in mind and which I propounded to the Senator from Idaho is pertinent. Mr. Justice Cardozo said:

> The delegated power of legislation, which has found expression in this code, is not canalized within banks that keep it from overflowing. It is unconfined and vagrant, if I may borrow my own words in an earlier opinion.
>
> This Court has held that delegation may be unlawful though the act to be performed is definite and single, if the necessity, time, and occasion of performance have been left in the end to the discretion of the delegate (*Panama Refining Co.* v. *Ryan*, supra). I thought that ruling went too far. I pointed out in an opinion that there had been "no grant to the Executive of any roving commission to inquire into evils and then, upon discovering them, do anything he pleases" (293 U. S., at p. 435). Choice, though within limits, had been given him "as to the occasion, but none whatever as to the means" (ibid.). Here, in the case before us, is an attempted delegation not confined to any single act nor to any class or group of acts identified or described by reference to a standard.

The thought I had in mind was that in the first referendum provision the Senator has not left to the delegate the determination of the time when the action should go into effect but has determined that it should go into effect at a certain time—notwithstanding the fact was in the negative, this act should then after that lapse of time go into effect.

In respect of the matter on pages 33 and 34 I cannot quite agree with the Senator from Idaho about the interpretation. It seems to me the power there given to the delegate is entirely his own to determine when the act shall go into effect and that that is possibly a fatal defect.

Mr. POPE. Mr. President, I am very glad to have that suggestion. I shall call that distinction to the attention of those particularly interested in cotton, tobacco, and rice, because it seems to me the corn and wheat section more clearly sets forth the distinction. The Secretary has power to declare that on a certain day the marketing quota shall go into effect. Then there is a provision for an intervening referendum which may or may not change that situation. In other words, it may be the intervening event which enters into it.

In the other case the distinction is that the proclamation declaring the quota would not become effective until after a favorable referendum. I think there is a possible distinction and I think the delegation of power in the corn and wheat section is more clearly within the authorities which I have cited than the other. I am very glad the Senator called that to our attention because it will be helpful in possibly changing the words slightly in order to bring them within the same category exactly as those in the corn and wheat section.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Vermont a question at that point?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Michigan?

Mr. AUSTIN. I yield.

Mr. VANDENBERG. Referring again to the language which the Senator from Vermont read from the opinion by Mr. Justice Cardozo, I ask the Senator's opinion regarding the jurisdiction of this phrase: "The occasion of performance?" Let me read the full sentence:

> This Court has held that delegation may be unlawful though the act to be performed is definite and single, if the necessity, time, and occasion of performance have been left in the end to the discretion of the delegate.

Would not the Senator say that the phrase, "occasion of performance", would relate to the method and procedural action which governs the referendum, and is not the Senator's bill in danger on account of this unconstitutional delegation of power when it completely neglects to define the method of holding a referendum?

Mr. POPE. I am afraid I could not give the Senator a satisfactory answer to the question. I will examine the language, however, and at some opportune moment after I have examined the decision and compared it with the other authorities I will give the Senator my judgment.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. AUSTIN. I think it might be helpful to have in the RECORD at this point of the colloquy a study of this question of the constitutionality of a popular referendum as applied to acts of Congress. I have the material in my hand, and will be glad to put it in the RECORD.

Mr. POPE. I will be very glad to have it in the RECORD.

Mr. AUSTIN. I ask unanimous consent that the article be inserted in the RECORD at this point.

Mr. McNARY. Mr. President, does this include the Bituminous Coal Act decision of 1935?

Mr. AUSTIN. It does not.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Vermont?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONSTITUTIONALITY OF A POPULAR REFERENDUM AS APPLIED TO ACTS OF CONGRESS

The act of July 9, 1846 (9 Stat. 35–37), by which Congress provided for the retrocession of Alexandria County to Virginia, included the following provision (sec. 4): "This act shall not be in force until after the assent of the people of the county and town of Alexandria shall be given to it. * * * If a majority of the votes so given shall be cast against accepting the provisions of this act, then it shall be void and of no effect; but if a majority of the said votes should be in favor of accepting the provisions of this act, then this act shall be in full force, and it shall be the duty of the President of the United States to inform the Governor of Virginia that this act is in full force and effect, and to make proclamation of the fact."

The constitutionality of this provision was questioned as a delegation of legislative power by Congress, in *Phillips* v. *Payne*, 92 U. S. 130; the Supreme Court, without discussing the constitutional question directly, stated (p. 133):

"The State of Virginia is de facto in possession of the territory in question. She has been in possession, and her title and possession have been undisputed, since she resumed possession, in 1847, pursuant to the act of Congress of the preceding year. More than a quarter of a century has since elapsed. During all that time she has exercised jurisdiction over the territory in all respects as before she ceded it to the United States. She does not complain of the retrocession. The political departments of her government, by their conduct, have uniformly asserted her title; and the head of her judicial department has expressly affirmed it. *McLaughlin* v. *The Bank of Potomac*, 7 Gratt. 68. The United States have not objected. No murmur of discontent has been heard from them: on the contrary, Congress, by more than one act, has recognized the transfer as a settled and valid fact. Act of July 5, 1848, c. 92, 9 Stat. 244; act of Feb. 2, 1871, c. 33, 16 Stat. 402; Rev. Stat. U. S., sec. 1795. Both parties to the transaction have been and still are entirely satisfied. If the objection taken by the plaintiff in error were maintained in the length and breadth insisted upon, serious consequences would follow. In that view, a part of them would be that all laws of the State passed since the retrocession, as regards the county of Alexandria, were void; taxes have been illegally assessed and collected; the election of public officers, and the payment of their salaries, were without warrant of law; public accounts have been improperly settled; all sentences, judgments, and decrees of the courts were nullities, and those who carried them into execution are liable civilly, and perhaps criminally, according to the nature of what they have severally done."

In *Commonwealth* v. *Painter*, 10 Pa. 214, 216, the Supreme Court of Pennsylvania, referring to the act of July 9, 1846, as a constitutional precedent, said:

"Many of the most profound constitutional lawyers in the Union were in Congress at that time; and the State of Virginia never hesitated to accept the retrocession, because the Congress of the United States delegated to the people the decision of the question. This act, under all the circumstances, must therefore be considered as high authority and a precedent in the development of the constitutional functions of the legislative power."

Likewise the Supreme Court of Appeals of Virginia, in *Bull* v. *Read* (13 Gratt. 78, 92), stated that the constitutionality of the act of July 9, 1846, had never been questioned, to the knowledge of the court.

The act of May 23, 1918 (40 Stat. 560–561), which prohibited the sale, etc., of intoxicating liquors in Hawaii, contained the following proviso: "That at any general election of the Territory of Hawaii, held within 2 years after the conclusion of peace, the repeal of this act may, upon petition of not less than 20 percent of the qualified electors of said Territory at the last preceding general election, be submitted to a vote of the qualified electors of said Territory, and if a majority of all the qualified electors thereof voting upon such question shall vote to repeal this act, it shall thereafter not be in force and effect, otherwise it shall be in full force and effect."

The constitutionality of an act contingent for its validity on a popular referendum has been more frequently discussed in connection with State laws than with acts of Congress, on account of the greater number of cases in which the State legislatures have attempted to make acts so contingent. In substantially all the States "local option" laws (i. e., laws not operating uniformly throughout the entire State, but dependent for their operation

on the vote of the people in the various cities, counties, or other local units) are at the present time held constitutional (see for example *Thalheimer* v. *Board of Supervisors*, 11 Ariz. 430; *Boyd* v. *Bryant*, 35 Ark. 69; *Schwartz* v. *People*, 46 Colo. 239; *State* v. *Wilcox*, 42 Conn. 364; *Anderson* v. *Commonwealth*, 13 Bush (Ky.) 485; *Fell* v. *State*, 42 Md. 71, 85; *Commonwealth* v. *Bennett*, 108 Mass. 27; *Alcorn* v. *Hamer*, 38 Miss. 652; *State* v. *Pond*, 93 Mo. 606; *In re O'Brien*, 29 Mont. 530; *State* v. *Noyes*, 30 N. H. 279; *Cain* v. *Commissioners*, 68 N. C. 8; *Territory* v. *O'Connor*, 5 Dak. 397; *Gordon* v. *State*, 46 Ohio St. 607; *State* v. *Barber*, 19 S. D. 1; *Savage* v. *Commonwealth*, 84 Va. 619). In several States such laws were at an early period held invalid as an attempt to delegate legislative power to the voters; but the earlier decisions have been expressly repudiated by later decisions by the same courts, and local option laws upheld on the theory that it is the operation and not the taking effect of the law that is determined by the popular vote (see *Ex parte Wall*, 48 Cal. 279, 313; *Ex parte Beck*, 162 Cal. 701, 705; *Maize* v. *State*, 4 Ind. 342, 350; *McPherson* v. *State*, 174 Ind. 60, 75; *Parker* v. *Commonwealth*, 6 Pa. 507; *Locke's Appeal*, 72 Pa. 491, 497). In a few States decisions holding local option laws invalid appear to be still recognized, at least insofar as the law in question imposes a penalty for an act that is permissible in districts voting against the operation of the law (see *Rice* v. *Foster*, 4 Harr. (Del.) 479; *In re School Code of 1919*, 108 Atl. (Del.) 39; *Wright* v. *Cunningham*, 115 Tenn. 445, 468; *Greenwood* v. *Rickman*, 235 S. W. (Tenn.) 426; *State* v. *Swisher*, 17 Tex. 441; *Ex parte Mitchell*, 177 S. W. (Tex.) 953; *Spears* v. *San Antonio*, 223 S. W. (Tex.) 166).

In most of the States whose constitutions permit local legislation the courts have upheld the validity of laws providing for a local referendum similar to that under the act of Congress relating to Alexandria County, referred to above. (See for example *Little Rock* v. *North Little Rock*, 72 Ark. 195; *State* v. *Samson*, 62 Fla. 303; *Mayor* v. *Finney*, 54 Ga. 317; *People* v. *Reynolds*, 10 Ill. 1; *Commonwealth* v. *Weller*, 14 Bush 218; *Foy* v. *Water District*, 98 Me. 82; *Stone* v. *Charlestown*, 114 Mass. 218; *Attorney General* v. *Springwells*, 143 Mich. 523; *People* v. *City of Butte*, 4 Mont. 174; *Morgan* v. *Monmouth Plank Road Co.*, 26 N. J. L. 99; *People* v. *Kennedy*, 207 N. Y. 545; *Manly* v. *City of Raleigh*, 57 N. C. 370; *McGonnell's License*, ——; *Bull* v. *Read*, 13 Gratt. 78; *Rutter* v. *Sullivan*, 25 W. Va. 127. But see *State* v. *Garver*, 66 Ohio Stat. 555, in which the contrary view appears to have been held.)

There are only a few cases in which the courts have passed directly on the validity of a law conditioned to take effect only upon its approval by a majority of the voters of the State at large, and the decisions are by no means uniform. In *Santo* v. *State* (2 Iowa 165) the Supreme Court of Iowa held such a provision invalid because (p. 203) "The general assembly cannot legally submit to the people the proposition whether an act should become a law or not; and the people have no power, in their primary or individual capacity, to make laws. * * * Now, if the people are to say whether or not an act shall become a law, they become, or are put in the place of, the lawmaker. And here is the constitutional objection. Their will is not a contingency upon which certain things are or are not to be done under the law, but it becomes the determining power whether such shall be the law or not." In an opinion to the legislature (160 Mass. 586) the Supreme Court of Massachusetts held that a general law cannot constitutionally be submitted to the voters of the entire State because (p. 589) "the substance of the transaction is that the legislative department declines to take the responsibility of passing the law; but the law has force, if at all, in consequence of the votes of the people; they ultimately are the legislators." In *People* v. *Collins* (3 Mich. 343), the Supreme Court of Michigan was evenly divided as to the validity of an act which was to go into effect within a short time if approved by the people, otherwise not until 17 years later. In *Ross* v. *State* (6 Minn. 293), the Supreme Court of Minnesota stated that the territorial courts had held invalid an act of the Territorial legislature which was referred to the voters of the Territory. In *State* v. *Hayes* (61 N. H. 264), the Supreme Court of New Hampshire held invalid an act submitted to the voters of the State on the ground that (p. 329) the legislature had no power to "transfer from themselves to others the responsibility of passing or refusing to pass a law of a nonlocal character." In *Barto* v. *Himrod* (8 N. Y. 483), the Court of Appeals of New York held invalid an act which provided that "the electors shall determine by ballot at the annual election held in November next whether this act shall or shall not become a law," on the ground that the legislature had "no power to make a statute dependent on such a contingency because it would be confiding to others that legislative discretion which they are bound to exercise themselves, and which they cannot delegate or commit to any other man or men to be exercised." In *State* v. *Copeland* (3 R. I. 33), the Supreme Court of Rhode Island, in upholding the validity of a law which contained a provision for a popular vote as to its repeal, said that since a majority did not in fact vote for repeal it was unnecessary to pass upon the validity of this particular provision.

On the other hand, in *Hudspeth* v. *Swayze* (85 N. J. L. 592), the New Jersey Court of Errors and Appeals in 1913 upheld the validity of a general State-wide referendum on the ground that (p. 597) the State constitution "contains certain express limitations upon the powers of the legislature, but among them is no prohibition against submitting to popular vote questions whether or not an act passed by the legislature shall become operative. * * * The exact question presented for solution in this case is one of novel impression in this State; and while the trend of judicial authority in other States has been against the right asserted by the legislature in this State in the act under review, there are cases holding such an act to be constitutional." In *State* v. *Parker* (26 Vt. 357) the Supreme Court of Vermont upheld the validity of an act which was to go into effect in March or in December according to the vote of the people of the State in February on the ground that (p. 365) "the contingency upon which the present statute was to be suspended until another legislature should meet and have an opportunity of reconsidering it was not only proper and legal and just and moral but highly commendable and creditable to the legislature who passed the statute." This decision was declared by the court to be still the authoritative statement of the law of Vermont in the recent case of *State* v. *Scampini* (77 Vt. 92, 97). In *Smith* v. *Janesville* (26 Wis. 291) the Supreme Court of Wisconsin upheld the validity of a general State-wide referendum on the ground that there is no difference in principle between a referendum on local and on general laws. This decision was approved and followed in the recent cases of *State* v. *Frear* (142 Wis. 320) and *State* v. *Johnson* (175 N. W. 589, 601), both of which were likewise State-wide referendums.

In Cooley's Constitutional Limitations (7th ed., p. 168), the question of a State-wide referendum is discussed in the following language:

"May not any law framed for the State at large be made conditional on an acceptance by the people at large, declared through the ballot box? If it is not unconstitutional to delegate to a single locality the power to decide whether it will be governed by a particular charter, must it not quite as clearly be within the power of the legislature to refer to the people at large, from whom all power is derived, the decision upon any proposed statute affecting the whole State? And can that be called a delegation of power which consists only in the agent or trustee referring back to the principal the final decision in a case where the principal is the party concerned, and where perhaps there are questions of policy and propriety involved which no authority can decide so satisfactorily and so conclusively as the principal to whom they are referred?

"If the decision of these questions is to depend upon the weight of judicial authority up to the present time, it must be held that there is no power to refer the adoption or rejection of a general law to the people of the State any more than there is to refer it to any other authority. The prevailing doctrine in the courts appears to be that, except in those cases where, by the constitution, the people have expressly reserved to themselves a power of decision, the function of legislation cannot be exercised by them even to the extent of accepting or rejecting a law which has been framed for their consideration."

In connection with this quotation it is to be noted that the tendency of the more recent cases has been toward recognizing the validity of the referendum; for 40 years there has apparently been no case in which a State-wide referendum has been held invalid, while several recent cases, including one in such a conservative State as New Jersey, have squarely upheld the validity of a State-wide referendum.

Mr. ELLENDER. Mr. President, yesterday we passed over an amendment on page 68, subsection (b). I ask that that amendment be submitted at this time.

Mr. McGILL. Why can we not dispose of the amendment on page 70 before we go to some other amendment?

Mr. ELLENDER. Is there an amendment pending?

Mr. McGILL. There is an amendment pending.

Mr. ELLENDER. I did not know that.

The PRESIDING OFFICER. The question is on agreeing to the amendment at the top of page 70.

Mr. McNARY. Mr. President, I desire to consider this amendment for a few moments. If I understand aright the state of mind of the Secretary of Agriculture, this is the ark of the covenant with him. This is the only part of the bill which he has supreme confidence is practicable.

I direct my question to the Senator from Idaho and the Senator from Kansas. On page 70, lines 1 to 6, we find a definition of the ever-normal granary; and it is a very clear definition. However, I wish to refer to page 18, lines 1 to 13. The language there represents a committee amendment, and in my opinion that committee amendment in many respects would kill the purposes of the normal granary. It was not in the original bill. The definition on page 70 which we are now considering is the very language that is stricken out on page 18.

Mr. POPE. Mr. President, will the Senator yield?

Mr. McNARY. I very gladly yield.

Mr. POPE. The portion stricken out on page 18, to which the Senator has referred, clearly transfers the definition to this point in the bill, so that it might be under the subject "Definitions."

Mr. McNARY. But that is not the whole story. The ever-normal granary is defined in the bill in the language found on page 70, which we are now considering. In the

original text it was defined on page 18; but I am inquiring about the language in italics found on lines 2, 3, 4, 5, 6, and 7, page 18, and I ask whether that does not in fact kill the ever-normal granary. It reads:

> But no ever-normal granary shall be established or proclaimed for wheat or corn for any marketing year if the Secretary has reason to believe that during the first 3 months of such marketing year the current average farm price for the commodity shall be more than the parity price therefor.

Mr. President, that language was not in the original text. The bill originally contained the language found on page 18, without the language in italics, and with the language proposed to be stricken out. That was provision for a complete ever-normal granary. But under the language in italics, if the Secretary has reason to believe that during the first 3 months of the marketing period the average current price will exceed the parity price, he does not at that time establish the ever-normal granary.

Let me illustrate. The marketing year for wheat begins on June 1. If at that time, or in July or August, in the opinion of the Secretary the current average price, which is the price then obtaining, is higher than the parity price, there will be no ever-normal granary. It may be that in 1938, or in 1939, or sometime in the distant future, during the first 3 months of the marketing year the current average price for wheat would be $1.35, and the parity price would be $1.25. It does not have to be, but if the Secretary has reason to believe that will be the price, he does not establish the ever-normal granary.

Let us assume that the average current price that year is higher than the parity, and he does not establish the ever-normal granary. Suppose the next year there is a short crop, less than the domestic requirements, due to a drought or flood. Where is the ever-normal granary and its ability to meet that very emergent situation which the Secretary has been discussing so many times, and which could be met if the language remained the same as that on page 18?

I merely offer this suggestion to those who are trying to follow the ideals of the Secretary of Agriculture, who has made so much of the ever-normal granary. In my opinion, it would destroy his pet object and defeat his objective. I think the illustration makes the matter plain. It might easily be applied to 1938; it is too late to apply it to 1937. What he wants to do and what is intended by the original definition, and that found on page 70, is to carry over from year to year a sufficient quantity of wheat or corn to meet an emergency situation due to drought or flood. That is the purpose of an ever-normal granary, if it has any. It is a commendable purpose. I doubt its efficacy. I fear it will ever supply a storage that will depress the price level. But if the Secretary's purpose is to be carried out, I say in the greatest sincerity that in my opinion his idea would be dynamited by this particular language found on page 18, which is wholly inconsistent with the language contained on page 70. I submit that to the Senators sponsoring the bill. They are writing the bill. If they desire to have it stand in this way, very well; I am content in pointing this matter out.

Mr. McGILL. Mr. President, in my judgment there is no conflict. If the price level as it appears to the Secretary of Agriculture at the beginning of a marketing year should be above parity, it would doubtless be due to a shortage of the commodity involved, there would not be a surplus, and no ever-normal granary should be established under such circumstances. The definition we have under consideration limits the amount of wheat or corn. The percentage is a limitation. The truth is, as shown in the hearings—and I think this is the reason for this provision, as disclosed from testimony given by the Secretary and others from the Department of Agriculture—there never has been such a thing in the United States as a shortage of wheat, even though there were 4 years of drought. There is no necessity for building a great surplus, or anything of that sort. I have understood all along that it is the view of the Senator from Oregon that such a surplus should not be created. So far as drought, flood, and other conditions are concerned, in this country a normal supply of wheat has always been provided.

Mr. POPE. Mr. President, will the Senator from Kansas yield?

Mr. McGILL. I yield.

Mr. POPE. I should think the Senator would desire to modify his statement by saying there has never been a shortage of white wheat. Sometimes there is a shortage of hard wheat, which competes with the Canadian wheat, due to drought, and that is why the imports from Canada have been larger in the last few years.

Mr. McGILL. As a rule, there has always been a shortage of durum wheat in this country. I realize that durum wheat has always been imported, and it is the only class of wheat that is imported. The wheats of which we produce a large supply we do not import. I was making my statement based upon testimony of individuals who came before the committee from the Department of Agriculture. We do not have a shortage of wheat except of durum wheat, which is used for blending purposes. That is the only kind imported, and so long as we have a shortage of that commodity I assume it will be difficult to establish an ever-normal granary as to that commodity.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. McNARY. I am submitting this matter for the consideration of the Senators sponsoring the bill. In the definition of the ever-normal granary you want 10 percent in addition to the normal supply, which is the 10-year average. That is the purpose of the ever-normal granary.

Mr. McGILL. That is a limitation; it shall not be more than that.

Mr. McNARY. More than the 10 percent.

Mr. McGILL. Yes.

Mr. McNARY. But there must be a normal supply. I think if the Senator will give this careful thought he will arrive at the conclusion that you destroy the idea on page 18 when you do not maintain and provide for a normal granary if the current price happens to be higher than parity. I say with the greatest of candor I think if the Senator will reflect he will see that the amendment would destroy the ever-normal granary in years when the parity price would be under the current price which might be caused by a drought or short crop. If the Senators are satisfied, I shall be content.

Mr. McGILL. I am quite satisfied. I have given this matter much consideration. We do provide for a normal supply, and in the event we shall have to exceed 10 percent more than that, 10 percent of it may be put away in the ever-normal granary.

Mr. POPE. Mr. President, I think we should recognize the value of the argument of the Senator from Oregon in connection with this matter; but the committee felt that we would not be successful if we attempted to establish an ever-normal granary when the price was at parity or above. We thought that it was more important than the enlarged ever-normal granary suggested by the Senator from Oregon.

Mr. McGILL. Mr. President, the only element which in all human probability would bring to pass a price above parity would be that there would not be a sufficient quantity on hand to establish an ever-normal granary.

Mr. POPE. Yes; under ordinary circumstances.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next amendment.

Mr. ELLENDER. Mr. President, I renew my request to revert to page 68, subsection (b), and ask to have my amendment to that section stated.

The PRESIDING OFFICER. Is there objection to the request submitted by the Senator from Louisiana? The Chair hears none. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 68, line 16, after the word "cotton", it is proposed to strike out the comma and the words "tobacco, and rice."

Mr. ELLENDER. I may state, Mr. President, that there was objection to that amendment on yesterday, and a request was made that it go over. The reason why we are proposing to strike out the words "tobacco and rice" from the subsection presently under consideration is that there is no necessity for defining the normal yield of those two commodities. By referring to the tobacco and rice sections it will be seen that allotments of tobacco and rice are made on a poundage basis and not on an acreage basis, whereas in the case of cotton the allocation from the county to the farm is made on an acreage basis. That is the reason it is not necessary to have a definition for normal yield of tobacco and rice included in the bill.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Louisiana [Mr. ELLENDER] on page 68, lines 16 and 17.

The amendment to the committee amendment was agreed to.

Mr. HAYDEN. I move to further perfect the text of the Committee amendment by inserting after the word "any" in line 17, page 68, the words "State or" so that it will read:

"Normal yield" per acre of cotton for any State or county shall be the weighted average—

And so forth.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona [Mr. HAYDEN] on page 68, line 17, to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. HAYDEN. Then on the same page, line 20, the word "title" should be stricken, and the word "act" inserted, so it will read:

Computation authorized in this act.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona on page 68, line 20, to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. HAYDEN. Mr. President, the RECORD will show that I asked that paragraph (b) on page 34 be passed over until the definitions of "normal production" and "normal yield" on pages 68 and 69 were adopted. The definitions having been perfected and agreed to, I now ask to return to page 34.

The PRESIDING OFFICER. Just a moment. The question now is on the adoption of the committee amendment on page 68, being subsection (b), as amended.

The amendment, as amended, was agreed to.

Mr. HAYDEN. Mr. President, I now ask to return to page 34, paragraph (b), which was passed over for the reasons that I have just stated, so that an amendment may be offered to that paragraph which I am advised will be accepted by the committee.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 34, line 23, after the period, it is proposed to insert:

Provided, that the marketing quota of cotton apportioned to any State shall not be less than 70 per centum of the normal yield for acreage planted to cotton in such State in 1937.

Mr. HAYDEN. Mr. President, I may say to the Senate that this amendment is not of my own devising. A number of Senators from States seriously affected by the harsh and inflexible direction given to the Secretary of Agriculture by the terms of the bill relating to cotton have been conferring together under the leadership of the Senator from New Mexico [Mr. HATCH], who is a member of the Senate Committee on Agriculture. His colleague [Mr. CHAVEZ] and my colleague [Mr. ASHURST], the Senators from Missouri [Mr. CLARK and Mr. TRUMAN], the Senators from Arkansas [Mrs. CARAWAY and Mr. MILLER], the Senators from California [Mr. JOHNSON and Mr. MCADOO], and the Senator from Tennessee [Mr. MCKELLAR] have all collaborated in an effort to find some way to improve the bill wherein it is injurious to our States. Many different plans have been given consideration, and after much thought and study, by a process of trial and error, we have agreed that the amendment now proposed is the best practical means that can be devised to meet the situation in fairness to all States concerned in the growing of cotton. The formula specified in the amendment is the only one we could find which did not add much more than 500,000 bales of cotton to the total crop.

The bill proposes to control the growing of such crops as cotton, tobacco, and rice by the establishment of national quotas for each crop, which shall be divided, first, into State quotas; second, county or district quotas; and finally to farm quotas. Each one of these quotas is based upon a formula. There is nothing sacred about any such formulas because they are all man-made, and human beings are prone to make errors.

It is impossible for any man or group of men to adopt a formula for the control of any crop grown in many States that will be perfectly fair and equitable to each and every State affected by it. The fact that no one is infallible and that there must be exceptions to every rule was clearly recognized by the Senate Committee on Agriculture in reporting this bill, as is shown by numerous limitations and qualifications which are to be found throughout the measure.

The text of this amendment was submitted to the Department of Agriculture to determine exactly what its effect would be. I have here a table which I shall place in the RECORD which shows that under the bill the total allotment of cotton to all States will be 10,090,000 bales, and that if this amendment is adopted the total allotment of cotton to all States will be 10,483,000 bales.

By adopting the 5-year weighted average yield of cotton per acre produced in the various States as a factor in determining the State quotas, the amendment aids those States which are so seriously injured by the terms of the bill which makes normal production the only basis of computation. The effect of the amendment will be to add the following number of bales to the quotas of the following States:

To South Carolina, 34,000 bales. To Georgia, 24,000 bales. To Florida, 2,000 bales. To Missouri, 53,000 bales. To Tennessee, 12,000 bales. To Alabama, 5,000 bales. To Mississippi, 63,000 bales. To Louisiana, 14,000 bales. To Arkansas, 59,000 bales. To New Mexico, 13,000 bales. To Arizona, 47,000 bales. To California, 194,000 bales.

Making a total of about a half million bales, as I have indicated.

I have submitted the departmental justification for this amendment to a number of members of the committee, and it is my understanding that the committee is willing to have the amendment adopted.

Mr. BANKHEAD. Mr. President, the committee felt that some consideration should be given to the trends in production; and in subsection (b) on page 34, the subsection the Senator referred to, is contained the statement "with adjustments for trends in acreage during this period." That should be taken into consideration.

In the beginning, in considering the bill as reported, the committee recognized that there was a situation with reference to trends in production; and they included in this section, which the Senator from Arizona is now amending, the provision "with adjustments for trends in acreage during this period" with the thought that such trends should be taken into consideration. Of course, we all recognize that it was a difficult responsibility to place upon the Secretary to figure what consideration should be given and what weight should be given, and how it could be adjusted. This formula has been worked out, which takes it fully into account. With the addition of all these acres, the changes are made to it largely with the adjustment or trends in acreage during this period. I know that some of my associates think that the words "with adjustments for trends in acreage during this period" should be eliminated.

Mr. HAYDEN. I shall modify the amendment by providing that the words "with adjustments for trends in acreage during this period" be stricken, and then add the proviso contained in the amendment now at the desk. I thoroughly

agree with the Senator from Alabama that it is much better to define in the bill by act of Congress just what the law shall mean rather than to leave it to the judgment of the Secretary of Agriculture as to what adjustment may be made for trends.

The whole purpose of the amendment is to take into consideration trends in acreage while the normal production definition brings about fairly equitable results in the sections of the country where the acreage planted to cotton has been reasonably uniform during the 5-year period, it does not not cover adequately the principle of trends in acreage which the committee sought to recognize in formulating the bill. On the other hand, where yields per acre have been fairly uniform, irrespective of the planted acreage, a more satisfactory result is obtained in keeping with acreage trends when the normal yield is applied to the 1937 acreage.

The 1937 yield is not asked for as a factor because obviously it is abnormal. A fair consideration of normal yield in relation to normal production brings about a recognition of the result of trends in acreage which cannot otherwise be established. I am therefore perfectly willing to modify my amendment to conform with what the Senator from Alabama has suggested.

Mr. BANKHEAD. That is entirely agreeable. I have consulted quite a number of my colleagues, and I have heard no objection.

The PRESIDING OFFICER. Will the Senator from Arizona state the modification he desires to make of the amendment?

Mr. HAYDEN. In lines 22 and 23, on page 34, strike out the words "with adjustments for trends in acreage during this period" and insert the proviso that I have offered, which is now at the clerk's desk.

The PRESIDING OFFICER. The question is on the amendment, as modified by the Senator from Arizona, to the amendment of the committee.

The amendment, as modified, to the committee amendment was agreed to.

Mr. HAYDEN. I ask unanimous consent to have printed in the RECORD, at the conclusion of my remarks, a table prepared by the Department of Agriculture showing the effect of the adoption of this amendment.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Cotton statistics relating to S. 2787

State	Acreage in cultivation July 1, 1937 (1)	5-year average yield [1] per acre, 1933-37 (2)	Production, 478-pound bales (column (1) multiplied by column (2) divided by 478) (3)	Production, 70 percent of column (3) (4)	Allotment, S. 2787 (5)	Increase of column (4) over allotment, S. 2787 (6)
	1,000 acres	*Pounds*	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Virginia	64	272	36	25	28	
North Carolina	1,109	303	703	492	505	
South Carolina	1,689	264	933	653	619	34
Georgia	2,653	237	1,315	921	897	24
Florida	118	156	39	27	25	2
Missouri	537	340	382	267	214	53
Tennessee	976	254	519	363	351	12
Alabama	2,634	232	1,279	895	890	5
Mississippi	3,446	264	1,903	1,332	1,269	63
Louisiana	1,561	238	777	544	530	14
Texas	12,896	147	3,966	2,776	2,803	
Oklahoma	2,530	118	625	438	821	
Arkansas	3,096	218	1,412	988	929	59
New Mexico	144	441	133	93	80	13
Arizona	282	419	247	173	126	47
California	618	535	692	484	290	194
Others [2]	30	272	17	12	12	
Total	34,383	202.9	14,978	10,483	10,000	393

[1] 1937 planted yield based on Nov. 1 crop report.
[2] Includes Illinois, Kentucky, and Kansas.

The PRESIDING OFFICER. The question now is on paragraph (b) on page 34, as amended.

The amendment, as amended, was agreed to.

Mr. OVERTON. Mr. President, I ask the Senate to return to the consideration of the committee amendments on pages 34 and 35, subsections (b) and (c), which were passed over the other day; and I desire to offer an amendment to paragraph (1) of subsection (c). It is on page 35, line 5.

I ask that the amendment be stated.

Mr. BYRNES. Mr. President, before that is done I should like to know the status of subsection (c); whether it was adopted, or whether by unanimous consent it was passed over.

The PRESIDING OFFICER. The parliamentary clerk advises the Chair that subsection (c) went over.

MR. BYRNES. Mr. President, a further parliamentary inquiry. Is subsection (c) now before the Senate and open to amendment?

The PRESIDING OFFICER. The Senator from Lousiana [Mr. OVERTON] has asked that the Senate revert to subsection (c) for the purpose of considering amendments thereto.

Mr. BAILEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAILEY. Have we now passed over the cotton section of the bill? Have we finished the consideration of the cotton section of the bill?

The PRESIDING OFFICER. The present occupant of the Chair is advised that subsections (b) and (c) on pages 34 and 35 were passed over. The Senate has just adopted paragraph (b) on page 34, as amended.

The Senator from Louisiana [Mr. OVERTON] is now asking that the Senate recur to paragraph (c), beginning at the bottom of page 34, for the purpose of considering an amendment.

Mr. BAILEY. Mr. President, I have an amendment to that portion of the bill which relates to cotton, and I wish to put it forward at the proper time.

The PRESIDING OFFICER. Is there objection to recurring to paragraph (c), found at the bottom of page 34, the cotton section?

Mr. BYRNES. Mr. President, subsections (c) and (d) were passed over. What I desire to know is whether, by the motion of the Senator from Louisiana, the Senate is now to act upon those two subsections. I desire to ask that action be not taken at this time, because I have asked for information as to the effect upon the various States of the language contained in subsections (c) and (d). I am interested only in having final action postponed until I secure that information.

Mr. OVERTON. Mr. President, the Senate the other day passed over the amendments represented by subsections (b) and (c). Now we have returned to the committee amendment in subsection (b), and have amended it. I wish to offer an amendment to paragraph (1) of subsection (c). I should like to have that amendment considered, and then the Senator from South Carolina can obtain such information in the light of that amendment to the committee amendment, in the event that it shall be adopted. I think it will be adopted.

Mr. McKELLAR. Mr. President, the Senator would be willing to have the paragraph go over?

Mr. OVERTON. I think my amendment should be adopted, and then the Senator from South Carolina would be in a better position to get the information he desires as to the effect of subsection (c) upon the allocations to the different counties and the different farm units.

Mr. BYRNES. Mr. President, I have no objection to the unanimous-consent request of the Senator from Louisiana. I am asking only that final action as to the paragraph be not taken at this time.

Mr. OVERTON. I have no objection to that request.

Mr. BONE. Mr. President, will the Senator from Louisiana yield?

Mr. OVERTON. I yield.

Mr. BONE. I should like to ask the Senator from Idaho [Mr. POPE] a question, if I may, about one part of the bill. We have passed it, but I should like to recur to it merely for the purpose of obtaining a little information.

Mr. OVERTON. Would the Senator have any objection to withholding his request until I can dispose of this amendment? It will take only a minute.

Mr. BONE. Very well.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Louisiana to the amendment reported by the committee.

The LEGISLATIVE CLERK. On page 35, line 5, after the word "State", it is proposed to insert a colon, and the following:

Provided, however, That the lands devoted to crops for market other than cotton shall be excluded in determining tilled lands under this subsection (1).

Mr. OVERTON. Mr. President, as the bill presently reads, without this amendment being adopted, the Secretary of Agriculture would take into consideration as a basis for making allocations among the different counties the proportion that the land devoted to tilled lands on cotton farms in the county is of the land devoted to tilled lands on all cotton farms in the State. "Tilled land" is elsewhere defined in the bill to be "the acreage devoted to soil-depleting row crops and all other soil-depleting feed crops." If an allocation as to acreage is to be paid upon tilled land under that definition, then the Secretary would have to take into consideration land devoted to peanuts, land devoted to sugar, land devoted to rice, land devoted to any cash crop. The purpose of my amendment is to restrict the Secretary, in considering the allocations to be made in reference to cotton, to lands that are tilled for cotton home-consumption products, and therefore to exclude from the proportion suggested by the bill as it now reads all lands that are devoted to other cash crops besides cotton.

If that amendment is not adopted, then an allocation would be made, for instance, to a sugar county far beyond the cotton acreage which that sugar county would require, and the surplus allotment would be "frozen;" and the same thing would be true with reference to peanut counties, and with reference to wheat counties.

The Secretary of Agriculture, in his letter addressed to the Senator from Kansas [Mr. MCGILL] and the Senator from Idaho [Mr. POPE], made the following statement in reference to the feature of the bill which I am trying to correct by the amendment:

The method of acreage allotments for cotton could be revised so as to avoid difficulties and inequalities. As now drawn, the bill would result in the assignment of acreage allotments to many farms where they could not be used economically. It would tend to freeze cotton production in uneconomic areas. It would also tend to force all farmers in a county to adopt the same cropping system. A farmer who produces other cash crops, as tobacco, rice, peanuts, potatoes, wheat, or truck crops, would receive just as large a cotton allotment as a farmer whose only cash crop is cotton. Hence the bill now tends to discriminate against the best cotton areas and against farmers who have to depend entirely or almost entirely on cotton.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. OVERTON. I yield to the Senator from Mississippi.

Mr. BILBO. In making these allotments, the Senator says that only such lands as are utilized in growing cotton for the market shall be considered. The Senator does not mean to eliminate lands which will be cultivated for home use, for the use of the farmer?

Mr. OVERTON. The Senator is correct in that interpretation.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. OVERTON. I yield to the Senator from Tennessee.

Mr. MCKELLAR. If this amendment should not be adopted the bill, as it stands, would change very largely the amount of cotton grown in the various counties and various States; would it not?

Mr. OVERTON. It would.

Mr. MCKELLAR. And it would bring about a different relationship, and one which ought not to exist, because it would "freeze" lands in many counties which heretofore have planted cotton?

Mr. OVERTON. It would "freeze" allocations that are made to counties that the counties never would utilize. The purpose of the amendment is to prevent that.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from South Carolina?

Mr. OVERTON. I yield.

Mr. BYRNES. I desire to say, first, that I am in favor of the Senator's amendment. I should like to know whether the Senator has ascertained the figures of the allotments that would result from the adoption of the amendment.

Mr. OVERTON. No; I will say to the Senator from South Carolina that I have not obtained those figures. I am simply presenting the amendment on its merits without having obtained any statistics on the subject.

I think that is all I have to state in regard to this amendment. Immediately following it I have another amendment on page 36, worded just like this amendment, but applying to the farm units instead of to the counties.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana to paragraph (1) of subsection (c) on page 35.

The amendment to the amendment was agreed to.

Mr. OVERTON. Mr. President, in order to complete the whole plan, I have a similar amendment on page 36, line 6, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana to the amendment reported by the committee will be stated.

The LEGISLATIVE CLERK. On page 36, line 6, after the words "in such year", it is proposed to insert a colon and the following:

Provided, however, That the lands devoted to crops for market other than cotton shall be excluded in determining tilled lands under this subsection (2).

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana to paragraph (2) of subsection (d) on page 36.

The amendment to the amendment was agreed to.

Mr. BYRNES. Mr. President, I understood from the Chair that subsection (d) had been temporarily passed over.

The PRESIDING OFFICER. The Chair probably was misinformed. The parliamentarian advises the Chair that subsection (d) was agreed to when reached in its regular order.

Mr. BYRNES. Then, I move to reconsider the vote by which subsection (d) was agreed to.

The PRESIDING OFFICER. The Senator from South Carolina asks unanimous consent that the vote by which the Senate adopted subsection (d), appearing on page 35, may be reconsidered for the purpose of offering additional amendments. Is there objection?

Mr. BILBO. Mr. President, will the Senator from South Carolina yield to me?

Mr. BYRNES. I shall be glad to yield.

Mr. BILBO. Will the Senator agree to leave that motion pending? Before we leave subsection (c), I desire to offer an amendment to clarify subsection (3) on page 35. It does not change the sense of the subsection, but is just to clarify it.

Mr. BYRNES. Mr. President, I understood from the Chair that subsection (c) has not been finally disposed of.

Mr. BILBO. I know it; but I want to perfect it before we leave it.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from South Carolina [Mr. BYRNES]? The Chair hears none, and the vote by which the Senate agreed to subsection (d) on page 35 is reconsidered, and the section is open to amendment.

Mr. BYRNES. Mr. President, I move to amend the committee amendment on page 35, line 14, by striking out the word "average" and inserting in lieu thereof the word "normal."

The effect of that amendment is to have the language on page 35 accord with the definition which appears at a subsequent place in the bill. The Senator from Alabama [Mr. BANKHEAD], who has been in charge of this particular section, is in favor of having the several provisions of the bill accord in this particular.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina to the amendment reported by the committee, designated as subsection (d) on page 35.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. BILBO. Mr. President, I offer the amendment which I send to the desk in lieu of subsection (3) under subsection (c) on page 35.

The PRESIDING OFFICER. The amendment offered by the Senator from Mississippi to the amendment reported by the committee will be stated.

The LEGISLATIVE CLERK. On page 35, in lieu of lines 8 to 11, it is proposed to insert the following:

(3) The proportion that the number of families composed of two or more persons actually residing annually on and actually engaged in the production or growing of cotton in the county is of the total number of such families in the State.

Mr. BILBO. Mr. President, the amendment is offered as a matter of correction and clarification. It does not change the sense of the provision or the attempted expression of the sense. I desire to perfect the provision before we finally consider it as adopted.

Mr. McKELLAR. Mr. President, I ask the Senator to state what will be accomplished by subsection (3), either as it is now or as it is proposed to be amended.

Mr. BILBO. The real purpose is, in making allocations to the counties which will afterward be allotted to the farms of the counties, to take care of the individual farm units. That should be an element of consideration in making the allotments, because it is the prime purpose of the counties and of the entire program to look after the welfare of the individual families in preference to those who are engaged in farming as a commercial undertaking. That is one of the bases upon which the allotments should be made to others included in this formula. I desire to perfect this provision so that when we go back to it and consider it finally for adoption, subsection (3) will say, in the language I have offered, what we really mean.

Mr. McKELLAR. Mr. President, will the amendment have the effect of "freezing" lands in any other counties of the State?

Mr. BILBO. Absolutely not; it will help "unfreeze" them.

Mr. ELLENDER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. BILBO. I do.

Mr. ELLENDER. What effect will the Senator's amendment have on those counties in which there are large cities? Will it in any manner increase the amount of land allotted under this bill to such counties for the production of cotton?

Mr. BILBO. Oh, no! This part of the formula upon which the allocation is to be made refers to those "actually residing annually on and actually engaged in the production or growing of cotton."

Mr. ELLENDER. But why is it necessary to take into consideration all the families throughout the State in order to make allocations?

Mr. BILBO. The amendment clarifies that matter. The authorities are to take into consideration the families throughout the State who actually live on and are actually engaged in the production of cotton. The families who live outside are not to be considered at all.

Mr. ELLENDER. The amendment excludes the city dwellers?

Mr. BILBO. It excludes them. The amendment is so written to take care of those who actually live on cotton lands and produce cotton on them.

Mr. OVERTON. Mr. President, I should like to ask what effect the amendment would have on large cotton operations where the owner of the plantation might take families composed of two or more persons and put them on 10-acre or 12-acre or 15-acre lots of the plantation?

Mr. BILBO. The Senator's question uncovers the real purpose of the amendment. I care not how large the farm may be, or how many acres may be cultivated; if the owner is willing to build a house and put a family on the land and keep them there year after year engaged in the production of cotton, it should be the purpose of Congress to take care of that individual unit, whether it is on the land of somebody else or not. It is a family, and the Government ought to take care of it. By so doing we shall at least keep that family off the relief rolls.

Mr. OVERTON. It would make it possible to tax a plantation?

Mr. BILBO. Yes.

Mr. BONE. Mr. President, I desire to ask the Senator from Idaho [Mr. POPE] a question about the language on page 19 of the bill. I am at a disadvantage because I have not heard all the debate on the bill, having been compelled to be absent from the Senate. In line 7 is found a reference to dairy practices, tied in with soil-depletion base acreage, and apparently the dairy practices are to be prescribed in a contract offered the farmers. In the West are many dairies, and it may be this has all been explained to the satisfaction of the Senate.

I wish to inquire if there is any other reference in the bill that amplifies the language or makes it more explicit or throws any light on it, or is this merely loose language in the bill? Are there any limitations? Is the Secretary circumscribed in any way in the type of contract he may tender the farmer with respect to dairying? What is to be done about dairying? In my State dairying is quite an important business.

Mr. POPE. Mr. President, we have had a great deal of discussion of that section which refers to dairying, more perhaps than with reference to any other section of the bill. This particular provision was incorporated in the bill at the request of dairymen who are interested in giving to the Secretary power to prevent an increase in dairy herds as a result of crops grown on soil-depleted acreage.

Mr. BONE. I know there was a great deal of discussion about it in the House, because I saw it in the RECORD. I was not aware the subject had been thoroughly canvassed in the Senate.

Mr. POPE. Dairy amendments are pending, one offered by the Senator from New York [Mr. COPELAND], one by the Senator from Oregon [Mr. MCNARY], and I have one or two which I intend to offer. I think it will take some little time to clear them up, but they are all amendments intended to clarify the dairy situation.

Mr. BONE. Is there any other language in the bill referring to these provisions respecting the dairy business?

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. BONE. I am glad to do so. I merely want some light on this matter.

Mr. COPELAND. There is a unanimous-consent agreement to the effect that at the proper time all the dairy amendments and the whole dairy problem shall be considered. I think I know what the Senator has in mind, and I am in great sympathy with him. I think we are on the way toward an adjustment of the matter, and I hope he will bear with the program as laid down.

Mr. BONE. I shall be very happy to do so.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Mississippi [Mr. BILBO] as modified.

Mr. McKELLAR. Mr. President, the Senator from Mississippi has a right to perfect his amendment, but as I understand it, this section is to be passed over. I desire to get some additional information from the Department before it is finally disposed of.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Mississippi to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BARKLEY. Mr. President, I wish to make a suggestion to Members of the Senate in the interest of orderly procedure. Various sections and subsections of the bill have been passed

over, of course, with the understanding that they would be taken up later. It seems to me it would be more orderly for us to go through the bill and finish reading it for committee amendments and pass upon them, and then go back and clear up all the amendments that have been passed over. I think that would be the more orderly procedure, and it would certainly be in the interest of clarity, because if we go back and take up one section that has been passed over and then take up a new amendment of the committee, and then go back to another section passed over, it is going to be difficult to understand which have been adopted and which have been rejected. I think we had better go through the bill and finish consideration of the committee amendments, and then take up in order such amendments or sections or subsections as may have been passed over.

Mr. MILLER. Mr. President, that would probably be the proper procedure, but as to the rice section, I desire permission to call up an amendment that was passed over yesterday and which was offered in an effort to clarify that section.

Mr. BARKLEY. I have no objection to that, but if we do it as to the rice title, we will have to do it as to tobacco, cotton, and other things which have gone over. I had hoped we might take up the amendments in an orderly way, beginning with the next committee amendment, and conclude consideration of committee amendments, and then go back and in an orderly way consider amendments which have been passed over. If the Senator for any reason wants to consider his amendment now, I have no objection.

Mr. MILLER. I have a very good reason. We are trying to work out the situation.

Mr. BARKLEY. Very well.

Mr. MILLER. Mr. President, I ask unanimous consent to recur to page 51 of the bill, the rice section, subsection (c), at the bottom of page 51, all of page 52, and down to and including line 20, on page 53. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. Is there objection to the request submitted by the Senator from Arkansas? The Chair hears none, and the clerk will report the amendment submitted by the Senator from Arkansas.

The amendment was, on page 51, line 21, to strike out "persons producing rice" and insert "producers"; in line 25 to strike out "person" and insert "producer"; on page 52, in line 2, to strike out "person" and insert "producer"; in line 5 to strike out "person" and insert "producer"; in line 7 to strike out "person" and insert "producer"; in line 9 to strike out "person" and insert "producer"; in line 11 to strike out "person" and insert "producer"; in line 13 to strike out "persons" and insert "producers"; in line 19 to strike out "person" and insert "producer"; in line 22 to strike out "person" and insert "producer"; in line 25 to strike out "persons" and insert "producers"; on page 53, in line 6, to strike out "persons" and insert "producers"; in line 10 to strike out "persons" and insert "producers"; in line 14 to strike out "person" and insert "producer"; and in line 16 to strike out "person" and insert "producer"; so as to make the section read:

(d) The Secretary shall provide, through local and State committees of farmers, for the allotment of each State apportionment among producers in such State. Such allotment with respect to the marketing years commencing August 1, 1937, and August 1, 1938, shall be made on the basis of the average of (1), if such a base was established, the rice base production established for each such producer under the 1937 agricultural conservation program; (2) the average amount of rice produced by each such producer during the 5-year period 1932–1936, including the normal production of any acreage retired or diverted from rice production by such producer during such years under agricultural adjustment and conservation programs; and (3) the amount of rice produced by each such producer in 1937, including the normal production of any acreage diverted from rice production by such producer during such year under the agricultural conservation program, with such adjustments as may be necessary in order that the allotment for each producer shall be fair and reasonable as compared with allotments established for other producers having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice. Such allotment for subsequent years shall be made on the basis of the larger of (1) the average amount of rice produced by each producer during the five-year period upon which State apportionments pursuant to subsection (c) are based for such year, or (2) the allotment made to such producer for the preceding year, with such adjustments as may be necessary in order that the allotment for each producer shall be fair and reasonable as compared with allotments established for other producers having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice: Provided, That not exceeding 3 percent of each State apportionment shall be available for allotment among producers who, for the first time in 5 years, produce rice to be marketed in the marketing year next succeeding the marketing year in which such State apportionment is made, such allotments to be made upon such basis as the Secretary deems fair and just and will apply to all producers to whom an apportionment is made under this provision uniformly within the State on the basis or classification adopted. In determining the average amount of rice produced by any producer during any 5-year period there shall be omitted from such computation any year in which the amount of rice produced by such producer is less than 75 percent of the average amount computed by including such year, if such deficiency in production for such year was due to damage caused by storms, salt water, or other uncontrollable acts of nature.

The PRESIDING OFFICER. The question is on the adoption of the amendment of the Senator from Arkansas to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. HAYDEN. Mr. President, I want to make an inquiry in regard to that subsection. I notice in the tobacco section a provision for 5 percent of the national quota for tobacco to be left for apportionment by the Secretary of Agriculture to new lands. Under this section, not exceeding 3 percent of the State apportionment shall be available within the State for apportionment to new lands. That would mean that anybody outside of the State now growing cotton who wanted to grow rice could not do so. Would it not be wise to have the same provision for rice as for tobacco, to give the Secretary some little leeway in that respect? Instead of "not exceeding 3 percent of each State apportionment", make it read "3 percent of the national apportionment available for quota among persons for the first time in 5 years producing rice." That would be a provision which would make the rule uniform as to tobacco and rice.

Mr. ELLENDER. Mr. President, I do not know of any objection to that amendment.

Mr. HAYDEN. If the committee has no objection, I would like to perfect the section, on page 53, line 5, by striking out "each State" and inserting "the national"; and in line 8, by striking out "State" and inserting "national"; and in line 12, by striking out "State" and inserting "United States."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 53, in line 5, it is proposed to strike out "each State" and insert "the national"; in line 8, to strike out "State" and insert "national"; and in line 12, to strike out "State" and insert "United States", so as to read:

: Provided, That not exceeding 3 percent of the national apportionment shall be available for allotment among persons who, for the first time in 5 years, produce rice to be marketed in the marketing year next succeeding the marketing year in which such national apportionment is made, such allotments to be made upon such basis as the Secretary deems fair and just and will apply to all persons to whom an apportionment is made under this provision uniformly within the United States on the basis or classification adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BAILEY. Mr. President, have we now returned to that portion of the bill which relates to cotton?

The PRESIDING OFFICER. The regular order has been called for, and the next amendment to be reported by the clerk is on page 70, line 1. Does the Senator from North Carolina desire to refer to that section or subsection?

Mr. BAILEY. I have an amendment to offer to the cotton section, and I have been waiting with the understanding that section (c) has not been adopted.

The PRESIDING OFFICER. It has not been adopted. Certain amendments were made to that section, but as amended, it has not been approved.

Mr. BARKLEY. Mr. President, is not the Senator willing to comply with the suggestion I made that we take up such amendments as have been passed over, at a time when we shall have finished consideration of the committee amendments?

Mr. BAILEY. Does the Senator mean regardless of whether we are amending the committee amendment or not?

Mr. BARKLEY. I am talking about amendments which have been passed over.

Mr. BAILEY. I am willing to do that, but I was afraid I would lose my rights while we are dealing with the committee amendments. Under the rule, I have to offer my amendment while the committee amendment is pending. I want to have the understanding clear that we can offer amendments to the committee amendments after we get through with the regular order.

Mr. BARKLEY. That applies to all amendments that have been passed over. Various amendments have been offered to sections and subsections of the cotton title and other titles of the bill that were passed over and not disposed of.

Mr. BAILEY. Would that preclude me from offering an amendment later?

Mr. BARKLEY. When we take up amendments to the sections which have been passed over, any amendment may be offered. The suggestion I make is that instead of going back and taking up one amendment that has gone over, we should go through the bill, complete consideration of the committee amendments, and then go back to the beginning and take up the first amendment passed over and proceed seriatim until we dispose of those amendments which have been passed over. Any amendment to any of the sections passed over that would be in order now would be in order then.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment of the committee was, on page 70, after line 6, to insert the following:

15. "Tobacco" means each of the kinds of tobacco listed below, comprising the types specified as classified in Service and Regulatory Announcement No. 118, of the Bureau of Agricultural Economics of the Department of Agriculture:

Flue-cured tobacco, comprising types 11, 12, 13, and 14;
Fire-cured tobacco, comprising types 21, 22, 23, and 24;
Dark air-cured tobacco, comprising types 35, 36, and 37;
Burley tobacco, comprising type 31;
Maryland tobacco, comprising type 32; and
Cigar-filler and cigar-binder tobacco, comprising types 41, 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55.

The provisions of this act shall apply to such kinds of tobacco severally.

Mr. TYDINGS. Mr. President, line 19 contains the words "Maryland tobacco, comprising type 32." There is a situation in connection with this type of tobacco which I think if presented to the Senate would indicate that it should not be included in the bill. I have been in touch with the tobacco farmers of my State in the last 2 or 3 days in an endeavor to ascertain the conditions surrounding this particular tobacco, and I am advised that it does not come in competition with the ordinary tobacco grown; that it is mixed in with other tobacco in order to keep a cigarette from going out once it is lit. The tobacco burns constantly, in other words, and without this quality of tobacco a cigarette will not continue burning after a smoker once lights it.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. TYDINGS. Let me complete my statement, and I will gladly yield.

The difficulty is that we are not supplying as much of this tobacco as the domestic manufacturers want. They are asking us to increase our acreage, because they have not enough of the tobacco to mix with other tobaccos in order to get the quality in a burning cigarette which they desire.

The law of prices works backward, one might say, in relation to this tobacco. In other words, if we could supply more of it, the manufacturers would buy up our entire crop, and there would be a better price; but because we have it in such small quantities it is not feasible for them to use it, and consequently we are shipping most of it to France, where it is being sold. For a number of years the entire stock of the tobacco farmers of Maryland was sold to France, practically none of it in this country; and everyone knows that the French price for tobacco is not always the highest.

There are only five or six small counties in the State of Maryland in which tobacco is raised. Because of soil and climatic conditions, this type of tobacco is not easily produced in other places. The growers in Maryland can get more money for their tobacco if they can raise enough to make it attractive to any one of the large cigarette manufacturers, but up to the present time they have not been able to furnish the amount necessary.

The Southern Maryland Tobacco Growers' Association is endeavoring this year to increase the acreage, so that they can supply the tobacco on the domestic market, and, as I stated, it does not come in primary competition with ordinary tobacco. A little bit of it is used in each cigarette to give it a burning quality.

Under the circumstances, I do not think the farmers in my State will be helped, or that the farmers throughout the country will be helped, by making this tobacco subject to a quota, under any conditions. The raising of this tobacco is an old industry, as old as the State itself. One can ride through the tobacco section, a small strip, and see the tobacco farms. I believe those farmers have a good case, and that this small amount of tobacco, which is different from any other, should be taken out of the bill. I hope the authors of the bill will take it out, because there could be no good reason, in my judgment, why it should be retained in the bill, and it certainly will not injure any other tobacco of which I know.

I now yield to the Senator from Nebraska.

Mr. NORRIS. I thank the Senator, but I have changed my mind. I will take the floor in my own right if I can get recognition.

Mr. TYDINGS. Mr. President, I am not attacking the philosophy of crop control. It just seemed to me that this particular crop, by virtue of the way it is situated in relation to the tobacco industry, could make out a special case as to why it would be unwise to include this kind of tobacco in the bill.

As I stated before, the amount of tobacco grown in my State is not large. Its culture is confined to a small section of the State. It does not come in competition with the average tobacco grown in this country. It is grown and used primarily to give the burning quality to other tobacco, and I hope that those in charge of the bill will consent to its being taken out of the bill, and if any statement I have made proves upon further investigation to be unfounded, or if there is any good reason not now apparent why the tobacco should be put back into the bill, I shall be glad to work to that end, but so far I have heard no reason why this type of tobacco should be contained in the bill.

Mr. NORRIS. Mr. President, the address of the Senator from Maryland has impressed me with the importance of this subject, an importance away beyond what would be indicated. There have been great fires in tenement houses in the cities of this country; vast areas of forest lands have been entirely burned because some tramper going through the forest has thrown aside a cigarette. The burning cigarette has cost us hundreds of millions of dollars every year; it has destroyed many of our valuable forests, and permitted the run-off of rain to destroy some of the most fertile lands in the United States through erosion.

I never before knew why it was that a cigarette would not go out when one threw it away. It is all plain now. It is because it has had mixed in it some Maryland tobacco, and we ought to prohibit its use in the United States. [Laughter.] I will say to the Senator from Maryland that

we ought to encourage its exportation to those countries which are standing in the way of human progress, and impeding the march of civilization. We ought to give a bounty to those who export it to Japan, let us say. [Laughter.] When we want to use it as an element in war with an enemy, all we have to do is to export a lot of this American tobacco, and burn them up. [Laughter.]

I agree with the Senator that the provision as to this tobacco ought to be taken out of the bill. There should be no limitation on its production, if it is grown entirely for exportation, and not for use at home.

Mr. ELLENDER. Mr. President, 2 or 3 days ago, during the debate on the tobacco section, I stated to the Senator from Maryland that I would obtain from the Department of Agriculture a list of the various types of tobacco that were not covered by the bill, and in compliance with that statement I now desire to inform the Senator from Maryland that only four types of tobacco are left out: First, type 61, known as Connecticut Valley shade-grown, which is grown in Connecticut and Massachusetts; second, type 62, known as Georgia and Florida shade-grown, which is grown in Georgia and Florida; and third and fourth, two miscellaneous types of tobacco, one known as Eastern Ohio export, grown only in Ohio, and the other known as perique tobacco, which is grown only in my native State—Louisiana. I am further informed by the Department that the two shade-grown types I have just mentioned—types 61 and 62—are grown in limited areas and under cover and are presently being taken care of by marketing agreements and orders as administered by the A. A. A. Both the growers of these two types of tobacco and the Department felt that it would be best to leave them out of the present bill, and therefore they were not included. With reference to the two miscellaneous types of tobacco just mentioned—Eastern Ohio export and Louisiana perique—both of these tobaccos are grown in such small quantities the Department felt it would be best not to include them in the bill, inasmuch as it was not thought that the establishment of marketing quotas to deal with such a limited supply would be of help to these growers.

As I explained a day or so ago, the term "tobacco" as used in the bill means each kind of tobacco listed and designated in subsection 15 on page 70. On the same page of the bill lines 22 and 23, we read: "The provisions of this act shall apply to such kinds of tobacco severally." Hence, with such language it should be clear that no marketing quota can be placed except as to a particular kind of tobacco. In other words each kind of tobacco as described in said subsection 15 is to be dealt with separately in the establishment of a marketing quota. So that if it is desired that more Maryland tobacco be produced, there is no inhibition in the bill to prevent increased production, if no marketing quota is voted by the growers of that tobacco. I say to the Senator from Maryland that the tobacco growers of Maryland, when that question is submitted to them, will be the best judges as to whether or not they need a quota.

On the other hand, before a marketing quota can be established for that particular kind of tobacco, the Secretary will have to determine whether or not there is an oversupply or an overproduction of it. We might as well ask for the exclusion from the bill of cigar-filler, or dark air-cured tobacco, or all the other types, as ask that Maryland tobacco be excluded.

I am informed by the Department that the tobacco growers of Maryland desire this provision. They were consulted, and as I have just stated, only the Maryland tobacco growers who grow the "Maryland type 32" will be the ones to vote for a quota as to such tobacco, and should they not desire it, then they will be privileged to vote against it. I ask that the Senate vote down the amendment of the Senator from Maryland [Mr. TYDINGS].

Mr. TYDINGS. Mr. President, I do not think the Senator from Louisiana has made out much of a case.

The PRESIDING OFFICER (Mr. HATCH in the chair). The Chair is advised that the question is on agreeing to the committee amendment on page 70, line 7. The Senator from Maryland has already spoken once on the committee amendment.

Mr. TYDINGS. May I speak on the bill?

The PRESIDING OFFICER. The Senator from Maryland has 30 minutes on the bill; or he may offer his amendment to the committee amendment.

Mr. TYDINGS. I should like to offer my amendment to the committee amendment, to strike out line 19 of the committee amendment on page 70.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from Maryland to the committee amendment.

Mr. TYDINGS. Mr. President, the Senator from Louisiana stated that the Maryland tobacco farmers want this provision in the bill. If they want it in the bill, I am the last man in the world who would desire to have it taken out. Since the bill came before the Senate I have tried to ascertain the views of the men who grow tobacco in Maryland. I have communicated several times with Mr. Gardiner, the Secretary of the Southern Maryland Tobacco Growers Association. I have communicated with Mr. Thomas L. Parran, who was formerly president of the association. I have communicated with Mr. Clarence L. Roberts, a tobacco grower in a neighboring county near Washington, who was an official of the organization, and who represented the organization before the legislature at its last session, when tobacco taxes were about to be imposed by the legislature. So far as I know, in addition to the officials, every farmer outside of the organization likewise seems to have the view that he does not want Maryland tobacco included in the bill. So far I have not heard the name of one Maryland farmer who wants this type of tobacco included, and the only reason why I bring forward this evidence is that I think the witnesses whom I have called afford better testimony as to whether or not the Maryland tobacco farmers want to be included in the bill than the vague statement that the Department of Agriculture says that the Maryland farmers want to be included.

The second point is that the Maryland farmers say, and I think it is true, that they can get more money for the tobacco they raise if they can raise it in a large enough quantity to attract the large manufacturers. The large manufacturers want to buy the tobacco, but the Maryland farmers have not been able to raise enough of it to command a standard price, and therefore have had to look to foreign markets for the sale of their goods.

The other tobaccos contained in the bill for the most part find a home market in the United States. The tobacco about which I am talking has found its main market for the last 20 years outside of the United States.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. BARKLEY. Of course, the same statement is true with reference to many other types of tobacco included in the bill. For instance, 85 per cent of the dark-fired tobacco is exported, and only 15 percent is consumed in the United States. If that is a reason for excluding it——

Mr. TYDINGS. That is not what I am arguing. I am arguing that the American manufacturers want to buy more of this tobacco if they can get it, and perhaps they do not want to buy more of the kind of tobacco to which the Senator is referring. I am trying to give these farmers a chance to find a higher and a better price market than they now enjoy.

Mr. BARKLEY. Has the production of this tobacco in Maryland been on the increase in recent years?

Mr. TYDINGS. I could not answer that question accurately. I will say to the Senator that tobacco has been grown in these five or six Maryland counties ever since tobacco has been grown in this country. There has been no increase in territory. The growers may have intensified their production, but I should say the production is about what it has been during the past 20 years.

Mr. BARKLEY. Of course the Senator realizes that in order to be fair to all tobacco growers they ought to be all on the same basis, insofar as they compete with one another.

Mr. TYDINGS. Certainly I do.

Mr. BARKLEY. If the growers of this type of tobacco are likely to increase their production so that it would be consumed in the United States, then it would be fair to all the other growers of other types that they be included. If they were to be eliminated, then it might become necessary to pass a special act some day, if they ever increased their production enough to create an American market, in order that they might come under the act itself. In view of this situation, and the likelihood of the present regulations affecting them very lightly, I am wondering whether it is wise to eliminate them altogether so as to make it necessary to pass a special act including the Maryland tobacco growers if the time ever comes when they ought to be included.

Mr. TYDINGS. The Senator's question is a very pertinent and proper one. It is, in substance, if we shall except Maryland tobacco from this bill, will the rights of other tobaccos under the bill to supply the home market be decreased to that extent?

The best information I can get is that that will not happen. Maryland tobacco is not the bulk of any smoking tobacco. Its value lies in its mixture with other tobaccos, and manufacturers now have to use all kinds of substitutes to acquire the qualities which this particular tobacco gives. I have the statement on the very best of authority that the large manufacturers of cigarettes would be glad to buy this crop of tobacco in Maryland at a higher price than they are now paying for tobacco if they could get it in such quantities as to standardize their cigarettes.

Mr. BARKLEY. In other words, if they could get enough of this tobacco to put a considerable portion of it in all the cigarettes they make, then they would be willing to buy it?

Mr. TYDINGS. I have not the percentage, but I will say to the Senator from Kentucky in all good faith that the amount of this kind of tobacco compared with the tobaccos used in cigarettes is almost infinitesimal. It might almost be compared with the cellophane wrapper, but it imparts a quality to the cigarettes which the cigarette manufacturers want to have if they can get enough of it.

Mr. BARKLEY. Whatever the percentage of this mixture, if they can get enough to put it in all cigarettes, it would to that extent displace tobacco that is now going into cigarettes?

Mr. TYDINGS. I have not the figures, Mr. President, but let me say that the proportion of tobacco raised in Maryland compared to the tobacco raised in the whole country is so infinitesimal that the Senator need not be afraid that it would crowd out other tobaccos.

Mr. BARKLEY. Maryland is a very progressive State. It might progress in the production of tobacco as greatly as it has in other things.

Mr. TYDINGS. We raise tobacco in only five counties. Three of those counties are very small in area. In fact, one is the smallest county in our State. The other two are very small. Those counties were laid out away back, when a little bit of territory seemed to amount to a great deal.

I will say to the Senators from Kentucky and Louisiana that if I have been misinformed with respect to this matter, if the Department of Agriculture can make out a case, if my statements are not correct—and they may be faulty, because I am speaking only from information—then when the bill goes to conference I should have no objection to withdrawing what I have said and having the original language restored to the bill.

Mr. ELLENDER. By the same token, why not leave it in the bill and let it go to conference?

Mr. TYDINGS. Because I will not be a member of the conference, and there are going to be two or three hundred things in conference, and a new bill is going to be written in conference. While I do not for a moment distrust the good faith of the conferees, I think the plan I have suggested is eminently fair, and my word will hold that I will not object to the reinsertion of the language if what I have said is not a true state of the situation.

I ask the Senator from Louisiana [Mr. ELLENDER] if he will not let the language go out. If, in the light of further facts, he feels that the case as represented by me is not a good one, I shall not interpose any objection to its reinclusion in the bill in conference.

Mr. ELLENDER. In answer to the Senator's question, I will say that I do not think the language ought to be taken out of the bill, because I am confident that the bill as drafted will in no manner adversely affect the Maryland growers. I again state that, after all, when a quota is fixed for Maryland tobacco the Maryland tobacco growers, and no others, are the ones who are going to vote for or against it.

Mr. TYDINGS. Mr. President, the Senator from Louisiana may be right about that. I do not ask him to let the language come out and keep it out if he later on finds that a state of facts exists which indicates that the language ought to be put in the bill. All I say is that I think I have made out a fair case, and I ask him to act on that case; and if my facts are not as I have presented them, then I shall not interpose any objection to the inclusion of the language in the bill in conference.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. SMITH. I perhaps shall be on the conference committee, and I desire to state to the Senator from Maryland that I think the position taken by the leader, the Senator from Kentucky [Mr. BARKLEY] is the right one; that we should leave the language in the bill, and if sufficient evidence is presented to the conferees that it is to the best interests of the Maryland growers and the other tobacco producers of this country that it should be taken out, I think there will be no difficulty in getting the conferees of the House and Senate to agree to taking the necessary action. If I shall be on the conference committee—and it is very likely that I shall be—the Senator from Maryland may communicate with me at any time he sees fit, and his suggestion will certainly have the consideration of the conferees.

Mr. TYDINGS. I may then assume, from what the Senator from South Carolina has said—and I certainly shall accept his statement at face value—that if it is found that the statements I have made here today are substantially correct, that there is no competition worthy of the name from this class of tobacco with other tobaccos, except as I have indicated, he would receive with favor in the conference the amendment to strike from the bill this provision dealing with Maryland tobacco?

Mr. SMITH. I shall reiterate what I said, Mr. President. If there is a presentation of facts sufficient to convince the conferees that the elimination of the language will be beneficial to the tobacco growers both in Maryland and elsewhere, I shall ask that it be eliminated.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. BARKLEY. In fairness to the Senator from Maryland and to the conferees also, I think it ought to be stated that this definition of "Maryland tobacco, comprising type 32" is in the House bill. If it is contained in the Senate bill it will not be in conference; so I think the Senator ought to understand that.

Mr. TYDINGS. I thank the Senator from Kentucky for his fairness. I can say in the best of faith that if my statements here are not accurate, and if this tobacco seriously interferes with the production of other tobacco or its sale, I shall not raise the slightest objection if the conferees want to retain the House provision which contains the Maryland tobacco, if the matter goes to conference. I hope, therefore, that the Senator will be in a position to take out the language in the event it should go out.

I ask for a vote on the amendment.

Mr. LOGAN. Mr. President, before we have a vote on the question I desire to point out one thing.

I have a very high regard for the Senator from Maryland and I recognize his ability and his careful thinking. However, I do not think the Senator has made out a case by the evidence which he has presented, taking it at its full value.

The Senator states to the Senate, and I know that is his opinion, that many of the leaders among the tobacco growers in Maryland do not want to be included in this bill. If that be true, and that is the situation as regards Maryland tobacco No. 32, let me say to the Senator that he has nothing in the world to fear, because no growers of tobacco can determine whether there shall be a quota assignment to the growers of Maryland tobacco No. 32 other than the growers of that tobacco themselves. No one else can have anything to say about it. If that be true, then I cannot see why the particular growers to whom the Senator refers are afraid to leave it to the growers of tobacco, including those who, it is understood, are against it.

What I say is said with the utmost good faith, because it does not affect my State one way or the other. What the Senator has said is true. I agree with what the Senator from Maryland has said. I think his statements are all true. I accept the evidence which he has presented that the Maryland growers are against it. However, I believe the Senator from Maryland would be doing his own tobacco growers a gross injustice if this language should be taken from the bill. They may some day need the protection of the bill. The time may come when they may appeal to the Secretary of Agriculture to help them. If that language should be stricken out, harm might result. If it is allowed to remain in the bill no harm at all can come to the Maryland growers unless they voluntarily will not come under the law.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. TYDINGS. I think the Senator has made out a very good case. If the tobacco growers in Maryland alone could settle this question I should have no objection. After reading the bill and reading the definition of "tobacco" I am afraid all the growers of tobacco might be in the referendum taken.

Mr. LOGAN. Oh, no. If that were true I myself should oppose the bill. If I thought that were true I should oppose the bill. If the Senator has any basis for that belief, I will say to him that I would not allow the burley tobacco growers of Kentucky to be governed by the votes of the flue-cured tobacco growers in North Carolina or the growers of tobacco in Virginia.

As I understand the bill, the basis of it is that only the growers of the particular kind of tobacco which is named and numbered in the bill can vote on the question at all. If the bill does not so provide I am all wrong.

Mr. TYDINGS. I read now from subsection 15, on page 70, a definition of the word "tobacco":

"Tobacco" means each of the kinds of tobacco listed below, comprising the types specified as classified in service—

And so on, giving the number. Where is the provision, except in line 22, which says:

The provisions of this act shall apply to such kinds of tobacco severally?

Mr. LOGAN. I may say that I cannot point it out in the bill.

Mr. TYDINGS. The Senator from Kentucky may be right. If he is right, I should not object to it; but I cannot see how the separate growers can vote on the tobacco allotment.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. McNARY. I think the construction of the Senator from Maryland is undoubtedly correct. I see this language as to tobacco on page 42:

Whenever, on the 15th day of November of any calendar year, the Secretary finds that the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level therefor—

Then he may declare a marketing year, and apply the quota.

Mr. TYDINGS. That is what I understand.

Mr. LOGAN. If the Senator from Oregon or the Senator from Maryland are correct, I should like to ask that this matter go over until I can find out about it, because I should be against any bill which would allow the growers of any one type of tobacco to impose a quota on the growers of another type.

Mr. TYDINGS. I may be wrong, and I hope I am, and the Senator from Kentucky may be right, but I want to say that my own reading of the bill leads me to believe I am right, and that, as it is now written, the situation is in doubt. Therefore I was anxious to get the language out of the bill in the Senate, particularly since the leader on this side spoke of the matter being later discussed in conference. If Maryland tobacco should be found to compete with other tobacco, then I would not object to the language in question, but I am afraid we shall get this bill in conference, and the report will come back, and then it will be useless to ask the conferees to go back and strike it out.

Mr. LOGAN. I see the point the Senator from Maryland makes, but, instead of exempting the tobacco, let us clarify the provisions of the bill, if we can agree on that, until we know that only the growers of Maryland tobacco No. 32 can vote on the question of the quota as it applies to that tobacco.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. TYDINGS. I should like to see this provision taken out until the bill is clarified. Then, if it is in the shape that the Senator from Kentucky indicates, I shall have no objection in the world to seeing it go back in the bill again.

This is our one chance of getting our day in court. So far as I know, there are no tobacco growers in Maryland who want to be included. There may be some, but I have not heard from them; and I am afraid that if I do not seize this opportunity it may not come again, and I shall never have a chance to express their viewpoint. If the matter goes to conference, and the conferees feel that what I have said is wrong, or if the bill has been corrected so that the matter is left up to the Maryland growers, I shall not object to the provision going back into the bill.

Mr. McNARY. Mr. President, in the interest of expedition, I ask unanimous consent that the provision in line 19, page 70, referring to Maryland tobacco, may be passed over for the present.

The PRESIDING OFFICER. The Senator from Oregon asks unanimous consent that the provision in line 19, page 70, referring to Maryland tobacco, be passed over for the present. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

KEEP AMERICA OUT OF WAR

Mr. REYNOLDS. Mr. President, at the moment I addressed the Chair I was looking over a copy of one of the morning daily newspapers of Washington. I was endeavoring to locate an article which had been brought to my attention this morning by a friend in reference to some of our troops having been withdrawn from Chinese territory. I was interested in that article because I have repeatedly stated at various times within the past 2 months, throughout the United States, that I was of the opinion that we should withdraw our gunboats and soldiers from oriental waters and Asiatic soil. I was a bit fearful that we might become involved in war if another battleship *Maine* incident should occur anywhere in those waters.

Mr. President, I rise in the interest of the 130,000,000 people in the United States of America. I rise for the purpose of bringing to the attention of this honorable body the program which is being sponsored by that national organization opposed to war known as the Veterans of Foreign Wars—an organization which has a membership of 250,000 veterans. Those 250,000 men today reside throughout the length and breadth of this Nation, and are at this hour to be found within the confines of the 3,200 counties constituting the 48 States of the Union.

On yesterday, when I was in the reception room adjacent to the Senate Chamber talking with some of my constituents from North Carolina I was fortunate to come in contact with

the honored commander in chief of the Veterans of Foreign Wars, Mr. Scott Squires, who comes from Oklahoma City, Okla., and who then was in company with my friend, Jimmie Van Zandt, the former national commander in chief of the Veterans of Foreign Wars, but who now is the national legislative chairman for that veterans' organization. With them was my personal friend of several years, Millard W. Rice, the Veterans of Foreign Wars' legislative representative. At that time mention was made of their splendid program. I am happy to be afforded at this hour the opportunity to bring this most worthy program to the attention of the Members of the Senate who are now giving me such kind attention, not because I happen to be the spokesman of the hour but they are giving me this unusually fine attention because they are interested—as am I, and as is the Chief Executive of the United States of America—in keeping America out of war. So at this time I avail myself of the opportunity to bring to the attention of this honorable body point 3 of an outline of the 1938 objectives of the Veterans of Foreign Wars of the United States.

Point 3 is captioned:

Keep America out of war!

Thereunder there are subcaptions entitled:

A. Preparation against war; B. An adequate national defense.

Before proceeding further I wish to state, unhesitatingly, and as a matter of fact with enviable pleasure, that I am in sympathy with the program that is being sponsored by the Veterans of Foreign Wars.

Mr. President, last evening, after I had completed my day's labors in my office, I proceeded to a local theater where I saw projected upon the screen pictures which had been recently received in this country, depicting cinematographically war scenes in China. There I observed thousands upon thousands of starving, ill-clothed, unfortunate Chinese, both men and women, young and old—the cruel results of war. In the same theater there were projected upon the screen motion pictures of the man whom I believe to be one of the most fearless and one of the greatest leaders this country has ever had, our beloved and honorable President, Franklin D. Roosevelt; and from the screen there reached my ears these words from his lips:

I hate war!

When those words he uttered, I knew that they would be welcomed by the mothers of America. I believe I am in a position to state that all of the 130,000,000 people of America are most certainly opposed to the United States becoming involved in any foreign entanglements or embroilments which might eventually lead us into war.

When we visit, as we do, the hospitals in the immediate vicinity of the Capital of our country, and therein we find our personal friends who are veterans of the great World War, the dread of another war, with its horrible results, becomes more realistic. I know that the other Members of this body, like myself, visit at opportune times, particularly on Sundays, our veterans who are in these hospitals, in order that they may endeavor to bring cheer and happiness to the unfortunate heroes who unhappily are forced to be there; and I know that my colleagues derive a great deal of pleasure when the opportunity is afforded them to visit their veterans in the local hospitals. I know that at every opportunity they provide themselves with the means to do everything they possibly can for the veterans, and I know that it affords my colleagues a great deal of comfort to know that they are aiding the boys who were sent to the shores beyond the sea to save the world for Christianity and democracy.

I do not believe I have ever in all my life experienced a greater sense of satisfaction than I did a few days ago when my able and trusted secretary, Wesley E. McDonald, brought to my attention a letter from a veteran of the World War who no longer is with us. I should like now to have the liberty of reading that letter. It is dated November 21, 1937, only a few days ago:

VETERANS' FACILITY,
Bay Pines, Fla., November 21, 1937.

Dear Mr. W. E. MCDONALD:

The fact of your taking special interest in securing the attention of Senator REYNOLDS to my affairs really has touched me deeply and in my pitiful condition the friendship and interest you have shown has been a real help to me in my everyday fight to retain a more hopeful outlook on life from my hospital bed.

Unless you have been confined for months and never knew whether or not you would see another day you cannot realize the fellowship and cheer such letters as you write bring into the lives of us hospital boys.

I want to assure you that your efforts and letters have been a real help and comfort to me.

Very truly yours,

(Signed) DANIEL S. REED.

And as here I stand I mourn with you the death of that veteran, who passed to the Great Beyond on the 1st of December of this year.

My friends of this honorable body, I say, as do all of the Veterans of Foreign Wars, 250,000 in number, affiliated with that great organization, that we should not permit ourselves to become entangled in any foreign embroilments, because as here today we stand and sit we recall that our brief participation in the World War, which lasted from April 1917 until November 1918, has cost the taxpayers of this country up to the present time more than $67,000,000,000. As one President of our country said only a few years ago, before we shall have finally liquidated in full the debt growing out of the World War it will cost us, in round numbers, as much as $100,000,000,000. But after all, my friends of the Senate, we do not liquidate those obligations in the currency of our country, in dollars and cents. Those obligations are liquidated only by the cruel tears that trickle down the cheeks of the mothers who lost boys "over there."

In order to understand, in order that we may keep our skirts clear from any foreign entanglements, as the able senior Senator from California [Mr. JOHNSON] knows, it is necessary for us to understand the international situation, the situation which exists today upon virtually every single one of the five continents of this globe. What, I ask, is that situation? Let us see; and I digress for the moment to say that I am deeply gratified and happy to observe so many Members of this body so thoroughly interested in what I have to say in reference to this all-important subject.

The PRESIDING OFFICER. The time of the Senator from North Carolina has expired.

Mr. REYNOLDS. I request our leader to permit me 15 minutes more.

Mr. BARKLEY. Mr. President, I dislike to object to the request of my genial friend from North Carolina, but his speech does not pertain to the measure under consideration. We have made no progress today on the farm bill. We have made very little progress on any day during the consideration of the bill. If I yield to the importunities of my friend from North Carolina and do not object to an extension of his time, I shall be embarrassed by similar requests from others.

Mr. REYNOLDS. I appreciate that situation and I shall not intrude upon the time of the Senate. I would not think of embarrassing my friend, our leader, by insisting upon more time because I recognize readily and appreciate the fact that if he were to yield to me in this instance it would be the proper thing, the courteous thing, for him to yield to any other Senator who might submit a similar request.

So I conclude; but before doing so I ask that there may be embodied in the RECORD as a part of my remarks an outline of the details of the 1938 objectives of the Veterans of Foreign Wars of the United States.

There being no objection the matter was ordered to be printed in the RECORD as follows:

AN OUTLINE OF THE DETAILS OF THE 1938 OBJECTIVES OF THE VETERANS OF FOREIGN WARS OF THE UNITED STATES

POINT 1. ADEQUATE CARE FOR THE WIDOWS, ORPHANS, AND DEPENDENT PARENTS OF OVERSEAS VETERANS

A. An increased pension of at least 50 percent more than at present for widows and orphans of veterans deceased by reason of service-connected disability.

B. A pension of at least 75 percent of amounts provided for those in first group, for dependents of deceased veterans, who were suffering with compensable disabilities.

C. A pension of at least 50 percent of amounts provided for first group, for the widows and orphans of all other deceased war veterans.

D. Payment of allowance to children of deceased Spanish War veterans until they reach the age of 18, or, if in an accredited college, to age of 21.

E. Adequate assistance for all dependent children and needy widows of veterans, under State social-security laws.

F. Special pension of $1,200 per year for widow of late Admiral Robert E. Coontz.

POINT 2. JOBS OR PENSIONS FOR VETERANS

A. Jobs for veterans.
1. Federal civil-service preferences for veterans:
a. Preference in examinations:
(1) Ten points added to earned ratings of: Service-connected disabled veterans, their wives, war veterans over age of 55, and widows of all deceased veterans; placement at top of civil-service register.
(2) Five points added to earned ratings of all other veterans, and names placed next in order on civil-service register.
(3) Quarterly examination privilege for 5- and 10-point persons.
(4) Veterans' Administration to certify combat disability without stating degree.
(5) Waiver of age and physical requirements, if otherwise qualified.
(6) Waiver of educational prerequisites, if otherwise qualified.
(7) Include war service as part of experience-prerequisite time.
(8) Credit, experience gained in voluntary civic, social-welfare, and veterans-service work, on same basis as if on paid basis.
b. Preference in appointments:
(1) Appointing officer to submit adequate reason for skipping over name of a veteran to Civil Service Commission.
(2) Accredited representative to review such reasons.
(3) Publication of names of all appointees.
c. Preference of retention, upon reduction of forces, in all Federal agencies.
d. Preference for transfers with same job classification and salary.
e. Protection against lower job classification or salary status.
f. Reinstatement from furloughed, resigned, or dismissed status in preference to new appointments or internal promotions or transfers.
g. Reinstatement, after recovery from retirement disability, to a position in classified civil service with equal salary and classification.
h. Include time spent in United States armed forces as part of civil service.
i. Appeal board to consider appeals concerning examination ratings, sufficiency of reason for skipping over name, sufficiency of education, experience or physical prerequisites, reclassifications, efficiency ratings, furloughs, retentions, dismissals, and reinstatements, with right of accredited representative to review records and to present plea.
j. Local postmasters to make appointment of 10-point-preference veterans at least 1 day preceding appointment of other persons.
k. Retention in civil-service status of veteran employees of Bureau of Marine Inspection and Navigation, without yearly physical examination.
2. Extension of civil service to cover all full-time Federal employees.
3. Same preferences as to all Federal positions, contracts, public works, P. W. A., W. P. A., etc.
4. Intensified United States Employment Service and Veterans' Placement Service.
5. Optional quarters, subsistence and laundry for V. A. employees; a workweek of not more than 44 hours for all V. A. employees.
6. Optional civil-service retirements.
7. Retention of W. P. A. and enlargement of the C. C. C., with liberalized eligibility for entry, reentry, and retention of veterans therein.
8. Preference to American citizens, as to all governmental employment, jobs, positions, services, contracts, loans, grants, and other assistance.
9. A census of all veterans, in each community and State, cross-classified as to ages, occupations, able-bodied and disabled, employed, partially employed, and unemployed, and as to those:
a. Employed by the Federal Government, by States, counties, and municipalities, with civil-service status and without civil-service status.
b. Employed under Federal, State, and local relief projects.

A. Jobs for veterans—Continued.
10. Effective veteran employment and civil-service preference laws by all States, counties, and municipalities, and greater uniformity of beneficial State laws relative to veterans, their dependents, and their organizations.
11. Private employment.
a. Urge employers extend employment to qualified veterans.
b. Urge veteran employers extend employment to other veterans.
12. Cooperation of local, State, and national employment committees of V. F. W. with other veteran organizations, governmental agencies, and private employers, to take such steps as will assure to all ex-service men the opportunity for permanent, suitable, gainful employment.

B. Pensions for veterans.
1. Liberalized service connections.
a. Length, type, and circumstances of veterans' service to be considered by Veterans' Administration rating agencies, in determining service origin of any disability.
b. Compensation or pension to be payable for disability resulting from injury or disease incurred in military service, unless caused by willful misconduct mal per se, and not merely mal prohibito.
c. Modification of present stringent "causative factor" requirement to establish eligibility to disabled emergency officers' retirement benefits.
2. Liberalized compensation or pension for service-connected disabilities.
a. Full compensation for so-called presumptive disabilities.
b. Statutory award of $10 per month for veterans wounded, gassed, or disabled, in combat, plus other compensation payable, if any.
c. Full payment of compensation or pension to all veterans while hospitalized, but no apportionment to dependents residing in other countries; permanent total rating for all veterans hospitalized for active tuberculosis.
d. Full dependency allowances for veterans rated on permanent basis.
e. Disabled veterans of Regular Establishments to receive at least 90 percent as much as World War veterans for same disability, with option to receive three-fourths of regular pay as disability retirement.
f. No reduction of any benefits to disabled veterans or dependents.
3. Pensions for non-service connected disabilities.
a. Pension of $50 per month for any needy war veteran suffering with such permanent disability as results in inability to earn a living.
b. Eligibility for old age assistance for unemployable war veterans beyond 50 years of age, under State social security laws.
c. Eligibility for earned old-age benefits for unemployable war veterans beyond 50 years of age, under Social Security Act.
4. Government insurance.
a. For all men in active United States armed forces at any time.
b. Reduction of interest on Government insurance loans from 6 to 5 percent.
c. Reopen right to bring suit on insurance claims where not previously filed because of lapsation or near lapsation of statute of limitations.
d. Policies incontestable after 2 years except for fraud or nonpayment of premiums; all premiums returned if canceled.
5. Bonus legislation.
a. Provisional and probationary officers of the United States armed forces below rank of major during World War, who resigned from active service prior to January 1, 1922, to be entitled to same benefits as emergency officers.
b. Enactment of pending Philippine travel pay bill.
6. Administration of veteran benefits.
a. Publication in Veterans' Administration annual report of number of beneficiaries and total amount of benefits in each classification, subdivided according to those who had overseas service in United States armed forces.
b. Four or more review boards, personnel from Veterans' Claims Service, Veterans' Administration, to visit each local office every 3 months to correct ratings, and to assign ratings outside of specific schedule ratings upon fact of actual unemployability.
c. Medical question on any claim referable to Medical Director for decision.
d. Free legal services by Veterans' Administration chief attorney in restoring civil rights of veteran under guardianship found to be competent.
e. Opposition to merger of Veterans' Administration with any other Federal agency.

B. Pensions for veterans—Continued.
7. Hospital benefits.
a. Payments for needed medical and hospital treatment of service-connected American disabled veterans who reside in other countries.
b. Hospitalization or domiciliary care for members of United States armed forces who served during any war, campaign, insurrection, or expedition.
c. Additional facilities in accordance with veteran-population needs.
8. Burial benefits.
a. A national cemetery in each State and Territorial possession.
b. Next of kin of any deceased veteran who was suffering with a compensable disability to receive burial allowance of $100 plus United States flag.
c. Burial flags for funerals of and headstones for graves of all deceased veterans honorably discharged from United States service in any foreign war, insurrection, expedition, or campaign.
9. Fingerprints of World War veterans to be classified according to type.

POINT 3. KEEP AMERICA OUT OF WAR

A. Preparation against war.
1. Equalization of the profits and burdens of war, by:
a. Present detailed plans for effective mobilization of men and money, labor and industry in event of war.
(1) Conscript wealth by providing that during any war, a graduated part of wealth of every resident shall be subject to conscription, for purchase of taxable low-interest Government bonds.
b. Such graduated taxes during and following war, as will recapture abnormal profits therefrom, and as pay for the cost thereof.
c. Limitation of profit from military supplies or services.
d. Rigid governmental control of manufacture and sales of all munitions.
e. Adequate provisions for those who die, or are disabled, in or by, future service in our armed forces, and for their dependents.
f. Punishment for espionage during peace, just as in war.
2. Strict neutrality.
a. Renounce war as an instrument of international policy; comply with provisions of Kellogg Treaty.
b. United States not to engage in any war of aggression, or for the support or defense of any country not covered by the Monroe Doctrine.
c. Withdraw United States armed forces from all foreign soil except such as needed at a minimum to protect American Government property.
d. Withdraw armed protection to American citizens, after period of warning, during their continued travel or residence in a war zone.
e. Prohibit travel in war zones of American citizens.
f. No credit, or loans, by this country, or its citizens, to any country, or its citizens, at war; comply with provisions of Johnson Act.
g. Permit sale of supplies to a nation at war only if paid for, and only if ownership thereof is transferred at our shore lines, without any protection or responsibility by United States Government.
h. Recognize existence of war regardless of its formal declaration.

B. An adequate national defense.
1. United States Army.
a. 18,000 officers and 286,240 enlisted men in Regular Establishment, a National Guard of 425,000 officers and men by 1942.
b. 120,000 officers in Organized Reserves by 1942.
c. Adequate mechanization and mortorization of all United States armed forces.
d. Adequate modernized antiaircraft artillery, field artillery, seacoast defenses, light and heavy machine guns, and semiautomatic shoulder rifles, for Regular Army and National Guard, within 2-year period.
e. Matériel reserves needed for first 90 days of any war, within 2 years.
f. Issuance of modern gas masks to all United States armed forces.
g. Air Force second to none in combat strength and efficiency, with one well-equipped flying field in each strategic area in United States and in each of its overseas possessions within 2 years.
h. An annual 2-weeks' training for at least 30,000 combat Reserve officers and 100,000 members of C. M. T. C., and for such additional R. O. T. C. units as needed to assure 120,000 Reserve officers by 1942.
i. Adequate barracks, quarters, storage and technical facilities for expanded Regular Army, National Guard, and Organized Reserves.
j. Military discipline and such training as map reading, bridge building, and radio communication for members of C. C. C.

B. An adequate national defense—Continued.
2. United States Navy.
a. Combatant ships as authorized by Vinson-Trammell bill.
b. A modernized efficient fleet with adequate shore facilities.
c. Naval auxiliary tonnage adequately to serve our combatant fleet.
d. Trained officers and enlisted men for full authorized Navy.
e. An enlarged Marine Corps to exercise its normal functions.
f. Adequate training for expanded naval and Marine Corps Reserves, and R. O. T. C. units.
g. A modernized United States merchant marine, manned by loyal American citizens.
h. Air Force second to none in combat strength and efficiency.
i. Adequate scientific laboratory and experimentation facilities.
j. Construction of dirigibles and continuance of experiments with same.
3. Natural resources.
a. Conservation of natural resources by constructive Federal and State programs to restore and protect forests and lands primarily suited therefor, reduce soil-erosion losses, control destructive floods, and conserve our water resources.
b. Sale of helium gas to foreign countries for peacetime purposes only; maintenance of an adequate military air base near helium plant and gas fields supplying same, near Amarillo, Tex.
4. Armed-forces personnel.
a. Transportation to their homes of dependents of enlisted men upon their transfer to Fleet Naval and Fleet Marine Corps Reserves.
b. Reinstatement of reenlistment gratuity.
c. Longevity pay for warrant officers; no reduction of retirement pay for chief warrant officers.
d. Liberalized pensions, hospitalization, burials, etc., for armed forces, including National Guard while doing Federal duty.
e. Liberalized retirement provisions for Regulars: (1) not less than three-fourths of average pay received during last 10 years; (2) double time for overseas World War service for retirement purposes.
f. Double pension for death or disability resulting from aviation, submarine, and diving accidents, for United States armed forces.
g. Promotion to next higher grade, without increased pay, for retired officers below brigadier general, who served in Spanish-American War, Philippine Insurrection, Boxer Rebellion, Moro Campaign, or World War.
h. Reopen opportunity to War Department to consider recommendations for award of, and to grant, citations and decorations for World War service.
i. Publication by United States of complete record of all awards made, by it or by Allied Governments, to United States veterans for meritorious service in any United States war, insurrection, rebellion, or campaign, with presentation to each such decorated veteran as a permanent memorial.
j. Issuance of a campaign medal for German occupation service.
k. Extend status of regularly enlisted and discharged men of United States Army to former members of Russian Railway Service Corps.

POINT 4. PROMOTION AND PROTECTION OF AMERICANISM

A. Promotion of Americanism.
1. Broad dissemination of information as to all rights and privileges of citizens under our democratic form of government, under the United States Constitution.
2. Educational and inspirational activities among the youth of our Nation.
3. Promotion of general education, of our children, of our citizens, and of those on their way toward citizenship; promote public forums.
4. Cooperation as to all noncontroversial constructive community activities leading to social and economic betterment.
5. Armistice Day, November 11, to be a National holiday, with joint unified veteran organization ceremonies in Arlington National Cemetery.
6. Dissemination of information concerning social-security laws, and other Federal laws, which directly affect many citizens; take steps to assure efficient administration of such beneficial laws.
7. Adoption of a National flag code; display of the United States flag on or near all Federal buildings; no importation or purchase of foreign-made United States flags.
8. Cooperation with United States Sesquicentennial Commission.
9. Preservation of the *Constitution*, the *Constellation*, the *Hartford*, the *Olympia*, and the *American* as historic naval relics.

A. Promotion of Americanism—Continued.
10. Issuance by War Department of old musical instruments to junior band units of Veterans of Foreign Wars, etc., whenever capable musical instructors are available.
11. Issuance of a national memorial postage stamp to honor Matthew T. Brady, the official photographer of the Civil War.

B. Protection of Americanism.
1. Vigorous opposition to and investigation of agencies of communism, fascism, nazi-ism, or any other form of dictatorship or regimentation.
2. Dissolution of all secret organizations which advocate, or use, force or violence to advance their purposes; make it a crime to advocate or promote overthrow of the United States Government by force or violence.
3. Registration of any person employed by any foreign agency to disseminate propaganda in United States.
4. Withhold public moneys from any school, college, or university advocating the adoption of any foreign "ism" in this country.
5. Immediate withdrawal of diplomatic relations with Soviet Russia.
6. Oath of allegiance by all local and Federal governmental employees.
7. Perpetuation of our threefold form of government.
8. Neutral attitude by Veterans of Foreign Wars on all disputes between capital and labor.
9. Federal and State appropriations to provide free venereal disease treatment.

C. More restrictive alien legislation.
1. Greatly reduce immigration quotas as to all countries.
a. Visas to be issued by our foreign consuls.
b. No visa if immigrant would likely become a burden or if he would prevent, or remove, the employment of an American.
c. No visa unless immigrant signs agreement he will adhere to United States laws.
d. No visa if immigrant believes in use of force to overthrow Government.
e. No visa to visit this country longer than 6 months without special permit; must have visible means of support, be subject to periodic reports.
2. Increased border patrols to prevent smuggling of aliens into this country.
3. Registration, fingerprinting, photographing, identification of all aliens.
4. Mandatory deportation of all undesirable aliens.
a. Criminals, illegal entrants.
b. Those who advocate use of force to overthrow present form of government.
c. Those ineligible for citizenship.
5. Oppose inclusion of island dependencies as States of United States.
6. Prohibit governmental employment of any illegally entered alien; Government employment for other aliens only where qualified citizens are not available.

DISAPPEARANCE OF AMERICAN CITIZENS IN RUSSIA

Mr. COPELAND. Mr. President, I desire to ask the Senator from North Carolina a question. We recognize the validity of his argument, but what shall we do in the case of the disappearance of an American citizen in a foreign land? I know we do not declare war, but what do we do?

A citizen of my State, Mr. Donald L. Robinson, disappeared in Russia the other day. He is a writer. I do not know whether his writing was offensive to Russia, but at any rate he disappeared, and a few days later his wife disappeared. I am indignant, as a citizen of the United States, of the State of New York, to think that two of our fellow citizens should disappear under such circumstances. What are we to do in such a matter? How do we deal with it?

Representations have been made to Russia by our Government. But is that all we should do?

Of course, we could, as a nation, say to our citizens, "You must not travel in foreign lands"; but after all, an American citizen ought to be safe wherever he goes, and certainly safe in a country supposed to be a friendly country. But this appears not to be the case. What are we going to do about Donald L. Robinson and his wife?

I am regretful that the chairman of the Foreign Relations Committee is not here this morning, because I had intended to address this question to him. I ask the Senator from North Carolina what do we do in a case like this? What is our national duty?

Mr. REYNOLDS. I am flattered that the able Senator from the great Empire State of New York has directed to me the inquiry, but I rather feel that at this hour we have not as yet ascertained what occasioned the disappearance of Mr. and Mrs. Robinson. When we learn exactly the cause of their disappearance I shall be in a position to provide the Senator with a more intelligent answer to his inquiry.

Mr. COPELAND. I am not satisfied to have Mr. and Mrs. Robinson disappear and to remain disappeared despite efforts to restore them to their friends. I do not want them to disappear and then learn 5 years from next Wednesday that they were killed. I want to know what we shall do about it. I am aware of the fact that the United States has given an ultimatum, whatever that may mean, to the Russian Government. I saw in the Washington Herald this morning, a dispatch from Moscow, reading as follows:

Moscow, December 11 (Saturday) (I. N. S.).—If Donald L. Robinson, New York writer, and his wife are not found within 24 hours, Soviet Russia may be officially charged with violation of a reciprocal treaty with the United States, it developed today.

While fears spread among Americans that they, too, may disappear as mysteriously as the Robinsons, the embassy demanded that the Soviet Foreign Office supply information concerning the whereabouts of the couple by tomorrow. Embassy attachés declined to state what form of action would be taken if the ultimatum goes unheeded by Russian authorities.

That is a message from Moscow. As one of the Senators from the State of New York, I am interested in the fate of these two citizens of my State. I want the country to know that the State Department is proceeding. I want to know whether a message of cheer may possibly be sent to the friends of this couple. It is a horrible thing to think that in a friendly country there should be a disappearance such as this.

Mr. CONNALLY. Mr. President, will the Senator from New York yield?

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from New York yield to the Senator from Texas?

Mr. COPELAND. I yield.

Mr. CONNALLY. Has the Senator from New York taken up the matter with the State Department?

Mr. COPELAND. No; I have not personally done so, because it is only within an hour or so that the significance of the matter came to my attention and I learned that protest has been made. I am speaking of it here in order that what may be said today will be read by the State Department. I intend, of course, to communicate with the State Department. There can be no doubt it is alert to the situation. But a word uttered here may cross the world and help the State Department to succeed in its worthy effort to help our citizens in distress.

Mr. CONNALLY. It seems to me that if the Senator really wants any action by the State Department he should talk to the State Department face to face, and not be expecting the State Department to read the RECORD next week to learn what he has said about the Department. If the junior Senator from Texas had two missing constituents in whom he was greatly interested, he would be looking after them and trying to find out about them through the regular channels. He would not merely be standing here talking about the matter.

Is the Senator demanding that the Government of the United States unleash all its powers to punish those whom he suspects? Nobody knows where this couple may be. If the Senator is so interested, why not go and see the Secretary of State and not walk around here and say to the Senate, "I have two constituents missing"—not in New York, though a good many of them are missing in New York, but, "I have two constituents missing in Russia. For God's sake send a battleship over there and bring them home."

Mr. COPELAND. I fear the Senator from Texas would deal with this problem in a spirit of levity. Has he had experience in going to the State Department?

Mr. CONNALLY. The junior Senator from Texas has never failed to receive a cordial welcome at the State Department and to be given careful attention. I do not always get what I want, but I do get attention and consideration. I know I get better attention and consideration when I go and talk to them face to face than I would if

I merely rose in my place in the Senate and kicked them all over the lot and then expected them to do something.

Mr. COPELAND. I am very much obliged to the Senator from Texas. I am going to act wholly upon his advice, as I always do. If I get no response, then it will be the fault of the Senator from Texas and not my fault.

Mr. CONNALLY. No; it will not be my fault. That is a habit which I commend to the Senator from New York.

Mr. COPELAND. It is a habit which I have followed.

Mr. CONNALLY. I follow the Senator from New York very often, but I suggest to him as a member of the Committee on Foreign Relations that if he wants to get any results he should go to the Department of State and talk with the Secretary.

Mr. COPELAND. I am glad the Senator calls attention to the fact that he is a member of the Committee on Foreign Relations. In the absence of the chairman of that committee, I appeal to the Senator from Texas, who is a very influential member of the Committee on Foreign Relations, to proceed in order that my constituents may be returned to the United States.

Mr. CONNALLY. I am going out right now to telephone the State Department and tell them that on account of the inability of the Senator from New York temporarily, only because of his being engaged in making an address on the floor of the Senate, I am interceding in behalf of two of his constituents. If the Senator will give me their personal description, so that if we are going to look for them in Moscow we will know what kind of persons we are looking for, I shall appreciate it.

Mr. COPELAND. The very fact that they come from New York indicates that they are handsome young people and would be recognized anywhere as New Yorkers. I beg the Senator from Texas to go to the telephone and do this very thing, because he has real influence with the Department of State; he is a member of the Foreign Relations Committee. I ask him in the name of humanity to telephone and see what he can do about it.

Mr. CONNALLY. The Senator from Texas is going to do so. He merely wants to be sure that the Senator from New York will be here when he returns with the information, and will promptly follow it up.

Mr. COPELAND. I am going to follow the Senator to the telephone as soon as I may.

Mr. McKELLAR. Mr. President, will the Senator from New York yield?

Mr. COPELAND. I yield.

Mr. McKELLAR. I have been absent from the Chamber and returned just in time to hear the last few words of the discussion. Does this involve some attack on the Department of State? I want to say for the Secretary of State that I have known him a very long time, some 30 years, and he is a perfectly splendid man, one of the most courteous, one of the most kindly, one of the most attentive to his business that I have ever known. I am sure that any request the Senator may make for information or for help, where help can be given, will be received by our present Secretary of State, Hon. Cordell Hull, and he will certainly do whatever is right in the premises and will treat the Senator with the utmost courtesy and consideration.

Mr. COPELAND. I endorse 100 percent what the Senator has said. I too have known this estimable gentleman for 20 years or more, and I have the same high regard for him that is held by the Senator from his State. But this is a matter which concerns more than the State Department. It concerns the Senate. We have been joking about it somewhat, but is it not a pretty serious matter to think that two citizens of the United States, in full health 2 or 3 days ago, should suddenly disappear, and that no success comes to efforts to discover their whereabouts?

Mr. McKELLAR. From where did they disappear?

Mr. COPELAND. The husband is a writer and disappeared in Moscow, and 2 or 3 days later in an equally mysterious manner his wife disappeared. Protests have been made. To be serious about it, the reason why I have not proceeded further myself was the fact that I knew representations had been made. I was not ignorant of that fact, but I do think the country ought to know that American citizens ought to be safe in Russia, as safe there as they are in New York.

Mr. McKELLAR. I am sure the Secretary will do everything he properly can in the matter.

Mr. COPELAND. I am going to retire to the cloakroom now in order to learn the effect of the very kindly intercession of the junior Senator from Texas [Mr. CONNALLY]. I know his influence is such that there will be an immediate response.

Mr. CONNALLY subsequently said: Mr. President, I desire to invite the attention of the senior Senator from New York [Mr. COPELAND] to the fact that the junior Senator from Texas, at the urgent insistence of the senior Senator from New York, has just consulted the Department of State on the telephone. One of the Assistant Secretaries has advised me that the Department has been constantly in touch with the American Embassy in Moscow regarding the two missing persons referred to by the Senator from New York; that while they have not been able to secure much information from Soviet authorities, the Department is expecting another—not the first, but another—cable this afternoon some time. They are very hopeful that they will be able to secure some information as to the whereabouts of the very handsome couple to whom the Senator from New York has alluded. I suggested to the Senator from New York that he contact the Department late this afternoon or early Monday morning and he may possibly get some information with respect to his two missing constituents.

Mr. President, in reaffirmation of what I stated a little while ago, I repeat that while we do not always get the results from the State Department we desire, my experience with the Department under the secretaryship of Mr. Hull has always resulted in the most cordial cooperation and the exercise of all the functions and powers of the State Department in every proper manner.

Mr. COPELAND. Mr. President, I am very much obliged to the Senator from Texas. He has told me, but in better words than I received the information, exactly what I knew before. I have known of what was going on; but it should be helpful to the State Department to know that the Senate of the United States and through the Senate the people of the United States are back of the State Department in any activities they may take in this manner.

I regard it as a matter of immediate concern. The danger of delay is too great, and serious results come about. We have had some pleasant remarks about this affair, but of course what the Senator from Texas has done I am sure will be helpful. I wish every other Senator would call up the State Department and indicate a like interest in the problem because the more it is known in the Department how we feel about the matter, the more it is realized that we have a direct interest in the result, the more energetic will be the action of the Department and the more enthusiastic their efforts, and the greater the likelihood of their gaining response from across the seas.

I would not have it thought for a moment that I reflect upon the State Department or upon the very efficient Secretary or the Assistant Secretary. I think the Department is well manned. But that does not make any difference. It does not make any difference how efficient or able our people in the State Department are; when two citizens of the United States disappear and when the whole world is agog to know why they have disappeared and where they are it concerns us in the Senate. It certainly is incumbent upon us as Senators of the United States to do our part to see that these missing persons are restored to safety.

I thank the Senator and I really am serious when I express the hope that other members of the Committee on Foreign Relations will follow the worthy example of the Senator from Texas and make a like appeal to the Secretary of State.

EFFECT OF TRADE AGREEMENTS ON THE LACE INDUSTRY

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD a letter which I have received from Mr. George Farmer, secretary of Branch No. 18, Amalgamated Lace Operatives of America, together with my reply to him, including statements which I made in the Senate on the subject of the perilous influence of the trade-agreements program on the lace industry in this country.

There being no objection the matters were ordered to be printed in the RECORD, as follows:

AMALGAMATED LACE OPERATIVES OF AMERICA,
Philadelphia, Pa., December 9, 1937.

Senator DAVIS:

DEAR SIR: I have been requested by the members of this branch to bring to your attention the deplorable condition of the lace industry in this country.

Since the trade agreement went into effect with France, and the constant depreciation of the French currency, conditions are getting worse each month.

At the present time 50 percent of the lace mills are closed down from the lack of orders, the other 50 percent operating on a 25 percent time basis.

The unemployment in this industry is so acute that members are becoming destitute.

We therefore beg of you to take immediate action by seeing that something is done in reference to the modification of the paragraph confined to laces in the trade agreement.

Very truly yours,

GEORGE FARMER, *Secretary, Branch No. 18.*

DECEMBER 11, 1937.

Mr. GEORGE FARMER,
Secretary, Branch No. 18,
Amalgamated Lace Operatives of America,
6136 Alma Street, Philadelphia, Pa.

DEAR MR. FARMER: I have your letter of December 9 stating that 50 percent of the lace mills are closed down from lack of orders, and the remaining 50 percent operating only on a 25-percent basis. You indicate that conditions have grown worse each month since the trade agreement with France was negotiated. Back in 1934 I predicted that the lace industry in this country would be destroyed if the administration's attack on trade protection was continued.

I made a number of speeches at that time on this subject on the floor of the Senate. I am enclosing copies of a portion of my remarks. It is noteworthy that agriculture has protested these trade agreements recently as well as the shoe industry. We are apparently sacrificing the best interests of our own citizens for no better purpose than to uphold a theory of world trade which is out of harmony with present economic and political trends.

I expect to continue to do all in my power to awaken the administration to the tragic loss sustained by your industry. I shall appreciate a full statement from you as the status of the lace industry in Pennsylvania today as compared with 1933.

Very sincerely yours,

JAMES J. DAVIS.

[Extracts from remarks of Senator DAVIS in the Senate]

(April 19, 1934:)

Mr. President, there came to my office this morning a committee representing Pennsylvania lace workers. Their spokesman, Mr. James F. Boyle, of Wilkes-Barre, Pa., informed me if the tariff act passed by the House of Representatives and now pending before the Senate is passed by the Senate thousands of Pennsylvania lace workers will be out of work.

It seems to me that at this time it would be very unwise for us to repeal the tariff on lace. The eminent Senator from Rhode Island [Mr. Hebert] delivered a very able address on this particular subject last week. He informed us there were $25,000,000 invested in the industry in the United States; that it provided six States, Pennsylvania included, 8,000 operatives, actually employing 15,000 workers.

Why discontinue protection to this American industry, and close down our own plants to give work to French and English workers, with the hope—and that is all we can expect it to be—that the French and English workers will purchase some of our agricultural and manufactured products? The differential in cost is in wages only.

In these most difficult times I do not favor sharing the home market with those of foreign lands who are our competitors.

I ask unanimous consent to have an editorial on this subject, which appeared in the Wilkes-Barre Record under date of April 17, printed in the RECORD.

(This extended editorial indicated that Secretary Wallace had marked the lace industry in the United States as inefficient and subject to being eliminated on a lower tariff altar, despite the fact that one of the Wilkes-Barre mills had been in operation for 50 years at that time and the other 43 years.)

(May 3, 1934:)

Mr. President, the administration has insisted that the salvation of the United States and of the world depends upon the reduction of tariff rates on certain stipulated competitive articles. I would not wish to assent to this principle before the people of this country shall have had a full opportunity to know what such procedure will cost us in closed factories, increased unemployment, and the further impediment of American industry. I am unable to comprehend how we can expect to keep our factories open, many of them now only working part time, by lowering the tariff, thus giving our foreign competitors the American market. How can we hope to increase employment in this country by encouraging Americans to buy foreign competitive products at this time when even in normal times many of our own factories and mills operate not more than 7 months in each year?

* * * * * * * *

We must defeat all proposals that do not openly protect the American standard of living and wages. We must increase rather than destroy the purchasing power of our American worker. I propose a plan that will not only protect the buying power of America, but increase the buying power of the people throughout the world.

* * * * * * * *

Therefore, I present an amendment to the bill (H. R. 8687) to amend the Tariff Act of 1930. * * *

"On page 3, after line 16 insert the following:

"'(b) No agreement under the provisions of this act shall be concluded with any foreign country with respect to articles in the production of which labor standards, as reflected in wages, living scales, and labor costs, are lower than those which obtain in the production of the comparable articles in the United States.'"

(On May 18, 1934:)

If we are to follow the advice of the Secretary of Agriculture, we can readily see that the destinies of certain doomed industries will be placed in the hands of Presidential advisers who under this proposed act may bargain away and ruin the existing industry through competing imports from foreign countries. It may be argued that there is no such intention. However, in the case of the lace industry the intention of using it for bargaining purposes has been specifically mentioned by the spokesman of the Government. It must be presumed, therefore, that if the bill shall be passed in its present form and the President's advisers shall succeed with their program, the duties on lace will be reduced from 90 to 45 percent ad valorem. No greater reduction than 50 percent is permitted by the bill. Without doubt this would mean the prompt stoppage of all employment in the lace and kindred industries in our country.

The lace mills established here today represent a capital investment of at least $20,000,000 and give employment to 15,000 workers. The industry here would be disorganized and these thousands of people thrown upon relief rolls or put out on the street. It may be possible that the laces which at present are made in this country could be purchased from some European or Asiatic country, but we should not forget that their wages amount to less than 25 percent of those which our workers receive, and in the case of China they amount to practically nothing.

On June 4, 1934, the following amendment was suggested by Senator DAVIS to the reciprocal-trade-agreements bill:

"No foreign-trade agreement shall be entered into under the provisions of this act with respect to laces or braids, made on a braiding machine, classified under paragraph 1529 (a) of the Tariff Act of 1930."

Senator DAVIS stated:

"Mr. President, the workers in this country now have only 2 days' work a week; and I cannot quite understand why we should in any way share this work with workers in a foreign land. Shoe laces, and braid made on a braiding machine suitable for use as shoe laces, constitute a very important industry in the United States and give employment to a large number of people.

"I ask for a vote on the amendment."

(Then Senator Hebert, of Rhode Island, made a short speech indicating that he had an amendment similar to that of Senator DAVIS. A vote was taken on Senator DAVIS' amendment and it was rejected.)

MESSAGE FROM THE HOUSE—HOUSE AGRICULTURAL RELIEF BILL PLACED ON THE TABLE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, in which it requested the concurrence of the Senate.

Mr. BARKLEY. I request that the bill just received from the House may be twice read by its title, printed, and lie on the table.

There being no objection, the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, was thereupon read twice by its title, and ordered to lie on the table and to be printed.

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. BARKLEY. Mr. President, I call for the regular order.

The PRESIDING OFFICER. The regular order is called for. The clerk will state the next amendment.

The next amendment of the Committee on Agriculture and Forestry was, on page 70, after line 6, to insert:

15. "Tobacco" means each of the kinds of tobacco listed below, comprising the types specified as classified in Service and Regulatory Announcement No. 118, of the Bureau of Agricultural Economics of the Department of Agriculture:
Flue-cured tobacco, comprising types 11, 12, 13, and 14;
Fire-cured tobacco, comprising types 21, 22, 23, and 24;
Dark air-cured tobacco, comprising types 35, 36, and 37;
Burley tobacco, comprising type 31;
Maryland tobacco, comprising type 32; and
Cigar-filler and cigar-binder tobacco, comprising types 41, 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55. The provisions of this act shall apply to such kinds of tobacco severally.

Mr. BARKLEY. Mr. President, at the end of line 23, in order that the different types of tobacco without any doubt at all may be considered as independent of one another, it was suggested that after the word "severally" the words "and respectively" should be inserted. I think that would make it clear that different types of tobacco should stand on their own merits. I believe such an amendment was intended to be offered by the Senator from North Carolina.

Mr. BAILEY. Mr. President, I now offer the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 70, in line 23, after the word "severally", it is proposed to insert "and respectively", so the sentence would read:

The provisions of this act shall apply to such kinds of tobacco severally and respectively.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. Without objection, the committee amendment inserting section 15, on page 70, with the exception of line 19, is agreed to. The clerk will state the next amendment of the committee.

The next amendment was, on page 70, after line 23, to insert:

16. "Corn" means field corn.

The amendment was agreed to.

The next amendment was, on page 71, in line 6, after the word "thereof", to strike out the semicolon and "or within any Territory or within the District of Columbia or Puerto Rico"; at the beginning of line 9, to strike out "5" and insert "18"; in line 10, after the word "means", to insert "among other things,"; at the beginning of line 15, to strike out "6" and insert "19"; at the beginning of line 18, to strike out "7" and insert "20"; at the beginning of line 20, to strike out "8" and insert "21"; at the beginning of line 23, to strike out "9" and insert "22"; in line 24, before the word "means", to insert "in the case of wheat and corn", so as to read:

17. The term "interstate or foreign commerce" means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof; or between points within the same State or Territory or within the District of Columbia or Puerto Rico, through any place outside thereof.
18. The term "affect interstate or foreign commerce" means among other things, in such commerce, or to burden or obstruct such commerce or the free and orderly flow thereof; or to create or tend to create a surplus of any major agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.
19. The term "United States" means the several States and Territories and the District of Columbia and Puerto Rico.
20. The term "State" includes a Territory and the District of Columbia and Puerto Rico.
21. The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the Department of Agriculture.
22. The term "for market" in the case of wheat and corn means for disposition by sale, barter, exchange, or gifts, etc.

The amendments were agreed to.

The next amendment was, on page 72, line 1, before the word "livestock", to insert the words "poultry or", so as to read:

22. The term "for market" in the case of wheat and corn means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and the terms "marketed" or "to market" mean to dispose of in any such manner. Such terms shall not include consumption on the farm.

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. AUSTIN. The Senator from New York [Mr. COPELAND] and I had printed certain amendments, which included an amendment on page 72, line 1, to strike out the words "poultry or" and to insert after the word "livestock" the words "except dairy cattle." I ask whether that amendment is in order at this time.

The PRESIDING OFFICER. It is the understanding of the present occupant of the Chair that the amendments involving dairy practices and dairy cattle are to go over under an agreement to take them up together at some time when the Senate is ready to proceed to their consideration. The amendment, on line 1, to which the Senator refers should go over with the other similar amendments.

Mr. AUSTIN. Very well. I am satisfied with that.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next amendment of the committee was, on page 72, line 6, to strike out "10. A major agricultural commodity", and to insert in lieu thereof "23. Wheat and corn", so as to read:

23. Wheat and corn shall be deemed consumed on the farm if consumed by the farmer's family, employees, or household, or by his work stock; or if fed to poultry or livestock on his farm and such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household.

Mr. COPELAND. Mr. President, I think this paragraph should go over also, because I have an amendment to be offered to the paragraph in connection with the dairy matter.

The PRESIDING OFFICER. Is there objection?

Mr. McGILL. Mr. President, does the Senator ask to have the committee amendment go over?

Mr. COPELAND. No; but I thought the section should go over.

Mr. McGILL. We are simply acting on the committee amendment.

Mr. COPELAND. If that is actually the legislative situation, I may say that I have no objection to the committee amendment.

Mr. McNARY. It would be all right if we refer merely to the part stricken, "10. A major agricultural commodity." But when we consider the matter of the insertion of "wheat and corn" we must reflect that corn is the subject matter which the Senator from New York has in mind. I think the amendment should go over, if not the other portion.

Mr. BARKLEY. Mr. President, I understand the amendment of the Senator from New York pertains to the consumption of corn, not to the fact that it may be included. He wants a limitation on the consumption of corn in that paragraph, and therefore there would be no prejudice in having this corn amendment agreed to, because his amendment goes to the text of the bill, as a limitation on the use of corn.

The PRESIDING OFFICER. It is the opinion of the parliamentarian that the amendment which the Senator from New York has in mind, to go at the end of the section, would not in any way be prejudiced by the adoption of the committee amendment.

Mr. COPELAND. I have no objection to the committee amendment, if the matter is left open so that my amendment may be later considered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 72, line 6.

The amendment was agreed to.

The next amendment was, on page 72, after line 11, to insert:

24. The term "person" means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or any agency of the State.

The amendment was agreed to.

The next amendment was, on page 72, after line 14, to insert:

25. The term "tilled land" means the acreage devoted to soil-depleting row crops and all other soil-depleting feed crops the previous year.

The amendment was agreed to.

The next amendment was, on page 72, after line 17, to insert:

26. The yields and production for the crop year 1937–38 shall be included in any determinations of yields or production made for 1938.

The amendment was agreed to.

The next amendment was, on page 72, after line 20, to insert:

27. The term "for market" in the case of cotton and tobacco means for disposition by sale, barter, exchange, or gift; in the case of rice, for disposition in any of such ways for use in human consumption.

The amendment was agreed to.

The next amendment was, at the top of page 73, to insert:

28. "Marketing" means disposing of by sale, barter, exchange, or gift, and in the case of rice disposing of rice in any such ways for use in human consumption.

The amendment was agreed to.

The next amendment was, on page 73, line 4, to insert the subhead "Administrative provisions."

The amendment was agreed to.

The next amendment was, on page 73, at the beginning of line 5, to strike out "(b)" and insert "Sec. 62. (a)", and in line 13, after the word "the" where it occurs the second time, to strike out "major", so as to read:

ADMINISTRATIVE PROVISIONS

SEC. 62. (a) Hearings: The terms and conditions of adjustment contracts and loans thereunder, the regulations under this act or with respect to such contracts, the time and manner of keeping records and making reports, and the amount of any ever-normal granary and of any diversion percentage shall be prescribed or proclaimed by the Secretary only after opportunity for public hearing held upon not less than 3 days notice and at a convenient place within the principal area or areas where the agricultural commodity or commodities concerned are produced.

The amendment was agreed to.

The next amendment was, on page 73, at the beginning of line 15, to strike out "(c)" and insert "(b)", and in the same line, after the words "Utilization of local agencies", to insert:

(1) The Secretary shall designate local administrative areas as units for the administration of programs carried out pursuant to this title, the Soil Conservation and Domestic Allotment Act, and such other agricultural laws as he may specify. Farmers having farms lying within any such local administrative area, and participating or cooperating in programs administered within such area, shall elect annually from among their number a local committee for such area. The chairmen of all such local committees within any county shall constitute a county committee for the county which shall elect from its members an administrative committee of three. The county agricultural agent shall be a member, ex officio, of the county committee and of the administrative committee. There shall be a State committee for each State composed of the State director of agricultural extension, ex officio, and of four farmers resident within the State to be appointed by the Secretary. Before appointing any appointive member of a State committee the Secretary shall consult with, and give consideration to such recommendations as are made by, the State director of agricultural extension and authorized representatives of leading State-wide farm organizations within the State. The Secretary shall make such regulations as are necessary to carry out the provisions of this subsection, including regulations to carry out the functions of the respective committees and for the administration within any State, through the State, county, and local committees within such State, of such programs. No payments shall be made to a member of any State, county, or local committee of any State for compensation or otherwise except solely for services performed or expenses incurred in administering such programs within such State.

Mr. GEORGE. Mr. President, I have suggested two amendments to the administrative section, which have been examined by the co-authors of the bill, and I understand the first amendment is without objection so far as the Department is concerned. I offer that amendment now. Unfortunately, the form in which it was prepared has been displaced, and I do not have it before me, but I offer the amendment, beginning with the word "the", at the end of line 2, on page 74. The language at present is:

The county agricultural agent shall be a member ex officio of the county committee and of the administrative committee.

In lieu of that I propose to insert this sentence:

The county agricultural agent shall be the secretary ex officio of the county committee and the representative of the Secretary in the county.

I understand there is no particular objection to that, and it is substantially the set-up now existing.

Mr. McGILL. What does the Senator mean by providing that the county agent shall be a representative of the Secretary in the county?

Mr. GEORGE. Within the county in the administration of the several laws he acts for the Secretary. At the present time that is the capacity in which he functions, in the making of contracts, and in the approval of various matters which come before the committee.

Mr. McNARY. It is evidently the desire of the distinguished Senator to eliminate the county agent from the county committee.

Mr. GEORGE. As a member of the committee?

Mr. McNARY. That is what I mean; that is implied. What does the Senator provide as to county agent with respect to the administrative committee?

Mr. GEORGE. I think he is eliminated from the administrative committee by the language which I suggested, except that he becomes the representative of the Secretary in the county. He is not a member of the administrative committee.

Mr. McNARY. The Senator wants to remove him from membership on the county committee and the administrative committee?

Mr. GEORGE. Yes; but to make him ex officio the secretary.

Mr. McNARY. To give him a clerical status?

Mr. GEORGE. Purely a clerical status, rather than an official status. That is the first amendment which I have offered, and it is merely in lieu of the sentence which begins with the last word on line 2 at the top of page 74.

Mr. McGILL. The Senator's amendment would not in anywise change the county committee except that it would exclude the county agent as a member of it?

Mr. GEORGE. That is correct. He would retain a clerical position.

Mr. McGILL. It would leave the selection of the county committee to the farmers?

Mr. GEORGE. Oh, yes; exactly as is now provided. The purpose of the amendment which I offer is to make the county agricultural agent the secretary of the committee ex officio, and not a member of the committee. He is not now a member, and I think very serious objection could arise to his becoming a member of the committee; but he retains his status as it now is under the several acts administered by the Secretary of Agriculture.

Mr. POPE. May I ask the Senator whether or not it is the general practice now that the county agent is secretary of the committee?

Mr. GEORGE. He is, and serves as such.

Mr. POPE. I have no objection to that amendment. I think it is desirable.

Mr. GEORGE. May I have a vote upon the amendment?

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The CHIEF CLERK. On page 74, line 2, it is proposed to strike out:

> The county agricultural agent shall be a member ex officio of the county committee and of the administrative committee.

And to insert in lieu thereof:

> The county agricultural agent shall be the secretary ex officio of the county committee and the representative of the Secretary in the county.

The amendment to the amendment was agreed to.

Mr. GEORGE. Mr. President, I offer another amendment. I must make the same statement that I have just made with reference to the amendment just adopted—that I have lost the text of the amendment, and therefore shall have to perfect it from the committee amendment itself as it appears on page 74.

In line 5, page 74, I move to strike out, after the word "committee", all of the language down to and including the word "and", in line 6, and in lieu of the word "four" at the end of line 6 to insert "five", so that the sentence would then read:

> There shall be a State committee of five farmers resident within the State to be appointed by the Secretary.

While it is not technically a part of the same amendment, I should state at this time, so that the purpose of the whole amendment may be understood, that after the word "extension", in line 11, I shall move to insert a comma and the words "the regional director", so that all the amendments proposed would make the language read:

> There shall be a State committee of five farmers resident within the State to be appointed by the Secretary. Before appointing any appointive member of a State committee the Secretary shall consult with, and give consideration to such recommendations as are made by, the State director of agricultural extension, the regional director and authorized representatives of leading State-wide farm organizations within the State.

I am not so much concerned about the latter provision, but the committee has inserted it—that is, the provision as to authorized representatives of leading farm organizations within the State.

The effect of those several amendments would be the removal from the State committee of the State director, and the requirement that the Secretary consult with and take the recommendations of the State director, the regional director, and the farm organizations before the selection of the five farmers to compose the State committee. That is not exactly the form in which I submitted the amendment to the Senators in charge of the bill; but it is in substance the amendment, except that in the amendment submitted the Secretary was to make the appointment upon the recommendation of the State and regional directors. This amendment is, of course, somewhat different in its language, and I thought it might be accepted and go to conference. I am not familiar with the text of the House bill upon this particular subject.

Mr. POPE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. POPE. I ask the Senator if he thinks the recommendation of the regional director, who himself is appointed by the Secretary, would be appropriate or helpful. The matter may be relatively unimportant.

Mr. GEORGE. I agree with the Senator that it might not be appropriate, because the regional director is appointed by the Secretary, and he would be available to the Secretary anyway.

Mr. McGILL. Mr. President, the amendment of the Senator from Georgia will not in any way harm the situation. In all probability the Secretary would confer with the regional director in any event.

Mr. GEORGE. I think that is true.

Mr. McGILL. The Senator leaves the requirement that he shall confer with the Director of the Extension Service but removes the Director of Extension as a member of the committee ex officio. The amendment would leave him eligible to appointment, provided he was a farmer.

Mr. GEORGE. Yes; so far as that goes; but as the director he is not ex officio a member of the committee, and the committee is to be composed of five farmers.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. GILLETTE. Has the Senator from Georgia offered the amendment that he has been discussing at this time?

Mr. GEORGE. Yes; I have offered the amendment.

Mr. GILLETTE. The amendment covers the same portion of this section to which I wish to refer. I desire to amend the amendment offered by the Senator from Georgia. I shall speak of it briefly.

The Senator, in his amendment, is using the language of the present committee amendment providing that the membership shall be composed of farmers resident within the State. I am of the opinion that "residents within the State" may be construed to be something entirely different from "legal residents of the State." I should very much dislike to have the language construed to mean that one who was not a legal resident of the State could be a member of the committee; in other words, that a farmer from another State could be a member.

As an amendment to the amendment of the Senator from Georgia, I move to strike out the words "resident within" in the amendment as he proposes it, and to substitute in lieu thereof "who shall be a legal resident of."

Mr. GEORGE. I have no objection.

Mr. POPE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. POPE. I understand that on page 74, line 5, the Senator proposes to strike all the words out after the word "committee" down to and including the word "and" in line 6. Is that correct?

Mr. GEORGE. The Senator is correct. The effect of it is simply to remove the State director.

Mr. McGILL. I suggest that the Senator allow the words "for each State" to remain following the word "committee", and strike out the words "composed of the State director of agricultural extension, ex-officio, and", down to and including the word "and." I think the words "for each State" following the word "committee", make the language a little clearer.

Mr. GEORGE. I shall be glad to accept that amendment; that is, to strike out the words after "State."

The PRESIDING OFFICER. Will the Senator restate the last proposed amendment?

Mr. GEORGE. The language would read:

> There shall be a State committee for each State——

The PRESIDING OFFICER. The Senator's amendment will begin, then, with the word "composed"?

Mr. GEORGE. The amendment will then strike out, beginning with the word "composed", in line 5, and the language following, down to and including the word "and" in line 6.

Mr. McNARY. Mr. President, the amendments have been clearly indicated by the Senator from Georgia without any reason being assigned therefor. It appears that what the Senator is accomplishing is to strike out the director of agricultural extension and to strike out the county agent. It is aimed at those officials.

Mr. GEORGE. No; it is not aimed at them.

Mr. McNARY. It takes them out of the membership.

Mr. GEORGE. It is intended to do that.

Mr. McNARY. What reason has the Senator? I probably shall not object to it.

Mr. GEORGE. The reason is that in the judgment of a great many who have conferred with me—and I share their

belief—the agricultural agent and the State director of extension should not become members of the committee, because they should not be placed in a position where their official acts might subject the service itself to criticism which may arise during and as a result of the administration of the bill. The county agent and the director have heretofore served not as members of these committees but purely in clerical positions and, of course, in advisory positions to the committees. That has been particularly true of the county agent. That is the only purpose I have, Mr. President.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. McGILL. I should like to suggest to the Senator that he limit his amendment to strike out to begin after the word "of" in line 5, so that it will read:

There shall be a State committee for each State composed of five farmers——

Mr. GEORGE. I should have no objection to that.

Mr. McGILL. Then it would continue:

Who shall be legal residents of the State.

I understood that the Senator accepted the suggestion of the Senator from Iowa.

Mr. GEORGE. I did; yes.

Mr. McGILL. "Who shall be legal residents of the State." I think that would correct the language and accomplish the end that the Senator desired.

Mr. GEORGE. Exactly. That is all I had in mind.

Mr. President, I offer that amendment. In view of my withdrawal of the language "the regional director," suggested in line 11, I believe that will cover all the changes I have made.

Mr. President, I repeat that I should like to see this amendment adopted, so that in conference it may be given due consideration, if perhaps the text of the House bill should preclude the consideration of it in the form in which it now stands.

The PRESIDING OFFICER. The Chair would like to state the parliamentary situation.

The Senator from Iowa [Mr. GILLETTE] offered an amendment to the one offered by the Senator from Georgia. The parliamentary clerk calls the attention of the Chair to the fact that that is outside the amendment offered by the Senator from Georgia. It is not necessary to offer it at this time. If it were within the amendment of the Senator from Georgia it would be an amendment in the third degree and would be out of order, anyway.

The clerk will state the amendment of the Senator from Georgia.

The CHIEF CLERK. On page 74, in line 5, it is proposed to strike out "the State director of agricultural extension, ex officio," and, in line 6, to strike out "four" and insert "five."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. McGILL. May we have the entire amendment stated, so that we will know just how it reads?

The CHIEF CLERK. On page 74, line 4, the committee amendment, as amended, would read:

There shall be a State committee for each State composed of five farmers resident within the State, to be appointed by the Secretary. Before appointing any appointive member of a State committee—

And so forth.

Mr. McGILL. I understood that the Senator from Georgia desired to include in his amendment the suggestion made by the Senator from Iowa [Mr. GILLETTE] so that it would read:

There shall be a State committee for each State composed of five farmers who shall be legal residents of the State.

The PRESIDING OFFICER. It is not the understanding of the Chair or of the clerks at the desk that the Senator had accepted the amendment of the Senator from Iowa as a part of his amendment.

Mr. GEORGE. Mr. President, I did accept it, and embraced it within my amendment, because I take it to mean that it undertakes to make certain what otherwise probably is meant by the present text. I understand that there is no objection to the language proposed by the Senator from Iowa. I shall be pleased either to offer it as a separate amendment now or to accept it as part of the amendment offered, since it clarifies it.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 74, after the words "five farmers" in lines 6 and 7, it is proposed to strike out "resident within" and insert "who shall be legal residents of."

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to.

Does the Senator from Georgia wish to withdraw the amendment offered by him on line 11?

Mr. GEORGE. Yes, Mr. President; I do not think that is material.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee, as amended.

The amendment, as amended, was agreed to.

The next amendment was, on page 74, at the beginning of line 23, to insert "(2)"; in the same line, after the word "directed", to strike out "to provide for the administration of this title through State-wide and local committees or associations of farmers wherever practicable and to make payments to such committees or associations of farmers" and insert "to make payments to State, county, and local committees of farmers hereinbefore authorized,"; on page 75, line 6, after the word "contracts", to insert "or other offers"; in line 8, after the word "committee", to strike out "or association"; in line 11, after the word "thereunder", to insert "unless payment of such expenses is otherwise provided by law", so as to read:

(2) The Secretary is authorized and directed to make payments to State, county, and local committees of farmers hereinbefore authorized, to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of this act. Adjustment contracts or other offers shall provide that all or part of such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments, parity payments, or surplus reserve loans made thereunder unless payment of such expenses is otherwise provided by law.

Mr. VANDENBERG. Mr. President, this amendment relates to the personnel and the expense of administration. I ask the sponsors of the bill whether any estimate is available respecting the extent of the personnel which will be necessary for administration and the expense of administration.

Mr. POPE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Idaho?

Mr. VANDENBERG. I do.

Mr. POPE. In the appropriation provisions of the bill, $10,000 is appropriated for administration. So far as I can determine, all of the present machinery of the Department of Agriculture will be used, or, at any rate, such personnel as they have will be used in connection with it. It might require some additional personnel; but the best information I can get from the Department is that very little, if any, additional personnel will be necessary.

Mr. VANDENBERG. Can the Senator tell me, then, what the existing personnel totals and the expense attached thereto?

Mr. POPE. Does the Senator mean the existing personnel of the entire Department of Agriculture?

Mr. VANDENBERG. Oh, no. I refer to the personnel and the expense of the field work incidental to the Soil Conservation Act and the other activities that are embraced within this program.

Mr. POPE. I cannot give the Senator the figures. One could obtain the information by inquiry.

Mr. HATCH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from New Mexico?

Mr. VANDENBERG. I do.

Mr. HATCH. The Senator will recall that the provision which is now under consideration relates largely to the expenses in the field, which we are informed in the committee had been paid by deductions from the checks themselves, the amount allotted to the farmers. Therefore, there has been no additional cost at all to the Government on account of these expenses. They come out of the checks to the farmers; and even the farmers themselves desired to continue that plan, because they were thereby able to keep down the expenses. In many districts it is costing practically nothing, because the committee members are serving without pay in order that their benefit payments may be larger.

Mr. POPE. I may say that that statement applies particularly to the county committees and the local administration. Of course, the employees of the Department in Washington, and those who travel out of Washington, are paid from an appropriation for the Department; but so far as the local employees are concerned, the Senator from New Mexico is correct. That expense is really paid by the farmers in the localities.

Mr. O'MAHONEY. Mr. President, I desire to direct an inquiry to the Senator from Idaho [Mr. POPE]. Why is the word "estimated" used in line 4, page 75? The provision seems to be that the Secretary is authorized to make payments "to cover the estimated administrative expenses." Why not drop the word "estimated", and authorize him to make payments to cover the administrative expenses?

Mr. POPE. For the reason that in the operation of this work, budgets are submitted estimating the expenses of the various county committees, and then the necessary amounts are advanced to them in order that they may go ahead and do business. The deductions are made at the end of the year; so it would not be practicable for them to go ahead and carry on the work and wait for the deductions which are made from their benefit checks.

Mr. O'MAHONEY. Is there any limitation in the bill or anywhere else upon the amount of payments for administrative expenses that may be made to particular individuals? Is there a per diem limitation of any kind?

Mr. POPE. In the bill?

Mr. O'MAHONEY. Or anywhere else?

Mr. POPE. So far as I know, there is not. The bill itself does not deal with that matter.

Mr. O'MAHONEY. Does not the Senator feel that it would be well to have such a limitation?

Mr. POPE. It would be a difficult matter to set out the salary schedule or per diem payments, because there are many part-time employees. Some work part time, some even work part day, and are paid accordingly.

Mr. O'MAHONEY. Who makes the estimates?

Mr. POPE. The Secretary. First, the estimate is made by the county committee in the form of a budget.

Mr. O'MAHONEY. We may find ourselves, then, in the position of providing by law authority to the Secretary to make payments upon the basis of estimates which are made, not by any Government authority but by the committees themselves. It is just a matter of controlling expenditures. It seems to me to be perfectly clear that the Federal Government should retain within its own hands power to fix the estimates; otherwise, there is no limit at all upon the expenditures.

Mr. POPE. Let me say to the Senator that the committees make estimates of the expenses which it will be necessary to incur; and, as already pointed out by the Senator from New Mexico [Mr. HATCH], those estimates are quite carefully and economically made, because the expenses come out of the benefit payments to the farmers.

Mr. O'MAHONEY. Oh, I have no doubt the act is economically administered. I have no criticism at all upon that score.

Mr. POPE. Then, after the payments are made, the Secretary takes them into consideration in determining what amount may be advanced.

Mr. O'MAHONEY. My point is that there ought to be an upper limit. We should not write a blank check. That is what this amounts to, as I understand the Senator's explanation.

Mr. POPE. I do not believe it amounts to writing a blank check.

Mr. CONNALLY. Mr. President, I ask the Senator if it is not true that in handling seasonal crops, where there is a tremendous rush all at one time, these committees have to employ a large number of local persons just for a short period of time; and if it were necessary to wait and pay them until the payments were preaudited and audited, and all that, it would be wholly impracticable for the committee to operate. As a matter of fact, while the committees make up this budget, they are not authorized to spend the money until the budget has been approved by the Secretary, as I understand.

Mr. POPE. Exactly so.

Mr. CONNALLY. So, after all, the Secretary's approval does make it a governmental allocation in a sense.

Mr. POPE. Yes; and the Secretary at all times has complete control of the expenditure. He receives these estimates to guide him in advancing money in order that the work may continue, but the expenditure is entirely within his control at all times, and in the final analysis he decides what it shall be.

Mr. CONNALLY. The point I was making in answer to the Senator from Wyoming is that the Secretary's action does amount to a governmental allocation or allotment of these funds, subject only to the condition that if they are not expended they are returnable to the fund, and go back to the benefit-payment fund.

Mr. POPE. I think so; yes.

Mr. O'MAHONEY. That would not be true at all, as I see the matter, if I may interrupt the Senator.

Mr. CONNALLY. I beg the Senator's pardon, but the Senator from Idaho [Mr. POPE] says that is the case.

Mr. O'MAHONEY. There is no question that it is the case that the Secretary would pass upon the estimates; but, as the language is drawn, there would be no limit upon his discretion.

This section would be seriously in need of amendment if it were not for the fact to which the Senator from New Mexico [Mr. HATCH] has just called my attention; namely, that the provision here is that these estimated expenses shall come out of the parity payments to be made to the farmers in the locality, so that acts as a brake. Without that brake, the sky would be the limit; but I feel sure that the farmers would not permit their parity payments or their benefit payments to be reduced for unnecessary administrative expenses.

Mr. HATCH. Mr. President, I merely wish to say that I concur exactly in what the Senator from Wyoming has said; and I feel that the best brake we have is the local brake put on by the farmers themselves. They are not going to waste and dissipate their own parity payments.

Mr. RUSSELL. Mr. President, I cannot agree with the Senator from New Mexico and the Senator from Idaho about the economy in the administration of these acts. It developed in the hearings before the subcommittee of the Appropriations Committee handling the Agricultural Department appropriation bill that over 10 percent of the entire appropriations for soil-conservation purposes has been spent for administration. In other words, in spending $440,000,000 for soil-conservation purposes, $44,000,000 which should have gone to the farmers in payments were consumed in costs of administration; and when the consideration of the committee amendments shall have been concluded I intend to offer an amendment to the bill which will limit the administrative expenses to 6 percent of the appropriation that shall be made.

Entirely too much money has been expended in administrative expenses; and the farmers do not realize that it is coming out of their parity payments in the case of all of the commodities, because it is not taken from each check in the case of all the commodities. In some cases it is paid and then deducted from the total amount which goes to the farmer who receives soil-conservation payments for a specific commodity.

I think that with the experience in administration, which the A. A. A. have had in the past, they should now be able to reduce these administrative expenses below the staggering sum of approximately $44,000,000. I imagine this year it will run nearer $50,000,000 out of an appropriation of $500,000,000. I think some very decided economies can be made in the administration of these funds, and every dollar that is saved in administrative expenses will go to some farmer for soil-conservation payments. For that reason there should be some brake or some limit here on the part of the appropriation which may be consumed for administrative expenses.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. Am I to understand that the Senator from Georgia is going to offer an amendment to limit the amount of administrative expenses to not more than 6 percent?

Mr. RUSSELL. Six percent under the estimated expenditure of $500,000,000 which I understand is contemplated by the bill. That will allow $30,000,000 for administrative expenses; and I say this program should be administered for $30,000,000, especially in view of the fact that when a dollar is taken for administration purposes it is taken away from some farmer who otherwise would receive it.

Mr. O'MAHONEY. I hope the Senator will offer that amendment and that it will be adopted, because otherwise I think there is grave danger even with the brake to which the Senator from New Mexico [Mr. HATCH] has alluded, because it is perfectly clear that in some instances, at least, the committees might be interested in having administrative expenses diverted to them from the general payment to the farmers of the community.

Mr. POPE. Mr. President, I think this matter should be made clear.

The Senator from Georgia [Mr. RUSSELL] is approximately correct in saying that it costs about 10 percent to administer the entire Soil Conversation Act; but, of that amount, from 7 to 8 percent is the expense of the county committees and the local authorities which administer the act. Only from 2 to 3 percent is the cost of administration outside of the expenses of the local committees, and the 7 to 8 percent is taken out of the benefit payments. In other words, the payments to the farmers themselves are taken out of the benefit payments, but the expenses of the administration in Washington and, to some extent, in the field are not taken out of the benefit payments. Therefore, the only actual expense to the Government, in the administration of the act, is from 2 to 3 percent; and since the farmers themselves determine these expenses, and since they know that they are coming out of the benefit checks, the tendency is for them to economize and keep down the expenses to the lowest possible point. According to the testimony we had at the time this matter was being considered by the committee, it appeared that there was even some competition between the various county committees to see how low they could keep their expenses, and how economically they could administer their part of the act. So it seemed to me, after hearing the statements, that this arrangement was a very satisfactory arrangement all the way around.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. McKELLAR. Does not the Senator believe that $30,000,000 for administration purposes is a very large and bountiful sum? Does he not think, in the present condition, when we are trying to do everything in the world for the benefit of the farmers, that we ought to place a limitation on the amount to be expended for administration? Surely we ought not to give one-tenth of this very large amount for administrative purposes. That looks like profligacy. That looks like extravagance of the worst kind. I think the committee should agree to the amendment of the Senator from Georgia, and that we should place a limitation of not to exceed 6 percent for the administrative features of the bill.

Mr. POPE. Mr. President, the expenditures may or may not be too large under the 10-percent provision. If some county committees or some of the personnel in effect all along the line are called upon to administer the provisions of this bill in addition to the Soil Conservation Act, I think we should take into consideration the matter of whether or not the amount which they receive for administering the Soil Conservation Act alone would be too great to administer that act as well as this one.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. HATCH. Does the Senator recall whether it developed in the committee that when the farmer is furnished his check, a statement might well accompany it showing how much was deducted for administrative expenses?

Mr. RUSSELL. I understand that has been done in the case of one commodity.

Mr. HATCH. I make the suggestion to the Senator from Idaho and also to the Senator from Georgia that if knowledge of this matter can be imparted with each check that goes to the farmer, showing exactly how much has been deducted by the local committee for expenses, we will stop any excessive expenditures. That might be a better plan than to put an arbitrary limitation which might be too large or too small.

I merely call it to the attention of the Senator for him to consider in preparing his amendment. I think all we need to do is to have the farmer committee furnish to each individual farmer a statement showing how much is his share of the expenses and how much administration of the act has cost him as an individual. Having that information, they will take care of the situation.

Mr. RUSSELL. What I am interested in, while we are passing what is called a permanent farm bill, is some legislation that will reduce the enormous toll taken from the farmers' payments for expenses. One-tenth of what we have been appropriating has been consumed for those expenses before any money goes to the farmer at all. Doubtless the local committees are economical and I am delighted to hear they have shown a friendly spirit of cooperation in reducing their cost, but the fact remains that in each case the committee itself is paid on a per diem basis and the committee is the judge of how many days it shall operate in supervising and enforcing the act in each area. That is quite a substantial power to give the committee. Many of them fix their own compensation because they are paid by the day and they are enabled to say how many days they shall devote to administering the act. I am not charging that the committees have gone hog wild, but I do know there has been a great difference in the different sections of the country in the matter of the expenses of the local committees. Something should be done to bring it to a uniform basis and to reduce the enormous expenses which are deducted from the funds we are appropriating for the farmer, but which never reach him because of those deductions.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. RUSSELL. Certainly.

Mr. McKELLAR. I agree entirely with what the Senator has said. Does not the Senator think further, when a definite amount for expenses is fixed in the bill, that it should not exceed $6,000,000, for instance, because that would give notice to the Secretary and all the committees and all who might come under the set-up as to the amount of expenditures that may be made?

Mr. RUSSELL. I do not know that it would be wise to put a limitation of so many dollars, because the appropriations will vary from year to year. However, certainly 6

percent of an appropriation of $500,000,000 for this year should be sufficient and if in future years the condition of the Treasury would warrant larger appropriations to enable the farmer to get parity for his product, then the administrative expenses might be larger. Certainly 6 percent of $500,000,000 should be a large enough sum to administer the bill.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. RUSSELL. Certainly.

Mr. CONNALLY. Has the Senator from Georgia considered this aspect of the situation? The administration of this act deals with so many individuals, millions of farmers. Is it not because of that fact that the percentage of administrative expenses is probably larger than other comparable Government activities? Is not the Senator also aware that much of the complaint we have had about the administration of this act was because of delay, farmers writing in "I have not yet received my check which I ought to have had a month ago"?

Mr. RUSSELL. Does the Senator think the amount appropriated for the Department would have anything to do with it? Under existing law they can spend any portion of the $500,000,000 they desire to spend.

Mr. CONNALLY. I commend the fine motives of the Senator from Georgia, but is it not also entirely likely that if we limit it to 6 percent, then when the next deficiency bill comes before the Appropriations Committee, that committee, accommodating as it is, would go along with them and appropriate more money for them? Why tie the hands of the Department? I see a smile on the face of the Senator from Tennessee [Mr. MCKELLAR]. How many deficiency bills has the Senator's committee brought out each year?

Mr. McKELLAR. We bring out more than we should.

Mr. CONNALLY. It is the Senator's committee, not my committee.

Mr. McKELLAR. This is not a bill under which a deficiency appropriation can be asked, as I understand.

Mr. CONNALLY. A deficiency appropriation is asked on almost everything else.

Mr. McKELLAR. Not on everything else, but on a great many things.

Mr. CONNALLY. What would happen would be that the farmers of Tennessee would send some telegrams and the Senator from Tennessee, as a member of the Appropriations Committee, would be favorable to a deficiency appropriation to take care of them.

Mr. McKELLAR. That would depend on whether they were entitled to it or not.

Mr. CONNALLY. I do not blame the Senator from Tennessee. That is true of most Senators. The Senator knows that he is not going to refuse, when he comes right up to the lick log, to appropriate the money the Secretary of Agriculture may say he is going to need in order to get this money to the farmer. Who is going to get it? We have to get some of this money down to the farmer, and I am not going to vote for any amendment that will apparently cripple the activities of the Department in promptly executing the law.

It has been pointed out by the Senator from New Mexico that this money for expenses originally comes out of the farmer's own benefit payments, and that is an incentive to bring down the amount of the appropriations. Let me say for the local committees who administered the old A. A. A. act that they deserve high praise and commendation. In my State prominent men, bankers and businessmen and others, served without compensation for literally weeks and weeks, giving their time to help enforce and carry out the provisions of that act.

Mr. RUSSELL. Mr. President, I have very little time and I hope the Senator from Texas will make his statement in his own time.

Mr. CONNALLY. I beg the Senator's pardon.

Mr. RUSSELL. If the argument of the Senator from Texas is sound that there should not be any limitation at all on the administrative expenses because there might be a deficiency bill, the same statement might be applied in the case of every other department, and it might be said that we should appropriate $500,000,000 for the Navy Department and say, "Use as much of this as you wish for your administrative expenses."

I am not being critical of the county committees. I think they have done a fine job. However, I think it is fundamentally wrong to appropriate the huge sum of $500,000,000 or even $5,000,000 to a department and say, "There is absolutely no restrictive limit upon the amount you can spend for administrative purposes." Of course we might have a deficiency bill here. If we do, the Appropriations Committee would consider it on its merits, just as it would consider any other deficiency bill affecting any other department.

Merely because this money is coming out of the farmers is no argument why we should not put a limit upon the amount that may be expended for administrative expenses. If anything, it is an argument why there should be a limitation, because then the farmer would get more money. I am not being critical, but I say it is wrong to legislate and give any department head—I care not who he is, because we do not know today who will be the head of any department tomorrow—absolutely free rein to spend any amount he sees fit for administrative purposes and never know how much it is going to be until the end of the year, because the Bureau of the Budget and the Appropriations Committees would not have an opportunity to give it the scrutiny to which other departments are subject.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. RUSSELL. Certainly.

Mr. McKELLAR. There is a limit of $500,000,000 that is to be appropriated for this purpose. The more that is spent for administrative purposes, the less the farmer will get.

Mr. RUSSELL. Undoubtedly.

Mr. McKELLAR. That is the controlling motive with me.

Mr. RUSSELL. When this program was first set up I could see why it was necessary to spend large sums for administration. It was necessary to accumulate information affecting every farm throughout the United States as to the basis of production and things of that kind; but now that the information has been collected and is in the files of every county and State committee, affecting every farm in the United States, it seems to me the administrative expenses might well be reduced. We have had the experience of all the past operations of the various farm programs which have been in effect in recent years.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. RUSSELL. Certainly.

Mr. ADAMS. I differ with the Senator from Georgia, but in a different way than the Senator from Texas [Mr. CONNALLY]. I understood the Senator from Georgia was contemplating offering an amendment which would limit expenses to 6 percent, in other words, providing $30,000,000. It seems to me the Senator from Georgia is at least providing as much as ought to be provided. It seems to me that 3 percent would be entirely adequate.

Mr. RUSSELL. Approximately $44,000,000 was spent last year, and I think to reduce it below $30,000,000 would be rather a drastic reduction for the Department to institute in 1 year.

Mr. HATCH. Mr. President, I merely wish to call attention to the section of the bill which has aroused this discussion. It appears on page 75. It does not relate in any sense to the administrative expenses incurred in Washington nor by the regular monthly or yearly employees of the Department of Agriculture. Here is what the provision relates to and nothing else:

> The Secretary is authorized and directed to make payments to State, county, and local committees of farmers hereinbefore authorized, to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of this act.

This relates only to the expenses incurred by the local county committees, expenses which do come out of the checks which the farmers pay themselves and which, as they learn they are taking from their own pockets, are being reduced.

Mr. BYRD. Mr. President, will the Senator from New Mexico yield?

Mr. HATCH. I yield.

Mr. BYRD. The Senator stated these expenses come out of the checks of the farmers. What control do the farmers have over the spending of the money?

Mr. HATCH. They have all control over their local committees. The local committee itself must prepare its budget. That is sent to the Secretary to be scrutinized and audited here. Then it is returned with the check.

Mr. BYRD. I know; but that does not place any control in the hands of the farmers. All the farmers do is to select the committee, and then the Secretary of Agriculture, and not the farmers, says what the committee shall spend.

Mr. HATCH. Does the Senator from Virginia think that when the farmers in any county realize that a local committee is charging excessive or exorbitant expenses the local committee will long endure?

Mr. BYRD. How is the local committee selected?

Mr. HATCH. If the Senator entertains that thought, and if the farmers in Virginia would stand for a thing of that sort, I say to the Senator that the farmers of Virginia are vastly different from the farmers of my State, and different from any with whom I have come in contact.

Mr. BYRD. It depends largely on the term of office of the committee. It depends further on whether the individual farmer knows that the money is being taken from an allotment which would otherwise come to him. So far as I know, there are no farmers in my county who know that the money is deducted from the soil-conservation payments which come to the farmers.

Mr. HATCH. I made that point a moment ago, and suggested that it would be wise to adopt an amendment providing that each farmer receive a statement showing exactly how much this activity has cost him as an individual and what his proportion is.

Mr. BYRD. Does the Senator think that $12,000 per county for the cost of these committees is an excessive amount?

Mr. HATCH. I see no reason why it should cost $12,000 for the committee.

Mr. BYRD. It has been stated that it cost $40,000,000 for the local cost of the administration of the Soil Conservation Act, and I am astonished and astounded at such a statement.

Mr. HATCH. I do not know who made the statement.

Mr. BYRD. The Senator from Idaho made it.

Mr. HATCH. I challenge the statement, or challenge the Senator to prove that it has cost $40,000,000.

Mr. BYRD. The Senator from Idaho said that the cost was approximately 10 percent, that 2 percent was the cost in Washington and about 8 percent was paid in the localities. If the Senator will figure that up on the basis of $50,000,000, he will find that it means approximately $40,000,000 for the administration locally, or nearly a million dollars per State, or $12,000 per county.

Mr. HATCH. I do not know what the figures of the Senator from Idaho were or where he got them, but I still say that, so far as I am concerned, if we will furnish to the individual farmer a statement showing what it is costing him as an individual, he will take care of it, and I am perfectly willing to leave it to the farmer to determine for himself.

Mr. BYRD. Will the Senator offer an amendment to the bill to take care of that?

Mr. HATCH. Let me finish my statement. When we get to the administration in Washington, and the regular employees here, over whom the farmers have no control and nothing to say, I think we might well impose this limitation, and I should be glad to support it, but I would be glad to have some amendment worked out so that the information would be carried directly to the individual farmer as to how much it costs him.

Mr. BYRD. Mr. President, if I understand the Senator from Idaho correctly that the local administrative cost of the Soil Conservation Act is $40,000,000, I wish to say that is the most appalling statement I have heard since I have been a Member of the Senate, and it should be investigated, and it should be determined where this $40,000,000 goes. It does not go to the farm agents, since they are paid from another appropriation. If $40,000,000 is being taken out of the farmers of this country for an overhead cost, in addition to what the Department of Agriculture spends, I say it is a disgrace, and should be investigated by the Senate and by the Congress.

Mr. CONNALLY. Mr. President, I am in hearty accord with the Senator from New Mexico. To show how divergent the views of Senators are, the Senator from Georgia wants to limit the authorization for administrative expenses to 6 percent, while the Senator from Colorado, who is also a member of the Committee on Appropriations, wants to cut it to 3 percent. I am willing to trust the local committees and the Secretary of Agriculture. It is their responsibility. They will administer the law. I am not going to tie the hands of the local committees in the handling of the funds of the farmers themselves. I am not going to attempt to tie even the hands of the Secretary of Agriculture.

It costs just as much to administer the act if we are spending $200,000,000 for the farmers as if we are spending $500,000,000, because we have to deal with the same units, the same number of farms, the same number of farmers. We have to do just the same book work, and in the congested periods in my country, my experience shows me that in the fall, when cotton is being harvested, the local committees have to have an enormous clerical staff of boys and girls to look after these matters. Suppose the Budget should limit them, and they could not employ any further clerks. Who would complain? It would be the farmers who would complain about not getting their checks, not getting their certificates, and not having their land figured up.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. O'MAHONEY. I suppose the theory of the Senator from Texas is that the larger the force the better.

Mr. CONNALLY. No; not necessarily.

Mr. O'MAHONEY. Is there any reason why this enormous force should not be limited by Congress, particularly when there is absolutely no limit upon the total expenditure to be made?

Mr. CONNALLY. The Senator from Texas does not know how large the force ought to be, but I would much prefer to trust the Secretary of Agriculture and the local committees which are doing the work. They are doing the job, and have the responsibility. It is the farmers' money that is paying the expense, and they are standing by the side of the committeemen, and they see every day how many clerks they have, and what they are doing with the money. On a farm matter I would trust them even before I would trust the judgment of the Senator from Wyoming. If I were talking about sugar, I might consult the Senator from Wyoming. If I were considering the question of cattle, and how to raise white-faced cattle, and goats, and sheep, out on the plains of Wyoming, I might consult the Senator from Wyoming, but when it comes to administering a local cotton law, or a wheat law, or an oat law, I am going to take the judgment of the local committeemen, whose hands have grime on them. Most of them are farmers, and the men whose money these committeemen are spending come in every day and see them. I am not in favor of tying the hands of the Secretary of Agriculture and of the local committeemen.

It is said that the $40,000,000 should all go to the farmers. Fine! But if it is not administered, how is it to get to any of them? Let us do away with all administration and save the $40,000,000. How are we to get it to the farmers if there is not someone administering the law to see that some of it percolates down to the farmer's pocket?

We hear talk about economy, always talk about economy. The Committee on Appropriations brings in these measures. Watch them during the coming session. The Senator from Georgia will be here with a bill, along with the Senator from Tennessee, a member of the Committee on Appropriations,

the Senator from Colorado. I love all of them and have high respect for them, but if they know so much in advance, why is it ever necessary to have a deficiency bill? Why not limit the expenditures in advance, and fix it all up and say, "This is all the money you are going to get." Would they stick to it? If they did, we would never have a deficiency bill. Of course, they would not stick to it, and the only result would be a lot of delay and letter writing and hurrahing, and we would come back and appropriate a lot of money.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to my delightful friend.

Mr. ADAMS. As one of the members of the deficiency subcommittee of the Committee on Appropriations, I may say to the Senator from Texas that one of the reasons why we have deficiency bills is because the heads of the great administrative departments of the Government do not observe the law. They spend more money than Congress appropriates for them, they incur obligations, they go out and agree to pay money here and there and elsewhere, and the deficiency subcommittee of the Committee on Appropriations has to make provision to make good the obligations which these departments have incurred.

Mr. CONNALLY. That is true, but the committee does not do anything about it.

Mr. ADAMS. The Senator would leave all these things, without limitation, to the heads of the departments?

Mr. CONNALLY. No. The Senator from Texas has not left it to the heads of the departments, but it seems to be the policy of the Committee on Appropriations to leave it to the heads of the departments, to appropriate money, and tell them that under certain conditions they cannot spend it, and then when they spend it the committee comes in and says "It is all right. We will give you some more." Some would put on a limitation and then at the next session of Congress the Secretary would say, "I had to hire all these local committees in order to get the money to your farmers," and who is going to vote against it when the time comes? All those who would vote against it are absent today. Nobody is going to vote against it. Perhaps the Senator from New York would vote against it, because he is not for the bill. But most Senators would not vote against it. I am not in favor of saying to the Secretary in advance, or to the local committees, "If you do not just exactly stay within these limits, your operations shall be hampered and held up."

Mr. President, I wish to compliment the Committee on Agriculture and Forestry on the pending bill. I think the bill has been as meticulously discussed and as intelligently discussed as any measure since I have been a Member of the Senate, and I pay tribute to the committee, without any invidious comparisons, for the intelligent work they have done. I am willing to trust it in this matter. The Committee on Appropriations has all it can handle if it attends to its own business, and I am not in favor of taking the advice of the Committee on Appropriations on the pending bill and attempting to tie the hands of the local committees.

I have had some experience with the local committees, and I repeat what I said awhile ago, no one has done a finer job in this country than have the local committees, which were serving without pay, working nights and Saturdays and weekdays and for weeks at a time, aiding the Department of Agriculture and the Government in putting on this agricultural program. Those from the farm States know that that is true. In my State there were 16,000 local committeemen, giving their time free. Now there is complaint because Senators say they are afraid they might hire one clerk tomorrow, or something of that kind, when they are paying for it themselves, it comes out of their own funds, and most of them would rather have 90 cents this week than a dollar next June. Promptness in getting the funds to them and promptness in administering the act are of the highest importance. I hope the amendment of the Senator from Georgia will not be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 75, line 11.

The amendment was agreed to.

The next amendment of the committee was, on page 75, line 13, where the committee proposed to strike out the words "or associations", so as to read:

The Secretary may make such payments to such committees in advance of determination of performance by farmers under their adjustment contracts. The Secretary in the administration of this title shall accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing Acts of Congress and as will tend to promote efficient methods of marketing and distribution.

Mr. AUSTIN. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. AUSTIN. Has the amendment in line 6 been acted on?

The PRESIDING OFFICER. That amendment has been agreed to, the present occupant of the chair is informed.

Mr. AUSTIN. I wonder if someone could tell me what "or other offers" relates to. I am not aware of the other offers, and I should like to know what they are. Can someone state what is meant by the words "or other offers"?

Mr. POPE. Payments under the Soil Conservation Act are made upon an offer and an acceptance. In connection with the making of parity payments under the pending bill, contracts are used, and the Senator will note the language—

Adjustment contracts or other offers shall provide that all or part of such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments.

The amendment is merely to add offers which are made under the soil-conservation program, as well as the Government contracts made under the proposed act.

Mr. AUSTIN. I thank the Senator.

The PRESIDING OFFICER. (Mr. DUFFY in the chair). The next amendment will be stated.

The next amendment was, on page 76, in line 3, after the word "each", to strike out "major", so as to read:

The Secretary shall, within 45 days after the beginning of the marketing year for each agricultural commodity, ascertain and proclaim the current average farm price for the commodity during the preceding marketing year, to be weighted in accordance with the quantity of the commodity marketed. Within such 45-day period the Secretary shall also ascertain and proclaim the total supply of such commodity as of the beginning of the marketing year.

The amendment was agreed to.

The next amendment was, on page 76, line 10, to strike out "(e)" and insert "(d)", and in line 15, to strike out "(f)" and insert "(e)", so as to read:

(d) Available statistics: The latest available statistics of the Department shall be used by the Secretary in ascertaining the "total supply", "normal year's domestic consumption", "normal year's exports", "parity" as applied to prices and income, and "current average farm price."

(e) Finality of farmers' payments and loans: The facts constituting the basis for any Soil Conservation Act payment, parity payment, or surplus-reserve loan, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary of Agriculture or by the Corporation shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.

The amendment was agreed to.

The next amendment was, on page 76, after line 22, to strike out:

(g) Surveys and investigations: The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting, and the methods of accomplishing most effectively, the declared policy of this act. Notwithstanding any provisions of existing law, the Secretary is authorized to make public any information secured in connection with such surveys, investigations, or research at such times and in such manner as he deems necessary in order to carry out the provisions of this act.

The amendment was agreed to.

The next amendment was, on page 77, at the beginning of line 8, to strike out "(h)" and insert "(f)"; in line 13, before the word "contracts", to strike out "adjustment"; and in the same line, after the word "contracts", to insert "or payments made under this act", so as to read:

(f) Benefits available to Members of Congress: The provisions of section 3741 of the Revised Statutes (U. S. C., title 41, sec. 22)

and sections 114 and 115 of the Criminal Code of the United States (U. S. C., title 18, secs. 204 and 205) shall not be applicable to contracts or payments made under this act.

The amendment was agreed to.

The next amendment was, under the subhead "Personnel and Administrative Expenses," on page 77, line 15, after "Sec.", to strike out "15" and insert "63"; in line 16, before the word "to", to insert "Except as otherwise may be provided in this act"; in line 22, after the word "of", to strike out "law applicable to appointment and compensation of persons employed by the Agricultural Adjustment Administration shall apply" and insert "section 10 (a) of the Agricultural Adjustment Act, as amended and reenacted by the Agricultural Marketing Act of 1937, shall be applicable to the employment and compensation of such officers and employees", so as to make the section read:

SEC. 63. The Secretary is authorized and directed—

(a) Except as otherwise may be provided in this act to provide for the execution by the Agricultural Adjustment Administration of such of the powers conferred upon him by this act as he deems may be appropriately exercised by such Administration; and for such purposes and for the purposes of the Surplus Reserve Loan Corporation, the provisions of section 10 (a) of the Agricultural Adjustment Act, as amended and reenacted by the Agricultural Marketing Act of 1937, shall be applicable to the employment and compensation of such officers and employees.

(b) To make such expenditures as he deems necessary to carry out the provisions of this act, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, law books, books of reference, directories, periodicals, and newspapers.

The amendment was agreed to.

Mr. TYDINGS. Mr. President, early in the session today, when the tobacco amendment was up, I offered an amendment, which at the suggestion of the Senator from Oregon [Mr. MCNARY], was temporarily laid aside until we could work out perfecting language. I have since conferred with those who earlier in the day thought the amendment was unnecessary, and I ask unanimous consent to turn back to page 42 to insert language which I understand will now be acceptable, and which will not change the philosophy of the bill, but rather will make sure that what was intended will be done.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maryland? The Chair hears none, and it is so ordered.

Mr. TYDINGS. The first amendment is on page 42, section 41, line 6.

The PRESIDING OFFICER. The Chair will state that before anything further can be done, it will be necessary to reconsider the vote by which the subsection was adopted.

Mr. TYDINGS. I ask that that be done.

Mr. MCNARY. Mr. President, I think I called the attention of the Senate to this section when the matter was up for discussion. Is it the purpose of the Senator from Maryland now to correct the definition of "tobacco"?

Mr. TYDINGS. It is. Let me say to the Senator from Oregon that it will be necessary to make the correction on page 42 in order that it may be reflected on page 70.

The PRESIDING OFFICER. Without objection, the action taken earlier in the day in adopting paragraph 47, beginning in line 6 on page 42, will be reconsidered. The Senator from Maryland will state his amendment.

Mr. TYDINGS. On page 42, section 41, line 6, after the words "supply of", I move to add the words "any type of".

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 42, line 6, after the words "supply of", it is proposed to insert "any type of".

The PRESIDING OFFICER. The question is on agreeing to the amendment, offered by the Senator from Maryland, to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. TYDINGS. I have two more amendments.

On page 42, line 14, after the word "quantity", I move to add the words "for each type".

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 42, line 14, after the word "quantity", it is proposed to insert "for each type."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. TYDINGS. On page 42, line 17, after the word "tobacco", I move to insert the words "of that type."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 42, line 17, after the word "tobacco", it is proposed to insert the words "of that type."

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ELLENDER. I notice on page 70 under the definition of "tobacco" that several types are included in one description. I fear there will be conflict.

Mr. TYDINGS. But if the Senator's former statement is sound that does not affect Maryland, because it has only one type.

Mr. ELLENDER. But under "flue-cured" there are 4 types; under "cigar filler" and "cigar binder" there are 11 types, and so on with other kinds of tobacco.

Mr. TYDINGS. Would the Senator agree to it if I were to offer an amendment so that would be covered? Will the Senator accept the language "type or types."

Mr. ELLENDER. Yes. I believe that should cover the situation.

Mr. TYDINGS. Then the words "or types" should follow the word "type" in the three amendments which have just been adopted. The language should be "type or types."

Mr. ELLENDER. That is acceptable.

The PRESIDING OFFICER. Then it is understood that the words "or types" will follow the word "type" where it appears as previously agreed to.

Mr. TYDINGS. Yes.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Maryland to insert the word "or types" following the words "of that type" in the amendments to the amendment previously agreed to, on page 42, lines 6, 14, and 17.

The amendment to the committee amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland to the amendment of the committee on page 42, line 17.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. Is that all the Senator from Maryland proposes in this paragraph?

Mr. TYDINGS. Yes.

The PRESIDING OFFICER. Then, without objection, the committee amendment, as amended, being section 41 (a) on page 42, is agreed to.

Mr. TYDINGS. Mr. President, I should like the RECORD to show that the purpose of the amendments which were adopted is that in case there is to be a referendum, the type of tobacco produced by any group of producers must have the referendum conducted for that type only, and that the producers of any other type cannot curtail any type they do not produce. That is the purpose of the amendments. I think it is clear now that each type acts within the group of its own producers.

The PRESIDING OFFICER. Does the Senator from Maryland desire to have further action taken on the amendment that was passed over?

Mr. TYDINGS. No; I withdraw the amendment now, because, with the amendments just adopted, the further amendment will not be necessary. Producers of Maryland-type tobacco can only themselves expect to control Maryland-type tobacco.

The PRESIDING OFFICER. The next committee amendment will be stated.

The next amendment was, under the subhead "Appropriations," on page 78, line 11, after "Sec.," to strike out "16" and insert "64"; and in the same line, after the word "year," to insert "commencing July 1, 1938,".

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 78, line 11.

The amendment was agreed to.

The next amendment was, on page 78, line 12, before the word "there", to strike out "ending June 30, 1939."

The amendment was agreed to.

The next amendment was, in line 15, after the word "payments", to insert "under this act such sums as are necessary."

Mr. VANDENBERG. Mr. President, I move to amend the committee amendment by inserting, after the word "sums", in line 16, the words "not exceeding $500,000,000."

Mr. ADAMS. Mr. President, my own judgment is, after some thought and listening to the discussion with reference to the appropriations which are inevitably involved in this bill, that the committee amendment, even with the amendment suggested by the Senator from Michigan, should not be adopted.

We have heard the statements on the floor by those representing the different agricultural interests, particularly the Senator from Alabama [Mr. BANKHEAD], that it was not expected that full parity payments would be made, but that what was expected was that payments would be made on account of parity. I think there has been some discussion as to whether or not the words "parity payments" mean full parity payments, or payments on account of parity but not going to the full amount.

It is entirely within the possibilities of this bill that if parity payments are to be made, the Government may be involved in an obligation running as high as a billion and a half dollars; and that is not the intent or the expectation of the Senators who are the proponents and draftsmen of the bill, as I understand. They have answered the question as to excess appropriations by pointing out a pro rata provision; but in the bill, I think on page 10, and perhaps in other places, there is contained the specific provision that parity payments shall be made.

My own judgment is that "parity payment" means "full parity payment." It is defined elsewhere in the bill in accordance with schedule A, which appears on page 20, which, I am frank to say, I do not understand. "Parity payment" is defined and tabulated on page 21 in schedule A; and when it is said "parity payments shall be made" it must mean, it seems to me, full payments, unless Congress should fail to appropriate the necessary sum of money. Unless there is some limitation, and if the bill should pass as it now stands, providing for parity payments, and that the Congress shall appropriate such sums as are necessary, I am fearful that the Appropriations Committee with that language before it, and that the Senate of the United States with that language before it, in attempting to impose a limitation, would be met with the demand that compliance be had with the plain meaning of the farm bill; that parity payments shall be made, and that appropriations shall be made of such sums as are necessary to make parity payments.

So it seems to me that we should go back to the original language contained in the bill drafted by the Senator from Kansas [Mr. MCGILL] and the Senator from Idaho [Mr. POPE], and impose a limitation upon the appropriation of money. The original bill restricted the appropriation, or, rather, in the inverse form, authorized the appropriation of the sum of only $400,000,000, and provided that of the $400,000,000 a certain part should come out of other appropriations. So I am hoping that the Senate will eliminate this committee amendment, and not adopt it, even if it contained the amendment of the Senator from Michigan, and then leave the original language, so that that matter might be considered when it became desirable to consider it upon the floor at the conclusion of the consideration of committee amendments.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. VANDENBERG. I am in complete agreement with the Senator's statement. As I understand the position, however, if the committee amendment should be adopted, he would very much prefer to have it adopted with my amendment to the amendment of the committee.

Mr. ADAMS. That is entirely correct.

Mr. VANDENBERG. It would seem to me reasonable to proceed to put the committee amendment in form before taking a vote on whether the committee amendment or the original text shall stand; so I suggest to the Senator that we take the test on the amendment, which will still leave the fundamental question he has raised, upon which I shall join him at that time.

Mr. ADAMS. With that understanding of the situation, of course, that presents a situation agreeable to my contention.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. SMITH. In justice to those who have drawn this bill and those whom we are attempting to benefit, does not the Senator think, in common honesty, we ought to modify the text where we say "parity payments shall be made" to adjust the language to the cloth we are going to give them out of which to cut the garment; and have it stated that parity payments shall be made as far as the amount we have hereby made available therefor, so that everyone shall know whether or not he is going to get parity payment or such fractional part thereof, or on account, as indicated, out of the sum appropriated?

Mr. ADAMS. Mr. President, I think it should be made perfectly clear in the bill that it is not the intention of the Congress that full parity payments shall be made regardless of the cost, which is the way the provision would read if the committee amendment were adopted.

Mr. SMITH. Mr. President, the question came up before the committee as to what language we should use, in view of the fact that we were pledging ourselves to parity payments. We examined the old T. V. A. Act and other acts, and we followed the language used in cases in which ordinarily there could not be specific calculations as to the fulfillment of a pledge looking to future developments.

We agreed that this was the proper language to use in view of the fact that we could not know what parity was, because the fluctuations of the market would increase or decrease the amount that the Government pledges itself to make good. The difference between the market price and the parity price fluctuates every hour in the case of a certain commodity in which I am interested, and it fluctuates more or less in the case of all farm products, depending not so much upon the size of the crop as upon the condition of the market. The money element enters into the matter, the capacity of the people to buy, and so forth.

It is impossible to figure out what the administration costs are going to be or what parity is going to be. Therefore, if we are going to deal honestly with these people, we will say to them, "Regardless of the market, regardless of the fluctuations, regardless of the fact that wheat may go down to 30 cents a bushel and parity may be 60 or 70 cents, we want you to know that we are going to take a little handful of money for all the farmers in America, and we will divide it pro rata among you. We are not talking about parity. We are talking about a fixed sum that we are going to make available to you; and if it is 50 percent of parity or just a mere pittance, that is all you are going to get."

We have not treated other people in that way—no; we have not. We came in here with the T. V. A. bill, and we wrote different language. We gave $770,000,000 to build houses costing $1,000 per room for the slum dwellers of this country, who never added a penny to the wealth of the country. We are appropriating $1,500,000,000 to relieve those who are without jobs; and yet we come along here and say, "All right, now; we are going to fix a certain stipulated amount, regardless of what the price may be or how much you suffer, and you will not get any more than that."

If that is all right with the rest of the Senate, it is all right with me.

Mr. ELLENDER and other Senators addressed the Chair.

Mr. ADAMS. Just a second.

The PRESIDING OFFICER. The Senator from Colorado has the floor.

Mr. ADAMS. Mr. President, the Senator from South Carolina is speaking of the integrity of appropriations and honesty of treatment of the farmer. That is exactly what we are trying to do.

To go back, we did not make a wide-open appropriation for slum clearance. We appropriated $26,000,000, and then authorized the Housing Authority to issue debentures or obligations which might run to a total not to exceed $500,000,000. That is, we put limitations on the total amount.

The question in this case is whether we had better say to the farmer, "Here is a promise to pay you full parity without limitation," but knowing that Congress does not intend to and will not appropriate the money which in an extreme case it will take to pay it, or whether it will be more honest to say to the farmer, "Here is $400,000,000, here is $500,000,000, or here is $700,000,000. That is the fund to which you may look." Then the farmer will know exactly what he may look to.

That is exactly what I am trying to do; and some of us who sit not upon the Agricultural Committee but as ordinary Members of the Senate who also sit upon the Appropriations Committee say to you that it is not quite fair to put the burden of fixing the amount to be appropriated, an indefinite amount, upon that committee, lacking as its members do the information that the members of the Agricultural Committee have. So the purpose that I have, and those who may agree with me, is that those drafting the farm bill and the Members of the Senate in acting upon it shall say to the Appropriations Committee, shall say to the country, shall say to the farmers, "There is so much money, and there is no more money. There is a provision in the bill now providing that so far as the money goes, it shall go. If it does not go the whole way it shall be prorated." That provision is in the bill at page 80; so that the warning is in the bill.

Mr. SMITH and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield, and, if so, to whom?

Mr. ADAMS. I yield to the Senator from South Carolina.

Mr. SMITH. Mr. President, just let me make an explanation. I am not quarreling with the Senator from Colorado upon his contention. I say that the wording of the bill that the farmers shall receive parity ought to be modified.

Mr. ADAMS. I am entirely in accord with the Senator on that point; and I suggest that the great leader of the agricultural group in the Senate prepare an amendment of that kind and put it in the bill. We have to look to him, and those associated with him, to fix that language.

Mr. SMITH. Do not "shake your gory locks at me." [Laughter.]

The PRESIDING OFFICER. The time of the Senator from Colorado on the amendment has expired.

Mr. ADAMS. Mr. President, I will take my time on the bill.

Mr. BARKLEY. Mr. President, inasmuch as this is a controversial section and will lead to some debate, I suggest that it be passed over until we finish the other committee amendments in the bill.

The PRESIDING OFFICER. Is there objection?

Mr. ADAMS. That is, the Senator from Kentucky means to pass it over beyond today? He does not expect to take it up today, then?

Mr. BARKLEY. No; I doubt if we shall get through the other amendments today.

Mr. ADAMS. Let us understand that matter definitely. I am perfectly willing to agree that the section shall go over until Monday.

Mr. BARKLEY. I will say frankly that, optimistic as I am by nature, I hardly hope that we shall finish all the committee amendments today; so, if it is entirely agreeable, let the section go over until Monday.

Mr. ADAMS. Then, under that situation, may I save my time under the bill?

The PRESIDING OFFICER. The Chair will rule that the Senator from Colorado has not used any of his time on the bill.

Mr. BARKLEY. My request had reference to subsection (a) of this section which fixes the amount of the appropriation.

Mr. RUSSELL. That includes all of subsection (a). All of that will go over for the day?

Mr. BARKLEY. All of subsection (a), and amendments to it.

The PRESIDING OFFICER. Without objection, all of subsection (a), and amendments to it, will be passed over for the day.

Mr. BANKHEAD. Mr. President, before action is taken on that matter I should like to say a word.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. BANKHEAD. The language used on page 78, beginning with line 24, and at other places where the bill refers to parity payments, has not from the beginning been satisfactory to me. I have heretofore called attention to that language, and have expressed the wish that it might be changed, because, like the Senator from Colorado [Mr. ADAMS], I think the language used carries the implication, the thought, that it means payment of parity in full, while of course the sponsors of the bill have had no such thought under present financial limitations. So I think a proper distinction has not been made between the statement on the one hand of parity payments, and, on the other hand, payments on parity prices. "Parity payments" may carry the thought that we are to pay parity in full. Evidently, the use of the term has suggested that thought to Members on the floor of the Senate. Otherwise, this discussion would not have arisen.

Therefore, while I am not going to object to the request made by the majority leader—I think it is well to comply with it—I suggest at this time that when the matter comes up again, probably on Monday, I shall move to amend the language in line 25 by striking out the word "parity" and saying:

There is hereby made available for payments on parity prices—

And so forth. That language clearly informs interested parties that the payments are to go only as far as the money is available, and certainly does not carry the idea that parity in full is now to be paid.

I think it would be better to arrange the matter in that way than to strike out here the authorization for the appropriation of such money as is necessary, because later we may find it advisable to increase the appropriation; but with this language the world will know and the farmers will know that we mean that they shall have payments on parity prices as far as the available money goes.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. BANKHEAD. I do.

Mr. McKELLAR. If the Senator were to adopt that language, he would also have to include, in line 15, the words "and parity or partial parity payments."

Mr. BANKHEAD. I have said that there were other places in the bill that would need to be amended. I said so just now.

Mr. McKELLAR. It would be necessary to add that language.

Mr. BANKHEAD. Yes; it probably would; and of course those amendments will be consistently made wherever the expression "parity payments" occurs.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky that consideration of paragraph (a) on pages 78 and 79 be postponed for the day? Without objection, the request is agreed to.

Mr. BYRD. Mr. President, I suggest to the Senator from Kentucky that he include in that request paragraphs (d) and (e), on pages 79, and 80, with respect to exempting

these expenditures from the control of the General Accounting Office, which will necessitate quite a great deal of discussion.

Mr. BARKLEY. There is no committee amendment in paragraph (e).

Mr. BYRD. Then I will confine my suggestions to paragraph (d).

Mr. BARKLEY. That is satisfactory. I will include that in the request. Let it all go over.

The PRESIDING OFFICER. Then it will be understood that the consideration of paragraphs (a) and (d) of this section will go over for the day.

The clerk will state the next amendment of the committee.

The next amendment was on page 80, after line 23, to insert:

(f) Notwithstanding any other provision of this act, if the aggregate parity payments payable under schedule A of title I of this act for any marketing year are estimated by the Secretary to exceed the sum appropriated for such payments for such year, all such payments shall be reduced pro rata that the estimated aggregate amount of such payments shall not exceed the funds available for such payments.

The amendment was agreed to.

The next amendment was, on page 81, after line 4, to insert:

(g) Parity payments may be made, subject to the consent of the farmer, in the form of the commodity with respect to which the payment is made, in such amounts as the Secretary determines are equivalent to money payments at the rates determined pursuant to the provisions of schedule A of this title.

The amendment was agreed to.

The next amendment was, on page 81, after line 10, to insert:

(h) No payment shall be made with respect to any farm pursuant to the provisions of this act and of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, with respect to cotton, wheat, corn, tobacco, and rice unless, where the area of cropland on the farm permits, and it is otherwise feasible, practicable, and suitable, in accordance with regulations prescribed by the Secretary, there is grown on such farm an acreage of food and feed crops sufficient to meet home-consumption requirements.

Mr. McNARY. Mr. President, the senior Senator from Idaho [Mr. BORAH] is necessarily absent, and will be for the remainder of the day. He requested that this paragraph go over for the day.

The PRESIDING OFFICER. To which paragraph does the Senator refer?

Mr. McNARY. I refer to paragraph (h).

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon that the consideration of paragraph (h) go over for the day? The Chair hears none, and it is so ordered.

The clerk will state the next amendment of the committee.

The next amendment was, on page 81, after line 19, to insert:

(i) All cotton of the 1937 crop warehoused in the calendar year 1937 and held as security for a loan from the Federal Government shall, pursuant to regulations of the Secretary, upon the request of any borrower, be reclassified, restapled, and reweighed by a licensed Government classer without expense to such borrower.

Mr. McKELLAR. Mr. President, I have an amendment to that paragraph which I understand the Senator from Alabama [Mr. BANKHEAD] does not oppose. I ask that it be offered at this time.

The PRESIDING OFFICER. The amendment of the Senator from Tennessee to the amendment reported by the committee will be stated.

The CHIEF CLERK. On page 81 it is proposed to strike out line 25, being the words "without expense to such borrower," and in lieu thereof to insert:

At Government expense, and without the cost thereof being charged to the borrower, or taken out of the cotton when sold either directly or indirectly by way of reduction in price; nor shall there hereafter be any reconcentration of such cotton without the written request of the Government and of the producer or borrower.

Mr. POPE. Mr. President, I have no objection to that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee to the amendment reported by the committee.

Mr. POPE. I should like to ask the Senator from Alabama [Mr. BANKHEAD], or somebody else who knows, what would be the cost of reclassifying the cotton as provided in that subsection?

Mr. BANKHEAD. Mr. President, I am not able to answer the Senator's question. I do not know whether any other Senator can do so or not.

Mr. McKELLAR. Mr. President, when cotton is reclassified, a sample has to be taken, and the sample usually comprises about a pound to a pound and a half of cotton. That sample has to be taken out. Probably the sampling of the cotton costs 25 cents a bale. The cotton itself at this time is worth only about 7 cents, but ordinarily it is worth 15 cents. I am very doubtful about the reclassification of it. Whenever the cotton goes to the compress it is sampled and classed. I know that it ought not to be reconcentrated without the consent of the producer and without the consent of the Government. I think both ought to be in accord about it before it is reconcentrated.

We have had reconcentrations of cotton in the South, without any apparent necessity for them, which have cost the cotton farmers in the aggregate something like seven hundred or eight hundred thousand dollars at a time, and they did nobody any good, so far as I have been able to find out and so far as other people interested in cotton have been able to find out, except that they resulted in the payment of fees to those who classed the cotton and reconcentrated it.

Mr. POPE. Mr. President, as I recall the statement made before the Committee on Agriculture and Forestry, it would cost $750,000 or more to do this classification.

Mr. McKELLAR. It depends on how many bales would be reclassified. It would cost at least 25 cents to 40 cents per bale to reclassify it. I do not think the reclassification ought to be done without the consent of the farmer.

Mr. POPE. I was under the distinct impression that the Secretary included that in his letter as one of the objectionable features now in the bill.

I invite the attention of Senators to the fact that amendments are being presented now for the purpose of diverting amounts of money which an economical Congress might appropriate. It is now sought to divert those funds in one way after another from the farmer himself to other purposes. So far as I am concerned, I think the most important money that can be appropriated is for the farmer himself, and I should look with considerable suspicion upon appropriations for various other purposes and a denial of sufficient money to carry out the purposes of such a bill as this on behalf of the dirt farmers themselves. That is why I raise the question.

Mr. McKELLAR. I agree with the Senator, and I shall seek to perfect the amendment which I have just offered by adding, after the word "reconcentration", the words "or reclassification", and let it go to conference, if the committee is willing that that should be done.

Mr. SMITH. Mr. President, may I ask the Senator from Tennessee where he wants those words to be inserted?

The PRESIDING OFFICER. For the information of the Senate, the Chair will ask the clerk to state the modification proposed by the Senator from Tennessee.

The CHIEF CLERK. In the amendment of the Senator from Tennessee, after the word "reconcentration", it is proposed to insert the words "or reclassification", so the clause will read:

Nor shall there hereafter be any reconcentration or reclassification without the written request of the Government and of the producer or borrower.

Mr. SMITH. My attention has just been called to the amendment, and I want an opportunity to examine it.

Mr. McKELLAR. It is in the interest of the producer of cotton.

Mr. POPE. Mr. President, I ask the Senator from Tennessee, why the necessity for reclassifying and restapling and reweighing the cotton? Was it not properly classified and stapled and weighed in the first instance?

Mr. McKELLAR. Yes. The only reason that can be given for it is that someone can make fees by reclassification and restapling and reconcentrating the cotton.

Mr. BILBO. Mr. President, I should like to contribute a word in explanation of the amendment and in answer to the question of the Senator from Idaho. The amendment was offered for this reason. When the Commodity Credit Corporation announced their loans they provided that the warehouses which received the cotton from the farmer must guarantee the staple and the classification of the cotton to the Government before the loan could be made. When the Commodity Credit Corporation demanded that the warehouses of the Nation should guarantee this classification, grading and stapling of the cotton upon which the loan was to be made, it was only natural that the warehousemen should take care of their own interests.

It is the belief of many of us that the cotton in the warehouses, where they are required to guarantee the stapling and grading and classification, has been so classified as to more surely protect the warehousemen. It is our belief that if the cotton is reweighed and reclassified and restapled, there will be a saving to the farmers of anywhere from $2.50 to $4 or $5 a bale. We feel that the Government ought to stand the expense of regrading since the Government is responsible for damage that may occur to the farmer who has his cotton in the warehouse under loan.

I make the prophecy that if all the farmers who got loans on their cotton should have their cotton regraded, it might result in a saving of $8,000,000 or $10,000,000 or $12,000,000 to the farmers themselves, whereas it would not cost the Government anything like $1,000,000. This is really in protection of the dirt farmer. I am not charging anything against the warehouses, but merely submitting the observation. It is a matter of human nature that when they have to guarantee grades and classifications they should take care of themselves by undergrading and understapling and underclassifying the cotton. I am trying to save the farmer, if he wants to save himself, so he can ask for Government classification.

Mr. McKELLAR. The amendment I offer does not interfere with that if the farmer desires it.

Mr. BILBO. No; but the Government has to join in the request.

Mr. McKELLAR. I have not the slightest doubt the Government will comply if the farmer asks it.

Mr. BILBO. The Senator does not know the Government as I do.

Mr. McKELLAR. Does the Senator from Mississippi want to strike out the reference to the Government?

Mr. BILBO. Yes.

Mr. McKELLAR. Very well. I ask to perfect my amendment by striking out the words "of the Government and", so it would read:

> Nor shall there hereafter be any reconcentration or reclassification without the written request of the producer or borrower.

Mr. BILBO. That is all right.

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

Mr. SMITH. Mr. President, before the vote is taken, I wish to say that I did not prepare this amendment on my own initiative; I know it was a proper one. It was upon the request of farmers all over the Cotton Belt that they be not subjected to the warehouseman, whose only function is to warehouse the cotton. The farmer is charged as much for warehousing a 300-pound bale as he is for a 500-pound bale.

As he has to guarantee the grade, staple, and classification, the warehouseman is going to save himself, that being in conformity with the first law of nature; but I do not think it ought to be at the expense of the farmer. Let him warehouse his cotton and let the Government do the regrading, reweighing, and reclassifying. We have a supreme court on cotton classification which under the law is the last appeal for arbitrary grading, stapling, and weighing. Any man who has any question can finally go to that arbitrating board.

Mr. BILBO. It is true that the warehousemen do not use Government licensed classifiers as a rule in the storing of the cotton?

Mr. SMITH. Of course they do not. They use their own classifiers in grading and everything else. I think the amendment is perhaps the most beneficial to the farmers of any amendment that has been offered.

Mr. McGILL. Mr. President, the Senator from Idaho, I understood, stated that the estimate had been made that the reclassifying, reweighing, and restapling would cost the Government something like $700,000. I should like to have the Senator's views about what the expense would probably be to the Government.

Mr. SMITH. It will run from 10 to 12 cents a bale to grade and staple and clasify the cotton, and perhaps not so much as that when there is a tremendous lot to be graded. When we realize that the difference between Low Middling, which is the grade below Middling, and Middling may be as much as $3 a bale or perhaps more than that, we can see that the difference between 10 cents and $3 a bale on a million bales would be about the estimate the Senator makes, and then the loss to the farmer would be $30,000,000 or $40,000,000.

Mr. McGILL. There would probably be an appropriation of some $700,000 to carry out that provision of the bill, to be used by the Department in reclassifying, restapling, and reweighing.

Mr. SMITH. I think perhaps if we are going to deal justly with the farmer——

Mr. McGILL. I am not raising any question of that kind.

Mr. SMITH. When we consider the losses by virtue of the lax classification, it seems to me no Senator should object to an expenditure of $700,000 to increase the income of the farmers several million dollars, just by grading and stapling and weighing.

Mr. OVERTON. Mr. President, is it not true that when the 12-cent loan was made on cotton, the Government accepted the classification of the warehouses, and under the loan that was made this last year the Government then placed on the warehouses the burden of making a correct classification?

Mr. SMITH. Yes; and when they put the burden on them, every buyer who buys a bale of cotton and who knows his business, takes the grade and looks at it and sees how the warehouse has graded and stapled it, and buys on the basis of the warehouse classification.

Mr. OVERTON. I agree with the Senator in the contention he is making. I undertook to have the official classifiers classify the cotton at the time the loan was made, but without success.

Mr. SMITH. The Senator is absolutely right. If we have to spend millions of dollars training licensed classifiers and graders in order to protect the farmer in the field, why not utilize them for the benefit of the farmer?

Mr. OVERTON. I agree with the Senator. I think he is absolutely correct.

Mr. BILBO. Mr. President, in the amendment we are not only protecting the farmer who has his loan—I understand there are about 3,000,000 or 4,000,000 bales put in the warehouses under loans—but the bill further provides that hereafter the warehousemen shall be relieved of the guarantee that requires this special treatment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment.

The next amendment was, on page 82, beginning with line 1, to insert:

(j) The first sentence of the Third Deficiency Appropriation Act, fiscal year 1937, under the subhead "Price Adjustment Payment to Cotton Producers" is amended to read as follows:

"Notwithstanding any other provisions of section 32 of Public Law No. 320, Seventy-fourth Congress, as amended, $65,000,000 of the funds available under said section 32 in each of the fiscal years 1938 and 1939 shall be available until expended for price-adjustment payments to cotton producers, upon such terms and conditions as the Secretary of Agriculture may determine, with respect to the 1937 cotton crop. Cotton which on July 1, 1938, is under a 1937 Commodity Credit Corporation loan and which, had it been sold prior to that date, would under the regulations prescribed by the Secretary of Agriculture be eligible for payment, shall be treated as if sold on July 1, 1938, but there shall be deducted from the cotton price adjustment payment in respect thereof, and paid to the lending agency, the unpaid carrying charges under such loan due June 30, 1938. Payment shall be made only upon application filed prior to October 1, 1938."

Mr. BYRNES. Mr. President, I offer an amendment to the amendment, which I send to the desk.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 82, line 16, it is proposed to strike out "July 1, 1938," and to insert "the date of the application for such loan."

Mr. BYRNES. Mr. President, the amendment merely fixes the payment of the subsidy to those farmers who borrow on the price of cotton on the day the application for the loan is made instead of the arbitrary date of July 1. The Senator from Alabama [Mr. BANKHEAD], who is familiar with the subject, approves the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. GEORGE. Mr. President, I offer an amendment as a new subsection, which I ask to have stated.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 82, after line 21, it is proposed to insert a new subsection, as follows:

(k) Notwithstanding any other provision of section 32 of Public Law No. 320, Seventy-fourth Congress, as amended, or any order, rule, or regulation of the Secretary of Agriculture the price-adjustment payment of not more than 3 cents per pound to the cotton producers with respect to the 1937 cotton crop shall be made at the earliest practicable time.

Mr. SCHWELLENBACH. Mr. President, it is my understanding that the Senator from Georgia and others interested in the amendment submit it with the understanding that if, as a result of action in this body, and action in the conference with the House, the bill should not be a compulsory bill so far as cotton is concerned, the conferees would have a right to reject the amendment now offered. Am I correct in that statement?

Mr. GEORGE. Mr. President, I would go even further than that. I would say that the Secretary would be entirely justified in declining to make the payments until after there was some proof of compliance, if the voluntary features of the bill went out. So the Senator is quite right in his statement.

Mr. BYRNES. Mr. President, I call the attention of the Senator from Washington to the fact that in the amendment, subsection (j), on page 82, the payment is left to the Secretary "upon such terms and conditions as the Secretary of Agriculture may determine.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Georgia to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, at this point I desire to offer an amendment to be known as subsection (l).

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to insert, after the amendment just agreed to, the following:

(l) Notwithstanding any other provision of this act, in establishing a marketing quota for any farm the economic situation of the farmer, whether owner, lessee, or sharecropper, shall be taken into consideration, and no marketing quota shall be established for any farm if the amount of the commodities which the farmer would be permitted to market under quota restrictions would not yield sufficient income to meet the normal needs of the farmer and his family, and to provide the farmer a reasonable return upon his farm investment: *Provided*, That to the extent that the total marketing quotas for any commodity may be increased for any year, as herein provided, then such marketing quotas for any such commodity for such year applicable to and established for any farm or group of farms in a common or single ownership producing on an average more income than is necessary to meet the normal needs of the owner of such farm or farms, shall be decreased to the end that such total decreases shall balance such total increases as authorized and provided herein: *And provided further*, That the Secretary of Agriculture is hereby authorized and directed to make, promulgate, and establish rules and regulations for carrying into effect the policy and provisions of this subsection.

Mr. McNARY. Mr. President, this is a very involved amendment. It touches upon two subject-matters which have been discussed. Would the Senator be willing to have the amendment go over?

Mr. THOMAS of Oklahoma. I should like to make a statement, and then will be perfectly willing to have the amendment go over, if any one so requests.

I attended a number of the hearings held by the subcommittee of the Committee on Agriculture and Forestry throughout the southwest. I attended the hearings at Houston, at Dallas, at Oklahoma City, at Memphis, and at Springfield, Ill. I attended eight meetings in my own State of Oklahoma. I heard probably 150 farmers testify. Some of those farmers were so-called large farmers, but most of them were so-called small farmers, and by small farmers I mean renters, tenants, sharecroppers, and the owners of small tracts of land. Without exception, when the question was raised, the testimony was to the effect that the small farmer should be protected.

Mr. President, unless the small farmer can raise enough cotton in the cotton area, or enough wheat in the wheat area, or enough corn or tobacco or rice in the respective areas where those crops are raised, to live on the land, he cannot stay there. If he does not have a sufficient quota, he must leave the farm. If he must leave the farm, where can he go? There is but one place, and that is to some town, to compete, as a rule, with cheap labor, and if he cannot find a job, to go on relief.

Mr. President, in my opinion the bill should not be framed so as to force these little farmers from the farms. On the other hand, it should be framed, if possible, so as to permit them to stay on the farms if they so desire.

The amendment offered merely provides that the economic situation of each small farmer should be taken into consideration, and that he should be given a chance to stay on the farm if he so desires, and be given a sufficient quota of whatever he raises to enable him to raise enough of that commodity to live.

If we would do this, it would be necessary then to cut someone else's quota, and of course the only place to start cutting is on those who are not farming as a means of subsistence alone, but for profit, for speculation. Evidence was produced before the committee that some corporations, some syndicates, are farming as much as a thousand acres, five thousand acres, ten thousand acres, even two hundred fifty thousand acres, raising cotton by the tens of thousands of bales, raising wheat by the hundreds of thousands of bushels.

If we give the little fellow an added chance to live, then these big fellows can stand a reasonable reduction to make up for this necessary increase in the quota to the little fellow. So the amendment is very simple. It merely provides that the Secretary shall have the power to adopt preliminary rules and regulations enabling the committees in the various counties to take into consideration the economic status of any farmer, and if in the opinion of the committee a small farmer needs an added quota to enable him and his family to live, they can give such increased quota. Then, when they get through totaling up the increases on the small farms, it will be necessary to make a similar reduction in quantity of the large farmers. It will help the little fellow and not substantially injure the big fellow.

Mr. President, I desire at this point to put into the RECORD just a few of the statements of witnesses who appeared before the committee.

At Oklahoma City, Mr. Clarence Roberts, the editor of the Oklahoma Farmer Stockman, presented a report on behalf of 10 Oklahoma organizations. The names of those organizations were the following:

The Oklahoma Grain Growers' Association.
The Oklahoma Farmers' Emergency Association.
The Oklahoma Cooperative Council.
The Oklahoma State Grange.
The Oklahoma Cooperative Creameries Association.
The Midwest Wool Marketing Association.
The Oklahoma Cotton Growers' Association.
The Union Equity Cooperative Exchange.
The Farmers' Cooperative Grain Dealers' Association.
The Oklahoma Livestock Marketing Association.

I think those are the 10 organizations for which Mr. Roberts spoke, and I shall read one paragraph from his report, found on page 1084 of Part 8 of the hearings before the Committee on Agriculture and Forestry.

5. Protection to family-sized farm: In making payments to farmers for crop adjustment we urge that every encouragement be given to the family-sized farm through graduation of payments which will discourage corporation farming.

Mr. President, I call attention to the testimony of one or two other witnesses very briefly. On page 1090 we find the testimony of Mr. Tom Cheek, the president of the Oklahoma Farmers' Union, representing an organization of some 20,000 organized farmers in Oklahoma. Mr. Cheek said:

The family-sized farm should be preserved and protected by penalizing the corporate farming and the big-plantation farm operators. Give the small family-sized farm a marketing privilege and a subsidy on a limited marketing permit needed for our domestic markets.

The small farms (home owners) are the base of our security. Large commercial farmers are the ones that create the troublesome surplus.

I next call attention to the testimony of Mr. Hutcheson, who spoke at Oklahoma City in behalf of the Oklahoma Cotton Growers' Association. Mr. Hutcheson testified as follows, as appears from page 1097 of Part 8 of the hearings:

Mr. HUTCHESON. I said the State as a whole desires protection for the small-sized farm. * * * The civilization we have is settled permanently upon the realization of that small farmer, which is the case in the entire world. Europe today recognizes the fact that the foundation of its nations is the small farmer. If you destroy him, you are destroying your civilization.

I call attention to one more paragraph from the testimony of Mr. E. N. Laburge. I asked Mr. Laburge a question in the form of a statement to get his reaction. My question was in this form:

In numerous parts of the State the witnesses testified that the bill should treat liberally the small farmer. Give him a liberal quota and right to raise enough foodstuff to make a living. In other words, treat the little fellow liberally, and when dealing with corporations and syndicates who produce cotton by the hundreds of thousands of bales, he should be restricted. What do you think of that?

The answer was—

Well, the Chinese proverb answers that: "The well man does not need a doctor, but the sick one does." That is the condition we have on the farm now.

Mr. President, if it is true that the little fellow is the man who is sick, I offer my amendment in behalf of the little fellow. I submit the amendment. I shall not urge that it be acted on this afternoon if anyone requests that the matter go over.

Mr. POPE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. POPE. I notice in the amendment that power would be given to the Secretary of Agriculture to determine what would be a sufficient income to meet the normal need of the farmer and his family and, in addition, to provide the farmer a reasonable return upon his farm investment. Has the Senator made any investigation to determine how many farmers would not come under his amendment?

Mr. THOMAS of Oklahoma. Mr. President, no one could tell. The Secretary would follow the exact language of the bill in the main. It is only in isolated cases, I take it, that he would have occasion to resort to this liberalized, flexible section. But if he should find some place where the exact language of the bill would not suffice, being too rigid and too strict, then this section is intended to give the Secretary the power, through rules and regulations, to liberalize the language found in the bill at other points. This language applies to all the commodities—not alone to wheat, cotton, and corn but to tobacco and rice as well. It is a general liberalizing section, not mandatory, that may be used if the occasion suggests and demands.

Mr. POPE. Mr. President, will the Senator yield to me further?

Mr. THOMAS of Oklahoma. I yield.

Mr. POPE. I notice that the Senator uses the word "shall," and goes on to provide that the Secretary "shall determine" what will be the normal need of the farmer and his family. Would that not go beyond anything Congress ever contemplated, by giving the Secretary power to go into the personal affairs of the farmer, the farmer's bank account, go into his possible income from every source, and his expenditures? And what would be the normal need of the farmer?

Mr. THOMAS of Oklahoma. I will answer that question by stating that if the Secretary so desired, he could do that; but I take it that the Secretary, whoever he may be, will be reasonable; that he will make his own rules and regulations, and promulgate them, and make them reasonable; and if there is no occasion for the operation of this section, he will not bring it into play. But after the bill shall be passed, if this amendment is adopted, and he then thinks it necessary thus to liberalize and do exact justice, the amendment gives him power to do it.

Mr. POPE. It says that a "reasonable return" should be had upon the farmer's investment. On what basis would the Secretary arrive at reasonable return, and what percentage of interest would the Senator regard as a reasonable return upon the farmer's investment?

Mr. THOMAS of Oklahoma. As things have been going in recent years, there has been no reasonable return on an investment, nor has there been any return. There has been nothing.

Mr. POPE. Exactly.

Mr. THOMAS of Oklahoma. I think the Secretary should fix a quota which would yield a reasonable return on the farmer's investment. A reasonable return on bonds is 2¾ or 3 percent. I think the farmer would be very glad to have a return of that amount at the present time.

Mr. POPE. Is it not true that nearly every farmer in the country would not now have any return?

Mr. THOMAS of Oklahoma. That is correct.

Mr. POPE. Then would not this amendment except every farmer in the country?

Mr. THOMAS of Oklahoma. If the pending bill does not have for its object providing for the farmer a reasonable return upon his investment, then it lacks its essential feature.

Mr. POPE. If the Senator takes everybody out from under the bill, what is the use of enacting the bill?

Mr. THOMAS of Oklahoma. I submit the amendment in line with the testimony given at seven or eight meetings. I can do no more than submit it to the Senate for its consideration and action.

Mr. POPE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. POPE. Is it the understanding that this amendment will go over, or not?

Mr. BARKLEY. The Senator from Oregon [Mr. MCNARY] suggested that it go over. He practically withdrew that suggestion. The Senator from Oklahoma said he would ask for a vote on the amendment now.

Mr. LEE. Mr. President——

Mr. McNARY. I said I was willing to do that; but I am anxious that the Senate proceed along the line of the intention previously expressed, that a recess will be taken until Monday. Does the Senator wish to discuss his proposition?

Mr. LEE. No. I offer an amendment, and request that it go over and not be voted on until Monday.

Mr. BARKLEY. That amendment does not have anything to do with the amendment offered by the senior Senator from Oklahoma?

Mr. LEE. No.

Mr. POPE. Mr. President, unless this amendment were to go over I should have to discuss it, because, in my opinion, it would completely destroy the bill. Therefore, I cannot consent to a vote without discussing the amendment of the senior Senator from Oklahoma and pointing out how it would destroy the bill and let everyone out from under the terms of the bill.

Mr. BARKLEY. If that is true, let the amendment go over. I ask unanimous consent that the amendment go over without prejudice.

The PRESIDENT pro tempore. The Senator from Kentucky asks unanimous consent that the amendment proposed by the senior Senator from Oklahoma (Mr. THOMAS) go over without prejudice. Is there objection? The Chair hears none, and it is so ordered.

Mr. LEE. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 82, between lines 21 and 22, it is proposed to insert the following new subsection:

(k) The payments paid by the Secretary to farmers under this act and the Soil Conservation and Domestic Allotment Act shall be divided among the landowners, tenants, and sharecroppers of any farm, with respect to which such payments are paid, in the same proportion that such landowners, tenants, and sharecroppers are entitled to share in the proceeds of the agricultural commodity with respect to which such payments are paid; and such payments shall be paid by the Secretary directly to the landowners, tenants, or sharecroppers entitled thereto: *Provided*, That, notwithstanding the other provisions of this act and the provisions of the Soil Conservation and Domestic Allotment Act, if the total amount of such payments (except payments computed under section 6 (c) of this act) to any person with respect to any year would, except for the provisions of this proviso, exceed $600, such amount shall be reduced by 25 percent of that part of the amount in excess of $600 but not in excess of $1,000; by 60 percent of that part of the amount in excess of $1,000 but not in excess of $1,500; by 90 percent of that part of the amount in excess of $1,500 but not in excess of $2,500; and by 95 percent of that part of the amount in excess of $2,500.

Mr. LEE. Mr. President, this amendment would neither compete with nor conflict with the amendment offered by my colleague, the Senator from Oklahoma [Mr. THOMAS]. In any event, whether his amendment is agreed to or not agreed to, this amendment would be applicable. The purpose of the amendment is——

Mr. McNARY. Mr. President, will not the Senator be kind enough to discuss that amendment on Monday, or at some future date?

Mr. LEE. I shall do so. I thank the Senator for the suggestion. I just want to make a very brief statement and ask to have some tables printed in the RECORD at this point.

We passed a joint resolution before the last Congress adjourned. I wish to read the fifth provision of that joint resolution. It said:

That the present Soil Conservation Act should be continued, its operations simplified, and provision made for reduced payments to large operators on a graduated scale to promote the interest of individual farming.

This amendment is in keeping with that joint resolution, and to carry it out.

Mr. President, I ask unanimous consent to have certain tables printed in the RECORD at this point in connection with my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

Table showing savings that would have been effected under the Agricultural Adjustment Act by the graduated scale proposed

	Old plan	New plan	Percent	Percent saved
Agricultural Adjustment Act, cotton, wheat, and corn-hog payments made in 1933, 1934, 1935	$1,324,214.05	$114,585.71	8.7	91.3
Agricultural Adjustment Act payments to rice producers over $10,000 as announced Apr. 4, 1936	729,425.94	56,896.30	7.8	92.2
Agricultural Adjustment Act payments to large producers of tobacco, announced Apr. 4, 1936	61,984.91	5,249.25	8.5	91.5
Agricultural Adjustment Act list of sugar payments over $10,000 in Louisiana, announced Apr. 4, 1936	3,467,094.26	252,904.72	7.3	92.7
Agricultural Adjustment Act payments to Puerto Rican producers as announced Apr. 4, 1936	931,151.16	75,254.14	8.1	91.9
Agricultural Adjustment Act payments over $10,000 to sugar-beet operators, as announced Apr. 4, 1936	779,414.28	66,920.72	8.5	91.5
Grand total	7,293,284.60	571,810.84	7.8	92.2
Total amount saved by sliding scale	6,721,473.76			
Less cost of new plan	571,810.84			
Total saving in percent				92.2

1933 wheat program

Total payments under each contract [1]	Contracts in force	Base acreage for wheat	Payments under program	
			Actual payments	Under proposed schedule [2]
		Acres		
$0-$599	562,813	43,093,000	$78,071,000	$78,071,000
$600-$999	13,347	4,945,000	9,945,000	9,461,000
$1,000-$1,499	3,620	1,942,000	4,223,000	3,499,000
$1,500-$2,499	1,385	1,053,000	2,545,000	1,570,000
$2,500 and over	481	698,000	2,023,000	618,000
Total	581,646	51,731,000	96,807,000	93,219,000

[1] Based upon tabulation of all contracts received, including some upon which payments were subsequently withheld because of noncompliance. These totals therefore exceed slightly the figures shown in S. Doc. 274, 74th Cong., 2d sess.

[2] Calculating each payment as follows: 100 percent of the amount up to $599; 75 percent of the amount for the bracket from $600 to $999; 40 percent of the amount for the bracket from $1,000 to $1,499; 10 percent of the amount for the bracket from $1,500 to $2,499; and 5 percent of the amount in excess of $2,499.

1934 cotton program

Total payments under each contract [1]	Contracts in force	Base acreage for cotton	Payments under program	
			Actual payments	Under proposed schedule [2]
		Acres		
$0-$599	984,434	31,070,000	$89,392,000	$89,392,000
$600-$999	10,719	2,351,000	8,029,000	7,630,000
$1,000-$1,499	4,101	1,367,000	4,959,000	4,034,000
$1,500-$2,499	2,502	1,263,000	4,755,000	2,852,000
$2,500 and over	1,769	1,952,000	8,367,000	2,320,000
Total	1,003,525	38,003,000	115,502,000	106,228,000

[1] Based upon tabulations of all contracts executed, including some upon which payments were subsequently withheld because of noncompliance. These totals therefore exceed slightly the figures shown in S. Doc. 274, 74th Cong., 2d sess.

[2] Calculating each payment as follows: 100 percent of the amount up to $599; 75 percent of the amount for the bracket from $600 to $999; 40 percent of the amount for the bracket from $1,000 to $1,499; 10 percent of the amount for the bracket from $1,500 to $2,499; and 5 percent of the amount in excess of $2,499.

Mr. LEE. The above tables are furnished by Mordecai Ezekiel, economic adviser to the Department of Agriculture.

The total wheat payments under the proposed plan would have been $93,219,000, now subtract this amount from the total payments actually made under the A. A. A., which were according to the above chart $96,807,000, the difference is a saving of $3,588,000 on wheat. Then make the same deduction on the cotton payments from the second table above and it will result in a savings on cotton payments of $9,274,000. Then add these two savings, the total savings amount to $12,862,000 on total payments of $212,309,000, or a saving of 6 percent under the graduated scale of payments.

According to the above tables how many farmers received $600 or less? By simple calculation it shows that out of 1,585,171 farmers that 1,547,247 received $600 or less. Thus less than 2½ percent of the farmers would be affected by the graduated scale and yet a saving of 6 percent on all money spent would be effected.

Table showing the amount and percent of saving that will be effected by the graduated scale when applied to payments over $10,000 under the agricultural conservation program, payments under old plan, and under proposed sliding scale

I. PAYMENTS OVER $10,000 ANNOUNCED MAY 20, 1937

State [1]	Company [1]	Payments under old plan [2]	Payments under proposed sliding scale [2]
Illinois	Estate of Hiram Sibley	$10,336.63	$1,591.83
Minnesota	Humbolt Farming Co	12,275.64	1,688.78
Florida	Tobacco Corporation	13,982.14	1,774.11
Louisiana	Maxwell Plantations, Inc	14,214.12	1,785.71
Mississippi	Delta Planting Co	13,905.61	1,770.28
Do	Delta Pine & Land Co	60,388.06	4,094.40
Do	The Gaddis Farms	10,438.92	1,596.95
Do	State Penitentiary	37,488.40	2,949.42
Do	The Robertshaw Co	15,199.04	1,834.95
Do	Will Dockery Estate	11,785.33	1,664.27
Do	P. H. Brooks & Co., Inc	10,530.11	1,601.51
Do	McKee Bros	19,342.95	2,042.15
Texas	G. L. Murray & Sons	15,825.50	1,856.28
Do	Alcorn Land & Improvement Co	10,731.81	1,611.59
Arizona	Arizona Citrus Land Co	47,682.47	3,459.12
Do	Maricopa Reservoir & Power Co	19,269.90	2,038.50
Do	Hodges, J. L	10,835.46	1,616.77
Do	Miller Cattle Co	12,621.14	1,706.06
Do	Cortaro Farms Co	17,051.06	1,927.55
Do	Breece Prewitt Sheep Co	26,576.00	2,353.80
Total		[3] 389,480.29	[3] 40,974.03

II. PAYMENTS OVER $10,000, ANNOUNCED SEPT. 9, 1937

Arkansas	Twist Bros	$10,961.79	$1,623.09
Do	Fairview Farms Co	12,660.37	1,708.02
Do	Joel W. Pugh	14,660.96	1,808.05
Do	Tillar Mercantile Co	10,377.23	1,593.86
Do	Wm. W. Draper	10,680.07	1,609.00
Texas	Oscar J. Wintermann	15,014.81	1,825.74
Do	Hudspeth Farms	11,931.45	1,671.57
Do	H. P. Jackson	11,930.68	1,671.53
Do	J. S. Mooring	10,719.23	1,610.96
Do	Chapman Ranch	32,052.65	2,677.63
Do	Simmonds & Perry	14,990.98	1,824.55
Do	Sugarland Industries	11,675.02	1,658.75
South Carolina	J. F. Bland & Co	10,013.45	1,575.67
Florida	United States Sugar Corporation	80,821.92	5,116.10
Mississippi	R. W. Owen & Son	10,415.13	1,595.76
Iowa	Amana Society of Iowa	16,748.82	1,912.44
Do	Metropolitan Life Insurance Co	16,945.84	1,922.29
Do	Equitable Life Insurance Co	14,810.82	1,815.54
Do	Equitable Life Assurance Society of United States:		
Do	Winnebago County	11,581.53	1,654.08
Do	Humboldt County	10,515.42	1,600.77
Do	Kossuth County	10,663.50	1,608.18
Do	Wright County	18,216.35	1,835.82
Do	Metropolitan Life Insurance Co	13,357.75	1,742.89
South Dakota	Phoenix Mutual Life Insurance Co	10,723.94	1,611.20
Do	Mutual Benefit Life Insurance Co	11,253.48	1,637.67
Do	South Dakota Rural Credits Board	11,847.74	1,667.39
Montana	State of Montana	14,883.64	1,819.18
California	American Crystal Sugar Co	11,012.23	1,625.61
Do	Newhall Land & Farming Co	13,779.27	1,763.96
Do	American Crystal Sugar Co	13,976.59	1,773.83
Do	E. L. Adams	16,715.04	1,910.75
Do	Chatom Co., Ltd	11,878.32	1,668.92
Do	Mendota Farms, Inc	21,844.42	2,167.22
Do	Hotchkiss Estate Co	29,780.99	2,564.05
Do	California Packing Corporation	11,359.41	1,642.97
Total		[3] 557,800.84	[3] 65,515.04

SUMMARY

	Payments under old plan	Payments under proposed sliding scale	
		Amount	Percent of payments under old plan
Table I	$389,480.29	$40,974.03	10.5
Table II	557,800.84	65,515.04	11.7
Total [3]	947,281.13	106,489.07	11.4
Total, saved by sliding scale	840,792.06		88.6

[1] CONGRESSIONAL RECORD, Dec. 1, 1937, p. 616, 75th Cong., 2d sess.
[2] Derived from figures in third column by (1) substracting $2,500 from each amount (2) taking 5 percent of the remainder, and (3) adding to it $1,200.
[3] Computed.

The PRESIDENT pro tempore. The amendment offered by the junior Senator from Oklahoma [Mr. LEE] will go over.

Mr. LEE. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LEE. Will I have the privilege of discussing this amendment on Monday if I yield the floor at this time?

The PRESIDENT pro tempore. The present occupant of the chair would recognize the Senator from Oklahoma on Monday for the purpose of discussing this amendment.

The next amendment of the committee will be stated.

The next amendment was, on page 82, line 22, to insert the following:

LONG-STAPLED COTTON

SEC. 65. The provisions of this act shall not apply with respect to cotton having a staple of 1⅛ inches in length or longer.

The amendment was agreed to.

Mr. SMITH. Mr. President, I have an amendment in reference to pedigreed-seed producers. I should like to have it inserted in the bill at this point. It needs a brief explanation.

Mr. McNARY. Mr. President, that might lead to controversy. Where does the Senator desire to have it inserted in the bill?

Mr. SMITH. On page 82, after line 25.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 82, line 25, after the word "longer" it is proposed to insert "nor shall they apply with respect to any agricultural commodity produced for seed purposes only".

Mr. SMITH. Mr. President, in producing seed the producers sometimes have seed of different character—wheat, corn, or cotton—that is not fit for sale, and they want it to be exempted for that reason. I have received protests from seed producers of all classes.

I hope the amendment will be adopted.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. SMITH] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The next committee amendment will be stated.

The next amendment was on page 83, line 2, to strike out "17," and insert in lieu thereof "66."

The amendment was agreed to.

The PRESIDENT pro tempore. The next committee amendment will be stated.

The LEGISLATIVE CLERK. On page 83, it is proposed to strike out all after line 7, being schedule A.

The amendment was agreed to.

The next amendment was, at the top of page 84, to strike out "Title II—Establishment of Surplus Reserve Loan Corporation" and insert "Title VII—Surplus Reserve Loan Corporation—Establishment."

Mr. BARKLEY. Mr. President, that title has no amendment whatever to the text; only amendments changing the numbers of the sections. I ask unanimous consent that the amendments under that title may be agreed to en bloc.

The PRESIDENT pro tempore. Without objection it is so ordered.

Mr. BARKLEY. That takes us now to page 92, title VIII. Inasmuch as we cannot finish the consideration of the committee amendments this afternoon——

Mr. McGILL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McGILL. It is my understanding that it is desired to offer some amendments to what is known as schedule A, on page 21, with reference to the percentage of surplus reserve loans as applied to the commodities of wheat and corn. I observe that schedule A was proposed as a committee amendment on page 21, and was stricken out on page 83. The committee amendment on page 21, I think, has been agreed to; has it not?

The PRESIDENT pro tempore. It has.

Mr. McGILL. I ask unanimous consent that at a later period, when consideration is being given to amendments to the text of the bill, an amendment may be proposed to schedule A on page 21.

Mr. BARKLEY. I am satisfied that if the Senator should ask unanimous consent later to recur to that section, there would be no objection.

Mr. McGILL. It is not particularly my amendment, but I do know that there will be an amendment offered to that schedule as applied to the two commodities, wheat and corn.

Mr. BARKLEY. There will be no difficulty about that.

Mr. POPE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. POPE. I call the attention of the Senator from Kansas to the fact that an amendment which would dispose of this matter will be made to the original language of the bill at the top of page 8.

Mr. McGILL. It will not affect the schedule?

Mr. POPE. It will affect the schedule, but the original language will be on the top of page 8. I think we can amend that.

Mr. OVERTON. I send an amendment to the desk and ask to have it printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be printed and lie on the table.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore, as in executive session, laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECESS

Mr. BARKLEY. Mr. President, I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock p. m.) the Senate took a recess until Monday, December 13, 1937, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate December 11 (legislative day of November 16), 1937

JUDGE OF THE UNITED STATES CIRCUIT COURT OF APPEALS

Walter E. Treanor, of Indiana, to be a judge of the United States Circuit Court of Appeals for the Seventh Circuit, vice Samuel Alschuler, retired.

PROMOTIONS IN THE NAVY

Comdr. Howard H. J. Benson to be a captain in the Navy, to rank from the 1st day of November 1937.

The following named lieutenants to be lieutenant commanders in the Navy, to rank from the date stated opposite their names:

Francis M. Adams, September 1, 1937.
Hugh H. Goodwin, December 1, 1937.
Thomas J. Raftery, December 1, 1937.

The following named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the 1st day of December 1937:

Albert S. Miller.
Joseph E. Dodson.

SENATE

MONDAY, DECEMBER 13, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, December 10, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Dieterich	La Follette	Reynolds
Andrews	Donahey	Lee	Russell
Ashurst	Duffy	Lodge	Schwartz
Austin	Ellender	Logan	Schwellenbach
Bailey	Frazier	Lonergan	Sheppard
Bankhead	George	Lundeen	Shipstead
Barkley	Gerry	McAdoo	Smathers
Bilbo	Gibson	McCarran	Smith
Bone	Gillette	McGill	Steiwer
Borah	Glass	McKellar	Thomas, Okla.
Brown, Mich.	Graves	McNary	Thomas, Utah
Brown, N. H.	Green	Maloney	Townsend
Bulkley	Guffey	Miller	Truman
Bulow	Hale	Minton	Tydings
Burke	Harrison	Murray	Vandenberg
Byrd	Hatch	Neely	Van Nuys
Byrnes	Hayden	Norris	Wagner
Capper	Herring	O'Mahoney	Walsh
Caraway	Hitchcock	Overton	Wheeler
Chavez	Holt	Pepper	White
Clark	Johnson, Calif.	Pittman	
Connally	Johnson, Colo.	Pope	
Copeland	King	Radcliffe	

Mr. BARKLEY. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Illinois [Mr. LEWIS], and the Senator from New Jersey [Mr. MOORE] are unavoidably detained.

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The PRESIDENT pro tempore. Eighty-nine Senators having answered to their names, a quorum is present.

NOBEL PEACE PRIZE

The PRESIDENT pro tempore laid before the Senate a letter from the Under Secretary of State transmitting copy of a circular of the Nobel Committee of the Norwegian Parliament furnishing information regarding the proposal of candidates for the Nobel Peace Prize for the year 1938, which, with the accompanying paper, was referred to the Committee on Foreign Relations.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate resolutions adopted by Farm Credit Administration Local No. 14 of the United Federal Workers of America, favoring the prompt enactment of the so-called Logan bills, being the bills (S. 3050) establishing a 5-day workweek in the Federal service, and for other purposes, and (S. 3051) to provide for the hearing and disposition of employee appeals from discriminatory treatment by superiors in the Federal service, which were referred to the Committee on Civil Service.

He also laid before the Senate a resolution adopted by Local No. 18, Industrial Union of Marine and Shipbuilding Workers of America, Mobile, Ala., favoring the prompt enactment of pending wage and hour legislation, which was ordered to lie on the table.

Mrs. CARAWAY presented a petition, numerously signed, of sundry citizens of the State of Arkansas, praying for the enactment of the so-called Lee bill, being the bill (S. 2911) to promote peace and the national defense through a more equal distribution of the burdens of war by drafting the use of money according to ability to lend to the Government, which was referred to the Committee on Military Affairs.

Mr. VANDENBERG presented a resolution adopted by the City Council of Wyandotte, Mich., protesting against the enactment of legislation to tax the income from municipal bonds, which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of Linwood and Pinconning, Mich., praying for the adoption of the so-called Ludlow resolution, being the joint resolution (H. J. Res. 199) proposing an amendment to the Constitution of the United States to provide for a referendum on war, which was referred to the Committee on the Judiciary.

PRINTING OF REPORT OF DAUGHTERS OF THE AMERICAN REVOLUTION

Mr. HAYDEN. From the Committee on Printing, I report an original resolution and ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 208) was read, considered, and agreed to, as follows:

Resolved, That the Fortieth Annual Report of the National Society of the Daughters of the American Revolution for the year ended April 1, 1937, be printed as a Senate document.

BILL INTRODUCED

Mr. WALSH introduced a bill (S. 3131) granting a pension to William Henry Coffey, which was read twice by its title and referred to the Committee on Pensions.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. BANKHEAD, Mr. BILBO, Mr. COPELAND, Mr. GEORGE, and Mr. RUSSELL each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were severally ordered to lie on the table and to be printed.

A SUGGESTION TO CONGRESS—EDITORIAL BY OSCAR STAUFFER

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD "A Suggestion to Congress," made by Oscar Stauffer, of Arkansas City, Kans., president of the Stauffer Publications. The Stauffer Publications include the Arkansas City Traveler, Arkansas City, Kans.; the Pittsburg Headlight and the Pittsburg Sun, Pittsburg, Kans.; the Independence Reporter, Independence, Kans.; the Grand Island Daily Independent, Grand Island, Nebr.; the Maryville Daily Forum, Maryville, Mo.; and the Shawnee Morning News, the Shawnee Evening Star, and the KGFF Broadcasting Co., Shawnee, Okla.

One of the things Mr. Stauffer suggests is that the Federal Government, instead of penalizing employment through pay-roll taxes, should pay a premium to employers for every additional man placed on the pay roll, providing the additional funds through increasing income-tax rates, if necessary.

I send the editorial suggestion to the desk and ask that it be printed as part of my remarks at this point in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The editorial is as follows:

A SUGGESTION TO CONGRESS

The bane of America since 1929 has been unemployment.

How to get those who wish to work jobs remains the one big problem.

Congress and the President are as anxious as anyone else that good jobs be provided for all.

Today, through the social-security laws, an employer is penalized 3 percent for each employee he puts to work.

If a business concern employs an additional workman today and pays that man $1,700 a year, it must pay the Government an additional $51 penalty for the privilege of providing work.

In addition the workman must pay 1 percent of his salary, or $17.

In less than 30 days—to be exact, January 1, 1938—the employer will pay 4 percent pay-roll tax or penalty for giving employment, so that the penalty on a $1,700 man for the employer is $68 yearly. The employee's 1 percent remains the same for 1938.

Our suggestion would be to do away with this pay-roll tax on both the employee and employer.

We want social security. But let's penalize idle capital that isn't giving men jobs. In any event, let's get this money elsewhere.

It might even be worth while for the Government to pay a small premium for each additional man employed over and above those on the pay rolls at some fixed date.

Even if the income tax on business must be raised to 20 or 30 percent, we believe employment can be solved by placing a premium on it rather than a penalty.

GOVERNMENT PURCHASE OF AMERICAN-PRODUCED SILVER—ADDRESS BY SENATOR ADAMS

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD an address by Senator ADAMS on the subject of Government Purchase of American-Produced Silver, delivered Friday, December 10, 1937, which appears in the Appendix.]

CONSUMER PROTECTION BY GOVERNMENT—ADDRESS BY ROBERT H. JACKSON

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD an address on Consumer Protection by Government, delivered by Robert H. Jackson, Assistant Attorney General of the United States, before the Consumers' National Federation in New York City, December 11, 1937, which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment was, on page 92, to strike out lines 6 and 7, as follows:

Title III—Soil Conservation and Domestic Allotment Act.

And in lieu thereof to insert:

Title VIII—Amendments to Soil Conservation and Domestic Allotment Act.

The amendment was agreed to.

The next amendment was, on page 92, line 10, after the word "Sec.", to strike out "30" and insert "80", and after line 17, to insert:

(b) Section 8 (b) of such act, as amended, is amended by striking out the expression "or (4)" after the expression "required for domestic consumption", and inserting in lieu thereof the following:

"(4) their equitable share as determined by the Secretary of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7 (2), or (5)."

Mr. McNARY. Mr. President, I wish either the Senator from Kansas [Mr. MCGILL] or the Senator from Idaho [Mr. POPE] would state briefly the modification of the Soil Conservation Act intended by this section and the next one.

Mr. POPE. Mr. President, will the Senator yield?

Mr. McNARY. Yes.

Mr. POPE. My understanding is that the changes in the first section of the bill with reference to allotments of cotton, tobacco, and rice are here recognized in connection with the Soil Conservation Act; and, in general, the purpose of the two amendments is to make the Soil Conservation Act and the provisions for allotment of acres conform to the pending bill.

Mr. AUSTIN. Mr. President, will the Senator from Oregon permit me to ask the Senator from Idaho a question?

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Vermont to ask a question of the Senator from Idaho?

Mr. McNARY. Certainly.

Mr. AUSTIN. Does the amendment of section 7 mean "section 7 (a)"? The reason why I ask the question is that I have great difficulty in finding any section 7 (2) or 7 (5). Indeed, I have not been able to find any such thing. I find section 7 (a), and, under that, five parenthetical subsections.

Mr. POPE. I understand that on line 4, page 93, "7 (2)" should be "7 (a)."

Mr. AUSTIN. Very well. Then this amendment means, as I understand—I desire to know whether this is correct or not—that it is intended to change the meaning of these words:

SEC. 7. (a) It is hereby declared to be the policy of this act also to secure, and the purposes of this act shall also include, * * * (2) promotion of the economic use and conservation of land; * * * (5) reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the 5-year period August 1909–July

1914, inclusive, as determined from statistics available in the United States Department of Agriculture, and the maintenance of such ratio.

There is a period there. Is that the end of the text of the Soil Conservation Act which is intended to be changed by this amendment, or is it calculated to cover all the remainder of section 7 (a) (5)?

Mr. LEE. Mr. President——

The PRESIDENT pro tempore. The Senator from Oklahoma.

The Chair will state that at the time of recessing on Saturday the Senator from Oklahoma had not completed his address, and asked to be recognized again today. Other Senators today addressed the Chair first, and directed questions to the Senator from Idaho [Mr. POPE].

The Chair simply makes that statement to the Senate.

Mr. POPE. Mr. President, if the Senator will yield, I think we shall have to check that matter. The Department was requested by the Committee on Agriculture and Forestry to prepare amendments to the Soil Conservation Act to make it conform to the changes in this bill so far as payments are concerned. It is difficult for me to hear the Senator, and I did not understand all of his question. Therefore, I cannot answer his question in detail. I shall be glad to check the matter in a few moments, and shall endeavor to answer the Senator's question.

Mr. AUSTIN. I shall be glad to have the Senator do that. I think it is a matter which will bear a little study.

The PRESIDENT pro tempore. The Senator from Oklahoma is recognized. The amendment offered by the Senator from Oklahoma to the committee amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 82, between lines 21 and 22, it is proposed to insert the following new subsection:

(k) The payments paid by the Secretary to farmers under this act, and the Soil Conservation and Domestic Allotment Act, shall be divided among the landowners, tenants, and sharecroppers of any farm, with respect to which such payments are paid, in the same proportion that such landowners, tenants, and sharecroppers are entitled to share in the proceeds of the agricultural commodity with respect to which such payments are paid; and such payments shall be paid by the Secretary directly to the landowners, tenants, or sharecroppers entitled thereto: *Provided*, That, notwithstanding the other provisions of this act and the provisions of the Soil Conservation and Domestic Allotment Act, if the total amount of such payments (except payments computed under section 6 (c) of this act) to any person with respect to any year would, except for the provisions of this proviso, exceed $600, such amount shall be reduced by 25 percent of that part of the amount in excess of $600 but not in excess of $1,000; by 60 percent of that part of the amount in excess of $1,000 but not in excess of $1,500; by 90 percent of that part of the amount in excess of $1,500 but not in excess of $2,500; and by 95 percent of that part of the amount in excess of $2,500.

Mr. LEE. Mr. President, I wish to make a brief explanation of the amendment which I proposed at the close of the session last Saturday.

This is not the amendment which I shall later offer in the form of a substitute. This is an amendment to the committee bill intended to graduate the payments to big producers. In both the speeches I made before the Senate, I used the expression of the advocates of the committee bill in stating that the committee bill could not graduate the payments; but, since that time I believe I have discovered a way in which it can be done on the committee bill.

The resolution passed by Congress in the closing days of the last session committed us to graduated payments to big producers. It was stated that any agricultural relief bill should contain a graduated ceiling in order to keep from making these tremendous payments to big producers.

Under the terms of my amendment the graduation of payments would start at $600; that is, a farmer who received $600 or under would not be affected by the graduation. Instead of the next $400 that he would receive under the bill as it now stands, under the graduated scale he would receive three-fourths of that amount, or $300. Then instead of on the next $500 that he would receive under the committee bill as it stands now, he would receive under the graduation plan, 40 percent, or $200. Then instead of the next $1,000 that he would receive under the committee bill as it now reads, by the graduation scale he would receive 10 percent, or $100. For all above $2,500 he would receive only 5 percent.

I had printed in the RECORD last Saturday, appearing at page 1348 of the RECORD, a table which shows the graduation plan in its application. First I find that 97½ percent of the farmers received payments of less than $600. The average payment to farmers is $100. Therefore the graduated plan would not affect 97½ percent of the farmers. It would affect only 2½ percent of them in round numbers.

Mr. SCHWELLENBACH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. LEE. I yield.

Mr. SCHWELLENBACH. What percentage of the acreage does the 2½ percent represent? Also what percent of the crops would the 2½ percent produce?

Mr. LEE. If the Senator will look at the table on page 1348 of the RECORD and make the calculation, he will get the acreage. In the second column is shown 43,093,000 acres, the number of acres that would not be affected under the table of wheat payments for 1933. Underneath is given the acreage that would be affected, and if the Senator will add them together he will get the total, and I should be glad to have the figures appear in the RECORD.

When this graduated scale is applied to the payments of $500,000,000 that we have appropriated for soil conservation we find that we would save $30,000,000 out of that sum on the payments to only 2½ percent of the contractors; in other words, 6 percent.

By adding the two columns I find that out of the first column the payments under the old plan amounted to $96,807,000, and under the proposed graduated scale the payments would amount to $93,219,000, or a saving, on the basis of the first table, of $3,588,000. On the basis of the second table we would make a saving of $9,274,000, and on the two tables, which involve a payment of $212,309,000, we would make a saving of $12,862,000, or 6 percent on the total payment. Six percent of the $500,000,000 is $30,000,000 that would be saved by the application of this principle, and it would not affect 97½ percent of the farmers. The $30,000,000 would enable us either to increase the payments to the farmers who draw small payments or else to extend the payments to some who are not receiving payments under the present scale.

Let us apply this principle to some of the large payments which were made under the A. A. A. Here is one tobacco corporation in Florida to which we paid $13,982.14 under this scale that corporation would receive $1,774.11. To the Maxwell Corporation, of Louisiana, we paid $14,214.12. Under this scale that corporation would receive $1,785.71. To the Delta Pine & Land Co., of Mississippi, we paid $60,388.06 and under this plan that company would receive $4,094.40. To the State Penitentiary of Mississippi we paid $37,488.40. Under this plan they would receive $2,904.42.

Mr. BORAH. Mr. President, from what point in the RECORD is the Senator reading?

Mr. LEE. Page 1349 of the CONGRESSIONAL RECORD of Saturday, in the first column of the page. I am not reading all of the corporations to which we made payments above $10,000 because there are too many of them.

To the Arizona Citrus Land Corporation we paid $47,682.47. Under the graduated scale that corporation would receive $3,459.12.

It might be argued that if we do not give to these large corporations the full amount, they would not come in and cooperate and reduce their acreage. The $3,459.12 is a goodly sum for a corporation to receive from the Government and for Congress to vote out of the taxpayers' pockets for the purpose of having the corporation improve the fertility of its own soil. I think they would cooperate voluntarily and accept that payment.

But if they should not cooperate, and here is where I believe the proposal would apply to the bill as reported by the committee, what could they do? They could refuse to sign that contract. But since only 2½ percent of the farmers are

affected and since it only takes 51 percent of them to sign the contracts to make them acceptable, it would not destroy the effectiveness of the law if 2½ percent did fail to sign it. If enough of them stayed out so that their acreage threatened to upset the market, then we might be forced to the application of quotas. If the quotas were applied then the big corporation farms could not sell their commodities which they produce beyond the quota without a part of it being confiscated and the company penalized.

How could they defeat the provisions of the committee bill simply because we put this graduated ceiling in it? I believe it can be applied to the terms of the bill as reported by the committee. It is in keeping with our resolution to which I have referred. It is in keeping with our desire to make the money go as far as possible.

On December 1, at page 618 of the RECORD, I inserted a table showing the concentration of wealth of the United States. These figures were furnished me by the National Research Committee of the Department of the Interior. Five and one-half percent of the people of the United States own 54½ percent of the wealth. The Government exerts a constant pressure toward the redistribution of wealth by use of graduated income tax and can further help toward a redistribution of wealth by a graduated method of expending the money so raised. This plan of scaling down the payments to big producers will further carry out that policy.

Mr. POPE. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. POPE. I am familiar with the amendment now being discussed by the Senator from Oklahoma. While I think it should be given careful study, yet in view of the fact that in all likelihood the bill will go to conference anyway, I am willing, so far as I am concerned, as one of the authors of the bill, to accept the amendment in order that it may go to conference for the working out of a suitable set of graduated payments.

Mr. LEE. I thank the Senator, and with a few further observations I shall not discuss it longer.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. LEE. Certainly.

Mr. NORRIS. I inquire of the Senator as to the exceptions to which the amendment does not apply, found on page 2 of the amendment, lines 4 and 5:

Except payments computed under section 8 (c) of this act.

Does that exception refer to the language commencing in line 18?

Mr. LEE. As I recall, it refers to some obligations which I have understood the Department of Agriculture had already incurred and I did not wish to make the scale retroactive.

Mr. NORRIS. I wondered if there were new obligations.

Mr. LEE. On that I cannot speak. That language was in the committee bill and I took for granted that it referred to some obligations which were already outstanding. I felt it would be unfair not to recognize them.

The Senator from Washington [Mr. SCHWELLENBACH] has handed me the figures which we were discussing a few moments ago. The wheat acreage that would not be affected by this graduated scale would be 83 percent of the total wheat acreage. Eighty-three percent of the wheat acreage would not be affected under my amendment and 97½ percent of the contractors would not be affected. As to the cotton acreage, 97½ percent of the contractors would not be affected and 81 percent of the acreage would not be affected. I thank the Senator for that information.

Mr. BORAH. Mr. President, may I ask if the amendment was not accepted by the committee?

Mr. LEE. I am going to ask for a vote on it, since one of the members of the committee said it was acceptable to him so far as he was concerned.

Mr. NORRIS. Mr. President, as I understand, under the unanimous-consent agreement we are now considering committee amendments, and the amendment offered by the Senator could not be taken up at this time.

Mr. BARKLEY. It is an amendment to the committee amendment.

Mr. NORRIS. I did not understand it that way.

Mr. LEE. I asked the Parliamentarian about it, and I understood this amendment to be offered as an amendment to the committee amendment.

Mr. NORRIS. The committee amendment has already been agreed to, has it not?

Mr. BARKLEY. No.

Mr. NORRIS. Then it is all right.

Mr. BARKLEY. Let us vote.

The PRESIDENT pro tempore. The amendment of the Senator from Oklahoma went over by unanimous consent on Saturday, and it is to be called up after the pending committee amendment is disposed of.

Mr. NORRIS. Is the Senator's amendment pending?

The PRESIDENT pro tempore. No; the pending amendment is the amendment of the committee on page 92, subsection (b) of section 8.

The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

Mr. AUSTIN. Mr. President, I was engaged when the vote was taken. I have some comments to make regarding the amendment on page 92, line 22, and I had desired to take the floor before the vote was taken.

The PRESIDENT pro tempore. Is there objection to a reconsideration of the vote by which the amendment was agreed to? The Chair hears none, and the vote is reconsidered.

Mr. AUSTIN. Mr. President, my interrogatory relating to the meaning of this committee amendment has not been answered, so that I will have to discuss it on the assumption that it is not intended to cover that part of section 7 (a) (5) which follows the period, to which I referred in my interrogatory. Perhaps the Senator from Idaho can answer my question now. If he can, I will gladly yield to him for the answer.

Mr. POPE. Mr. President, I call attention to the fact that in section 8 (a) of the Soil Conservation Act there are matters to be taken into consideration by the Secretary in determining the amount of payments to be made under the Soil Conservation Act. Under subdivision (b) of section 8 the subdivisions are numbered 1, 2, 3, and 4. It is proposed that there be substituted another matter for consideration by the Secretary in making payments, which will be numbered "4", and the present No. 4, which is in a combination of the others, will be "5." So, in the amendment which appears at the bottom of page 92 of the pending bill is inserted the additional matter for consideration by the Secretary, beginning with the words "their equitable share as determined by the Secretary of the national production of any commodity or commodities", and so forth. That was made desirable by the different provisions of the bill. It is desired by the Secretary and by the committee that this other matter now in (4) be inserted in order that he might give consideration to this other matter in the making of the payments. That is the purpose of it. The other changes suggested in the amendment are to make the amendment conform with the provisions of the Soil Conservation Act.

Mr. AUSTIN. Mr. President, I regret that that does not answer my question. In fact, it is not responsive at all to my question.

I know that the text of the amendment does exactly what the Senator from Idaho says, but the text of the amendment refers to section 7 (2) or (5). I am trying to ascertain what the intention of the legislators is with respect to the scope of the amendment. So I asked whether it was intended to include the full of what appears in 7 (a) (5) or only that part of it which ends at the period, as shown in my interrogatory. Can the Senator answer that question?

Mr. POPE. In the first place, Mr. President, the reference is to 7 (a) rather than 7 (2), so in the amendment at the top of page 93, line 4, it should read "7 (a)."

Mr. AUSTIN. That is all settled. I understand that.

Mr. POPE. The "(5)" in the same line refers to subsection (b) under section (8) of the Soil Conservation Act.

Mr. AUSTIN. Subsection (b)?

Mr. POPE. Subsection (b), where the figure "4" is in parentheses. The intention was to so change those figures as to insert "4" in lieu of the 4 which now appears in the subsection (b) of section 8.

Mr. AUSTIN. Subsection (b) of section 7 is a wholly different matter. It reads as follows:

(b) The Secretary of Agriculture shall cooperate with the States in the execution of State plans to effectuate the purposes of this section, by making grants under this section to enable them to carry out such plans.

Mr. President, unless there is something further the Senator from Idaho wishes to say——

Mr. POPE. Mr. President, I was referring to subsection (b) of section 8.

Mr. AUSTIN. We are talking about section 7 (a) (5). If we can adhere to that long enough to understand what the proposal means, I should like to have us do so.

Mr. POPE. Mr. President, I should like to have inserted an explanation of these amendments which has been prepared, and I think the Senator from Vermont upon reading it would get the matter clearly in mind. I should like to have it printed following these remarks. It makes the matter clear.

Mr. AUSTIN. Mr. President, the sections which we are now attempting to modify are the power sections of the Soil Conservation Act. They are the sections which differentiate the particular bill we are considering and the act under which the farmers of the United States are acting, differentiating them with respect to the voluntary character of the Soil Conservation Act on the one hand and the coercive character of the bill we are now considering. As I view our situation, we do not desire, by amendments inserted in the pending bill, to convert what is apparently a workable and a sound law into one which must be declared void. These amendments if adopted in my opinion would have that tendency. The action must be limited of course to the particular amendment now pending on page 92, but in considering that question we will have to go through all the amendments under this title.

Whereas section 7 (a) provides what the Secretary of Agriculture shall do and shall not do, and whereas section (8) (b) declares with respect to his power that he shall do this and he shall not do that, it seems to me that we should not by this amendment transform the voluntary character of the Soil Conservation Act.

Let me call attention to what follows the period to which I have referred on page 158 of the Soil Conservation Act:

The powers conferred under sections 7 to 14, inclusive, of this act shall be used—

That is a command, it is affirmative—

to assist voluntary action calculated to effectuate the purposes specified in this section.

Now we come to a "shall not"; that is a prohibition:

Such powers shall not be used to discourage the production of supplies of food and fibers—

And so forth. In other words, here are two very essential differences between the pending bill and the act to which I am referring. The proposed legislation has for its objective a limitation of the supply of food—a curtailment of the supply of food. In its long and logical objective it has scarcity in view. The Soil Conservation Act protected plenty and protected the production of sufficient for human consumption in the United States. This was the protective clause:

Such powers shall not be used to discourage the production of supplies of foods and fibers—

And so forth. The other clause, relating to the voluntary character, provides that the powers granted "shall be used to assist voluntary action."

When we set out in the pending bill to conform the Soil Conservation Act with the pending bill by such amendments as we are now about to consider under title VIII of the bill, we are changing the objective of the exercise of the power of the Secretary from that fundamental one of plenty contained in the Soil Conservation Act to the other fundamental one of scarcity contained in the pending bill. We are also changing from the administrative character of the Soil Conservation Act, which is voluntary in character, to compulsory administration under the pending bill.

I call special attention to a provision in the amendment on page 94. It begins at line 4, and read as follows:

Section 8 (b)—

Which is the section about which we are talking—

Section 8 (b) of such act, as amended, is amended by striking out the sentence "In carrying out the provisions of this section, the Secretary shall not have power to enter into any contract binding upon any producer or to acquire any land or any right or interest therein" and by inserting in lieu thereof the following: "In carrying out the provisions of this section the Secretary shall have the power to enter into contracts with producers, but shall not have the power to acquire any land or any right or interest therein."

In other words, under the Soil Conservation Act, today we have the right of the farmer, which is untrammelled and which is not coerced by any threat of the suffering of a penalty or suffering a disadvantage which his neighbor does not face, a perfectly free right to enter into a contract with his Government and receive from his Government encouragement to voluntary acts on his farm.

The amount of his pay is measured by his conformance with certain standards and ideals of agricultural practice, and it is a wholly different proposition from the one we are here considering, because, whether the farmer goes in or stays out, he is not whipped for it; and if he goes in, he gets payment that is measured by that contribution to society which he makes in preserving and improving the fertility of the soil and carrying out that grand objective of plenty, the adequate production of the necessities of human life.

That is what we are dealing with here. A very important agricultural policy is being overturned, it seems to me. Our policy, I sincerely believe, should be for plenty, and for such an encouragement of the distribution of it that all people may have more instead of less. Our obligation under the Constitution is to keep our hands off the administration of laws relating to production of agricultural products. Laws that are compulsory, laws of a Federal or Central Government that undertake to compel an individual farmer on a small farm to conform to practices laid down in the regulations made by a bureau here in Washington, should not be enacted. So I think we ought not to make these changes.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. AUSTIN. Mr. President, I do not wish to yield at this time.

The PRESIDENT pro tempore. The Chair is advised that the Senator's time on the amendment has expired.

Mr. AUSTIN. Mr. President, I do not want to use my time on the bill at this time.

Mr. POPE. Mr. President, I move that the following amendment be made, on page 93, in line 4, of the bill:

That after the figure "7" the letter "(a)" be inserted in lieu of "(2)", so that line 4 will read:

7 (a), or (5).

I also ask that as a part of my remarks an explanation of these amendments to the Soil Conservation Act be printed in the RECORD.

Mr. LA FOLLETTE. Mr. President, if we are going to vote on this proposition, I wish the Senator would explain it. It will not help us much to have the explanation to read after the vote is cast.

Mr. POPE. A large part of the explanation is technical, in explaining why certain numbered or lettered paragraphs have been changed in order to conform. The important thing about it is, as referred to by the Senator from Vermont [Mr. AUSTIN], that on page 94 appears the provision that this part of the bill shall apply to contracts. It will be remembered that under the present Soil Conservation Act no contracts were permitted, but offers were made and acceptances were received. Since a provision is contained in this bill for con-

tracts for soil conservation, as well as for other things, this language is made to conform so that the provision in the original Soil Conservation Act prohibiting contracts will be modified to this extent.

Mr. LA FOLLETTE. The only purport of the change is to change it with regard to corn and wheat. It does not change the policy of the Soil Conservation Act, as I understand, with regard to commodities that come under a different kind of set-up. Is that correct?

Mr. POPE. That is correct. In addition to that there are certain matters which the Secretary will be given an opportunity to consider in making these payments, but they are matters which are necessary in order to conform to other provisions of this bill.

I think the amendment should be adopted as being in harmony with the other provisions of the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Idaho [Mr. POPE] on page 93, line 4. Without objection——

Mr. JOHNSON of California. Mr. President, let us not adopt that amendment by unanimous consent. Let the Chair put the question. I, at least, desire to vote against it.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Idaho to the committee amendment on page 93, line 4. [Putting the question.] The ayes have it, and the amendment to the amendment is agreed to.

Without objection, the matter referred to by the Senator from Idaho [Mr. POPE] as being an explanation of his amendment which has just been agreed to will be printed in the RECORD at this point.

The matter referred to is as follows:

S. 2787. EXPLANATION OF TITLE VIII—AMENDMENTS TO SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

SEC. 80 (a): This subsection proposes to amend section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, by making applicable to such subsection (b), clause (5), of section 7 (a) of such act. Clauses (1), (2), (3), and (4) of section 7 (a) contain the purposes of said act with respect to soil conservation and the prevention of erosion and have always been applicable to the payments provided for in section 8 (b). Clause (5) relates to the reestablishment and maintenance of farm purchasing power and has been applicable only to payments in connection with State plans under section 7. Clause (5) reads as follows:

"• • • Reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the 5-year period August 1909–July 1914, inclusive, as determined from statistics available in the United States Department of Agriculture, and the maintenance of such ratio."

Section 80 (b): This subsection proposes to establish an additional basis for measuring payments made pursuant to section 8 of the Soil Conservation and Domestic Allotment Act, namely, the equitable share for each farmer of the amount of any commodity or commodities required to be produced for domestic consumption and exports, with adjustments to reflect the extent of conformity to farming practices which will best effectuate the purposes of the act. The effect of this amendment would be to permit payments under the conservation program to be made upon the basis of production allotments. This would be similar to the basis provided for parity payments on cotton, wheat, and corn.

Section 80 (c): This subsection proposes to incorporate a formula for determining rates of payments made upon the basis established under subsection 80 (b). Under this formula, equal weight would be given to each of the following factors in connection with each crop or group of crops:

1. (a) The national acreage allotment for the crop.

(b) The average value of the production of each national acreage allotment.

2. (a) The extent to which the national acreage allotment is less than the 10-year average acreage for the crop.

(b) The average value of the production on an acreage equal to that determined under 2 (a).

In the case of cotton, wheat, and corn the amount of payments determined under this formula would be about the same proportion of the total as is proposed to be made available (sec. 64 (a)) for parity payments on these crops, namely, 55 percent of the total appropriation.

Section 80 (d): This subsection proposes to amend section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, by providing that the Secretary may enter into contracts with producers.

Section 80 (e): This proposed amendment makes the provisions of section 8 (c) of the Soil Conservation and Domestic Allotment Act, as amended, consistent with the proposed amendment of section 8 (b) of such act contained in section 80 (a) of title VIII.

COMPARATIVE PRINT OF SECTION 80 (B) AND (C) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT AS AMENDED BY TITLE VIII OF S. 2787

(b) [Subject to the limitations provided in subsection (a) of this section, the Secretary shall have power to carry out the purposes specified in clauses (1), (2), (3), and (4) of section 7 (a) by making] *In order to carry out the purposes specified in section 7 (a) the Secretary shall have the power to make* payments or grants of other aid to agricultural producers, including tenants and sharecroppers, in amounts, determined by the Secretary to be fair and reasonable in connection with the effectuation of such purposes during the year with respect to which such payments or grants are made, and measured by, (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion, (2) changes in the use of their land, (3) a percentage of their normal production of any one or more agricultural commodities designated by the Secretary which equals that percentage of the normal national production of such commodity or commodities required for domestic consumption, [or (4)] *(4) their equitable share as determined by the Secretary of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7 (a), or (5)* any combination of the above. In determining the amount of any payment or grant measured by (1) or (2) the Secretary shall take into consideration the productivity of the land affected by the farming practices adopted during the year with respect to which such payment is made. *In determining the amount of any payment or grant measured by (4), the Secretary shall take into consideration and give equal weight to (1) the national acreage required to be devoted to the crop or group of crops or to the practices designated by the Secretary for such farm pursuant to subsection (c) in order to provide adequately for domestic consumption and exports of any one or more agricultural commodities and to effectuate the purposes specified in section 7 (a), and the value of the production of such commodity or group of commodities on such national acreage on the basis of average values for the 10 years immediately preceding the year in which such payment is determined and (2) the national average acreage devoted to the production of such commodity or commodities or to such practices during such 10-year period in excess of the national acreage required for such purposes and the value of production from such excess acreage on the basis of average values during the 10 years immediately preceding the year in which such payment is determined.* In carrying out the provisions of this section, the Secretary shall, as far as practicable, protect the interests of tenants and sharecroppers. In carrying out the provisions of this section, the Secretary is authorized to utilize county and community committees of agricultural producers and the agricultural extension service, or other approved agencies. [In carrying out the provisions of this section the Secretary shall not have power to enter into any contract binding upon any producer or to acquire any land or any right or interest therein.] *In carrying out the provisions of this section the Secretary shall have the power to enter into contracts with producers but shall not have the power to acquire any land or any right or interest therein.* In carrying out the provisions of this section the Secretary shall, in every practicable manner, protect the interests of small producers. The Secretary in administering this section shall in every practical way encourage and provide for soil-conserving and soil-rebuilding practices rather than the growing of soil-depleting commercial crops.

(c) Any payment or grant of aid made under subsection (b) shall be conditioned upon the utilization of the land, with respect to which such payment is made, in conformity with farming practices which the Secretary finds tend to effectuate the purposes [specified in clause (1), (2), (3), or (4)] of section 7 (a).

The PRESIDENT pro tempore. The next amendment will be stated.

The next amendment of the committee was, on page 93, line 5, to insert the following:

(c) Section 8 (b) of such act, as amended, is amended by inserting after the expression "during the year with respect to which such payment is made" and before the expression "in carrying out the provisions of this section", the following:

"In determining the amount of any payment or grant measured by (4), the Secretary shall take into consideration and give equal weight to (1) the national acreage required to be devoted to the crop or group of crops or to the practices designated by the Secretary for such farm pursuant to subsection (c) in order to provide adequately for domestic consumption and exports of any one or more agricultural commodities and to effectuate the purposes specified in section 7 (a), and the value of the production of such commodity or group of commodities on such national acreage on the basis of average values for the 10 years immediately preceding the year in which such payment is determined, and (2) the national average acreage devoted to the production of such commodity or commodities or to such practices during such 10-year period in excess of the national acreage required for such purposes and the value of production from such excess acreage on the basis of average values during the 10 years immediately preceding the year in which such payment is determined."

SINKING OF THE UNITED STATES GUNBOAT "PANAY"

Mr. REYNOLDS. Mr. President, when I stepped off the train this morning at 7 o'clock, after having come from one of the most beautiful sections of America, the mountainous section of western North Carolina, where is to be found "the little gem city of the mountains," my home city of Asheville, I made purchase of one of the daily newspapers of the city of Washington, and the first thing that greeted my eyes was the headline reading:

United States gunboat bombed and sunk by Japan.

Mr. President, I read in reference to the sinking of the gunboat the following, in part description of what took place on the river above Nanking, which created much excitement throughout America:

A capital immersed in its own affairs, and interested principally in a football game upon a quiet Sunday afternoon, was shocked and stunned last night by the news of the bombing and the sinking of an American gunboat and three Standard Oil tankers in the Yangtze River.

I desire to say to those who are here today that I am one person who was not surprised, and in proof of the fact that I was not surprised and that my predictions of Saturday were fulfilled yesterday, Sunday, the day following my statement on the floor of the Senate, I desire now to avail myself of the opportunity of reading from the CONGRESSIONAL RECORD that which I stated Saturday:

Mr. President, at the moment I addressed the Chair I was looking over a copy of one of the morning daily newspapers of Washington. I was endeavoring to locate an article which had been brought to my attention this morning by a friend in reference to some of our troops having been withdrawn from Chinese territory. I was interested in that article because I have repeatedly stated at various times within the past 2 months, throughout the United States, that I was of the opinion that we should withdraw our gunboats and soldiers from oriental waters and Asiatic soil. I was a bit fearful that we might become involved in war if another battleship *Maine* incident should occur in those waters.

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Idaho?

Mr. REYNOLDS. I shall be delighted to yield to my colleague the Senator from Idaho.

Mr. BORAH. I have been unable to determine from the news that we have as to whether this gunboat was taking people out of the danger zone or whether it was accompanying, patroling, and policing oil ships into the danger zone. It seems we are in need of details.

Mr. REYNOLDS. I shall answer my distinguished colleague by stating that I have read very carefully the description of what occurred not only in the columns of the local newspapers of the city of Washington but also in the columns of the Times of New York City, and the description provided as to what happened does not enlighten me sufficiently upon that particular subject to answer my colleague intelligently. But I am very happy indeed that he directed that inquiry to me, for it provides me an opportunity to say a little something about the situation which exists over there today in China.

However, before answering in detail as best I can by a summarization, I desire to read further from the columns of this Washington newspaper which I now hold in my hand:

Not since the battleship *Maine* was blown up in Habana Harbor has there been a comparable moment in American history, and all through the night the lights blazed in War, the Navy, and State Departments, and in the White House.

All of which, Mr. President, resulted from the sinking of the gunboat in oriental or Chinese waters, in the Yangtze River, at a distance of approximately 50 or 60 miles from the ancient and walled city of Nanking—Nanking, which has been under siege by Japanese troops for several days past, the old capital of China, with its 50-foot walls, a capital that indeed was ancient when Christ was a babe in the manger in Bethlehem.

For the past 2 months, in New York, Chicago, San Francisco, and in many other cities throughout this country I have repeatedly stated that our Government should withdraw our troops from the soil of China, and that our Government should withdraw our boats from Asiatic waters, and now I believe that I have been warranted in making the statement that the time would come when we would regret having permitted our marines and gunboats to remain in the war zone of China where fighting is taking place daily.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. BARKLEY. In connection with this unfortunate incident, I think it ought to be stated that for 100 years, by the consent of the Chinese Government and other governments involved there, these little gunboats have been permitted to remain in the Yangtze River for the protection of the nationals of those governments who were located there, and also for the purpose of suppressing piracy which has existed from time to time in that section of the world and in this particular river.

It ought to be stated that some time ago, in order to prevent the Japanese boats from getting up into that river, the Chinese Government obstructed it, so that this American gunboat probably could not have been gotten out even if its crew had wanted to do so. It was some 28 or 30 miles above Nanking, entirely away from the seat of actual activities around that city.

I do not at this time desire to enter into any discussion of this matter, because the State Department is handling it, and I am satisfied that a statement in due time will be made with reference to it by both governments; but it ought to be understood that this is no new adventure on the part of this gunboat or any other gunboat of our Nation or any other nation. They have been there and have been in the habit of being there for 100 years.

Mr. REYNOLDS. Yes, Mr. President. I want to state to our leader that I am in thorough accord with what he has to say in regard to what has been occurring over there. In other words, the statement he makes is, in part, correct. We have had gunboats over there for a number of years for the purpose of suppressing piracy. However, I think the time has come when we should stop trying to police the world. In other words, some of us want to make a chief of police out of Uncle Sam. Some of us are desirous of having our Uncle Sam don the uniform of chief of police, and making patrolmen out of our soldiers. The time has come when, in my opinion, we should stop endeavoring to police the world. If we want to do policing we have plenty of opportunities in this country.

Our most able head of the Bureau of Investigation in the Department of Justice, J. Edgar Hoover, stated not so long ago, if my recollection does not fail me, that in the United States today there were some 4,400,000 violators of the law; criminals. Just think of that! Four million, four hundred thousand! As many men violating the law, criminals, in the United States today as there were under arms and in uniform during our participation in the World War from April 1917 until November 1918. Now the time has arrived when we should quit trying to police the world. The time has arrived, certainly in Asia, when we should quit trying to get rid of China pirates. We have enough pirates and racketeers in this country without trying to look after them in other countries.

Mr. ASHURST. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Arizona?

Mr. REYNOLDS. I shall be glad to yield to the Senator from Arizona.

Mr. ASHURST. Hearing on last Saturday the speech of the junior Senator from North Carolina [Mr. REYNOLDS] I made the mental note at that time that his speech was at one and the same time a prophecy and a warning.

The junior Senator from North Carolina is probably the Senate's most accomplished traveler. Certainly he has been in more foreign countries than any other Senator, and I think I may justly say that he has as wide a knowledge of foreign affairs as any of our Senators, with the exception of the members of our Committee on Foreign Relations. Indeed, I hope that next January, or when the steering com-

mittee meets, the able Senator from North Carolina will be added to the Committee on Foreign Relations.

I rose, however, to endorse what the Senator has said. If our troops, marines, or our vessels remain in these troubled spheres or troubled waters, some "incident" will occur; and our American people are as excitable as the French themselves. Such so-called "incident" may create great excitement. Great excitement may lead to some untoward accident or involvement, and since no Senator would vote for war in the present circumstances concerning the Orient, it seems to me a prudent thing, a just and proper thing to withdraw our activities from Asia at this time. I but quote another Senator, the able Senator from Michigan [Mr. VANDENBERG], when I say that such policy may be hard on our cash registers, but it will be easier on our sons.

Mr. REYNOLDS. I wish to take this opportunity to thank with my full heart, and from the very bottom thereof, my able colleague from Arizona for the very high compliment and tribute he has seen fit to pay me at this time; and I am very happy indeed to know that he is in thorough accord with the views I now express with regard to the Asiatic situation.

My distinguished friend the Senator from Idaho [Mr. BORAH] a moment ago made mention of the fact that three oil tankers belonging to the Standard Oil Co. happened to be with the American gunboat at the time it was sunk. That brings on more complications. Whether or not that gunboat was providing protection for those Standard Oil ships, I do not know, but I imagine we shall ascertain something definite about that during the day; and, before I forget it, I wish to say that my remarks are not in any sense a criticism of our Secretary of State, because I know he is doing all that it is possible for any person to do, and I think he is one of the best Secretaries of State we have ever had.

In reference to the situation in China, and in particular reference to this Standard Oil business, as Senators know, our British brothers across the seas—who owe us several billion dollars and who will not even pay the interest on it—have been trying to get us to pull their chestnuts out of the fire. They have been doing their best to get us involved over in China. Why so? The British have their hands full with Mr. Mussolini. The British have their hands full with Mr. Hitler. The British have all they can do to keep unsevered their life line which extends from Liverpool southward to Gibraltar, through the Mediterranean, southward through the Suez Canal into the Red Sea and over the Indian Ocean, and onward to their possessions in India, the Straits Settlements, Borneo in the Dutch East Indies, and to Australia.

The PRESIDENT pro tempore. The time of the Senator from North Carolina on the amendment has expired.

Mr. REYNOLDS. I should like to take more time on the bill.

The PRESIDENT pro tempore. The Chair is informed by the clerks that the Senator's time on the bill has been consumed. The question is on agreeing to the amendment reported by the committee.

Mr. JOHNSON of California. Mr. President, I do not wish to take issue with anything that has been said by the Senator from North Carolina [Mr. REYNOLDS]. I want no war. I will go to any length to prevent a war of any sort or a war of any kind; but I do not wish by my silence to yield to the views which have been expressed on this floor at this time. More data will be at hand; we shall be able to judge more accurately within a very brief period.

I will not subscribe to the doctrine that Americans may be shot down if they are in some place where somebody does not want us. I will not subscribe to the idea that a gunboat of America may be blow to pieces because somebody may see fit to take a shot at her and then, subsequently, with tongue in cheek, say that he is "sorry" and apologize. I will not do any of these things; but I will not comment upon this particular incident because I do not believe sufficient facts are at hand. They will be at hand within the day, of course, or within 2 days. Then we may comment upon them; and when we comment upon them, let us remember that we are Americans, and that we accord protection to American citizens throughout the world.

Mr. REYNOLDS. Mr. President, I desire to offer an amendment. On page 93 I move to strike out the words "and before the expression." I wish to take 15 minutes on the amendment.

As I stated a moment ago, when my time expired on the amendment which was then under discussion, our brothers across the sea, the British, have been endeavoring to get us to pull their chestnuts out of the fire in China; and they have a lot of chestnuts in the fire there. I will venture to say that the British have invested in China today something like $3,000,000,000. Their investments there have been estimated at anywhere from $1,500,000,000 to $4,000,000,000. I believe I am placing a conservative estimate upon their investments when I say they amount to $3,000,000,000.

In addition to that, Mr. President, as we all know, the British have their interests in the foreign settlements, the International Settlement at Shanghai—Shanghai, the largest city of China; Shanghai, the most prosperous port of China—and in addition to their interests there, the British are the possessors and the owners of the island of Hong Kong, upon which is to be found the city of Victoria.

To the north of the city of Victoria—or, as it is generally referred to, the city of Hong Kong—we find the city of Canton, which is a very prosperous city of Chinese territory, and I believe is the second largest port in China. At Canton we find that the French and the British have territory constituting what is referred to as the "foreign settlement"; and, as we all know, the British, as a matter of fact, control a very great portion of the trade, not only of Canton but also of Hong Kong. I may add that for many years past the British knew that the time would come when the Japanese would do just exactly what they are now doing—conquer that part or parts of China desired by them in the fulfillment of their long-cherished hope to bring about the establishment of the "empire of the east."

The French are equally interested with the British, because the French have large investments in China, and because, as we know, the French are the rulers of Indochina; and through Indochina, perhaps from Saigon, the capital, many arms, ammunition, and war materials from the British Empire have gone to the armies of the Chinese, whom the British are desirous of helping in order that their investments in China may be protected and preserved and in order that they, the British, may continue to profit by their trade and investments in China.

Mr. ASHURST. Mr. President, will the Senator yield to me?

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Arizona?

Mr. REYNOLDS. I am glad to yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, there is in this world a deadly law of compensation which sooner or later does its perfect work.

It was, I believe, in 1932 that our then Secretary of State, Mr. Stimson, by cable and on the telephone, communicated with Sir John Simon, then Great Britain's Secretary of State for Foreign Affairs, and our Secretary of State then advised Sir John Simon that he, Mr. Stimson, would cooperate with Great Britain in an attempt to stop Japan from overrunning what was then called Manchuria, now Manchukuo. We had very few and scanty vital interests in Asia at that time. Great Britain had enormous vital interests there at that time and the most lamentable breakdown in statesmanship in history was when Sir John Simon, British Secretary of State for Foreign Affairs, failed to support our Secretary of State at that time. While we deplore the damaging and expensive results that may come to Great Britain from the present trouble in Asia, the law of compensation which does its perfect work is now active against British interests because Great Britain refused to support our Secretary of State, Mr. Stimson. Not a gun would have been fired, no expense larger than the cost of a cablegram

to Japan to stop would have been necessary and, if Sir John Simon had sent such cablegram, there would have been peace and tranquillity in Asia.

Mr. REYNOLDS. I thank the Senator for his very valuable contribution. I recall that incident. At that time I was not a Member of this body, but it was either in 1931 or 1932; our Secretary of State was Mr. Stimson. The gentleman in charge of the foreign affairs of the British Government was Sir John Simon.

Mr. ASHURST. Let me say that I join the Senator in his eulogy of our present Secretary of State, Mr. Hull, who has, I believe, done all that could or should be done by any Secretary of State in the circumstances.

Mr. REYNOLDS. He has done everything he possibly could do.

Mr. President, in reference to the matter mentioned a moment ago by my distinguished colleague from Arizona, I will state that it was either in 1931 or 1932 when the Secretary of State of the United States was Mr. Stimson, and the gentleman in charge of foreign affairs of the British Government was Sir John Simon. The Japanese then were engaged in biting off a chunk of China not far from the Russian border, and in the neighborhood of Outer Mongolia. The land that they took was then called Manchuria. We now refer to it as Manchukuo. Manchukuo, in size, equals the combined area of France and Germany, and has a population of approximately 120,000,000.

Our Secretary of State at that time, according to my recollection, wired those in charge of foreign affairs in Great Britain at London, because our Secretary of State knew that what Japan was doing was in violation of the nine-power pact, which pact had been suggested by Great Britain, and which pact was signed by the United States, by Great Britain, by Japan, by China, by Italy, by France, by Belgium, by the Netherlands, and by Portugal. They were the nine. Later, that pact was adhered to, agreed to as evidenced by signatures authorized by Norway, Mexico, and Bolivia; and Secretary Stimson at that time wired those in charge of the foreign affairs of the British Government stating that he would be more than happy to cooperate with them, because there was unquestionably a bold and dastardly violation of that pact.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. REYNOLDS. I am glad to yield to my friend from Arizona.

Mr. ASHURST. Not only did Secretary Stimson cable, but he horoscoped the future. He foresaw what was going to happen, and he spent a considerable sum of money in telephone calls trying to talk to Sir John Simon in order to point out to him the necessity of standing to his agreement and observing the nine-power pact, advising the British Foreign Secretary what would be the baleful results of a failure to do so. Our Secretary of State, Mr. Stimson, foresaw with crystal clearness just what would happen, but received no support from Great Britain. In fact, Sir John Simon for 2 or 3 days evaded making any reply, and finally declined to cooperate with our Secretary of State, Mr. Stimson.

Mr. REYNOLDS. And just what Stimson thought then would happen did happen.

Mr. PEPPER. Mr. President——

Mr. REYNOLDS. I yield to the Senator from Florida.

Mr. PEPPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from North Carolina yield to the Senator from Florida?

Mr. REYNOLDS. I am delighted to yield.

Mr. PEPPER. I inquire of the Senator from North Carolina what he would suggest may be the ultimate influence upon international stability if by almost unanimous consent we have arrived at a time when treaties, however solemnly arrived at, mean simply what we castigated Germany for declaring in 1914 were "scraps of paper"?

Mr. REYNOLDS. If we are to arrive at a conclusion as to the worth of treaties nowadays on the basis of the experience of the past, they amount to no more than scraps of paper—and why do I say that? I say that because the able Senator from Arizona [Mr. ASHURST] and I have just discussed the nine-power pact, the consideration of which was held recently in Brussels, Belgium, where the United States was represented by our ambassador at large, Mr. Norman Davis. In connection with that we have had violations of other treaties and other pacts. There was the Briand-Kellogg Pact. There was the Boxer protocol in 1904 which guaranteed that trade routes between inland China and Shanghai should be kept open and clear. Many pacts and agreements have been violated by Japan.

The United States has invested in China today, I venture to say, no more perhaps than $250,000,000 or $300,000,000; although in 1935, I am informed, we had about $450,000,000 or $500,000,000 invested over there. We do not own any land over there. Unlike the French and unlike the British we have but small interests in China. It is true we are interested in the trade of China. It is very fine territory in which to secure business. China is about two-thirds the size of the United States and has a population of between 400,000,000 and 500,000,000. They wear a great deal of cotton cloth and we want to sell that cotton cloth and other textile products to them, although they themselves are producing considerable cotton. It appears now as though the best portion of China is going to be taken by the Japanese, who have been bombing during the last month the ancient city of Nanking.

I am interested in keeping the United States out of war. The mothers of America are interested in keeping the United States out of war.

We remember—in fact, we cannot forget—that our participation in the World War, at which time we had under arms and in uniform 4,400,000 young men, has cost the taxpayers of America to date $67,000,000,000 and before we get through paying the terrific cost of that war the taxpayers of this country will be penalized over $100,000,000,000.

The time has come when we of the United States ought to look after our own affairs, our affairs here at home, and keep our mouths out of other people's business—quarrels. We have enough to do at home, in our own country. What we should do, when Europe is preparing for war and when Asia is already at war, is to turn our eyes southward toward the 125,000,000 people residing within the respective political confines of Mexico, the countries of Central and South America, and those provinces and republics of the West Indies. We should interest ourselves down there in getting trade. Billions of dollars spent in trade annually are now enjoyed by Great Britain, Germany, Italy, the Japanese, and the French.

The first 7 months of this year Japan bought $53,000,000 worth of cotton from us. In 1935, according to my recollection, the Japanese bought $115,000,000 worth of cotton from us and they sent back into this country finished textile products to the extent of $15,000,000. In other words, for every $115 they gave us of the South, the whole people of the United States gave to Japan $15. We dislike to lose that business, particularly those of use who live in the cotton-producing States of the United States.

The PRESIDING OFFICER. The time of the Senator from North Carolina has expired.

Mr. REYNOLDS subsequently said: Mr. President, I desire to add to the remarks which I submitted this morning a portion of a telegraphic dispatch to the Philadelphia Record, Philadelphia, Pa., sent from Des Moines, Iowa, under date of October 8, 1937, by one of our colleagues, the Honorable CLYDE L. HERRING, of Iowa, in which he said in part:

> If our nationals wish to chase the dollar in war-ridden countries, let them do it at their own risk, but bring our soldiers and ships home.

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. JOHNSON of Colorado. Mr. President, it is an anticlimax to me to follow the eloquent Senator from North Carolina [Mr. REYNOLDS], especially when he is talking of

the great current problem of the day—foreign relations. I should like to ask the Senate to recur for a few minutes to a discussion of the pending farm bill.

Mr. President, I have listened with rapt attention to the prolonged discussion of the proposed so-called farm bill. It has been intensely interesting to me because most of my life has been spent in agricultural pursuits, either as a producing farmer or as the manager of a farmers' cooperative concerned with the marketing of agricultural commodities.

In other days I gave careful study to the debenture plan that was advanced by the National Grange and followed every step of the McNary-Haugen Act in its turbulent course through the Congress, and was stunned, as were so many farmers, by its veto by the President.

I am familiar with the disaster resulting from the unfortunate efforts of President Hoover's Farm Board. I watched the operations of the A. A. A., rejoiced in its accomplishments, criticized its weaknesses, and regretted its invalidation by the Supreme Court. I observed with great interest the efforts of the Canadian Government to secure farm equity through a government buying and storage program that only was saved from a major disaster by short crops in the United States brought about by a combination of drought and controlled production, and I am familiar with the coffee-storage scheme that had such a tragic, far-reaching, and upsetting effect upon the economic and political life of our good South American neighbor, Brazil.

I know the pride and deep satisfaction of the man who gazes with affection upon his own broad acres and imagines in his weakness that he is master of what he surveys. I know the exhilaration and joys of an outdoor life. I know the hardship that follows a crop failure and the sweet music of raindrops on parched fields. I know the thrill of ploughing a furrow almost as straight as the course of the proverbial crow. I am interested in the farm problem primarily because I am a farmer born and bred. My father before me was a farmer, as was his father, and his ancestors for generations.

In short, while others may draw upon their imaginations to paint a vivid picture of the joys and miseries of farm life, I need but to recall actual experiences to memory.

I am glad that this special session of Congress has been called for the purpose of stabilizing agriculture. No Congress will ever be engaged in a better purpose. Congress has the opportunity to promote the welfare of America in a manner that will make our Nation happy and contented by establishing agriculture on an equitable basis and at the same time eliminating cruel hunger, or it may adopt, in a spirit of impatience and short-sightedness, a policy of agricultural restriction that will inevitably be followed by a national decline.

Indeed America needs above all other things agricultural stability, not only for the welfare of that large group of patient, patriotic producers of food, the men and women on our American farms, but for the welfare of every human in America created with a God-given and a God-imposed appetite for good things to eat.

Members of the Senate do not desire to vote against a farm bill; they do not wish to be misunderstood. Their knowledge of and their sincere sympathy for the farmers' situation is real and not just pretended. They know that when the farmer is prosperous the country will be prosperous. They want the farmers to think that they are striving with all their ability to work out a stubborn, unsolved, ancient problem. They do not want the RECORD to show that they have ever opposed a farm measure, even though the prospect of accomplishing much is not bright. I share that feeling, but at the same time I cannot sit silently and see Congress make what I believe to be a terrible mistake without voicing a vigorous protest. I have heard the able discussion on this bill day after day, and I have reluctantly and sorrowfully reached the realization that its passage in its present form will be the cruelest blow ever dealt America's farmers, America's hungry, and our country's future.

America is studded with sparkling social diamonds in the form of schools from ocean to ocean and from the Gulf to Canada, but there is hardly a school in this broad land—and I regret to say this—that does not have upon its rolls undernourished children and in the aggregate countless numbers of them. Surveys made by the welfare agencies disclose the startling fact that an unbelievably large percentage of the children of America are undernourished, some through parental ignorance and indifference, but far too many from a shortage in the home of meat and bread and milk. Go out on the streets in any city in America and you will find hungry men and women.

I need not dwell on that sordid picture. Every Senator is familiar with it, and yet we hesitate to deal courageously with it. The enactment into law by Congress of the philosophy of scarcity is willfully wicked, and especially so since we have been reminded time and time again by our great President—and his statement has never been successfully challenged—that one-third of our population is right now poorly clothed, poorly fed, and poorly housed.

Stripped of all of its high-sounding purposes and noble aspirations, stripped of its words without end, its calculations in higher mathematics and mysterious formulas, just what does the farm bill do? What are its functions? What are its effects? How does it operate? Every Senator should know the correct answers to these fundamental questions.

It deals with tobacco, rice, cotton, corn, and wheat, and indirectly it adversely affects all other agricultural production, especially changing and upsetting present methods of grazing and fattening hogs, cattle, and sheep. I shall not attempt to go into the details of operation of the bill in each of these branches of agriculture, but I do want to point out briefly some of its provisions pertaining to wheat.

For many years I have been interested in the growing, milling, and merchandising of wheat. In fact, I regard myself as somewhat of an expert on the subject. Here are some of the wheat provisions that are bothering me. The top price of wheat is fixed by this bill at a price some place between $1.15 and $1.21 per bushel through the automatic liquidation of the supplies in the ever-normal granary. The bottom price for wheat is fixed at 63 cents per bushel by loans that are authorized to be offered at that level.

The bill does not guarantee a parity price for wheat; in fact, for all practical purposes under its "protection to the consumer" provisions, it guarantees that there shall not be a parity price by compelling the Secretary of Agriculture, when such a price has been reached, to call loans secured by wheat, to release stocks of wheat held under seal and stocks of wheat held under marketing quota restrictions, and to dispose of stocks of wheat acquired by the loan corporation. It does not require much imagination to visualize what that method of dumping and forced liquidation will do to the wheat market and the so-called parity price. When the price of wheat even approaches parity, buyers will have a right to become very timid and will be careful to keep the price a little below parity and not cross that deadly line that will bring down upon their heads the flood of wheat in the ever-normal granary.

Another very drastic provision that is hard to understand—the wheat farmer is liable for an excess marketing penalty of approximately 60 cents a bushel for any unfair agricultural practice as designated by the Secretary of Agriculture. In other words, find him guilty of unfair practices and take his wheat away from him, just as is done in Russia.

A referendum is provided wherein the wheat farmer may choose to submit to a restrictive quota; but if one-third of the voters vote against such quota restriction, soil-conservation benefit and parity payments are cut off, and he cannot be given a Government loan on his wheat. In his extremity he must vote for a restrictive quota system, whether he personally likes it or not, or bring that terrible penalty upon all wheat farmers. It will not be voting as we vote in America. It will be like voting in Europe. "Vote, but vote right, or else!"

The bill would require the Secretary to allot a total of 67,400,000 acres for growing wheat among all the counties of America on the basis of the acreage devoted to the production of wheat during the last 10 years. Where does

that place our States and our counties? It denies my State of Colorado and my county of Moffat the privilege of wheat-acreage expansion. The eastern two-thirds of the State of Kansas will be given a permanent right to produce much of America's wheat supply, while Nebraska, Montana, the Dakotas, Colorado, and the great West generally will be permanently held to a low wheat acreage. Unfortunately for us, we stopped trying to grow wheat when the price reached the lows of the last few years, and now our acreage is to be frozen to that abnormal low.

Colorado perhaps would not object so strenuously to fixed quotas and to the freezing of present production experience into a permanent right and privilege to produce if we were given equal protection by fixed frozen quotas on the basis of our present production of cattle, sheep, hogs, potatoes, vegetables, and fruits. To deny Colorado the right to expand on her acreages of wheat or corn, and at the same time permit the rest of the country freedom to expand in the agricultural commodities which we now produce, is manifestly not equitable.

When this Congress announces to the world that we have adopted the spiral form of crop reduction, our foreign competitors will naturally rejoice and plan to expand their agricultural acreages accordingly. When and if this bill passes, I predict that great celebrations will be held in Canada, Mexico, South America, Africa, Australia, India, and, in fact, all over the world. They will celebrate because their foremost competitor has abandoned foreign markets.

Our great transportation systems are going into receivership now because they do not have enough business. What will become of them when 20,000,000 acres are taken out of corn, 10,000,000 acres out of wheat, and 25,000,000 acres out of cotton production?

In my opinion, no farm bill will meet the situation confronting America without incorporating into it these fundamental principles and policies:

First. Give the American market exclusively to the American farmer at a price that will be both fair to him and to the consumer.

Second. Authorize and direct the administration to distribute processed food and clothing to all deserving needy persons in America free.

Third. Provide an ever-normal granary sufficient to protect American consumers against crop failures and emergencies.

Fourth. Make no foolish effort to raise the world price of staple farm commodities by an enforced program of scarcity in America and do not encourage foreign agricultural expansion by a deliberate compulsory restriction of American production and willful abandonment of foreign markets.

Fifth. If a burdensome surplus of a staple farm commodity over and above our current and probable future need be produced, prorate such surplus to the farmers producing it and offer it on the world market at a price that will be acceptable, or, if conditions and circumstances warrant, dispose of it for foreign charity, but dispose of it.

In conclusion, I am compelled to say that the pending bill is contrary to every American tradition and is decidedly un-American both as to the agricultural policies and the administrative methods which it adopts. It is built upon the foundation of the wicked and false philosophy of the economy of scarcity. It deceives the farmers, who think they are to receive parity prices, while the bill actually contains no provisions for the payment of parity prices. The bill juggles the funds of the conservation program without giving the farmer additional benefits. It does, however, give him additional regulations with which he must comply to be eligible to receive the benefits already being given him under the Soil Conservation Act; in short, no additional revenue and no additional price, but many additional bureaucratic regulations.

It takes 55 percent of the conservation funds that now go to the farmers of Colorado and other States and uses these funds to make parity payments to cotton, wheat, and corn farmers. The potato, fruit, and vegetable farmers are penalized under the bill, because they lose 55 percent of the soil-conservation funds now available to them.

I have heard it stated in the cloak rooms many times that the bill will be rewritten in the conference room. I most sincerely hope that it will be rewritten.

My colleagues, I plead with you in the name of the American farmers, the American railroads, merchants and businessmen, the American unemployed, and the American undernourished to rewrite this bill. In the name of the more abundant life, the symbol of this administration, we must rewrite this bill.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The question is on agreeing to the amendment proposed by the Senator from North Carolina to the amendment of the committee.

Mr. AUSTIN. Mr. President, may the amendment be stated?

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 93, line 7, after the word "made", it is proposed to strike out the words "and before the expression."

The amendment to the amendment was rejected.

Mr. PEPPER. Mr. President, if it is in order at this time, and I think it is, I should like to have stated an amendment I have lying on the desk, to appear at the end of the committee amendment on page 94, between lines 3 and 4. I will appreciate having the amendment stated.

Mr. BARKLEY. Will not the Senator withhold his amendment a moment? We have not yet acted on the committee amendment to which the Senator from North Carolina proposed his amendment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment starting with line 5, page 93, and going through line 3 on page 94.

Mr. AUSTIN. Mr. President, I wish to ask a question about one phrase in the amendment before it is voted on.

The PRESIDING OFFICER. If there is to be debate, the Senator from Florida will be recognized, as he had addressed the chair.

Mr. PEPPER. Mr. President, does the Senator from Vermont have in mind discussing the amendment on page 93?

Mr. AUSTIN. I have no intention of taking the floor to discuss it; I wish to ask the sponsors of the bill a question.

Mr. PEPPER. I will be glad to yield until the Senator may complete his inquiry.

Mr. AUSTIN. Apparently this is an unfortunate time to ask the question. If the intention is to keep the question open until after the Senator from Florida shall have addressed the Senate, I am willing to wait until he shall have concluded.

Mr. BARKLEY. Is the Senator from Florida proposing an amendment to the committee amendment?

Mr. PEPPER. Yes; on page 94.

Mr. BARKLEY. If that is so, then the committee amendment should not be acted on until after the Senator's amendment may be acted on.

Mr. PEPPER. If the amendment I propose is germane, I should like to have it in the nature of an addition, under a different subhead, so it would be appropriate to go ahead on the committee amendment.

Mr. BARKLEY. If it is on a new subject, and is a new section or paragraph, it would not necessarily be an amendment to the committee amendment.

The PRESIDING OFFICER. The Chair understood the Senator from Florida to state that the amendment would not come at any point in the bill now designated as a committee amendment.

Mr. PEPPER. I thought the pertinent place was between lines 3 and 4 on page 94, but there is no reason why the previous matter should be held up, and I am willing to defer proffering the amendment until the matter on page 93 can be disposed of.

Mr. AUSTIN. I will ask my question, then, and perhaps someone can answer it.

Starting at line 9, on page 93, the text reads, "In determining the amount of any payment or grant measured by,"

which means that the amendment proposed would change the Soil Conservation Act so that the payments or benefits under a contract made with the Government would be determined in part or measured by the following subsection provisions. One of them is as follows:

(c) In order to provide adequately for domestic consumption and exports of any one or more agricultural commodities and to effectuate the purposes specified in section 7 (a), and the value of the production of such commodity or group of commodities on such national acreage on the basis of average values for the 10 years immediately preceding the year in which such payment is determined.

My question is, Do the proponents of the bill intend to provide for a conflict here with the other parts of the bill which made the comparison with respect to corn and wheat with values during a base period between 1909 and 1914 and values in certain other years with respect to tobacco? I should like to have an explanation of this yardstick, for this is one of the yardsticks by which it is proposed to measure the payments which hereafter shall be made under the soil-conservation agreements.

What is the difference? What is the purpose? Are we now about to change the measure of those payments? If we are, we ought to understand it. It is an extremely important thing. We have tried the Soil Conservation Act with remarkable benefit to the country, and I do not like to proceed to amend it in an essential provision like this, the measurement of the payments thereunder to be made without knowing what I am doing; and I confess that on reading this I cannot tell what is meant. That is why I ask the question.

Mr. BANKHEAD. Mr. President, in answer to the Senator, if I can make a satisfactory answer to him, in the first place, I am not the sponsor of this formula and I have an amendment to suggest to the formula. I think it is proper that I should make that statement in the beginning. But I shall endeavor to answer as best I can, because the Senator's question is asked in good faith, and is a proper question.

The formula was prepared by the Department of Agriculture and sent to the committee, and it grows out of the constant controversy between producers of different commodities as to a proper division of the money available under the Soil Conservation Act. The Soil Conservation Act authorizes an appropriation of a fixed sum of money, $500,000,000. It sets up different purposes for which the money may be expended, carrying out the soil-conservation and soil-building program. The Senator is familiar with that, and, as I understand, he just spoke in a commendatory way of the Soil Conservation Act itself. I was one of the joint authors of the act, and I am proud of it, too. But that act does not go into detail, nor does it set up a formula for the division of the money.

Mr. AUSTIN. Mr. President, will the Senator yield for a question at that point?

Mr. BANKHEAD. I yield.

Mr. AUSTIN. I hope it will not disturb the Senator.

Mr. BANKHEAD. Not at all.

Mr. AUSTIN. When the Senator makes the statement that it does not set up a formula I ask him if he regards what appears on page 160 of the laws relating to agriculture as a formula.

Mr. BANKHEAD. Is that the Soil Conservation and Domestic Allotment Act?

Mr. AUSTIN. Yes.

Mr. BANKHEAD. I have not it before me.

Mr. AUSTIN. Let me read:

Subject to the limitations provided in subsection (a) of this section, the Secretary shall have power to carry out the purposes specified in clauses * * * by making payments and grants * * * measured by (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion, (2) changes in the use of their land, (3) a percentage of their normal production of any one or more agricultural commodities—

And so forth, and so forth, and so forth.

I ask the Senator, does he not regard that as the formula which heretofore the Secretary was bound to employ in measuring the amount of grants and payments under that law?

Mr. BANKHEAD. Mr. President, that does not state what percentage shall be given each of the factors, if they may be so termed, mentioned in the act. I do not regard that as a formula for a division of the money. It seems to me to be intended to specify activities in which the Soil Conservation Administration is directed to participate, rather than saying, for instance, what part of the money shall be spent on the potato growers, or what percentage of it shall be spent in the interest of promoting dairying or some of the basic commodities; and, as a result, it is my information that the producers of practically every commodity, or at least a number of them, have been criticizing the Department on the ground that they felt that the Secretary was not giving them a fair division of the money. Consequently, of course, that puts anybody vested with discretion on the spot, because, however fair he may try to be and however fair he may be, it is difficult to convince anyone who is interested that that is so. Therefore, if a suitable formula can be worked out, it would be well to work it out, and thereby indicate at least to the Secretary what the intention of the Congress is with respect to the division of this appropriation.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AUSTIN. As I understand what the Senator from Alabama has so well stated, it is that this is a new element introduced into the old formula. That is to say, the old formula provided for measurement of payments to an individual farm or farmer but did not undertake to prescribe the formula by which the amounts were to be allotted as between commodities. Is that the meaning of this amendment?

Mr. BANKHEAD. Not entirely; no. We could not well fix the amount that would go to each farmer without having some general knowledge of the amount of the commodity that at that time primarily would be produced. On the other hand, we could not fix the general amount without taking into consideration the number of farms engaged in that particular work, and further elements, such as the value of the production and the necessity for rotating crops in order to restore land and give it an opportunity to rebuild its fertility in different ways. So there are numerous elements involved, both in the individual farm allotment and in the amount to be apportioned to specific crops.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AUSTIN. I can see quite plainly the benefit that may arise from a formula with reference to the division between tobacco and potatoes, for example; and yet I cannot see how an additional provision of this character is needed in view of the fact that the Secretary of Agriculture heretofore has been able to operate under the old formula without any apparent inequity or difficulty as between farmers. There may have been some experience as between commodities about which I know nothing which requires some legislation. If that is what this amendment means, I have no objection to it.

Mr. BANKHEAD. The Senator observes that the elements in the formula are very largely based upon acreage. No. 1 is the national acreage required to be devoted to the group of crops and No. 2 is the normal average acreage devoted to the production of such commodity during the 10-year period.

Those are the two chief factors which clearly indicate that the Department had in mind in submitting the amendment the quantity of acreage and the volume of production, and elements of that sort which are entirely different from a plan or formula dealing with a specific farm.

As I stated in the beginning, this formula was submitted by the Department because, I assume, they are hunting for some sort of relief from the pressure that has been brought by different groups and different sections and different areas with respect to the volume of work to be done in their communities and their sections under the soil-conservation program. This is an amendment, as the Senator from Vermont

properly noted, to the Soil Conservation Act. It applies to the administration of the entire soil-conservation program, and is not confined to the basic crops covered by this bill.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LA FOLLETTE. If that is true, can the Senator tell us how this amendment, if adopted, will change the policy under the Soil Conservation Act? Can he give us some approximation of its effect?

Mr. BANKHEAD. Mr. President, I referred to the Senator from Vermont [Mr. AUSTIN] largely because others on the committee who have handled this matter are not here. I know in a general way, however, that what I have stated covers the situation so far as I have stated it.

Mr. LA FOLLETTE. If the Senator is correct in his statement that this amendment modifies the whole policy——

Mr. BANKHEAD. Mr. President, I did not say it modifies the policy. I say it fixes the policy. It takes the pressure off the Department.

Mr. LA FOLLETTE. Yes; but if it fixes the policy with regard to the entire Soil Conservation Act, then I think it is very important that the Senate should know the effect of the amendment before we are called on to vote on it.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield the floor.

Mr. ELLENDER. I would say to the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Vermont [Mr. AUSTIN] that the present method of making allocations under the Soil Conservation Act is defined in the act in rather general language, but in the administration of the act a formula has been adopted which consists of taking into consideration four different factors: First, one-fourth of the allotment is based on the number of acres in each crop; second, one-fourth of the allotment is based on the value of the crops grown on said acreage; third, one-fourth of the allotment is based on the number of acres by which the acreage was less than the average acreage for the past 10-year period; that is, the diverted acreage; and fourth, one-quarter on the value of the crops on that diverted acreage.

If Senators will examine the language beginning in line 9 on page 93, and ending in line 3 or page 94, they will find that the amendment under consideration writes into the law the more specific provisions of the formula which has been adopted in the administration of the law and combines factors one and two which I have just mentioned, and factors three and four. That is the only thing that has been done. I am informed by the Department that the method of allocating funds provided by this formula will not in any manner change the present method of allocation with respect to other crops.

Mr. AUSTIN. Mr. President, will the Senator yield to me for a question?

Mr. ELLENDER. I yield.

Mr. AUSTIN. Does the Senator from Louisiana believe that this amendment on pages 93 and 94 of the pending bill is directed solely at the division to be made or allotment to be made as between commodities, such as potatoes, tobacco, and such things, and that it is not directed at the amounts of payments or grants to be made to individual farmers?

Mr. ELLENDER. As I understand it, and as has been explained to me by the Department, it is as follows: Item 4, beginning in line 22, page 92, adds another factor which is to be used in measuring the payments on individual farms. The amendment beginning in line 9, on page 93, specifies the method to be used in allocating funds among the commodities. The funds thus allocated to each commodity would be used in determining the rate of payment which will apply in computing payments for individual farms under item 4, which, as I have mentioned, begins in line 22, on page 92.

Mr. AUSTIN. To what section does the Senator refer?

Mr. ELLENDER. I do not have the act before me, but we are now considering amendments to section 8 of the act.

Mr. POPE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. POPE. The fact that 55 percent of the soil-conservation appropriation will go to the three commodities of corn, wheat, and cotton, and the balance of 45 percent will be used for soil-conservation payments on all other commodities made necessary the adoption of the formula here in order, as the Senator from Vermont said a few moments ago, that each individual farm or commodity should have the same payments that are now being given to it. The only reason for this change is, as before indicated, that in dividing up the amount of the appropriation this change was necessary to continue the same sort of payments to all the other commodities which are now being made.

Mr. AUSTIN. Mr. President, I thank both the Senators for what they have stated. I have been unable to find in the Soil Conservation Act that provision to which the Senator from Louisiana refers. Probably it is there, but I am unable to find that formula. The formula I find is expressed in section 8 (b).

Mr. ELLENDER. Section 8 (b); yes.

Mr. AUSTIN. That does not refer to one-fourth of this and one-fourth of that. It refers to principles, and says that it shall be measured by, (1) their treatment or use of their land, and so forth; (2) changes in the use of their land; and (3) a percentage in the use of their production, and so forth.

Mr. ELLENDER. And four?

Mr. AUSTIN. And 4, which is stricken out already, did provide any combination of the four. Now we have amended that so that it is measured by an equitable share of something. Those are numerals. They are not fractions of the total.

Mr. ELLENDER. I understand that, Senator; but following the principles set forth the Secretary has used four factors, and in allocating funds among the commodities the Secretary has given a one-fourth weight to each of them. That is how that happens.

Mr. AUSTIN. Then I cannot see what benefit is to accrue to the public from a combination of Nos. 1 and 2 in one provision and Nos. 3 and 4 in another. In fact, I doubt very much whether the student of that amendment that we are now considering would apply it to farm payments. I doubt very much if the amendment expresses what the Senator from Louisiana desires to obtain, for it starts off with the words:

> In determining the amount of any payment or grant.

And I think that if it refers to the division or allotment as between commodities or goods that it should start out with the words "in determining the proportion of any allotment to any commodities."

Mr. ELLENDER. Mr. President, if the Senator from Vermont will read on line 11, page 93, under "(1)," he will note that there is a combination under that section, up to line 21, of the two factors I mentioned a few minutes ago. Beginning with "(2)", on line 21, page 93, and ending with line 3, on page 94, there is a combination of the other two factors I have just mentioned.

As I stated, the purpose is to substitute specific language for general language, and I am informed by the Department that this combination will in no manner affect the present method of allocating funds for crops other than those mentioned in the bill.

Mr. AUSTIN. Mr. President, from reading or from listening to the very learned elucidation of the amendment, I cannot see any earthly use for its adoption.

Mr. ELLENDER. Mr. President, I have an amendment to offer on line 21, page 93, which I should like to have stated at this time. The amendment is to clarify the committee amendment in one particular. It is to be inserted after the words "average acreage."

The PRESIDING OFFICER (Mr. BROWN of Michigan in the chair). The amendment offered by the Senator from Louisiana to the amendment reported by the committee will be stated.

The CHIEF CLERK. On page 93, line 21, after the word "acreage", it is proposed to insert a comma and the following:

> Including in the applicable years acreages diverted from such production because of agricultural adjustment and soil-conservation programs.

Mr. GEORGE. Mr. President, I should like to have the Senator from Louisiana explain the purpose of that amendment.

Mr. ELLENDER. Mr. President, if the Senator from Georgia will refer to the bill, on line 21, the committee amendment states:

The national average acreage devoted to the production of such commodity.

What the amendment proposes is to add such acreage as may in the past have been diverted. The Senator well knows that quite a number of farmers followed the rules and regulations of the Soil Conservation Act, and diverted acreage and received benefits, whereas others did not. They found it more profitable to plant diverted acres in violation of the Soil Conservation Act. The purpose of this amendment is to put them all on the same footing, so that those farmers who followed the law will not be penalized.

Mr. GEORGE. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. PEPPER. Mr. President, I desire to offer an amendment.

The PRESIDING OFFICER. Is the Senator's amendment to the committee amendment on page 93?

Mr. PEPPER. No; my amendment will come between lines 3 and 4 on page 94.

The PRESIDING OFFICER. The Chair is advised that the amendment would not be in order at that point at this time. It would have to be offered as an amendment to the committee amendment.

Mr. PEPPER. If I offer it in that way, can it be considered at the present time?

The PRESIDING OFFICER. Yes; it will be the pending question.

Mr. PEPPER. Very well; I offer the amendment to the committee amendment and ask that it be stated.

The CHIEF CLERK. As a part of the committee amendment, on page 94, after line 3, it is proposed to insert the following:

(k) Congress recognizes the insecurity which those engaged in agriculture and horticulture experience on account of hazards of weather to which their crops are subject and desires to do everything possible to diminish such hazards and to stabilize agricultural yield against such hazards. Therefore the Secretary of Agriculture is authorized and directed to set aside and use, out of any sums appropriated for the purposes of the Soil Conservation and Domestic Allotment Act, as amended, the sum of $150,000 annually, or so much thereof as may be required until such study is completed, in making a study of a feasible and practicable plan of crop insurance for fruits, vegetables, and other crops particularly subject to the hazards of weather, and to report his findings and recommendations with respect to such plan of crop insurance to the Congress at the earliest practicable date.

Mr. BANKHEAD. Mr. President, a parliamentary inquiry. Has the committee amendment on page 93, as amended, been acted upon?

The PRESIDING OFFICER. It has not been.

Mr. BANKHEAD. I submit to the Senator from Florida that we ought to have that amendment acted on, because his amendment is not germane to this one. Then he may present his amendment.

The PRESIDING OFFICER. The Chair is advised that the amendment of the Senator from Florida could not be placed at any other position in the bill.

Mr. BANKHEAD. I ask unanimous consent that the Senator from Florida may have the privilege of offering his amendment as soon as the committee amendment has been disposed of.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment of the committee, as amended. Without objection, the amendment as amended is agreed to.

Mr. AUSTIN. Mr. President, I wish to register my objection to it.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

Mr. PEPPER. Mr. President, I was one of those who gladly concurred in the call of the President for a special session of the Congress in aid of agriculture, because I felt that this was an opportunity for the Congress, with the attention of the country directed to the problem of agriculture, to make some substantial and fundamental achievement toward the solution of the pressing agricultural problem. I also entertained that view because Florida is an agricultural State to an extent not generally appreciated.

I desire to read just two short paragraphs from the Canadian Geographical Journal for November 1937, which carries, on page 263, an interesting synposis of the agricultural activities of Florida.

Reading from that article, I observe the following:

Its agricultural and horticultural operations are scattered from the Perdido River on its western border to the lime groves of Monroe County, a distance via Alabama and Georgia State lines and the Atlantic Ocean of 900 miles. There are now 72,857 farms, which are increasing in number at the rate of 115 farms per month. More than 100 kinds of productive soils are known and classified, on which are grown practically every crop known to temperate, semitropical, and tropical zones.

Approximately 100 or our crops are commercial. According to daily accurate records kept by the State marketing bureau, Florida produced during the 1936–37 season an equivalent of 163,000 cars of fruits and vegetables with a gross value of $108,000,000. These figures include 102,827 carloads of citrus fruits, with a gross value of $68,838,000.

The total agricultural investment in Florida is approximately $800,000,000. Its gross income during the 1936–37 season was $160,000,000.

In addition to that, from the Blue Book of Southern Progress, published in 1937 by the Manufacturers' Record Publishing Co., it appears that the South's total farm-crop acreage in 1900 was 97,423,000. In 1936 it was 117,267,200. Of those acres, Florida had in cultivation 1,459,800 in 1936.

In 1936, of the value of all southern farm crops, amounting to $2,437,227,000, Florida—without citrus being included—had $85,018,000 in yield value, but in the value of farm commercial crops of a truck character Florida led the whole South, her products in 1936 having a gross value of $24,143,000, of a total of $63,734,000 for the entire South, consisting, I believe, of some 15 different States.

For that reason, Mr. President, we are vitally interested in the question of agriculture and such relief as may be available for that great industry.

Also, it may not be generally known that our agricultural interest covers, generally speaking, these subjects:

Corn, cotton, hay, potatoes, tobacco, oranges, sweetpotatoes, tomatoes, peanuts, grapes, soybeans, lettuce, strawberries, peas, grapefruit, sugarcane, cabbage, beans, celery, onions, cantaloups, velvetbeans, cowpeas, cane sirup, sweet corn, dry field peas, watermelons, cucumbers, cauliflower, pecans, peppers, artichokes, beets, and eggplant.

Mr. President, some days ago, when we were just entering upon the question of agricultural relief, I humbly expressed the opinion that the public was expecting the Congress to make some fundamental approach to this problem.

I have not been altogether pleased by the restrictions which the bill has imposed upon agricultural production. A good many fears enter my mind as to the condition in which we may find ourselves in the future if we go too rigidly into crop control.

I have a great degree of sympathy for the views which were so ably and so eloquently expressed by the senior Senator from Idaho [Mr. BORAH] in giving recognition to the need for the widest possible distribution of our agricultural commodities so that the largest possible number of persons will be able to enjoy them; and I do not want ever, at any time, to adopt here, even for the protection of the farmer, a policy which will to an excessive degree limit the ability and the capacity of the needy consumers of the country to have the food and the clothing to which they are entitled.

However, I am willing to yield my judgment to that of Senators who are better informed than I am on this subject. I know the committee have made a conscientious effort to bring out a farm bill which will have a very great degree of relief about it. I know they have labored diligently and

very honestly in their efforts to prepare this bill. Of course the public at large is somewhat in doubt as to why they picked out only five commodities, and did not extend their agricultural relief to all commodities.

I have before me a list of 67 different farm commodities, each one of which was grown in this country in 1935–36 in quantity yield in excess of $114,000, ranging from kale, with $114,000 yield in the year 1935–36, up to corn, with a yield of $1,509,000,000 in the same period.

We here in the Congress know that the five commodities dealt with by the bill have been selected because of the fact that the prices of those commodities have suffered a greater disparity in relation to industrial wages than have the other crops I have just mentioned. For example, on page 5 of the publication of the United States Department of Agriculture for October 1937 the indexes of the various commodities in relation to the yield of industrial workers are shown, and the disparity is greater with grain and cotton products than it is with fruits and vegetables and other crops. Nevertheless, fruits and vegetables are subject to certain hazards to which the other crops are not subject. I have before me regrettable evidence of that fact, because during the past few days a cold wave has reached the agricultural and the truck-growing section of Florida. I have, for instance, a letter which says to me:

As you have seen by the papers, the vegetable crops in the Lake region were wiped out by the recent frost.

I have a telegram which tells me that the county agent advises that the cold in the past two nights caused 10 percent damage to vegetables in a certain county.

I have another telegram which says that 85 percent loss occurred in the immediate vicinity of another section on account of the cold damage to truck crops in that area.

That, together with my knowledge of the subject, leads me to believe that we cannot afford—and what I say is no less true of other States than of Florida—to let the Senate pass this farm bill without doing something fundamental toward crop insurance.

I desire to commend here, as I previously have, the able junior Senator from Idaho [Mr. POPE] for the initiative and enterprise which he has shown in respect to the fundamental question of crop insurance. I think the Congress has dealt with no question which shall longer or more gratefully be remembered than the question of crop insurance in relation to agriculture, because I know what a terrible toll crop hazards are taking every year from the toil of the farmers. As evidenced by the statement made on the floor of the Senate by the junior Senator from Idaho [Mr. POPE] the farmers, while the hearings before the Committee on Agriculture and Forestry were being held, expressed even a larger and greater enthusiasm for crop insurance than they did for crop control. So I commend the junior Senator from Idaho for the fine work he has done in respect to this important subject.

I wish it were possible for us, at the present session and in the present bill, to do something substantial in the way of a general provision for crop insurance. I wish the committee were able at this time to write language into the bill which would be adequate to cover the subject of crop insurance, but I do not believe it is fair to expect them to do that with the information they now have at hand. The Department of Agriculture have given us advice that they have not yet accumulated sufficient information. They do not yet have adequate data to devise a practical and feasible plan of crop insurance. Therefore, Mr. President, my amendment is designed for the purpose of supplying that deficiency of information.

I remind Senators that in the last session I was the author of Senate resolution 108 which was passed by the Senate and which directed the Secretary of Agriculture to make a study of a plan of crop insurance for fruits and vegetables and to report that plan back to the Senate at the earliest practicable time. From the files of the Senate Committee on Agriculture and Forestry I have the response of the Secretary with reference to that resolution, in which he advises that it will take some time to procure the information, that it will require a statistical staff to devote itself to its procurement, and that he has no fund presently appropriated to enable him to do it. Hence I have offered the pending amendment which is designed to afford the Secretary a fund of not to exceed $150,000 a year, with the direction to the Secretary to use so much of that fund as may be required to make a study "of a feasible and practical plan of crop insurance for fruits and vegetables and other crops particularly subject to the hazards of weather, and to report his findings and recommendations with respect to such plan of crop insurance to the Congress at the earliest practicable date."

The funds for that appropriation are to be deducted from the appropriation already made for soil-conservation payments. What better use could possibly be made of that relatively small amount of money than to allow the Secretary to make an intelligent and sustained investigation of a feasible and practical plan for crop insurance? I may say that I have conferred with Department of Agriculture officials who are cognizant of the subject. They are cognizant of the amendment and they give their hearty approval to it. I believe, if we incorporate the amendment in the bill, we will be able to return to the people, the apple growers of New York, the Middle West, and the other sections of the country, the citrus growers of the South, the vegetable producers of the entire country, and tell them that we have in this bill a sensible and intelligent approach to a practical and feasible plan for crop insurance. I believe we will live to see the day when we will harken back to the beginning of crop insurance made in this bill and say it was one of the substantial achievements of this Congress.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. McGILL. Would the Senator be willing to modify his amendment so as to eliminate the words "annually until such investigation is complete"? In other words, would the Senator be willing to limit his amendment to one appropriation of $150,000 and depend upon future Congresses to make such additional appropriations as might appear to be necessary?

Mr. PEPPER. Mr. President, I do not want the Senator to misunderstand my declination to accept that suggestion. I decline to adopt the suggestion, because there again we have indicated to the country that we are through dealing with the subject for some time. If we do not believe in the subject and do not believe something real and substantial should be done, as the Senator from Oregon [Mr. McNARY] and many other Senators have been contending for a long time, then let us abandon it. If we approve of it, let us enable the Secretary of Agriculture to carry on a sensible and continued program dealing with the subject, but place it entirely within his discretion as to how much of this money he shall spend.

The PRESIDING OFFICER. The time of the Senator from Florida on the amendment has expired.

SINKING OF THE UNITED STATES GUNBOAT "PANAY"

Mr. WALSH. Mr. President, I desire to call the attention of the Senate to two matters which are of some urgency. First, I desire to present a statement furnished by the Navy Department to the Senate Committee on Naval Affairs concerning the bombing of the United States gunboat *Panay* by the Japanese. I am also presenting some figures from the Navy Department which set forth the number of naval personnel in China.

The statement from the Navy Department is as follows:

The U. S. S. *Panay*, a gunboat of 450 tons displacement, placed in service September 10, 1928, at an approximate cost of $260,000, a unit of the Yangtze patrol, United States Asiatic Fleet, has occupied a station at Nanking during recent months to afford refuge and protection to the United States Embassy and staff and United States citizens in Nanking.

On December 8, that part of the Embassy staff which had not accompanied the Embassy to Hankow, evacuated the Embassy and took refuge on the *Panay*. Nine other United States citizens also sought safety on board the *Panay*. On December 12, the *Panay* moved up the Yangtze River in order to get clear of the attack area. At about 1:30 p. m., Sunday, December 12, the *Panay* and three tankers of the Standard Oil Co. of New York were attacked by Japanese bombing planes. This occurred at about 27 miles up the river from Nanking, near the town of Hohsien. The *Panay* was sunk and the tankers sunk or set on fire.

First reports indicated that 54 survivors had reached shore, including the four members of the Embassy staff, the captain and executive officer, both of whom were injured; and that one enlisted man had been killed.

The commander in chief, Asiatic Fleet, will report names of survivors as soon as possible and estimates that there are about six more unaccounted for from the *Panay* and the three Standard Oil ships. The H. M. S. *Bee*, steaming from Wuhu, the nearest large city upriver, has arrived at Hohsien and is endeavoring to find and assist the survivors. The U. S. S. *Oahu*, also a gunboat of the Yangtze patrol, is on her way down the river from Kinkiang and expects to arrive on the morning of the 14th (Tuesday).

The Japanese commander in chief, Admiral Hasegawa, at Shanghai, has instructed the Japanese gunboat *Hozu* to proceed from Nanking to assist, and also plans to send a seaplane with a surgeon and medical supplies.

Ships of the Yangtze patrol and other naval vessels at various points in the present disturbed area are so stationed in accordance with Navy regulations for the protection of American lives and property. Other nations with similar interests in China maintain the same practice as regards naval vessels in that area.

Let me add some information that the press has not heretofore carried: The Japanese bombed at least one English gunboat and two English merchant ships, killing one English sailor and injuring several others.

I think the bombing of the English naval and merchant vessels took place first, and that these vessels were located approximately 7 to 10 miles from the American gunboat that was bombed later by the Japanese airplanes.

Mr. President, that is all the information I have on that subject. I now desire to turn to another subject.

Mr. MINTON. Mr. President, before the Senator leaves that subject may I ask him to yield to me?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Indiana?

Mr. WALSH. I yield.

Mr. MINTON. It has been intimated on the floor that the *Panay* was up the Yangtze River to protect the oil tankers of the Standard Oil Co. Does the Senator have any information to bear out that insinuation?

Mr. WALSH. I only know what is contained in the statement which I have just read, to the effect that representatives of the American Embassy had sought refuge on the gunboat and also six other American citizens. It undoubtedly was in the vicinity of and near the Standard Oil tankers, and I understand these tankers had refugees on board. It is quite possible the tankers were accompanying the *Panay* for protection.

Mr. MINTON. The Department did not advise the Senator that the gunboats were up there for the purpose of protecting the Standard Oil vessels?

Mr. WALSH. I have no such information.

Mr. MINTON. I thank the Senator.

Mr. WALSH. The Navy personnel in China is as follows:

A. On ships:	
a. North China	2,461
b. South China	393
Total afloat	2,854
B. Shore stations (and with Marines)	96
Total naval personnel	2,950
MARINES	
At Shanghai	2,586
At Peiping	528
Total Marines ashore	3,114
Marines afloat (ships)	167
Total Marines	3,281
Total all naval personnel in China	6,231

FIXING OF MINIMUM PRICES BY BITUMINOUS COAL COMMISSION

Mr. WALSH. Mr. President, I desire to invite attention to the new minimum prices of bituminous coal which have been promulgated by the National Bituminous Coal Commission and which are in the main very much higher than have heretofore prevailed.

The increased prices impose new burdens upon the railroads and upon industry and indeed upon almost all the consumers of coal and will result in increasing the Nation's annual bills by hundreds of millions of dollars. One educational institution in my State estimates that the increased cost placed upon them by reason of this increased price will be $10,000 per year. It is estimated the increased costs to the railroads and other large industrial consumers will run into hundreds of millions.

These increase prices have been decreed by the Commission without any public hearings and without any disclosure of the facts or the figures upon which the Commission bases its orders, and without any apparent justification in the absence of detailed information.

They were issued only a few days ago and are scheduled to become effective within a week. When various consumers of the country protested and requested a hearing, the Commission, I understand, agreed to grant a hearing in the future; but when request was made that the order increasing the rates be suspended until after the hearing, that request up to this hour has been refused.

The publication of the Commission's orders, scheduled to be effective next Thursday, December 16, has precipitated an avalanche of protests from consumers of coal in New England and elsewhere throughout the Nation, and, indeed, many of the producers of coal are protesting and challenging the higher price schedules which the Commission is now undertaking to impose. It is alleged that the prices in many cases are excessive and discriminatory and ruinous and utterly without warrant.

It is pertinent to note that included among the vigorous and sweeping criticisms and protests are those of the consumer's counsel division of the Commission itself, a division which Congress expressly provided for in the act creating the Commission, for the express purpose of safeguarding the consumers of coal from excessive prices and to protect in all respects the consumers' interests.

It is perfectly apparent that the course which the Commission has elected to follow in itself fixing minimum prices in secret and undertaking to put them into effect on short notice, without any advance hearings is wholly contrary to the intent and spirit of the act and very possibly is contrary to the letter of the law—although as to that, it is for the courts to say.

I see no occasion for such arbitrary and precipitate action and can conceive of no possible justification of it. The conditions within the bituminous coal industry which the Commission was designed to remedy have been of long standing. Government price fixing in this highly competitive industry, to be applicable to endless varieties of coal produced in dozens of different coal fields under widely varying conditions, is at best a proposition of great complexity and of far-reaching consequences.

The Commission can have no valid excuse for hasty and arbitrary action. No harm will be done by postponing the effective date of the new schedules pending public hearings and full opportunity for full examination and for correction of inequities. Simple justice clearly requires such a course.

I find it hard to believe that the Commission will persist in its present refusal to postpone the effective date and defer the operation of the new price schedules.

If, however, the Commission does persist in this refusal, I look to see not only injunction suits and other proceedings in the courts but also intervention by Congress, by whatever means seems most appropriate, to curb the Commission and to obtain the relief for the consumers which the Commission is indisposed to accord.

Congress enacted the Bituminous Coal Conservation Act after considerable controversy and with a good deal of reluctance. Unless the Commission adopts a very different policy and pursues very different methods, in my opinion there will be great agitation and demand for repeal of the law and abolition of the Commission will be in order.

Mr. President, I am addressing the Senate at this time in order that the views expressed here may find a response in the Senate of the United States and in the hope and expectation that the Commission will not continue, as it has up to the present hour done, to enforce the order increasing the price of bituminous coal, which in many sections of the country will amount to at least 50 cents per ton of an increase. I sincerely hope that for the sake of orderly procedure and for the sake of not putting the Congress of the

United States in the position of passing a law increasing prices by a bureau without a public hearing on any commodity, the Commission will grant a hearing before taking action.

Mr. GUFFEY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. GUFFEY. Has the Senator communicated with the Bituminous Coal Commission?

Mr. WALSH. I have communicated with the consumers' counsel.

Mr. GUFFEY. I asked the Senator whether he had communicated with the Bituminous Coal Commission.

Mr. WALSH. I have not; I have communicated with the officer appointed by law, who is the representative and protector of the consumers.

Mr. GUFFEY. But the Senator has not asked the Coal Commission about their position?

Mr. WALSH. I learned from this gentleman what the position of the Commission was and the attitude of the Commission.

Mr. GUFFEY. That is all I wanted to know.

Mr. WALSH. I have heard from him and other consumers as to what their position was.

Mr. GUFFEY. I think they are entitled to be asked.

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. HAYDEN. Mr. President, I ask to correct a table entitled "Cotton statistics relative to Senate bill 2787," which appears on page 1318 of the CONGRESSIONAL RECORD of December 11. There is an error in the final column. The total of that column, which indicates that the increased number of bales of cotton which is added to the national quota of 10,090,000 bales would be 393,000 bales, whereas a correct addition of the column shows the figure to be 520,000, or an increase of 127,000 bales, thereby making the correct allotment for the entire country 10,609,000 bales of cotton.

After this mistake was brought to my attention, I communicated with the officials of the Department of Agriculture, who prepared the table. They have submitted a corrected tabulation, which I ask unanimous consent to have printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Cotton statistics relating to S. 2787

State	Acreage in cultivation July 1, 1937	5-year average yield per acre, 1933-37 [1]	Production, 478-pound bales (column (1) times column (2) divided by 478)	Production, 70 percent of column (3)	Allotment, S. 2787	Allotment under amendment	Increase of column (6) over allotment under S. 2787
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	1,000 acres	*Pounds*	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Virginia	64	272	36	25	28	28	----------
North Carolina	1,109	303	703	492	505	505	----------
South Carolina	1,689	264	933	653	619	653	34
Georgia	2,653	237	1,315	921	897	921	24
Florida	118	155	39	27	25	27	2
Missouri	537	340	382	267	214	267	53
Tennessee	976	254	519	363	351	363	12
Alabama	2,634	232	1,279	895	890	895	5
Mississippi	3,446	264	1,903	1,332	1,269	1,332	63
Louisiana	1,561	238	777	544	530	544	14
Texas	12,896	147	3,966	2,776	2,803	2,803	----------
Oklahoma	2,530	118	625	438	521	521	----------
Arkansas	3,096	218	1,412	988	929	988	59
New Mexico	144	441	133	93	80	93	13
Arizona	282	419	247	173	126	173	47
California	618	535	692	484	290	484	194
Others [2]	30	272	17	12	12	12	----------
Total	34,383	202.9	14,978	10,483	10,000	10,609	520

[1] 1937 planted yield based on Nov. 1 crop report.
[2] Includes Illinois, Kentucky, and Kansas.
Southern Division, Dec. 13, 1937.

Mr. HAYDEN. In explanation of how the error came about, I read an extract from a letter written to me by Mr. E. D. White, principal agricultural economist of the southern division of the Agricultural Adjustment Administration, who states:

> We are submitting a revised copy of the table, Cotton Statistics Relating to S. 2787, which was given to you by Mr. Mershon on December 10. At that time Mr. Mershon thought it was fully understood that the 393,000 bales shown as a total in column (6) was the difference between the totals of column (4) and column (5) and not the addition of the increases in the State allotments under the amendment in column (6).

Mr. President, I have asked to have this correction made so that the Senate and the House conferees may have complete and accurate information when the amendment which I offered on December 11 is under consideration at the time the differences between the two Houses on the pending bill are to be adjusted.

Mr. GEORGE. Mr. President, I desire to ask the Senator from Arizona whether in the correction of the table the total allotted to each State as indicated by him originally has been increased?

Mr. HAYDEN. No; the totals have been changed in no way. There was simply a mistake in addition.

Mr. GEORGE. I am glad the Senator has made this correction. I merely desire to call attention to the fact that the oldest cotton-producing area in the United States is quite willing to have production increased, or at least is not opposing an increase in production, in the areas where cotton production is new. I hope the Senate may observe something of the same liberality when we are asked, as we shortly will be, perhaps, to circumscribe the farmers in the Southeast and to prevent them utilizing diverted acreage for any other cash crop.

Mr. President, I wish to say just a word about the order of the Bituminous Coal Commission. I stood in my place in this body and voted against the first bill designed to give this extraordinary power to any commission, to raise the price upon an absolutely indispensable necessity of life in order to benefit another group of Americans. I said in my place here that if the courts functioned at all the act could not possibly stand.

The first act went the way it should have gone. It was not fair, and it reflected no very great credit upon the Congress when it placed upon the doorstep of the Supreme Court of the United States the necessity of declaring what was palpably contrary to the Constitution of the United States invalid. But the Supreme Court met its obligation and did declare the act unconstitutional.

I stood in my place here when the particular bill under which the Coal Commission is now acting was passed, and voted against it, too, and there was not then, and there is not now, any course to pursue except to vote against such a bill outright, unless one expects to have prices arbitrarily, as it were, increased by a commission, without notice, and in secrecy, as the distinguished Senator from Massachusetts has pointed out.

It is of very little consequence whether it is without notice or in secrecy; this Commission was created for the purpose of increasing arbitrarily the price of an indispensable necessity of human life. I say arbitrarily because whenever we are called upon merely to add something to the price of an article or a commodity which it does not otherwise bear by fiat or action we are acting arbitrarily of course.

Mr. President, I desire to say one other thing, and if the party which has through a century of time insisted upon equal rights to all and special privileges to none does not go back to its doctrine, there will be many apologies here upon the floor of the Senate for actions taken.

We simply cannot legislate for classes in the United States without hurting some other class. We simply cannot resort to class legislation without inflicting injury upon some other class of Americans.

The purpose of the measure was good. Coal miners were receiving, we were told, a mere pittance as a wage, that they were living under conditions under which they could not subsist; but when a Senator felt that he could not support the

type of legislation it was an easy matter to condemn him among groups in the country.

Now we have the Coal Commission, as the Senator from Massachusetts says, acting in secrecy, without notice, paying no attention to its own agent, that is, the Consumers' Counsel, raising the price of coal in some communities, if I understood the Senator, at least a dollar a ton, at a time when farm commodities have gone down, down below the cost of production, considerably below the cost of production.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. WALSH. I understand the increased prices vary with the number of coal fields and the number of miners in the various coal fields, and that the schedule covers 24 pages of increased prices, depending upon where the coal comes from. In my section of the country it is estimated that the average is 50 cents per ton.

Mr. GEORGE. Perhaps I misunderstood the Senator. He says 50 cents per ton; and that is done by a commission created for the purpose of raising prices upon this great commodity. Now that farm products have gone below the cost of production, we are considering another farm bill. I am doing my best and will do my best to see that the farm bill treats all farmers, whether they are little farmers, or have followed sensible, balanced programs of farming during the last several years, to treat all alike. But I am conscious of the fact that the pending bill is not a farm bill. It is not a farm bill at all. All it does is to adopt the simple philosophy and reasoning that by greatly restricting production it is possible to run the price up. Certainly that is possible. But what is going to happen when the restrictions are taken off. Where will the price go then, and what are the restrictions to do to the product?

Will restrictions result in the use of substitutes? Will they further take us out of every foreign market in the world if we are on an export basis? I am conscious of the fact that all we are doing, all we are attempting to do, is merely to restrict production.

If that is an answer to a problem such as the farm problem, it is the simplest thing in the world to have done it long, long ago. There are benefits to be given. I do not know that there will be benefits beyond those that are now given under the Soil Conservation Act; but even if there are additional benefits to be given, they do nothing with the problem of agriculture. The whole system of benefits may be described as simply a device for distributing public money, aside from the fact that the Soil Conservation Act was intended by the Congress to preserve our soil and to prevent the erosion and wastage of the soil. That was a good purpose and a good objective. So far as I know, that is all the money that will be distributed under this farm bill. But if there is any additional money, it might as well be distributed to particular groups in the country, and we might as well call the bill a bill for the relief of the Indians as a bill for the relief of agriculture, except that we are simply distributing the money to farmers. There is nothing in the legislation that has to do with the problem of the expansion of production and the distribution of the product, which is inexorably wrapped up in any sensible solution of the farm problem.

We do not touch it. We simply say we will restrict the production of corn and wheat and cotton, the necessities of life, and we will run up the price thereby. The farmer needs the increased prices, I grant that; but when restrictions are taken off, then what do we face? Will not the farmer's condition be worse than it is today? Does not anyone who is familiar with farm problems know that when we take off restrictions the condition will be worse than it is now? There is but one excuse for restrictions, in my opinion, and that is the reason I voted for the old A. A. A., and that is the reason I can vote for this bill, and that is that when an extraordinary emergency arises, with an unexpected and disastrous and destructive surplus, we may temporarily tackle the problem by the proper disposition of that surplus, and that does and may involve, and I think in the case of cotton—perhaps in the case of other crops, but I do not know—that does involve some restriction on production. But the point I am making is that we simply restrict production. And when we lift the restrictions, as undoubtedly we will—as the American farmer will sooner or later—when we lift the restrictions we have done nothing whatsoever to solve the farm problem.

Mr. President, it does seem to me that we ought to go to the question of the distribution of farm products; we should be unwilling to say that we are considering a farm program without doing something that is permanent.

I have the conviction that if our party, the Democratic Party, with the greatest opportunity to legislate in behalf of the common weal that has come to any party in America in my generation at least—I have the conviction that if we cannot return to the fundamental doctrine of equal rights in our legislation, setting our faces like flint against special privileges to special groups, that we will have lost the opportunity for many many years to come to meet the demands of the country.

The Coal Commission—arbitrarily putting up prices. Did we not create it for that purpose? We said the prices were too low, and created a commission to take into consideration certain things and reach a conclusion, which, of course, would mean the advance of prices. I do not mean to say that the price of coal ought not to be advanced. I have every sympathy for the men who labor in the mines—certainly I have. But I do say that if we are going to single out groups and grant them special privileges, that we may expect to face precisely what is taking place in America today.

We are worried because there is a recession in business, of course. It is not necessary to discuss why there is a recession in business. But one undoubted reason why business cannot go along normally, cannot flow along evenly, is the creation of special privilege here and there for this group and for that group; vesting in the hands of boards and bureaus in Washington arbitrary power to disregard natural and economic law.

I almost apologize to mention the law of supply and demand here, but if our legislation does not run along in line with it, we will have a recession again. There are elements in the principle that may be regarded in legislation, but we cannot arbitrarily set it aside and say we are going to fix prices here in a great country like the United States. That course means that prices will be burdensome and high, and they will be burdensome and hard upon people who are just as helpless as the group we are trying to benefit. Higher prices will come at a time undoubtedly when consumers have less purchasing power; when they are least able to stand higher prices. And so we have that situation in coal. We may have it in something else.

So far as cotton is concerned there is, of course, an unusual surplus of cotton. That is our problem. The sensible way might not get many votes, because it does not make much appeal. If we wanted to say to the Government to buy cotton because of this unusual and abnormal surplus this year, and if we put the Government in the field to buy it at or below the cost of production, we would be on a sound basis. Take it off and let economic laws then begin to function. I do not know precisely what the cost of production is, but I know that the price of cotton today is below the cost of production, and the simple and easy way would be to go in and say that the Government proposes to establish as a policy the purchase of unusual surpluses as long as the prices are at or below the cost of production. That we are not going to be concerned about the consequences of a program of that kind, because we are not going to put this cotton back on the market, either in the form of finished or of a raw product, as long as that condition exists.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. GEORGE. I will take a little time on the bill, Mr. President.

That would solve our cotton problem. Establish it as a permanent policy and it would solve the cotton problem. And you would not have to go into the Treasury to do it. You would utilize the banking resources of the country, and you would also call to our assistance the credit

of the Government. But the cotton itself, at the cost of production or below the cost of production, is of more value than every ounce of gold owned by the Government. And cotton always will be worth more than gold when it is purchased at and below the cost of producing it; and the banks of the country can take it off and will take it off and will carry it. And you have only Government credit back of it. You do not have to take a dollar out of the Federal Treasury except to pay the cost of administering the program.

I said that we must have regard to the law of supply and demand. We have had people in this country who thought that we could disregard that law, and they have figured that it is all wrong; and somehow that you had to abolish it, and they thought they could abolish it. There is a time element in the law of supply and demand that may properly come within the jurisdiction of the Congress. We may for the moment produce more than at the moment can be used or consumed; but, barring the time element, there is not any way to solve the cotton problem that does not take into consideration the law of supply and demand.

We may flatter ourselves that there is some way around it, but there is not. But when we have an uneconomic condition, brought about by an abnormal production, which may not occur again in many years, may not occur again in 20 years, the Government can step in and can retire the surplus from the market, as long as it buys the surplus, which is the disturbing factor, at the cost of production or below it.

Mr. NORRIS. Mr. President——

Mr. GEORGE. I yield to the Senator from Nebraska.

Mr. NORRIS. I wish the Senator would explain a little more fully what, in his judgment, would be necessary if the Government should purchase this surplus, what it would be necessary for the banks to do, and what would become of the surplus.

I do not quite understand the program the Senator has mapped out. What would prevent the surplus from increasing? Would there not be danger, especially in the case of cotton, of the surplus becoming greater every year; and what would be done with the surplus? How could the Government take it over without spending any money?

Mr. GEORGE. The Government can finance its purchase without spending any money. There is nothing involved except Government credit and funds that are available for the purchase of the surplus. If I may say so to the Senator from Nebraska, if we are going to buy cotton above the market price or above the cost of producing it, we shall encourage the farmer to increase his surplus, or at least we shall encourage him to make an effort to do so. If, however, it is purchased below the cost of producing it or at the cost of production—and ordinarily we do not have the condition of cotton going below the cost of production except in the case of a great surplus—there is not that inducement to the farmer to increase his production; and I was about to say, and I think I can say with all accuracy, that, despite a possible effort to reproduce the 1937 cotton crop, in all probability we could not do so at any time within the next 10 years. In 1937 we had a combination of circumstances and conditions, natural and otherwise, which led to the production of a very great crop of cotton.

I think the principle I am advocating is sound in business as long as the Government says, "When you have a surplus we will take it off the market, and we will keep it off the market, but we will do it not by any valorization scheme. We will do it at the cost of producing the crop, or, if it has already dropped below that point, below the cost of producing the crop." I think that will leave the American cotton farmer face-to-face with the fact that his Government has taken off the market a portion of his 1937 crop, for instance, but it has taken it off not at a price that will induce him to go out and make another surplus. We shall have to come back sooner or later to the conviction and to the conclusion that we must make our law harmonious with the basic principle of business which applies everywhere, all the time, under all circumstances. We shall have a regulation in our price, but we shall not have if it we buy cotton beyond the market. We shall not have it if we buy cotton at a profit and take the surplus off the market at a profit to the producer. In that case, of course, the producer will do as he always is going to do, try to produce another big surplus, so that the Government will take that off the market. But we shall have the law of supply and demand operating, and we shall have eliminated the element of time, if the Government comes into the picture and says, "As long as the condition obtains that your price is below the cost of production by virtue of the very height to which you have carried production in this year, the Government will take it off the market."

Of course, the Government will have to be sufficiently courageous not to yield to political pressure and go out on the market and sell this cotton under conditions which will destroy the market.

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. GEORGE. I shall be glad to yield to the Senator from South Carolina.

Mr. SMITH. The Senator from Nebraska [Mr. NORRIS] asked a very pertinent question. There is already in existence such a tremendous surplus under the action of the bill that we are now framing, looking toward the curtailment of production that to wait until this surplus has become manifest, and therefore there is the opportunity of taking some of the surplus, will take 2 or 3 years. But if the Government will step in and relieve the terrible pressure to the extent that we hope this bill ultimately will do, the two things fitting in exactly together, we shall anticipate the reduction by virtue of relieving the pressure temporarily, as the Senator says, not above the cost of production. Therefore if, in the coming year, the farmers disregard the law of supply and demand and increase their surplus, there is nothing to keep the Government from protecting itself by marketing the surplus.

I think the two things go hand in hand.

Mr. PEPPER. Mr. President——

Mr. GEORGE. My time is very limited, but I will yield to the Senator in just a moment.

Mr. President, I have said, and I wish to repeat the statement, that I have no faith whatever in the theory that we shall even approach a sound solution of the agricultural problem by merely restricting production in order to get a better price—none whatever.

I never have believed in it; I do not now believe in it; and more and more the American people will come to disbelieve in it. I do believe that in a year when we have conditions which have united to produce a staggering surplus of one of the great crops, we may then restrict production, but only as a temporary means of getting rid of the surplus.

We have a condition in the United States and in the world with respect to cotton at this time which demands, as the Senator from South Carolina [Mr. SMITH] has said, the application of both a program of restriction in future years, at least during the next 2 years, and, I think, also the exercise by the Government of the power to step into the market and take off the market a part of this unusual surplus, because when the quantity of cotton available in the markets of the world is considered, and when we consider the size of our own crop plus our carry-over, even a program of drastic restriction cannot possibly reflect itself in any very great advance in the value of the 1938 crop of cotton unless we shall have also taken off the market a part of the 1937 crop.

I know that my views will not be very popular with some of our friends here and elsewhere; but I wish to make the earnest plea that we follow our heads and that we follow our judgment, and that we ask the Government to buy this great commodity, cotton, only while it is below the cost of production, or at least no longer than it reaches the cost of producing it. In no other way can the Government help us. In no other way can the program of purchase by the Government be of long-time assistance to the American farmer.

If Congress will do that, so far as cotton is concerned, and allow us to restrict our production even drastically for 1 or 2 years, we can solve our cotton problem. At least we shall have taken the necessary steps looking toward a solution of our problem, particularly if we then give some attention to a wider use and distribution of cotton at home and abroad.

Mr. President, I cannot understand, and I would not have any of my friends in Georgia who produce cotton think that I can approve as a long-time, permanent program, the drastic restriction of production so far as cotton is concerned. I know that it cannot permanently improve our condition. I know that all it can do is to bring us constantly nearer and nearer to the point where we shall be producing cotton for our own markets only, when we shall have given up all hope of controlling at any fair or profitable prices any part of the foreign market.

Mr. President, I know full well that when once we are producing cotton for the American market only, when once we accept that program, we shall follow that program to its logical conclusion, and its logical conclusion will be holding cut inducement to substitute after substitute.

What I am trying to say is that if we want to solve this problem, we shall have to solve it as a business problem; that if we want the Government to help us, all that we ought to ask of the Government in the years of abnormal production is to step in and say, "We will handle your surplus at the cost of producing it, or below that cost if the market price has fallen that low."

The ever-normal granary in this bill is not what I am talking about; but the Secretary of Agriculture, be it said to his credit, had in mind an ever-normal-granary principle when he suggested the provisions of this bill. In other words, the principle which the Secretary originally announced was in line with what I am now declaring to be the only sound policy that we, as cotton producers, can follow. But the ever-normal-granary theory has been expanded in the Senate and by organizations of farmers elsewhere until we have thrown it out of harmony with the principle I am trying to emphasize.

Mr. President, we have seen through all the years, in the stock market, in the bond market, in the commodity markets, in all the markets, this attempt to valorize a product or a commodity. We have seen nations try it. We have seen countries discard it. We know where it will lead, when all the while what we really need is an established policy on the part of the Government to step into the farm situation whenever any basic farm product goes below the cost of production and take that product off the market, even if it has to be given away to those who need it later on, or even if it has to be in a measure destroyed. That is quite another question; but as long as the Government acts only when the commodity is below the cost of producing it, as long as we maintain a sensible program of production, we are on a perfectly sound basis and we can hope to prosper.

Mr. President, I think we should do that. I think the Government should do exactly what I am saying, and should do it without hesitancy, because everyone knows that the tariff does lay certain burdens upon a producer. There is no doubt about that. There never was any doubt about it. Alexander Hamilton, in his great treatise on manufactures, very clearly pointed out that the antidote to the manufacturer's tariff was a bounty to the producer of raw materials whenever the country, in its progress and development, reached the point where that bounty became necessary. That bounty is necessary. That bounty is necessary in the case of cotton. That bounty is necessary in the case of wheat. That bounty is necessary in the case of any farm crop at least which is on an export basis. It probably is necessary in the case of farm products generally; that is to say, the nonperishable crops. Of course, when we get into the field of perishable products we have a different problem. But it is necessary in the United States now; and we cannot do anything with the farm problem that does not look to a frank, honest, definite recognition of the fact that the Government has to step in, whether it wishes to do so or not, when a nonperishable product falls below the cost of producing it, because the farmers in some unfavorable years produce more than the markets at home and abroad, insofar as the market abroad is available to us, will consume.

If the Government is not willing to take that long step, and then if it is not willing to expand the markets at home and expand them abroad to the utmost, we have not touched the farm problem. We can devise some means or methods of giving money direct to the farmer, and that, of course, is helpful, because if the farmer is producing at a loss he has to have some assistance in order to keep his head above water; but even at best and on the average they cannot keep their heads above water under that kind of program.

We must recognize that the time element in the law of supply and demand is a materially vital element. It is a materially vital fact, and there is the legitimate field, as I think, for Government to step in and to bring together the supply and demand by entering the field and taking off the surplus whenever nature has given us a surplus of food or materials with which to clothe ourselves.

Mr. McGILL. Mr. President, will the Senator from Georgia yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Kansas?

Mr. GEORGE. I am glad to yield.

Mr. McGILL. I have been very much interested in what the senior Senator from Georgia has had to say. It seems to me, however, unless some method of wider distribution were provided, the program probably would not work any better than some other programs have worked.

I desire to invite his attention to certain facts. He has named what I regard to be the two basic commodities which I believe have a direct bearing upon the price of every other commodity, namely, cotton and wheat. I invite his attention to the fact that normally we produce annually in the United States 800,000,000 bushels of wheat. Very seldom do we fall below that figure. We produced this year 887,000,000 bushels of wheat. Our export market has not taken as much as 50,000,000 bushels in any one year since 1930. We consume approximately in the way of food 500,000,000 bushels. We use for seed about 75,000,000 bushels and for feed about 60,000,000 bushels, making a total consumption of around 635,000,000 bushels.

It would seem to me that under the Senator's program it would be necessary to engage upon a permanent policy of the Government each year purchasing and holding in some manner or other off the market about 150,000,000 to 200,000,000 bushels of wheat. Unless there is some method of distribution other than we have, the program would lead to the storing of an immense quantity of wheat in this country and be destructive of commodity prices.

Mr. GEORGE. Mr. President, I have no fear that we would create an immense surplus quantity of any farm commodity if we should let the law of supply and demand and the ordinary business principles apply; but if we are going to yield to the temptation of putting the Government, either through an ever-normal granary or by direct purchases, into the market to take off the surplus at an advanced price, and one that holds out encouragement to the producer to again disregard business principles and sound business practices, we would create a supply which could not be handled and which could not be controlled.

Mr. President, when I arose I had not expected to say anything more than I said with reference to the Coal Commission and to offer two amendments which I shall later urge to the bill. But it seems so clear to me that if we go on with the policy and program of trying to grant special privileges to groups, however deserving those groups are of aid and assistance and however necessary it is to do something for them, if we are going to meet that demand upon their part—and, let us say, an entirely justified and worthy demand—by mere extension of the program of special privilege, we are not going to get anywhere, and we are not going to solve anything.

I want to say again—and I think the proponent of the cotton section of the bill will find himself in full agreement—that there is no justification for the drastic restrictions of cotton production in 1938 and 1939 which are possible under the terms of this bill unless we have and recognize frankly a surplus that is staggering and that will inevitably prevent prices for cotton during the next 2 years from rising to a profitable level. I may state also that he will recognize the fact that in order to make this program, which we are willing to accept so far as cotton is concerned in view of this emergency, in view of a condition which existed first in 1933 when we approached the problem, and which has again come upon us—in order to make the program of restricted production such as we have authorized in this bill effective, the Government itself ought to come in and say that the present surplus will be taken out of the market at or below the cost of production.

Mr. President, every farmer thereafter in 1938 and 1939 would know two things. He would know there was a large quantity of cotton which the Government had taken off the market and he would know the Government had taken it up at or below the cost of producing it. He would know that he had to conform to a reasonably sensible balanced program of farming in order to get back on his feet. There would be every reason of economics, every reason that may find support in natural law, to yield to a sensible program of production so far as future years are concerned.

But the very moment that we say we want to buy cotton above the market and above the cost of producing it that very moment we break down any program of restricted control that we may launch here or hereafter in the Congress. We have to recognize that fact as a basic one if we wish to help the American farmer.

Mr. President, I shall support the bill. I am going to vote for some amendments to it, but I am going to support the bill because I know that we face a national emergency so far as cotton is concerned. I accept the statement made by other Senators with reference to other farm products. But I want to go beyond it and insist that, if we want to make effective our control program we ought to adopt now a sensible supplementary program putting the Government definitely and distinctly back of every basic nonperishable farm commodity whenever the price, by virtue of excessive production, falls below the cost of producing it. It is fair to the American farmer that we must go to the Government for assistance in marketing here and abroad. If America is not going to merchandise its products, it might as well close up shop and go out of business.

If America is not going to merchandise the most valuable crop this country has produced now for nearly a century for our export principally, if it is not going to merchandise it here and abroad, then we must confess that we could not handle a problem which in the beginning at least was presented to us with all the advantages in our favor, that we muffed it, that we were not capable of handling it, and we simply went to sleep on the job and let the problem take possession of us and that we find ourselves at this late day undone by one of the greatest crops that America has ever produced.

I am not going to say anything about what we shall do with our lands in the South and in the Southeast, particularly if we cannot keep up a fair production of cotton. But I make no plea for the Government entering the field of taking off surplus cotton in the year of big production except on the basis of sound business principle, taking it off at a price that will not hold out encouragement to my neighbors and me, down in Georgia or in any other cotton-producing State, to try to produce a tremendous surplus during the next year. If the Secretary of Agriculture's ever-normal-granary program is brought strictly in line with what I have tried to say, it is, in my opinion, essentially sound.

Mr. President, I ask to have printed and lie on the table an amendment which at the proper time I shall offer to the pending bill.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. McNARY. Mr. President, I desire very briefly to discuss the pending amendment, offered by the Senator from Florida.

I think I need not say that for a long period of time I have been interested in the subject of crop insurance, having collaborated with the distinguished senior Senator from South Carolina [Mr. SMITH] in 1921 and 1922 in hearings on that important matter.

The objectives of the pending amendment, in my opinion, are commendable. But I wish to make certain suggestions to the Senator from Florida which he might consider in connection with offering this amendment for incorporation in the bill.

In the first place, the amendment does not cover sufficient ground to be a crop-insurance amendment. It covers the hazard of weather. Weather is a yardstick of about 15 inches. It is only one of the factors involved in a crop-insurance measure.

I think all of us know that not only is the weather a hazard, which includes freezing, drought, and floods, but there are also insect pests and other natural pests following in three other categories of loss. So if we are to limit crop insurance to weather, we include only one of the risks or hazards which may be met in some localities, and I think usually it is the least destructive of the three.

I would suggest to the able Senator from Florida that if a crop-insurance amendment is to be adopted, it be framed in such a fashion that it will include all hazards to which a farmer is subjected.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. PEPPER. Perhaps the Senator has observed that the original amendment I offered included pests and diseases, along with hazards of weather, because my idea was, as the Senator from Oregon so generously suggests, to take care of all the hazards which might adversely affect the farmers.

After presenting the amendment in that form, some of the Senators on the floor called my attention to the thought that if we insure a farmer against insects and diseases, it might tend to discourage him in the protection of his crops by adequate safeguards which he might himself employ, and therefore tend to encourage him to allow the spread of disease and the spread of pests through his own slothfulness or lack of diligence, thinking that perhaps he might be reimbursed from the insurance fund in some way.

I am very earnest in this matter of crop insurance, and I want to do whatever is best to be done, and I want the Senator from Oregon to take into consideration the suggestion made to me by Senators on the floor.

Mr. McNARY. Mr. President, during very many years of study of the agricultural problem this is the most novel suggestion I have ever heard in this connection, that a farmer would not desire to protect his fruit from natural diseases and insect pests in the same way in which he will protect his orchards or his fruits against other hazards, like floods or inclement weather.

If the Senator is satisfied with the amendment, I shall have to be content.

Mr. NORRIS. Mr. President, will the Senator from Oregon yield?

Mr. McNARY. I yield.

Mr. NORRIS. Along the line of the Senator's remarks, I should like to suggest to the Senator from Oregon, and also to the Senator from Florida, that it seems to me that the amendment could be very much improved by a very simple change, striking out the word "weather" in line 4, on page 2 of the amendment and inserting the word "production", so that it would read, "particularly subject to the hazards of production."

Mr. McNARY. In my opinion, that would strengthen it very much.

Mr. NORRIS. I think it would.

Mr. McNARY. Of course, I have nothing to do with the acceptance of the proposal.

Mr. PEPPER. Mr. President, I should be entirely willing to accept the suggestion.

Mr. McNARY. Mr. President, that would cover my criticism. Another suggestion I have to offer to the Senator from Florida is that he not restrict the recovery and investigation to fruits and vegetables.

Mr. PEPPER. Mr. President, the Senator has observed, has he not, that it says "fruits, vegetables, and other crops"?

Mr. McNARY. Yes, Mr. President; I was just about to discuss that. I have been advised by lawyers of merit, and I recall many years ago having heard, that when a general phrase follows a specific enumeration, it was limited to the kinds and varieties named. That is a rule of statutory construction which I learned in college many years ago and have been advised since then by eminent lawyers that the rule has not been changed.

I think the simple way of handling this matter would be to have it read "and a feasible and practicable plan of crop insurance for all agricultural commodities."

Mr. PEPPER. I certainly have in mind that principle.

Mr. McNARY. I am quite sure my construction of the Senator's language is correct.

Mr. BARKLEY. Mr. President, in that connection, the same rigid construction of exclusion would not apply to this language that applies to the ordinary legal interpretation referred to by the Senator from Oregon. Of course, I can understand that in the amendment offered by the Senator from Florida he feels it is desirable to mention these products specifically, but the fact that not all other agricultural products are included would not be interpreted to mean that only fruits and vegetables could be investigated under the language. I do not fear that there would be any exclusion of other things if the Secretary desired to investigate them.

Mr. McNARY. Mr. President, if it said "all other agricultural products" that would be one thing, but it says "for fruits, vegetables, and other crops", that being a specific enumeration of fruits and vegetables, which everyone knows are perishable. I have not doubt about my interpretation being correct, and I am suggesting the simplest way out of it, the elimination of "fruits, vegetables, and other crops", and substituting "of all agricultural commodities." With that correction I shall be very happy to support the amendment.

Mr. PEPPER. Mr. President, I am in favor of the principle as the Senator has stated it, but perhaps the details might vary a little. I think the rule of ejusdem generis—the rule of construction the Senator has spoken of—would apply only to those crops in the production of which the farmer meets hazards, but not to these particular varieties of crop only, so that I would not have any fear such as that the Senator from Oregon entertains even with the amendment in the form originally offered. However, would it not be equally acceptable to the Senator from Oregon to say "for fruits, vegetables, and other crops of all kinds or characters"?

Mr. McNARY. Yes; that covers the point. It adds a few more, I suppose, but I will accept the suggestion.

Mr. PEPPER. I modify the amendment in that way.

Mr. McKELLAR. Mr. President, I am in sympathy with the investigation of crop insurance as suggested in the amendment, but there appears a provision which I think should not appear in the bill, namely:

> The Secretary of Agriculture is authorized and directed to set aside and use, out of any sums appropriated for the purposes of the Soil Conservation and Domestic Allotment Act, as amended, the sum of $150,000 annually, or so much thereof as may be required, until such study is completed in making—

And so forth. I think that language ought to come out, and I desire to give my reasons, very briefly, for my opinion.

The present agricultural appropriation law, on page 6, under the subtitle "Special research fund, Department of Agriculture," reads:

> For enabling the Secretary of Agriculture to carry into effect the provisions of an act entitled "An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges", approved June 29, 1935 (U. S. C., Supp. II, title 7, secs. 427, 427b, 427c, 427f); for administration of the provisions of section 5 of the said act; and for special research work, including the planning, programming, and coordination of such research to be conducted by such agencies of the Department of Agriculture as the Secretary of Agriculture may designate or establish, and to which he may make allotments from this fund, including the employment of persons and means in the District of Columbia and elsewhere, and the purchase, maintenance, repair, and operation of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia, $1,200,000.

In a subsequent section of the act, on page 41, there occurs the provision for the interchange of appropriations, as follows:

> Not to exceed 10 percent of the foregoing amounts for the miscellaneous expenses of the work of any bureau, division, or office herein provided for shall be available interchangeably for expenditures on the objects included within the general expenses of such bureau, division, or office, but no more than 10 percent shall be added to any one item of appropriation except in cases of extraordinary emergency, and then only upon the written order of the Secretary of Agriculture: *Provided*, That a statement of any transfers of appropriations made hereunder shall be included in the annual Budget.

Instead of tying up a part of this fund, I am asking the Senator to strike out those words and to insert the following:

> The Secreary of Agriculture is authorized, out of the special research fund, Department of Agriculture, in the Agricultural Appropriation Act of June 29, 1937, to make a study—

And so forth; and to strike out the other language which sets up a special appropriation.

There is appropriated $1,200,000, and 10 percent of that would be $120,000, which could be utilized for this purpose under the Department of Agriculture at the present time, and the money ought to be appropriated in the regular way. We should not undertake to make an appropriation in the pending bill. This is not an appropriation bill. We should simply authorize a study into the matter of crop insurance and leave the appropriation to the regular appropriation bill. I do not believe we ought to set aside $150,000 annually and make it obligatory upon the Committee on Appropriations hereafter to appropriate that much money for this particular purpose.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. NORRIS. I should like to ask the Senator whether, if the change is made as the Senator has suggested, it would not follow that the appropriation could only be made for 1 year.

Mr. McKELLAR. That is true; it would not be made annually.

Mr. NORRIS. There would not be any authorization for it to be made more than the one time.

Mr. McKELLAR. Oh, yes; as I have changed the provision, it would authorize the study to be made, and it could be appropriated for each year as the appropriation bill was being considered.

Mr. NORRIS. Was the language the Senator read from an appropriation act?

Mr. McKELLAR. It was the agricultural appropriation act.

Mr. NORRIS. That would last only 1 year.

Mr. McKELLAR. The law now provides for research studies of various other kinds. The purpose of the amendment of the Senator from Florida is to add crop insurance to the various other subjects now provided in the law.

Mr. NORRIS. Then the proper way to handle the matter would be to amend the law by adding crop insurance to the other studies provided for.

Mr. McKELLAR. That could be done, and it would be a simpler way of handling the matter. In other words, authority ought to be provided in the pending bill, but no appropriation should be made. There should not be any limitation or amount stated in the pending bill, which is not an appropriation bill, and I suggest to the Senator from Florida that he change his amendment.

Mr. NORRIS. Would the Senator leave it to the Secretary to use what he thought was proper out of the fund created under the law?

Mr. McKELLAR. Yes; I would put it in the hands of the Secretary.

Mr. NORRIS. Would the effect of that be to lessen the amount that can be utilized as this bill provides out of the $500,000 that is authorized to be appropriated?

Mr. McKELLAR. I take it this amendment provides that it shall be taken out of the fund of the Soil Conservation and Domestic Allotment Act.

Mr. NORRIS. If the amendment is changed as the Senator has suggested, would it not leave the matter still in the same position that it is now with reference to the fund out of which the money could be taken?

Mr. McKELLAR. It would leave the Secretary to make the investigation and use a portion of these funds for that purpose.

Mr. NORRIS. The only objection I see to that is that the money would be taken out of the $500,000 fund, out of which money to carry forward the farm program in this bill must be taken. Therefore, it would lessen the fund somewhat.

I am very much in sympathy with the amendment of the Senator from Florida. I am going to vote for it, whether it is changed or not.

Mr. McKELLAR. I also am in sympathy with it, but I do not believe the appropriation ought to be made as suggested by the Senator.

Mr. NORRIS. It seems to me it is a valuable amendment and ought to be in the law. I would rather it was a straight appropriation, however, so that it would not come out of the fund that is in this bill because that fund will probably be too small as it is.

Mr. McKELLAR. I should prefer that it be an authorization.

Mr. NORRIS. A straight authorization?

Mr. McKELLAR. Yes; and not a provision that will require any specific sum to be used. I do not think we ought to do that. We ought not to appropriate on a legislative bill. That is my judgment, and I hope the Senator will agree to it, if it meets his approval.

Mr. POPE. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. POPE. Of course I am much interested in this matter. I think crop insurance for fruits in particular is just as important as crop insurance for any other commodity.

With reference to the point now made, I will say that that had occurred to me; but I thought if this matter could go to conference, since there is no provision in the House bill, as I understand, like it, the matter then could be considered by the conferees and acted upon.

If the Senator from Florida [Mr. PEPPER] desires to limit his amendment to an authorization, not out of funds in this bill or the Soil Conservation Act, but generally, of course, that would be agreeable. I take it that he might think the funds would be easier to get if they came out of the soil-conservation fund.

I do want to say, however, that these funds are for the purpose of making soil-conservation payments or on parity, if that term is used, and I am exceedingly anxious that those funds be not diverted for various other purposes. They are already too small to make the payments that ought to be made to the farmers; and if they are diverted for various other uses it simply means that the farmer will get even less than he does now, assuming that our final appropriation may be $500,000,000 only.

I suggest to the Senator from Florida that he consider the matter of making the authorization, and then leaving the appropriation to the Congress as in any other bill authorizing the appropriation of funds.

Mr. PEPPER. Mr. President, I am entirely in sympathy with and very grateful to the Senators for their interest in this matter. There is only one thing I want to be very sure about. I do not want to divert any of these funds from soil conservation or domestic allotment, because, as the able Senator from Nebraska has said, they are already too small in amount; but there is one thing I am very clear about in my mind, and that is that we should not pass this farm bill through the Senate without telling the American people that we are going to do something substantial about the matter of crop insurance. If we just leave it here with a mere authorization, and it is to go along in the future to get such consideration as it may receive, I am afraid we shall not carry out the program in the manner that the impression has been given to the public that it would be carried out, and shall not achieve the objective that we want to reach here.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. McKELLAR. The Senator need not have any fear. The moment this authorization is made, an estimate will be made by the Department of Agriculture for carrying it out; and that is another and additional reason why we ought not to make the appropriation here, or attempt to graft onto this bill an appropriation. The Senator will have no trouble about it. I have been on the Committee on Appropriations for a long, long time. After a matter was authorized I have never known the appropriation not to be asked for.

Mr. PEPPER. Does the Senator contemplate that the amount of $150,000 might remain, but that it shall merely be an authorization for the expenditure?

Mr. McKELLAR. No; I think the amount should go out until we have an estimate by the Department. If the Senator will follow me, on page 1, in line 6, the language is:

> And directed to set aside and use, out of any sums appropriated for the purpose of the Soil Conservation and Domestic Allotment Act, as amended, the sum of $150,000 annually, or so much thereof as may be required.

I suggest inserting at that point the words:

> To make a study.

In other words, that the Secretary of Agriculture is authorized to make a study of a feasible and practicable plan of crop insurance.

Mr. PEPPER. Mr. President, there are three answers to the suggestions which the able Senator has been good enough to make. The first one is that already there are two elements of discretion vested in the Secretary by the provisions of the amendment. The first is:

> The Secretary is authorized and directed to set aside and use, out of any sums appropriated for the purposes of the Soil Conservation and Domestic Allotment Act, as amended, the sum of $150,000 annually—

Then follows:

> or so much thereof as may be required.

That is the first discretion that is already vested in the Secretary. This is the second:

> until such study is completed.

He has, therefore, the determination already of what may be required, and when the complete survey may be made.

The third one, Mr. President, is this: I was the author of Senate Resolution 108, which was enacted by the Senate during the regular session. It directed the Secretary of Agriculture to transmit to the Senate at the earliest practicable date his recommendation for the establishment of a system of crop insurance for fruits and vegetables, and to make such studies as might be necessary in connection therewith.

I read from the letter of the Secretary to the Senate on that subject:

> The Department will not be in position to make recommendation for the establishment of a system of crop insurance for fruits and vegetables until it has conducted some rather extensive researches, investigations, and surveys, and prepared the data thus gathered on fruits and vegetables. These researches, investigations, and surveys will, of course, entail considerable expense, for which no appropriation is available.

So during the regular session we did in substance make an authorization, but we got nothing done, because the Secretary said there was no fund available.

Mr. McKELLAR. The same argument may be made about everything in the bill. There is no appropriation for anything in the bill, because it is all in the hands of the Secretary. But when the Congress, by the first six lines and the

last five lines of the Senator's amendment, authorizes an investigation of crop insurance, the Department is obliged to make it.

Mr. PEPPER. Mr. President, would not the Senator's purpose be achieved by letting the amendment be amended so as to contain the sum of $150,000, and also the limitation that it presently carries, "or so much thereof as may be required"? In that way we will have indicated that we mean something substantial about this matter, but at the same time we will leave to the discretion of the Secretary the amount of the expenditure necessary to do the job.

I should be very glad, at the suggestion of the Senator from Tennessee, to delete from the amendment the words "set aside and", and then delete the wrds, "out of any sums appropriated for the purpose of the Soil Conservation and Domestic Allotment Act, as amended", so that it would read:

The Secretary of Agriculture is authorized and directed to use the sum of $150,000 annually or so much thereof as may be required.

Mr. McKELLAR. That would prevent the sum being taken out of the fund we are now legislating about. If the Secretary is now engaged in making the very investigation which the Senator has asked that he make under a previous resolution, and the Secretary indicates in his letter that he is making the investigation so far as his money goes, it seems to me an authorization is all that is needed in this bill. I think that matter should come before the Appropriations Committee in the usual way that all appropriation requests come.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. PEPPER. Mr. President, I do not want to be in disagreement with the Senator from Tennessee, but I did think I had made clear what may be achieved by the amendment. I ask that the amendment be amended so that it will read:

The Secretary of Agriculture—

Beginning back in line 6—

is authorized to use the sum of $150,000, or so much thereof as may be required until such study is completed, in making a study of a feasible and practicable plan of crop insurance for fruits, vegetables, and other agricultural crops, particularly subject to the hazards of weather—

And so forth.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Idaho?

Mr. PEPPER. I yield.

Mr. BORAH. Would not the Senator's objective be accomplished simply by saying—

There is hereby authorized to be appropriated the sum of not exceeding $150,000, or so much thereof as may be necessary—

For the Secretary of Agriculture to do so-and-so, as the Senator provides here?

Mr. PEPPER. Would it be agreeable to the Senator from Tennessee if it were done according to the suggestion of the Senator from Idaho?

Mr. McKELLAR. Yes, Mr. President.

Mr. PEPPER. Then Mr. President, the amendment would read, beginning in line 6 of my amendment:

There is hereby authorized to be appropriated the sum of $150,000, or so much thereof as may be required to be used by the Secretary of Agriculture in making a study of a feasible and practicable plan of crop insurance for fruits, vegetables, and other crops; and the Secretary, upon the completion of such study, on obtaining sufficient data to enable him to make a report, is directed to report his findings and recommendations with respect to such plan or plans of crop insurance to the Congress at the earliest practicable date.

The amendment as it now stands goes down to line 6, and then from line 6 down to the conclusion, being as I have just indicated.

Mr. McKELLAR. That language should be "authorized to be appropriated."

Mr. PEPPER. Very well.

Mr. McKELLAR. That is the usual language in all authorization bills.

Mr. PEPPER. I accept that correction.

The PRESIDING OFFICER. The time of the Senator from Florida on the amendment has expired.

Mr. PEPPER. May I take time on the bill, Mr. President?

The PRESIDING OFFICER. The Senator has time on the bill.

Mr. PEPPER. Very well. I have deleted the word "annually", Mr. President. I call attention to the fact that I have deleted the provision for annual appropriations, but express the hope that this appropriation will not be simply a 1-year matter, but that in due course when the matter comes up again such further appropriation as may be necessary will be made.

Mr. ADAMS. Mr. President, I desire to make a suggestion to the Senator from Florida. If I read the amendment correctly, there is one thing in it which I think is most commendable, because I gather that the purpose is to diminish the hazards of weather.

Mr. McKELLAR. That has been changed.

Mr. ADAMS. I think that is most commendable. It will be worth the money if it can be done for $150,000. [Laughter.]

Mr. PEPPER. Mr. President, the language in line 3 has been amended, as I understand, to read "hazards of production", and strike out the words "of weather to which their crops are subject."

I move the adoption of the amendment.

Mr. McKELLAR. May the amendment be read?

The PRESIDING OFFICER. The Official Reporter will read the amendment, as modified.

The Official Reporter (Fred A. Carlson) read as follows:

There is hereby authorized to be appropriated the sum of $150,000, or so much thereof as may be required, to be used by the Secretary of Agriculture in making a study of a feasible and practicable plan of crop insurance for fruits, vegetables, and all other crops, and the Secretary, upon the completion of such study, is directed to report his findings and recommendations with respect to such plan of crop insurance to the Congress at the earliest practicable date.

Mr. McKELLAR. The word "necessary" should be used, instead of "required."

The PRESIDING OFFICER. The question is on agreeing to the modified amendment as stated by the Official Reporter.

Mr. PEPPER. Let me state that this is the way it would read, in addition to the language read by the Official Reporter:

Congress recognizes the insecurity which those engaged in agriculture and horticulture experience on account of hazards of production; and——

The PRESIDING OFFICER. The question is on the amendment as stated by the Official Reporter, and as modified by the language submitted by the Senator from Florida.

The amendment, as modified, was agreed to.

Mr. HATCH. Mr. President, on Saturday some discussion took place on the floor of the Senate as to the expenses of the county committees under the soil-conservation program. If I may have the attention of the Senator from Washington [Mr. BONE], I desire particularly to have him hear what I am about to say.

My remarks on Saturday were in connection with the expenses of the local committees. At that time I said that I had confidence in the ability of the local committees to keep their expenses within due bounds, and I still express that thought and belief. I also stated on Saturday, however, that it was my belief that in order for the local committees to keep those expenses within proper bounds and limitations, the farmers themselves should know what the expenses were, to whom the money was being paid, and in what amounts.

In line with this thought, I propose to offer an amendment which is now in preparation; and I give notice that I shall offer an amendment to the pending bill to the general effect that all the local expenses of State and county committees shall be estimated and figured so that when the farmer

receives his check he will know how much has been deducted for those expenses. Also, I shall include in the amendment another provision for publishing, perhaps by notice at the courthouse door, a list of the names of the employees, and the amounts they are receiving.

It is my thought that if the farmers can have that information, if they know what the administration of the act is costing them and how much is being taken from their checks, they will handle the question of expenses so far as it is within their power to do so.

Mr. RUSSELL. Mr. President, on Saturday I made the statement that the administration of the Soil Conservation Act cost in excess of 10 percent of the total amount appropriated for payments to farmers under it.

I have in my hand a table which was prepared by the Agricultural Adjustment Administration which shows that for the crop year 1936 the farmers received the sum of $349,925,085.10 for soil-conservation payments. The entire amount expended was $395,141,374.68. That shows that for the various phases of administration, including the expenditures by the Washington office, by the regional offices, by the State offices, by the county committees, and by the local committees, the sum of $45,216,289.58, which was appropriated for soil-conservation payments to farmers, was used in the administration of this fund, and to provide the machinery to get the benefit payments to the farmers. The total payments were less than $400,000,000, and $45,000,000 was used in administration.

In other words, Mr. President, I should have been nearer correct on Saturday had I said that 12 or 12½ percent of the total amount appropriated went into expenditures than to have said that 10 percent of the total amount appropriated was used in the administration of the act.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. RUSSELL. I yield to the Senator.

Mr. BARKLEY. The largest part of the sum represented in that expenditure, as I understand, was incurred in what we call county expenses; that is, the expenses of the county representatives, who had to visit individual farms and check up on them. While I have not the percentage in my mind, I understand that outside of the local county expenditures made necessary by individual visits to farms and to check up on individual farms, the expenditures in the Washington and State and regional offices were considerably less than half the amount to which the Senator refers.

Mr. RUSSELL. The table which I intend to offer for the RECORD has a break-down of the expenditures in the various phases of administration. Approximately $20,000,000 of the $45,000,000 was spent within the counties by the county committees and the local district committees.

The most striking thing about this table is the great disparity in the amounts paid in various States which have a similar type of agriculture, and within the same region, for the same type of services.

I happened to observe, in looking over the various regional expenditures, that in the State of Ohio the farmers were paid the sum of $8,059,000, in round figures, and it cost for county administration the sum of $1,287,000, in round figures, whereas in the State of Indiana, in the same region, the farmers received $9,500,000 at a cost for county administration of $771,000. That is a point which I have been trying to impress upon the Senate, that there is no uniform rule for the administration of this act, and that there should be here within the Department some fixed policy that will affect the expenditures within the State, because every time a dollar is consumed in administrative expenses it means that some farmer, somewhere—the man for whom we were appropriating the money, the man we thought we were helping—has been denied that dollar, and has failed to receive it.

Mr. President, I offer and ask to have printed in the RECORD as part of my remarks these tables, which include the total expenditures over the entire country, as well as the expenditures within the various regions.

The PRESIDING OFFICER. Without objection, the tables will be printed at the conclusion of the Senator's remarks.

(See exhibit A.)

Mr. RUSSELL. The Members of the Senate, I think, will be most interested to observe the tremendous difference in expenditures in the region to which I referred. I saw another set of figures, which were in the possession of another Senator, which disclosed that within the State of Ohio it cost over 17 percent to administer this program, whereas in the State of South Dakota it cost around 4 percent; yet South Dakota received approximately $5,000,000 more than did Ohio, and the farms which had to be measured in South Dakota were approximately twice as large as the farms which were measured in the State of Ohio. I say that some limitation should be fixed in this bill.

I am not being critical of the county committees. I join my friend the able Senator from New Mexico [Mr. HATCH] in the very high tribute he has paid to the county committees; but it is wrong as a matter of policy to legislate here and appropriate money to farmers and then say that the county committees and the local committees shall be absolutely without restraint as to the number of days they may meet in the administration of the program, and have one county committee, perhaps, meeting 50 or 60 days in the year, each member receiving a per diem, and the committee in another county meeting only 25 or 30 days per year, under exactly the same conditions, and with exactly the same type of farming being carried on in both counties.

I think we should give particular attention to this matter; and I shall have a few more remarks to make on this subject when I offer my amendment, which proposes to limit the administrative cost of this program to 6 percent of the total amount appropriated. I think we shall see that that will be an ample amount to administer the program.

EXHIBIT A

Summary by regions of expenditures made in effecting the 1936 agricultural conservation program up to and including Sept. 30, 1937

All regions	Expended for farm payments	Expended for county expense, 1936 program	Expended for county expense, 1937 program [1]	State office administrative expense, fiscal year 1937	Washington administrative expense	State and county expense prior to July 1, 1936, fiscal year 1936	Total expended
Northeast	$6,795,447.36	$492,845.08	$312,760.88	$462,552.36	$145,939.24	$192,043.74	$8,401,588.66
East Central	36,066,291.78	1,496,090.16	384,395.74	1,204,895.63	199,909.61	293,239.47	39,644,822.39
Southern	107,334,232.57	4,936,877.76	610,607.51	4,847,787.34	880,271.57	1,042,149.36	119,651,926.11
North Central	133,025,739.73	9,766,950.88	3,159,224.25	3,091,865.12	803,557.03	2,495,961.58	152,043,298.59
Western	65,399,888.08	2,716,749.95	1,221,995.17	1,703,995.02	416,445.13	360,306.60	71,819,379.95
Insular	1,303,485.58			142,382.28	13,630.28		1,459,498.14
Regional total	349,925,085.10	19,409,513.83	5,688,983.55	11,153,477.75	1,859,752.86	4,383,700.75	392,420,513.84
Other divisions and offices							2,720,860.84
Grand total, expended, 1936 program [1]							395,141,374.68
							349,925,085.10
							45,216,289.58

[1] County expense, 1937 program, paid from this appropriation; reimbursable by deduction from 1937 program farm payments.

Summary by States of expenditures made from the funds appropriated for effecting the 1936 agricultural conservation program as of Sept. 30, 1937

NORTHEAST REGION

	Expended for farm payments	Expended for county expense	Total expended, 1936 program, conservation payments	State office administrative expenses, fiscal year 1937	Total expended, 1936 program, fiscal year 1937
Maine	$301,816.69	$35,494.52	$337,311.21	$45,763.25	$383,074.46
New Hampshire	82,106.01	12,745.11	94,851.12	15,042.26	109,893.38
Vermont	267,323.16	27,567.54	294,890.70	25,586.20	320,476.90
Massachusetts	183,974.12	25,750.45	209,724.57	21,297.28	231,021.85
Rhode Island	8,868.06		8,868.06	4,699.48	13,567.54
Connecticut	350,840.42	12,831.47	363,671.89	24,656.74	388,328.63
New York	2,708,945.95	185,272.50	2,894,168.45	147,365.84	3,041,534.2
New Jersey	305,327.42	8,911.18	314,238.60	30,306.35	344,544.95
Pennsylvania	2,588,245.53	184,322.31	2,772,567.84	147,834.96	2,918,402.80
Total field, northeast region, 1936 program	6,795,447.36	492,845.08	7,288,292.44	462,552.36	7,750,844.80
Total county expense, 1937 program [1]					312,760.88
Total field expenditures northeast region, 1936 program appropriation, fiscal year 1937					8,063,605.68

EAST CENTRAL REGION

Maryland	$1,309,469.81	$53,563.87	$1,363,053.68	$49,466.29	$1,412,519.97
Delaware	309,617.73	15,431.31	325,049.04	11,899.47	336,948.51
Virginia	3,118,187.43	178,249.55	3,296,436.98	135,057.08	3,431,494.01
West Virginia	589,107.72	66,067.80	655,175.52	44,171.22	699,346.74
North Carolina	11,823,394.54	480,906.71	12,304,301.25	374,683.24	12,678,984.49
Kentucky	10,635,992.64	415,433.35	11,051,425.97	306,676.71	11,358,102.68
Tennessee	8,280,521.91	286,417.59	8,566,939.50	282,941.67	8,849,881.17
Total field, east central region, 1936 program	36,066,291.78	1,496,090.16	37,562,381.94	1,204,895.63	38,767,277.57
Total county expenses, 1937 program [1]					384,395.74
Total field expenditures, east central region, 1936 program appropriation, fiscal year 1937					39,151,673.31

SOUTHERN REGION

South Carolina	$7,482,286.00	$434,483.02	$7,916,769.02	$298,491.97	$8,215,260.99
Georgia	10,951,256.98	411,981.02	11,363,238.00	698,853.64	12,062,091.64
Florida	1,216,580.71	125,608.13	1,342,188.84	145,694.08	1,487,882.92
Alabama	10,202,251.97	673,582.59	10,965,834.56	560,905.43	11,526,739.99
Mississippi	10,710,702.27	592,280.69	11,302,982.96	452,441.57	11,755,424.53
Arkansas	10,096,732.26	524,640.66	10,621,372.91	561,352.66	11,182,725.57
Louisiana	6,767,139.47	374,007.07	7,141,146.54	365,943.08	7,507,089.62
Oklahoma	13,858,865.55	646,598.34	14,505,463.89	476,164.46	14,981,628.35
Texas	35,958,417.37	1,153,696.24	37,112,113.61	987,940.45	38,100,054.06
Total field, southern region, 1936 program	107,334,232.57	4,936,877.76	112,271,110.33	4,547,787.34	116,818,897.67
Total county expenses, 1937 program [1]					610,607.51
Total field expenditures, southern region, 1936 program appropriation, fiscal year 1937					117,429,505.18

NORTH CENTRAL REGION

Ohio	$8,059,676.78	$1,287,041.77	$9,346,718.55	$300,353.62	$9,647,072.17
Indiana	9,545,118.36	771,637.10	10,316,155.46	273,890.62	10,590,046.08
Illinois	15,177,198.41	1,226,237.83	16,403,436.24	320,808.35	16,724,244.59
Michigan	5,963,827.32	813,205.82	6,777,033.14	307,988.00	7,085,021.14
Wisconsin	10,148,228.73	962,828.17	11,111,056.90	286,706.56	11,397,853.46
Minnesota	17,009,412.50	966,692.83	17,976,105.33	319,143.99	18,295,249.32
Iowa	26,370,528.99	1,260,687.78	27,631,216.77	372,966.30	28,004,183.07
Missouri	11,768,740.13	941,279.95	12,680,020.08	309,161.47	12,989,181.55
South Dakota	15,102,135.49	546,632.73	15,648,768.22	290,179.91	15,938,948.13
Nebraska	13,880,873.02	1,021,306.90	14,902,179.92	310,576.39	15,212,756.22
Total field, north central region, 1936 program	133,025,739.73	9,766,950.88	142,792,690.61	3,091,885.13	145,884,555.73
Total county expenses, 1937 program [1]					3,159,224.35
Total field expenditures, north central region, 1936 program appropriation, fiscal year 1937					149,043,779.98

WESTERN REGION

North Dakota	$20,334,068.29	$801,048.18	$20,935,116.47	$266,312.02	$21,201,428.49
Kansas	17,441,148.56	648,529.65	18,089,678.21	244,437.13	18,334,115.34
Montana	6,669,165.93	320,269.74	6,989,435.67	238,209.59	7,227,645.26
Idaho	2,566,352.75	134,921.54	2,701,274.29	76,761.17	2,778,035.46
Wyoming	1,096,524.65	74,143.38	1,170,668.03	62,434.56	1,233,102.59
Colorado	4,217,232.33	206,855.74	4,424,088.07	216,019.24	4,640,107.31
New Mexico	2,775,793.59	106,985.99	2,882,779.58	77,215.75	2,959,995.33
Utah	934,313.40	52,727.33	987,040.73	129,945.69	1,116,986.42
Nevada	130,795.97	5,878.58	136,674.55	26,135.01	162,809.56
Oregon	1,815,821.66	110,907.79	1,926,729.45	105,547.92	2,032,277.37
Arizona	1,039,103.94	32,297.74	1,068,401.68	36,515.35	1,104,917.03
Washington	2,335,750.13	103,802.86	2,439,552.99	71,390.63	2,510,943.62
California	4,046,816.88	318,381.43	4,365,198.31	153,070.96	4,518,269.27
Total field, western region, 1936 program	65,399,888.08	2,716,749.95	68,116,638.03	1,703,995.02	69,820,633.05
Total county expenses, 1937 program [1]					1,221,995.17
Total field expenditures, western region, 1936 program appropriation, fiscal year 1937					71,042,628.22

[1] Paid from 1936 program appropriation; reimbursable by deduction from 1937 program, farm payments.

Summary by territories of expenditures made in the insular region from the funds appropriated for effecting the 1936 agricultural conservation program as of Sept. 30, 1937

Territories	Expended for farm payments	Total expended, 1936 program conservation payments	State office administrative expense, fiscal year 1937	Total expended, 1936 program, fiscal year 1337
Alaska	$1,005.00	$1,005.00	$2,655.37	$3,660.37
Hawaii	577,222.33	577,222.33	18,532.29	595,754.62
Puerto Rico	725,258.25	725,258.25	121,194.62	846,452.87
Total, field insular region, 1936 program	1,303,485.58	1,303,485.58	142,382.28	1,445,867.86

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, on page 94, line 16, to insert:

Title IX—Cotton Pool Participation Trust Certificates.

The amendment was agreed to.

The next amendment was, on page 94, after line 17, to insert:

SEC. 90. There is hereby authorized to be appropriated, from any moneys in the Treasury of the United States not otherwise appropriated, the sum of $1,800,000, or so much thereof as may be required by the Secretary to accomplish the purposes hereinafter declared and authorized. The Secretary of the Treasury is hereby authorized and directed to pay to, or upon the order of, the Secretary, such a part or all of the sum hereby appropriated at the request of the Secretary.

Mr. McNARY. Mr. President, I should like to have that amendment explained. I observe that this section was not in the bill on which hearings were held. It comes into the bill quite unexpectedly. I am wondering how it fits into this larger plan of so-called farm relief.

Mr. POPE. Mr. President, the Senator from South Carolina [Mr. SMITH] offered this amendment, and it was adopted by the Committee on Agriculture and Forestry. Its provisions are the same as those of a bill which has passed the Senate, but is still pending in the House; and it was the desire of the Senator from South Carolina that it be attached to this bill. I think the Senator from South Carolina should, if he desires to do so, explain the amendment.

I might say to the Senator from Oregon [Mr. MCNARY] that I shall read a paragraph of the letter from the Secretary in which reference was made to this point. The explanation will have to rest with the Senator from South Carolina [Mr. SMITH]. I now read from the letter:

Attention is also directed to title IX of the bill. This is almost identical with similar legislation on which this Department made an unfavorable report to the Senate Committee on Agriculture and Forestry on June 8, 1937. In that report it was pointed out that the obligations of the cotton producers' pool have been discharged and that the remaining balance of funds of approximately $1,800,000 accrued from sources in which the producer members of the cotton pool were not interested. Available information also indicates that speculators have purchased some of these certificates from many of the original producer members of the cotton pool at prices ranging down to 40 cents per bale. The proposed legislation would have the effect of redeeming certificates now in the hands of such speculators on the basis of $1 per bale.

I notice the Senator from South Carolina has just entered the Chamber. Since the amendment was proposed by him and adopted by the committee I am sure the Senator from Oregon can obtain from the Senator from South Carolina the information he desires.

Mr. SMITH. Mr. President, my name has been mentioned in connection with this amendment. I have studied the record. This is identically the language of the bill that was introduced by the Senator from Alabama [Mr. BANKHEAD]. I feel sure that any right-thinking man would not endorse the statement read by the Senator from Idaho [Mr. POPE] as coming from the Department.

Mr. McNARY. Did the Senator say, "would not endorse it"?

Mr. SMITH. Yes. I am going to let the Senator from Alabama [Mr. BANKHEAD] explain why the bill was introduced and passed by this body once, but before that is done I want to invite attention to the contract. I have seen a statement in a newspaper article which makes the paper liable to a suit for libel by myself and the Senator from Alabama on the ground that it was intimated, if not directly charged, that we are conspiring to mulct the Government for the benefit of speculators. That is practically what is in the article. Let me read the contract, and we will attend to the other part of the matter later. I want to read the contract entered into with these farmers when they signed up to plant their crop. This particular part of it reads:

The manager, after paying all charges incident to the operation of the pool, shall pay to the Secretary the proceeds derived from the sale of any cotton marketed up to an amount equal to 12 cents per pound of said cotton, that amount being the original option price of 6 cents per pound, plus the gross advances heretofore made to the producer, including carrying charges to October 1, 1934. After all debts and liens against the cotton shall have been discharged and all expenses incurred or fixed by the manager subsequent to October 1, 1934, in conjunction with the carrying, handling, and/or marketing of the said cotton and in the conduct of the pool have been paid, the managers shall thereafter distribute the remaining proceeds ratably to the holders of record of participation cost certificates in accordance with their several interests as established by said certificates and in accordance with applicable regulations.

In other words, after the farmer had been paid his 12 cents and after all expenses incurred had been liquidated, then the residue of the proceeds of the crop should be divided amongst the holders of the participating certificates. That amounted to $1,800,000, which was clearly and unmistakably the profits of the farmers who contributed to the pool.

When we had our cotton investigation the same question arose. Mr. Oscar Johnston was asked to testify and I should like to read from his testimony. Mr. Wyllie asked this question:

Now, if all of the funds in the hands of the Secretary of Agriculture must be considered as part of the pool funds, what would be the object or necessity of the pool filing any claim against them?

Mr. JOHNSTON. In the handling of Government accounting before that credit is set up to the pool the Comptroller General and the audit section are going to have to be convinced of each and every item that went into it when they undertake to break it down as a proper charge. It is my judgment, both as a lawyer and as manager, that every dime belongs to the pool.

I read further. In response to a question Mr. Johnston said:

It is more than an accounting problem. It is an administrative problem. It is a matter for the Secretary of Agriculture to determine ultimately the extent to which certain items that are credited in the Secretary's so-called private account are pool items. My personal opinion, as manager of the pool and as a lawyer, is that when this pool is liquidated every dime over and above the amounts required to pay the Treasury of the United States the amount advanced and to pay the operating costs is entitled to be distributed to the participating trust certificate holders.

Mr. President, under the pool arrangement certain cottons were turned in. First an advance of 10 cents was made and ultimately an advance of 12 cents. When the cotton was disposed of from the pool and all matters were liquidated, certain individuals held participating certificates entitling them to participate in the remainder of the fund, which was to be divided among them, as Mr. Johnston stated, pro rata, according to the number of bales and the poundage. For some reason it is now claimed that this money was extra and beyond the pool, though it is not denied that it came out of the cotton, but that for some reason or other the money called for by the certificates should be diverted into some other channel.

I have no interest in the matter except that where the farmer participated in a certain project and was promised, through certain certificates, that he should participate

according to the amount remaining over and above every settlement, I think in common honesty he ought to be paid. We are told that the certificates have passed into the hands of speculators, but I do not know anything about that. I know if a negotiable instrument was delivered to me and I wanted the money and the Senator from Arizona [Mr. ASHURST] would say, "I will buy your certificate. What will you take for it?" It would be a trade between him and me. What has the Government to do with it? If I am willing to sell it at a certain price, that is a trade between him and me, and has nothing to do with the obligation of the Government to redeem the certificate. If the Senator from Arizona wanted to speculate and would give me 50 cents for a certificate which called for a dollar, I would release my claim to a possible 50-cent profit and it would be a risk he would take.

But any insinuation that I am here trying to collect money for a lot of speculators at the expense of the farmer is simply an infernal lie. I am sick and tired of having the motives of an honest and honorable man garbled and questioned in this way. Here is the fact as I have submitted it. Here is the contract. Here is the amount of money that is distributable. I do not know who is going to get it except that I do think the farmers should participate. I think it is an honest debt to the participants in the pool regardless of who holds the certificate.

I cannot understand the attitude of the Department that that would be helping a speculator. The Government issued a negotiable instrument and said, for instance, to the Senator from North Carolina [Mr. BAILEY], "As long as you hold that certificate you may participate in whatever fund remains over and above the settlement."

Mr. BAILEY. Mr. President, let me interrupt the Senator.

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from North Carolina?

Mr. SMITH. I yield.

Mr. BAILEY. Is it not true that a suit for the money would lie against the Government if brought by the holder of the certificate, and that he could undoubtedly recover?

Mr. SMITH. Yes.

Mr. BAILEY. The Senator said he did not understand this attitude on the part of the Department. Is this the only matter in the Department that the Senator does not understand?

Mr. SMITH. Oh, no; not by any means. I do not know how long it would take me to answer that question if I should start.

I have just read in the public press an insinuation that I am conspiring to mulct the Government for the benefit of speculators. I think it is about time for some of us here to exercise our right to freedom of speech as well as for the newspapers to have "freedom of the press." I would not have noticed it if it had not been published in a paper for which I have such high regard. I like to read the Washington Star. It is generally very fair. I want my colleagues to read that infamous insinuation which was published.

I do not think it is necessary for me to make any further statement. I have tried to conduct myself—no; I will not say I have tried, because I was born and bred a gentleman and every act of mine is in accordance with my breeding. I do not have to try to be one. I was born one and trained to be one.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. SMITH. Certainly.

Mr. ADAMS. As I gather from the statement of the Senator from South Carolina, this issue is not only a moral but a legal obligation upon the part of the Treasury to pay the money to the holders of these certificates. That being so, I am wondering why in section 95 of the bill is contined a provision that this payment is in the nature of a gratuitous action on the part of the United States. If it is an obligation that we ought to pay, if it is an obligation that the Government ought to perform, we ought not to say, as apparently this section does, that the United States is not obligated and that it is simply a gratuitous action on the part of the Government.

Mr. SMITH. Mr. President, I think the Senator from Alabama can explain that. It is because of certain rules and regulations. But in the light of the contract signed by the farmer, which I have read, I do not think his claim could be waived or affected by any rule or regulation.

Mr. ADAMS. Are we not in a better position if we pay that which we say we owe, rather than to say "now we are making you a present?"

Mr. SMITH. I think so; certainly. I have read the terms under which the contract was signed. I have read the opinion under oath of the Administrator, Mr. Oscar Johnson, in which he said, "I believe every dime of it belongs to the certificate holder."

Mr. President, if it is necessary for me to say any more than I have said, I shall be delighted to do so.

Mr. BILBO. Mr. President, I wish to offer an amendment as a new section in title 9, and I offer it in explanation and justification of the course of my distinguished friend and colleague the Senator from South Carolina, against whom certain charges have been made in the public press.

The PRESIDING OFFICER. The Chair is informed by the parliamentarian that in order to do what the Senator desires he will have to offer his amendment as an amendment to section 90.

Mr. BILBO. I am offering it as an amendment to the entire title.

The PRESIDING OFFICER. The Senate is taking up amendments to the various sections, and therefore the Senator will have to wait until we get to the end of the title.

Mr. BILBO. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 94, line 16.

Mr. ADAMS. Mr. President, there is a phrase in this amendment which is inaccurate, and I move an amendment in that section, on page 94, line 25, before the word "appropriated", to insert the words "authorized to be".

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next amendment was, on page 95, line 1, to insert the following:

SEC. 91. The Secretary is hereby authorized to draw from the Treasury of the United States any part or all of the sum hereby appropriated, and to deposit same to his credit with the Treasurer of the United States, under special symbol number, to be available for disbursement for the purposes hereinafter stated.

Mr. ADAMS. Mr. President, in this amendment there should also be an amendment, in line 3, before the word "appropriated", to insert the words "authorized to be".

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next amendment was, on page 95, after line 6, to insert the following:

SEC. 92. The Secretary is hereby authorized to make available, from the sum hereby appropriated, to the manager, cotton pool, such sum or sums as may be necessary to enable the manager to purchase, take up, and cancel, subject to the restrictions hereinafter reserved, pool participation trust certificates, Form C-51, where such certificates shall be tendered to the manager, cotton pool, by the person or persons shown by the records of the Department to have been the lawful holder and owner thereof on February 1, 1937, the purchase price to be paid for the certificates so purchased to be at the rate of $1 per 500-pound bale for every bale or fractional part thereof represented by the certificates C-51. The Secretary is further authorized to pay directly, or to advance to the manager, cotton pool, to enable him to pay costs and expenses incident to the purchase of certificates as aforesaid, and any balance remaining to the credit of the Secretary, or the manager, cotton pool, not required for the purchase of these certificates in accordance with the provisions of this act, shall, at the expiration of the purchase period, be covered into the Treasury of the United States as miscellaneous receipts.

Mr. ADAMS. In this amendment on line 8, before the word "appropriated", I move to insert the words "authorized to be."

The amendment to the amendment was agreed to.

Mr. BANKHEAD. Mr. President, I have an amendment on page 95, line 12, to strike out "C–51" and to insert in lieu thereof "C–5–I."

The amendment to the amendment was agreed to.

Mr. BANKHEAD. I also move to amend on line 15 by striking out "February" and inserting "May."

The amendment to the amendment was agreed to.

Mr. BANKHEAD. I move to amend the amendment on line 18 by striking out "C–51" and inserting in lieu thereof "C–5–I."

The amendment to the amendment was agreed to.

Mr. McNARY. Mr. President, in view of the adverse report of the Secretary, I call attention to the language commencing with line 18 on page 95, "The Secretary is further authorized to pay directly, or to advance to the manager, cotton pool, to enable him," and so forth. Does that mean payment to the manager of the cotton pool, or to the manager and the cotton pool?

Mr. BANKHEAD. It means the manager of the cotton pool.

The PRESIDING OFFICER. The clerk will state the amendment to the amendment as suggested by the Senator from Alabama.

The CHIEF CLERK. On page 95, line 20, before the word "the", insert a comma, and after the word "manager", strike out the comma and insert the words "of the", so as to read, "or to advance, to the manager of the cotton pool", and so forth.

The amendment to the amendment was agreed to.

Mr. OVERTON. Mr. President, as I understand the explanation of the Senator from South Carolina, the certificates are negotiable in character, but the authorization is to pay to the holder of the certificates as of the date February 1, 1937. If they are negotiable in character, why should they not be paid to the holder of the certificates at the time of presentation, and why that dead line of February 1, 1937?

Mr. BANKHEAD. Mr. President, the date was fixed to prevent anyone buying the certificates and taking advantage of the farmers after the bill had been introduced. That is the reason for it. The date has now been changed to May 1.

Mr. OVERTON. Can the Senator from Alabama tell me how many of these certificates are in the hands of speculators?

Mr. BANKHEAD. I do not know how the Senator would define "speculator." The Department said that only 14 percent of the entire amount has ever been transferred in any way.

Mr. OVERTON. Eighty-six percent are in the hands of the original payees?

Mr. BANKHEAD. Yes; of course, we all know that a great many of them went into the hands of merchants for advances, and so forth, and have been traded around.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 95, line 7, as amended.

The amendment as amended was agreed to.

The next amendment was, on page 96, after line 2, to insert the following:

SEC. 93. The authority of the manager, cotton pool, to purchase and pay for certificates hereunder shall extend to and include the 31st day of January 1938: *Provided*, That after expiration of the said limit the purchase may be consummated of any certificates tendered to the manager, cotton pool, on or before January 1, 1938, but where for any reason the purchase price shall not have been paid by the manager, cotton pool. The Secretary is authorized to promulgate such rules, regulations, and requirements as in his discretion are proper to effectuate the general purposes of this title, which purpose is here stated to be specifically to authorize the purchase of outstanding pool-participation trust certificates, Form C–51, for a purchase price to be determined at the rate of $1 per bale, or twenty one-hundredths cent per pound, for the cotton evidenced by the said certificates, provided such certificates be tendered by holders thereof in accordance with regulations prescribed by the Secretary not later than the 31st day of January 1938, and provided such certificates may not be purchased from persons other than those shown by the records of the Department to have been holders thereof on or before the 1st day of May 1937.

Mr. BANKHEAD. I offer an amendment to this amendment, on page 96, line 15, to strike out "C–51" and to insert in lieu thereof "C–5–I."

The amendment to the amendment was agreed to.

Mr. BANKHEAD. I also move to amend, on page 96, line 20, by striking out "January" and inserting "July."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 96, after line 23, to insert the following:

SEC. 94. The Secretary is authorized to continue in existence the 1933 cotton producers pool so long as may be required to effectuate the purposes of this title. All expense incident to the accomplishment of purposes of this title may be paid from funds hereby appropriated, for which purpose the fund hereby appropriated shall be deemed as supplemental to such funds as are now to the credit of the Secretary, reserved for the purpose of defraying operating expenses of the pool.

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). The Chair takes the liberty of calling attention to line 3, page 97, where, before the word "appropriated", the words "authorized to be" should be inserted.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The same amendment should be made, on line 4, before the word "appropriated", to insert the words "authorized to be."

The amendment to the amendment was agreed to.

Mr. McNARY. Mr. President, this whole proposal is contrary to the views of the Secretary, and I call the attention of the Senate to the language on line 24, page 96:

The Secretary is authorized to continue in existence the 1933 cotton producers' pool so long as may be required to effectuate the purposes of this title.

This pool goes back a period of 4½ years.

Mr. BANKHEAD. Mr. President, this is simply to wind it up and settle it. Nothing else is involved in the title but the settlement of the certificate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

Mr. BANKHEAD. Mr. President, I move to strike out all of section 95, beginning with line 7, to and including the word "transaction" in line 19; in other words, to strike out all except the last sentence.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 97, in section 95, it is proposed to strike out the language beginning with line 7 to and including the word "transaction" in line 19.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. It is proposed to renumber the sections as necessary.

The PRESIDING OFFICER. Without objection, the sections will be renumbered.

Mr. BANKHEAD. Mr. President, before this matter is finally closed, I think I should make a brief statement about the publication in the newspaper to which the chairman of the committee, the senior Senator from South Carolina [Mr. SMITH], has called attention.

I have been familiar with this transaction from its inception, and I know that a very great injustice has been done by the newspaper publication in intimating that the senior Senator from South Carolina has endeavored to favor some special interest in this matter. I wish to make that statement about it because I know the facts, and I know that any statement or imputation or inference of that character is totally unfounded.

I introduced the original bill dealing with that subject. I did it at the instance of numerous small holders of these cotton certificates. I consulted the Department about it, and, in fact, the bill was prepared for me in the Department while I was out west sick. The bill came to the committee and was

subsequently favorably reported and came to the floor of the Senate. In my absence, the senior Senator from Oklahoma [Mr. THOMAS] and my then colleague, the then senior Senator from Alabama, Mr. Black, presented the facts about this bill on the floor; and after a discussion of the merits of the bill and the subject matter involved, in which the senior Senator from South Carolina took no part, the bill was unanimously passed by the Senate.

I felt that the senior Senator from South Carolina owed an obligation to these certificate holders, because the certificates were issued under legislation sponsored by the Senator from South Carolina, who originated and presented in the original A. A. A. bill a program for issuing certificates of purchase to farmers who were willing to take them in lieu of that number of bales to be produced, and in that way by contract to bring about a reduction of the production for that year. It was a new plan in agricultural legislation. The plan was adopted, and under it about 3,000,000 bales or more, I believe, were contracted for, and these certificates were issued to the farmers.

Mr. Johnston was the manager of the pool. He was the representative of the Department of Agriculture, its official adviser in this matter, and its adviser until now with respect to many problems. He is one of the ablest men I know of in all the Southern States. Whether one agrees with his philosophy or not, it must be admitted that he is an outstanding figure in the State and in the South. He has been permanently connected with the Department of Agriculture since the present administration went into power. Mr. Johnston managed this cotton pool from beginning to end.

When he came before the committee he testified positively and affirmatively that every dime of this money belonged to those cotton farmers, the holders of the pool certificates.

I feel that the Senator from South Carolina, the author of that legislation, certainly owed an obligation to the farmers who participated under his plan to do something to help bring about a fair adjustment of those claims, notwithstanding the opposition of a lawyer in the Department of Agriculture, who has given the Secretary an adverse opinion on the question. I feel that the Senator from South Carolina owed the farmers such a duty, and I should have thought much less of the Senator than I do today had he ignored the situation or failed to take action with respect to it, because he did come forward, and he defended the rights of the original holders of the pool certificates.

So, Mr. President, with knowledge of the facts, knowing that the Senator from South Carolina has only done his duty in this matter, I regret that these words imputing to him unworthy motives have been published.

I am glad to make that statement.

Mr. McCARRAN. Mr. President, I wonder if the Senator from Alabama would dwell for a moment on something that seems to be even more pertinent than that on which he has dwelt. I quote from the article which I hold in my hand, which was handed to me by the senior Senator from South Carolina, as follows:

> The farmers took the certificates, and the Agriculture Department cotton expert, Oscar Johnston, who is also the manager of the largest plantation in the Cotton Belt, took the job of making the certificates worth something. In selling off the cotton in the pool, Mr. Johnston hedged, bought futures, and employed the other devices of the shrewdest market operators. The result was that he got excellent prices for the pool cotton.

The significance of that is, or at least what I gather from it is, that Mr. Johnston was the beneficiary under a system which he himself initiated.

Mr. BANKHEAD. I do not think the writer means that he is a personal beneficiary. The article means that he conducted such transactions in behalf of the pool certificate owners, the farmers. That is what it means, I will say to the Senator.

Mr. McCARRAN. If that is what it means, very well. I got a different meaning from the article. It does not leave that meaning with me.

Mr. BANKHEAD. It does not involve anything personal.

Mr. BILBO. Mr. President, I desire to offer an amendment to the title. I was advised a while ago that I would be permitted to offer it after the adoption of section 95. If it is necessary, I can make it a part of section 95, so as to make it an amendment to the amendment.

The PRESIDING OFFICER. The committee amendment has been agreed to, but the action may be reconsidered.

Mr. BILBO. I may offer the amendment following section 95 at this time, may I not?

The PRESIDING OFFICER. It depends upon what it is.

Mr. BILBO. I ask to reconsider the action by which the committee amendment, being section 95, was agreed to.

The PRESIDING OFFICER. Is there objection? The Chair hears none; and the vote by which section 95 was agreed to is reconsidered for the purpose of allowing the Senator from Mississippi to offer an amendment.

Mr. BILBO. Mr. President, much has been said on the floor about the article attacking the senior Senator from South Carolina [Mr. SMITH] or anyone interested in or favorable to title IX. As a lawyer, it is my deliberate opinion that the article is libel per se. In order that my amendment to section 95 may be understood, I desire to read to the Senate a part of the article appearing in the Evening Star, Washington, Monday, December 13, 1937, under the heading the Capital Parade:

> CLAUSE IN FARM BILL WOULD PAY OUT $1,800,000 TO SPECULATORS IN COTTON CERTIFICATES
>
> The Senate farm bill is a pretty singular piece of legislation, with plenty of strange things about it.
>
> This is nothing less than an indictment against the committee that prepared the pending bill, as though there were something hidden in it, some crooked scheme stored up in some hidden phrase to defraud or wrong someone.
>
> But the strangest is an unnoticed little clause directing the Agriculture Department to pay out $1,800,000 to the holders of certificates for the cotton in the old Federal Farm Board cotton pool.
>
> On its face the clause looks dull enough, but its real meaning is that, through the kind offices of Senator ELLISON D. SMITH, Democrat, of South Carolina, a number of cotton speculators will share a plump kitty. Senator SMITH, who is chairman of the Senate Agriculture Committee, popped the little clause into the farm bill.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. BAILEY. Can the distinguished Senator from Mississippi kindly explain to me what is meant by "kitty"?

Mr. BILBO. The writer uses the expression "plump kitty." I think he has reference to a nice little sum of money.

Mr. BAILEY. Does that mean that there is a plump lot of money in the bill?

Mr. BILBO. Yes.

Mr. BAILEY. Does the Senator know what is meant by "kitty"?

Mr. BILBO. Yes, Mr. President. A kind of jackpot is referred to there.

Mr. BAILEY. What is a "jackpot"?

Mr. BILBO. I shall explain that to the Senator in a minute.

Mr. BAILEY. I should like to hear about a "jackpot." I am new to this thing here in the Senate. There is a good deal of terminology of that sort which I do not understand. What is the relation of a "jackpot" to a "kitty"?

Mr. BILBO. I regret that the Senator has not been in Washington long enough to learn what a "jackpot" is.

Mr. BAILEY. My education is yet to be completed; but I should like first to have the Senator tell me what a "kitty" is, and not get mixed up with a "jackpot." I want to take up one thing at a time. Give me the definition of a "kitty," and then a "plump kitty," and then I should like to know the definition of a "jackpot"—that comes next—and if there is anything more I should like to know it.

Mr. BILBO. Possibly the Senator has been so unfortunate in his associates that he has not learned those terms.

The article continues:

> As the clever Mr. Johnston sold the cotton off, the farmers who had become the actual owners of the cotton, through their certificates, received installment payments on its value.

Senators, listen to this indictment:

The dividends went on and on, until the full amount which the Federal Farm Board had originally given for the cotton had been paid out on the farmers' certificates. The certificates began to look like worthless paper to the farmers.

Not so to a smart group of cotton speculators, who sent buyers through the South to gather in all the certificates available.

That reminds us of the old story as to how, in the early beginning of this Government men went around over the country and bought bonds issued by the Original Colonies. They bought up the bonds before the Congress assumed the obligation for them.

The buyers were successful, and the speculators pretty nearly cornered the entire certificate supply. Then it was announced that, in addition to everything that has been paid out, clever Mr. Johnston had made an actual profit of $1,800,000. The speculators prepared to receive this manna with thankful hearts.

Unfortunately, the Agriculture Department put its foot down. The Department experts knew perfectly well who had bought up the certificates and how and why. They took the position that there was no moral obligation to pay the $1,800,000 of profit on Mr. Johnston's operations to a set of cotton speculators. For a time things looked bad for the speculators, but now Senator SMITH has come to the rescue.

Mr. President, the Senator from Alabama informs us that the Department has made a search and has found that only about 14 percent of these certificates have been cornered by the so-called cotton speculators as set out in this article appearing in the Star. In order to satisfy any Senator who may not be satisfied, and in order to defeat any speculator, if there were speculators, I offer an amendment to section 95 that will eliminate all suspicion or any chance of racketeering at the expense of the original owners of these certificates. I have written the amendment hurriedly. It may not be perfect in its diction, but I think it conveys the idea.

Mr. BANKHEAD. Mr. President, let me hand to the Senator one which I had prepared to submit to the Senate.

Mr. BILBO. This is the amendment just handed me by the Senator from Alabama:

Payments of pool participation certificates held by others than the original producers to whom they were issued shall be limited to the amount actually paid for such certificates with interest at 4 percent from the date of purchase.

I do not like that, because I think it is perfectly all right for anyone who bought those certificates to be paid the money that was invested, under the statement made by the Senator from South Carolina [Mr. SMITH] that the transaction in these certificates was bona fide and in good faith.

My amendment reads:

Nothing in this title No. IX shall be considered to authorize the Secretary to pay the assignee of any holder of such cotton pool participation trust certificates, form C–51 (other than the original owner) more than the purchase price paid by the assignee or holder of such certificate or certificates; provided such purchase price is $1 per bale or twenty-one hundredths of a cent per pound or less.

If the assignee or holder other than the original holder receives less than $1 per bale or twenty-one hundredths of a cent per pound, then the remainder between such payment so received by the assignee or holder and $1 per bale or twenty-one hundredths of a cent per pound shall be paid to the producer or original holder of such certificate or certificates.

This not only takes care of the man who bought the certificate, but if he bought it for less than $1 and there is a remainder left after he receives what was paid by him, then the Secretary is authorized to pay the remainder to the original owner, the farmer who originally held the certificate.

Mr. BAILEY. Mr. President, I was not very greatly enlightened by what the Senator from Mississippi [Mr. BILBO] said. It did not answer my question. I have a note from a very distinguished Senator who says, "The term 'kitty' is used by Methodists, and not by Baptists."

Mr. SMITH. Does the Senator pretend to tell me that a Member of this body is so unfamiliar with the relative merits of the two denominations that he made that mistake? [Laughter.]

Mr. BAILEY. I do not say. I merely read what the note said.

Mr. SMITH. If the Senator has any doubt whatever as to the meaning of the term, there are ample schools roundabout where he can learn its true meaning.

Mr. BAILEY. The thing strange about it is that none of these gentlemen with all this knowledge will give me any portion of it. If this article is libelous per se, as the Senator from Mississippi said, it is libelous per se in the use of the word "kitty." The word "kitty" has a very distinct meaning. It has a distinct meaning whether used by a Methodist, a Baptist, a Presbyterian, in the United States Senate, or by barbarians, whether used in Mississippi, North Carolina, South Carolina, or the District of Columbia.

The "kitty" is that portion of the proceeds on the table in a poker game which is set aside for the house, or on other occasions it is set aside in a common pot to be gambled for subsequently. That is my understanding of the word "kitty."

The use of the word "kitty" suggests that there was a common pot between the gentlemen, and that would suggest criminality and raise the presumption of libel with malice and of libel per se.

I was hoping the Senator from Mississippi [Mr. BILBO] would explain why he said the article was libelous per se. I am going to agree with him. If the court should accept my definition of the word "kitty," which I understand is the general definition in Washington and elsewhere, then the article is libelous per se; but if it adopts the idea of "kitty" being a young cat, it is not libelous per se. [Laughter.] All will depend on how the jury is charged in the circumstances.

While I have been on my feet I have been given this information about the meaning of "kitty" by two distinguished Senators in my rear. I knew nothing about it and I am giving my thanks to them for whispering to me about the "kitty."

But, Mr. President, I have something else on my mind. I question whether we could get very far by protesting in the Senate against what is written in the newspapers. I join with my friends in this protest against the reflection upon the distinguished senior Senator from South Carolina. The whole thing brought to my mind a matter of some importance to the farmers of North Carolina for which he was responsible. I wish to put it in the RECORD by way of being simply just to him.

Two years ago the Department of Agriculture distributed considerable sums of money to the tobacco farmers of my State. Farmers came to me with the checks and asked if it was right for them to receive them. They said they had been paid their rental benefits, they had been paid everything due them under the A. A. A., and this money came beyond the A. A. A. I looked into the matter and found the checks were divided checks from a tobacco pool which came over from the old cooperative collapse. The Government took over tobacco under precisely the terms of these cotton certificates, in a pool of the same character, and when the Department of Agriculture proposed to sell the tobacco at a price that would have yielded the farmer less than 11 cents a pound, the senior Senator from South Carolina [Mr. SMITH] persuaded them, and I think had an act passed requiring them to hold that tobacco.

It was finally sold, and under the influence and leadership of the senior Senator from South Carolina that tobacco brought to the farmers of North Carolina and South Carolina several million dollars. The senior Senator from South Carolina has never been thanked by the farmers. They thought it was rental money and A. A. A. money. It was the old tobacco cooperative money which brought the price of 20 cents a pound only because of what the senior Senator from South Carolina did. I desire to thank him now in behalf of the farmers of North Carolina.

Mr. HATCH. Mr. President, I do not think there is any disagreement about the end sought to be accomplished by the amendment offered by the Senator from Mississippi [Mr. BILBO], but I must confess that as it was read I was somewhat confused as to the language. I observed that the Senator

from Mississippi himself said he had prepared it rather hurriedly. The Senator from Alabama [Mr. BANKHEAD] has also prepared a similar amendment which the Senator from Mississippi read in the course of his remarks. I am wondering if the Senator from Mississippi would agree to let this matter go over until tomorrow morning so his amendment may be printed? At the suggestion of the Senator from Alabama I am sending to the desk the amendment prepared by that Senator, and ask that it be printed and lie on the table so we may consider its language.

Mr. BILBO. I shall be glad to have that arrangement made. The amendment was prepared hurriedly.

The PRESIDING OFFICER. Both amendments will be received, printed, and lie on the table.

Mr. BARKLEY. Mr. President, I suggest that we return to the amendments passed over, and take them up in the order in which they were passed over.

The PRESIDING OFFICER. Without objection, the clerk will state the first amendment passed over.

The CHIEF CLERK. On page 10, line 12, after the word "year", it is proposed to insert the words "provided, in case of wheat and corn, the farmer is a cooperator."

Mr. BANKHEAD. Mr. President, I desire to withdraw the amendment and present another amendment.

The PRESIDING OFFICER. The Senator may modify the amendment. The clerk will state the amendment now offered by the Senator from Alabama.

The CHIEF CLERK. On page 10, line 13, it is proposed to strike out the words "In case of wheat and cotton", and on page 11, lines 5 and 6, to strike out the words "under the national marketing quota for cotton" and to insert a period. It is proposed to add, on page 11, at the end of line 5, the words "In the event there is in effect a national marketing quota for cotton each farmer shall be considered a cooperator under this section unless he knowingly fails to comply with the cotton allotment under the national marketing quota for cotton."

The PRESIDING OFFICER. The amendment of the Senator appears to be in two parts, the first to line 13 on page 10.

Mr. BANKHEAD. All the provisions must be considered together to make the amendment understandable.

The PRESIDING OFFICER. In order that the amendment may be considered, it will be necessary that the action of the Senate in agreeing to the amendment on page 11 be reconsidered. Is there objection to a reconsideration of the vote by which that amendment was agreed to? The Chair hears none, and the vote is reconsidered.

Mr. McNARY. Mr. President, I fail to follow the Senator in his proposal as to page 10, section 6.

Mr. BANKHEAD. The object of the amendment is to make it clear that cotton, wheat, and corn occupy exactly the same position under the appropriations made for the basic commodities in the bill. As written, "in case of wheat and corn the farmer must be a cooperator." I would strike out the words "in case of wheat and corn", because we would go back to a former provision and include cotton, wheat, and corn, putting them all on an equal footing. On page 11 I propose to strike out the words "under the national marketing quota for cotton", because it developed that there might not be a national marketing quota for cotton, and that would necessarily exclude cotton altogether. There are several reasons why we may not have that quota. In lieu of the language to be stricken out it is provided in the amendment that in the event we have a quota the cotton farmer will then be construed to be a cooperator so as to qualify cotton, in the provision on page 10, in the same category with wheat and corn. I have submitted the amendment to other Members of the Senate interested in the production of cotton, and it is agreeable.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BANKHEAD. Mr. President, there is another amendment to this amendment I desire to submit, in line 10, page 10, where I ask that the word "may" be substituted for the word "shall"; in other words, to make the payments permissive if the Department has the money and not mandatory.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Alabama, on page 10, line 10, to substitute the word "may" for the word "shall."

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment passed over, on page 26.

Mr. McNARY. Mr. President, my record shows that the amendment on page 11, subdivision (c), was passed over at the request of the senior Senator from Idaho [Mr. BORAH]. I may be wrong in this, but that is the notation I have.

The PRESIDING OFFICER. The clerk informs the Chair that that amendment has been agreed to. The clerk will state the next amendment passed over.

The CHIEF CLERK. On page 26, line 20, after the word "through", the committee proposes to insert the words "the State, county, and."

The PRESIDING OFFICER. This amendment was passed over at the request of the Senator from Iowa [Mr. GILLETTE].

Mr. AUSTIN. Mr. President, the Senator who asked that this amendment go over being absent, I think a quorum should be called.

Mr. BARKLEY. Mr. President, I suggest that if necessary we can suspend action on the amendment until the Senator returns to the Chamber. I think that would be preferable to having a quorum called, because we hope to take a recess at 5:30.

The PRESIDING OFFICER. The amendment will be passed over, and the next amendment passed over, at the request of the Senator from Idaho [Mr. POPE], will be stated.

The CHIEF CLERK. On page 27, line 1, after the word "market", it is proposed to strike out the following:

> The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less, first, the normal yield of the acreage on the farm devoted to the production of such commodity in excess of that percentage of his soil-depleting base acreage therefor which is equal to the percentage of the national soil-depleting base acreage specified in the proclamation of the Secretary, and, second, any amount of such crop placed under seal pursuant to the provisions of section 4.

Mr. POPE. Mr. President, I have an amendment which will take the place of the committee amendment, and I have had it printed. However, it relates to certain matters concerning the dairying and livestock industry. I now ask that the clerk report the amendment which I have had printed, in lieu of the amendment read.

Mr. McNARY. Mr. President, if it refers to the dairy problem, which has been informally discussed, I suggest that it go over until the first thing tomorrow.

Mr. BARKLEY. Mr. President, in view of the fact that it is contemplated that we will take a recess at 5:30 o'clock, I think it would be advisable not to enter into the discussion of these controversial matters, but go on and dispose of such amendments as are not seriously controversial, and which we can dispose of.

The PRESIDING OFFICER. Without objection, the amendment will again be passed over.

Mr. COPELAND. Mr. President, I think it was understood that all the dairy amendments should be given consideration at one time, so that if this amendment can go over again, it will be desirable.

The PRESIDING OFFICER. The next amendment passed over, on page 35, line 24, went over on the request of the Senator from Mississippi [Mr. BILBO].

Mr. BILBO. Mr. President, I ask that this go over further, because we are trying to get some statistics from the Department of Agriculture to see how this formula will work in actual operation.

The PRESIDING OFFICER. Without objection, the amendment will again be passed over, and the clerk will state the next amendment passed over.

The CHIEF CLERK. On page 36, line 3, it is proposed to insert the following:

(2) At least 95 percent of any acreage remaining shall be apportioned to the farms in the county in the same proportion that the lands tilled on each farm in the preceding year bears to the total tilled lands in the county in such year.

The PRESIDING OFFICER. This amendment was passed over at the request of the Senator from Louisiana [Mr. OVERTON].

Mr. OVERTON. Mr. President, that amendment was agreed to.

The PRESIDING OFFICER. As the Chair recalls, the Senator called it up specially heretofore and offered an amendment to it, and the amendment to the amendment was agreed to; and then the section as amended was agreed to.

Mr. OVERTON. That is correct. That is my understanding.

The PRESIDING OFFICER. On page 37, in section 33 (a), an amendment was offered at the request of the Senator from New Mexico [Mr. HATCH].

Mr. LEE. Mr. President, what page is that?

The PRESIDING OFFICER. Page 37. The Chair will state to the Senator from Oklahoma that the Senator from New Mexico offered an amendment, and that amendment was agreed to, and then the whole section was passed over at the request of the Senator from New Mexico [Mr. HATCH].

Mr. HATCH. Mr. President, if I may have the attention of the Senator from Alabama [Mr. BANKHEAD], I will say that the amendment I had in mind is not important. The amendment is in section 33 (a), on page 37. The thought I had in mind was that, under the language of the bill as drawn, the prima facie evidence of presumption raised by the provision of the bill applied only to cotton that was ginned and sold, requiring both actions in order to raise the presumption. In view of the fact that in some localities cotton is sold in the seed, it occurred to me that it might be wise to insert after the word "it" in line 25 the following: "or selling the same in the seed."

Mr. BANKHEAD. I accept the amendment.

Mr. HATCH. I offer that as an amendment, Mr. President.

The PRESIDENT pro tempore. The Senator will restate the amendment.

Mr. HATCH. In line 25, page 37, after the word "it", I move to insert the words "or selling the same in the seed."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. HATCH] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. LEE. Mr. President, did we complete action on the cotton title?

Mr. BAILEY. Mr. President, I have an amendment to the cotton title.

Mr. BARKLEY. If the Senator from Oklahoma [Mr. LEE] desired to offer his substitute to the whole cotton title, I was going to ask that that go over until tomorrow without prejudice to his right to do so, because evidently it would be controversial, and we could not finish it tonight anyway.

I ask unanimous consent that the Senator from Oklahoma [Mr. LEE] may be permitted to offer his substitute to the cotton title tomorrow.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The clerk will state the next amendment, which was passed over at the request of the Senator from Tennessee [Mr. MCKELLAR].

The CHIEF CLERK. On page 40, section 35, from line 1 to line 11, inclusive, was passed over, as follows:

SEC. 35. The Commodity Credit Corporation is hereby authorized and directed to extend the maturity date of all notes evidencing a loan made by that Corporation on cotton produced during the crop year 1937–38 from July 31, 1938, to July 31, 1939.

The Corporation is further authorized and directed to waive its right to reimbursement form warehousemen accruing because of the improper grading of cotton as provided in the loan agreement. Except insofar as herein specifically modified, all the terms and conditions of the loan agreement shall remain applicable.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 40, being section 35.

Mr. BARKLEY. I should like to have the amendment explained, unless it is agreeable to the members of the committee.

Mr. MCKELLAR. The amendment is agreeable to the members of the committee. I have talked with them about it.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 40, being section 35.

The amendment was agreed to.

The PRESIDENT pro tempore. The next amendment passed over is on page 47, where the Senator from North Carolina [Mr. BAILEY] proposed to add an amendment at the end of line 2.

Mr. BANKHEAD. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BANKHEAD. The first sentence on page 40 has been adopted, has it?

The PRESIDENT pro tempore. That has been adopted.

Mr. BANKHEAD. And the second sentence also has been adopted as amended?

The PRESIDENT pro tempore. Yes; it has been adopted as amended.

Mr. BARKLEY. Mr. President, with respect to the amendment on page 47, I will say that that section was passed over, I think, at the request of the Senator from North Carolina [Mr. BAILEY] who has offered an amendment to it. Inasmuch as that amendment will lead to some discussion, I suggest that it go over until tomorrow.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will state the next amendment passed over.

The CHIEF CLERK. On page 47, line 23, Mr. KING offered an amendment to strike out the figures "500" and to insert in lieu thereof the figures "100."

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. KING] to the amendment of the committee, on page 47, line 23.

The amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question is on the adoption of subsection (b) on page 47, beginning in line 3.

The amendment was agreed to.

The PRESIDENT pro tempore. The next amendment passed over will be stated.

The CHIEF CLERK. On page 78, line 16, after the word "sums"——

Mr. BARKLEY. Mr. President, that amendment will have to go over until tomorrow.

Mr. MCNARY. Mr. President, there was one committee amendment on page 48, or thereabouts, with respect to the marketing quota, to which I desire to offer an amendment. If the Senator wishes to ask for a recess now, I will take it up tomorrow.

Mr. BARKLEY. Mr. President, I think we may suspend here.

I wish to state for the benefit of Members of the Senate that it is very important that the pending bill shall be finally passed by the Senate at the earliest possible date. If we are to recess or adjourn this extra session on the 22d of this month, that means that we have only 8 more legislative days until that date. No one can predict how long the bill will be in conference. I should very much like—and I am sure all those who have worked on this measure so faithfully would like—to see the bill passed through the Senate and sent to conference in time for the conferees to agree and bring back their report and have the Senate adopt the conference report and pass the bill before we take an adjournment for the holidays.

I want to say in that connection that I do not desire to hold out any—I do not like the word "threat"—to hold out

any suggestion that we may have to resort to night sessions, although we may have to have one tomorrow night or the next night in order to dispose of the measure.

Therefore I hope that tomorrow we may refrain from the temptation of injecting extraneous matters for discussion outside the province of this measure. We spent 2 or 3 hours today very entertainingly, and probably necessarily, in discussing the war in China and also in "panning" the Bituminous Coal Commission. But in view of the importance of early action on this bill, I appeal to Senators from now on, while we are considering the bill, to limit themselves to its consideration in order that we may dispose of it in time for the conferees to get together and work out the bill—in all probability the bill will have to be written in conference anyway—so that we may act upon it finally before we adjourn.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEE ON POST OFFICES AND POST ROADS

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters, which were ordered to be placed on the Executive Calendar.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Forrest K. Geerken, of Minnesota, to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service of the United States of America.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of David A. Thomasson, of Kentucky, to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service of the United States of America.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations for promotions in the Regular Army.

Mr. SHEPPARD. I ask unanimous consent that the nominations for promotions in the Regular Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That completes the Executive Calendar.

SUSPENSION OF RULE REGARDING NOMINATIONS

On motion of Mr. BARKLEY, and by unanimous consent, it was

Ordered, That paragraph 6 of Rule XXXVIII be suspended and that all nominations on the Executive Calendar of the Senate, or pending before any of the standing committees of the Senate, shall remain in statu quo until the convening of the next session of Congress, and that the said nominations shall not be affected by the adjournment of the present session of Congress.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 32 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, December 14, 1937, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 13 (legislative day of November 16), 1937

DIPLOMATIC AND FOREIGN SERVICE

Forrest K. Geerken to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service of the United States of America.

David A. Thomasson to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service of the United States of America.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Robert Emmett Mason Goolrick, Air Corps (temporary colonel, Air Corps).
Marshall Magruder, Field Artillery.
Walter Putney Boatwright, Ordnance Department.
John Piper Smith, Coast Artillery Corps.
George Richard Koehler, Infantry.
Oliver Seth Wood, Infantry.
Allen Mitchell Burdett, Judge Advocate General's Department.
Edwin Kennedy Smith, Coast Artillery Corps.

To be lieutenant colonels

Douglas Jenkins Page, Field Artillery.
James Nephew Caperton, Cavalry.
Harrison Herman, Cavalry.
Frank Clark Scofield, Coast Artillery Corps.
George Joseph Newgarden, Jr., Infantry.
John Forest Goodman, Infantry.
Ferdinand Francis Gallagher, Coast Artillery Corps.
Barrington Lockhart Flanigen, Coast Artillery Corps.
Robert Kenneth Whitson, Infantry.

To be majors

Clay Anderson, Corps of Engineers.
Vernon Calhoun DeVotie, Infantry.
Willis Arthur Platts, Quartermaster Corps.
Rene Edward deRussy, Quartermaster Corps.
Irvin Boston Warner, Field Artillery.
Clyde Grady, Infantry.
Edward Marion George, Quartermaster Corps.
Horace Joseph Brooks, Infantry.
Morgan Ellis Jones, Infantry.
George Howard Rarey, Infantry.
Jacob Edward Uhrig, Infantry.
Samuel Rivington Goodwin, Cavalry.
George Walcott Ames, Coast Artillery Corps.
Arthur Wellington Brock, Jr., Air Corps (temporary major, Air Corps).

MEDICAL CORPS

To be lieutenant colonels

Lucius Kennedy Patterson
Charles Robert Mueller
Charles Fletcher Davis
Clarence Mansfield Reddig
William James Carroll
Adam George Heilman

To be captains

John Thompson Brown Strode
Paul Hartsock Leach
Rex Clayton House

DENTAL CORPS

Daniel Sumner Lockwood to be lieutenant colonel.
Joseph Leroy Bernier to be captain.

VETERINARY CORPS

Velmer Wayne McGinnis to be captain.

CHAPLAINS

To be chaplains with the rank of lieutenant colonel, United States Army

Thomas Joseph Lennan
Claude Skene Harkey

APPOINTMENTS IN THE REGULAR ARMY

MEDICAL CORPS

To be first lieutenants

Joseph Pease Russell	Earl Cranston Lowry
Elmer Deloss Gay	Eugene Richard Inwood
Erling Severre Fugelso	Kirk Shepard
Paul Alexander Paden	Clifford Lewis Graves
David Fisher	Clark Batchelder Williams
Henry McClellan Greenleaf	John Robert Woodruff
Robert Reed Kelley	Walter Joseph Reedy
Henry George Moehring	William Clark Cooper
Henry Armand Kind	Henry Clay Vedder
John Henry Taber	George Zalkan
George John Matt	Albert Willard Kuske
Patrick Ignatius McShane	Leon Joseph Numainville
Louis Samuel Leland	Jay James Palmer
Andres Gilberto Oliver	William Maurice Jackson

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

Capt. Joseph Blair Daugherty, to the Quartermaster Corps.

POSTMASTERS

ALABAMA

Albert W. Darby, Florence.

ARIZONA

John E. Wagner, Jerome.

KANSAS

Olga Warner, Arlington.

KENTUCKY

Roy F. Williams, Lexington.

MASSACHUSETTS

Joseph William Gorman, Upton.

PENNSYLVANIA

Frank O'Neill, St. Marys.

HOUSE OF REPRESENTATIVES

MONDAY, DECEMBER 13, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our blessed Heavenly Father, we pray in the name of our Savior, who is not only the hope of glory but the spring of all moral influences; without Him we are weak, indeed. Endue us with that wisdom which casts our fear, that checks the feeling of shame and brings us to a place of confidence and encouragement. Bless, we pray Thee, all classes of our citizens—those who are most needy and ignorant and those who bear wrongs thrust upon them by others. We pray Thee to be with the youth of our land. May they grow up with faith in virtue, faith in truth, and faith in honor. Allow nothing, O Lord, to lead them away from a firm confidence in the power and happiness of personal integrity. Mercifully remember the Congress; may it administer its trust in the fear of God and with a true heart. Heavenly Father, may we believe in our country heartily and serve it unselfishly. In the Redeemer's name. Amen.

The Journal of the proceedings of Friday, December 10, 1937, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3114. An act to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein brief extracts from two resolutions.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SNELL. Mr. Speaker, I make a point of order a quorum is not present.

The SPEAKER. Will the gentleman from New York withhold his request until the unanimous-consent requests are considered?

Mr. SNELL. I withhold the point of order, Mr. Speaker.

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a short poem by a Brooklyn high-school student on the futility of war.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in two particulars, (1) a radio address on the subject of firearms, and (2) a letter addressed to the Federal Trade Commission.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a radio address by the Honorable Harold L. Ickes on the opening of the Grand Coulee Dam bid.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. ELLENBOGEN asked and was given permission to extend his own remarks in the RECORD.

Mr. FULLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a short letter from the American Federation of Labor, with a brief analysis of the present wage-hour bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a telegram from the Massachusetts State Federation of Labor on the wage and hour bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SESSIONS OF COMMITTEES OF THE HOUSE

Mr. WOLCOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman wil state it.

Mr. WOLCOTT. Mr. Speaker, has a legislative committee authority to sit during a session of the Committee of the Whole House on the state of the Union without the consent of the House?

The SPEAKER. In answer to the parliamentary inquiry of the gentleman from Michigan, the Chair will quote the provisions of clause 46 of rule XI, which provides that—

No committee, except the Committee on Rules, shall sit during the sitting of the House, without special leave.

The Chair is of the opinion that when the House resolves itself into the Committee of the Whole House on the state of the Union the procedure is in a large measure a parliamentary fiction and contemplates the presence in the Committee of the Whole of the membership of the House itself. If a committee of the House were permitted to sit during sessions of the Committee of the Whole House on the state of the Union and all commmittees of the House desired to pursue this course, the gentleman can well see it would probably diminish the attendance here far below the quorum which is always required.

The Chair is of the opinion that no committee of the House can sit during a session of the House itself or a session of the Committee of the Whole without special leave.

(Mr. SABATH asked and was given permission to extend his own remarks in the RECORD.)

COMMITTEE ON BANKING AND CURRENCY

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have permission to sit during sessions of the House and during sessions of the Committee of the Whole for the remainder of the session.

Mr. O'CONNOR of New York. Reserving the right to object, Mr. Speaker, for how long, may I ask the gentleman from Alabama?

Mr. STEAGALL. During consideration of the Housing bill this week, Mr. Speaker.

The SPEAKER. The gentleman from Alabama, the chairman of the Committee on Banking and Currency, asks unanimous consent that during the present week the Committee on Banking and Currency may sit during the sessions of the House and of the Committee of the Whole House on the state of the Union. Is there objection?

Mr. STEAGALL. During the consideration of the Housing bill.

Mr. WOLCOTT. I object, Mr. Speaker.

CALL OF THE HOUSE

Mrs. NORTON. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and twelve Members are present, not a quorum.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 16]

Atkinson	Burdick	Gasque	Towey
Binderup	Cole, Md.	Jarrett	Warren
Boylan	Collins	Kleberg	Whelchel
Brooks	Costello	Phillips	White, Idaho
Buck	Disney	Richards	
Buckley, N. Y.	Ditter	Sanders	

The SPEAKER. On this call 408 Members have answered to their names, a quorum.

On motion of Mrs. NORTON, further proceedings under the call were dispensed with.

THE HOUR AND WAGE BILL

Mrs. NORTON. Mr. Speaker, under rule XXVII of the House I call up the petition to discharge the Committee on Rules from further consideration of House Resolution 312.

The SPEAKER. The gentlewoman from New Jersey calls up a motion to discharge the Committee on Rules from the further consideration of the resolution which the Clerk will report by title.

The Clerk read as follows:

House Resolution 312

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 2475, an act to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. DIES. Mr. Speaker, under the rules of the House, as I understand, 20 minutes is to be allowed to a discussion of whether or not the Rules Committee will be discharged, 10 minutes to the proponents and 10 minutes to the opponents. As a member of the committee, I ask for recognition and for the 10 minutes in opposition to the discharge of the committee.

Mr. O'CONNOR of New York. Mr. Speaker, in connection with the parliamentary inquiry, may I say that heretofore on all motions to discharge the Rules Committee the chairman of the Rules Commitee has been recognized for the 10 minutes in opposition to the motion, and that irrespective of whether he personally was opposed to the motion.

I appreciate the exact language of the rule, but I recall the precedents of the bonus bills on several occasions, the Frazier-Lemke bill, and the antilynching bill. Of course, if the Speaker is going to rule that under a strict compliance with the discharge rule that anybody recognized for the second 10 minutes must be opposed to the motion to discharge, I may say to my colleague from Texas on the Rules Committee that, as he well knows, I have always been in favor of the wage and hour bill. I have made speeches in favor of such a bill on the floor of this House, in the Democratic caucus, and publicly.

Mr. Speaker, now that a majority of my party, 196 Democrats, have clearly evidenced an intention to consider this matter, I purpose to go along with a majority of my own party. I have often said on this floor and in the Democratic caucus that whenever a majority of my party favored legislation I would follow the majority rule, which is the keystone of democracy. Consistent with that invariable attitude, I therefore cannot qualify strictly against the motion to discharge. A number of my colleagues on the Rules Committee take the same position. This being the case, if the Speaker should now rule that I must first qualify as being opposed to the motion to discharge, I cannot qualify, because I propose to vote for the motion to discharge. [Applause.]

In this way the important proposal of a wage and hour bill can be brought before the House for a thorough consideration. The platform of the Democratic Party adopted at Philadelphia last summer pledged us to take care of the situation as to minimum wages and maximum hours. I ran on that platform and propose to abide by it.

The leader of our Democratic Party, the President of the United States, twice in messages to us, in May and November of this year, requested us to fulfill that party pledge. I propose to follow his leadership.

The SPEAKER. In answer to the parliamentary inquiry of the gentleman from Texas [Mr. DIES], a member of the Rules Committee, the Chair thinks it proper to read the rule in connection with this matter of the control of time so there may be no confusion about the interpretation of the rule:

When any motion under this rule shall be called up, the bill or resolution shall be read by title only. After 20 minutes' debate, one-half in favor of the proposition and one-half in opposition thereto, the House shall proceed to vote on the motion to discharge.

The Chair recalls that on some former occasions the Chairman of the Rules Committee has been recognized in opposition to the motion; but in view of the fact that the gentleman from Texas has asked an interpretation of the rule and proposes himself to qualify in opposition to the rule, and in view of the statement of the gentleman from New York [Mr. O'CONNOR], the chairman of the Rules Committee, that he cannot qualify in opposition, the Chair feels impelled to rule that if someone desires to be recognized who qualifies in opposition to the rule, he should be recognized under the provisions of the rule.

Mr. SABATH. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. SABATH. Mr. Speaker, as I understand, there are four or five other gentlemen who are members of the Rules Committee who have been, and I presume still are, opposed to the discharge of the Rules Committee. Would it be fair to them that the time should be allocated to one of the members alone if the others are also desirous of being heard? I think such a course would be manifestly unfair—not that I am opposed to the bill, because I favor the discharge of the committee and am for the bill and for the motion.

The SPEAKER. The Chair is of the opinion, in reply to the question of the gentleman from Illinois [Mr. SABATH] that there is considerable analogy involved in this proposition to that where the question of recognition for a motion

to recommit a bill is concerned. When that occasion arises, under the rules, the Chair first asks if the ranking minority Member in opposition to the bill desires to make a motion to recommit, and if he does not, the practice has been that the Chair should go down the list of Members of the committee in the order of priority; and if the gentleman from Illinois insists that this course should be followed in this instance, I think it proper for the Chair to pursue such a course because that has been the practice heretofore.

Mr. SABATH. I believe in fairness to the other Members here, that rule should be followed.

The SPEAKER. The Chair will recognize the gentlewoman from New Jersey [Mrs. NORTON] for 10 minutes in favor of the resolution.

The Chair will ask the gentleman from New York [Mr. O'CONNOR], chairman of the Rules Committee, if he is opposed to the motion to discharge the Committee.

Mr. O'CONNOR of New York. Mr. Speaker, I am not. I am in favor of the motion to discharge, and I am in favor of the bill.

The SPEAKER. The Chair will ask the gentleman from Illinois [Mr. SABATH] if he is opposed to the motion.

Mr. SABATH. I am in favor of the resolution, Mr. Speaker.

The SPEAKER. The gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, I am in favor of the resolution.

The SPEAKER. The gentleman from Georgia [Mr. Cox].

Mr. COX. I am opposed to the resolution, Mr. Speaker.

The SPEAKER. Does the gentleman desire to qualify in opposition to the motion to control the time?

Mr. O'CONNOR of New York. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR of New York. Under the procedure on a motion to recommit, for instance, to which the Chair has called attention, the first opportunity is usually accorded to the minority side of the House, the Republican side. That is the normal rule as to the division of debate. Why should it not apply in this instance? The distinguished lady from New Jersey [Mrs. NORTON], chairman of the Committee on Labor, has arisen in support of the motion. Why should not a Member of the Republican minority have preference in opposition to the motion?

The SPEAKER. This proposition is different from that because it is proposed to discharge a committee controlled by the majority.

Mr. O'CONNOR of New York. Mr. Speaker, I find no warrant for that conclusion. No committee is controlled except by a majority vote of the individual members, irrespective of party. There are four members of the Republican minority of the House on the Rules Committee. If at any time two or three of those Republican members of the Rules Committee had voted with the Democratic members who were in favor of a rule for the consideration of the wage and hour bill, no petition to discharge would have even been necessary.

Now, Mr. Speaker, if any of the members of the Rules Committee are going to be interrogated, I insist that the four Republican members of the Rules Committee be interrogated as to how they stand on this motion to discharge. So far they have clearly indicated they are against any wage and hour bill.

Mr. SNELL rose.

The SPEAKER. For what purpose does the gentleman from New York rise?

Mr. SNELL. Mr. Speaker, I make the point of order that it is not in order for the Speaker to interrogate the members of the Committee on Rules as to how they stand on this proposition. It has been the custom in the House that if anyone is opposed to a proposition and demands the time and rises and asks for the time, that then is when the Speaker may interrogate that Member as to how he stands upon the question before the House, and not interrogate Members who have not made such a demand for time.

The SPEAKER. The Chair overrules the point of order.

Mr. SNELL. I expected the Chair would, but I made the same in all seriousness.

The SPEAKER. Does any member of the Committee on Rules desire to qualify in opposition to the motion?

Mr. COX. Mr. Speaker, I qualify.

The SPEAKER. The gentleman from Georgia desires to qualify in opposition to the motion, and the Chair will recognize the gentleman from Georgia to control the time in opposition to the motion. The gentlewoman from New Jersey is recognized for 10 minutes.

Mrs. NORTON. Mr. Speaker, on May 24, 1937, the President sent a message to Congress requesting legislation to protect that large group of our citizens, estimated at about 12,000,000, who are working under substandard labor conditions. As a result of that message, a bill was introduced—H. R. 7200—upon which joint hearings were held with the Senate. Following the hearings this bill was considered by the Committee on Labor, but before any definite action was taken the Senate passed its own bill—S. 2475—which was referred to the House committee. In order to expedite the passage of the bill, the House committee considered S. 2475, amended it, and reported it favorably to the House on August 6, 1937. Eighteen members of the committee voted in the affirmative, two in the negative, and one man was absent because of illness, but he otherwise would have voted in the affirmative, making the committee vote almost unanimous. The bill was reported to the House on August 6, 1937. The Rules Committee having refused to report the bill for reasons very difficult to understand, the House was denied the right to debate the bill. We contend that it is the business of the House to debate this bill, particularly since it was reported almost unanimously from the Labor Committee. Because that right was denied, a petition was placed upon the Speaker's desk on November 16, to which 218 names have been affixed. Seven days having elapsed since that time, and the petition having been completed, your committee asks the House for full consideration of the bill.

Mr. Speaker, very seldom, and I think since I came to Congress only once, has the Rules Committee been as arbitrary in the consideration of a bill as it has in this case. We all understand there are differences of opinion concerning the bill. Members have a perfect right to their opinion, each and every Member of this House has a perfect right to his opinion, but I do say that no committee in the House should dare to deny to the Members of the House the right to consider any legislation that has been passed out by a committee of the House. [Applause.] That is the question upon which you must decide this morning. If you start a precedent here in this House by which the Rules Committee can deny a committee of the House the right to present a bill and debate it before the House, then I say to you there is only one committee necessary in the House and that is the Rules Committee. Are you going to permit the Rules Committee to do this to the Members of the House? If I know anything about the membership of this House—and I appeal to both sides of the House—if I know anything about you gentlemen—of course I am sure of the ladies—I say to you that you certainly will vote to give your committee the confidence that it deserves to have, and permit this bill to come up for consideration.

There are many things that I would like to say concerning the bill, which will be said later on, but one thing I say is this: If this morning you deny consideration of the bill that has been reported out by your committee, you will live to rue the day that you took that position. I now yield 5 minutes to the gentleman from Georgia [Mr. RAMSPECK], but in all fairness, Mr. Speaker, I think the opposition should use some of its time. I reserve the remainder of my time.

The SPEAKER. The gentleman from Georgia is recognized for 10 minutes.

Mr. COX. Mr. Speaker, a parliamentary inquiry:

The SPEAKER. The gentleman will state it.

Mr. COX. Mr. Speaker, have the proponents of the measure the right to divide up the time—in other words, reserv-

ing to themselves the conclusion of the argument on the question?

The SPEAKER. The gentleman from Georgia can yield a part of his time of 10 minutes if he so desires. The Chair is of opinion that under frequent decisions of the House the gentlewoman from New Jersey is entitled to the opening and closing of the debate.

Mr. COX. The opening and closing?

The SPEAKER. Yes.

Mr. COX. Mr. Speaker, I yield to the gentleman from Texas [Mr. DIES] the full 10 minutes.

Mr. SABATH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SABATH. Is not the minority that is opposed to this resolution entitled to part of this time?

Mr. LAMNECK. Mr. Speaker, the regular order.

The SPEAKER. Does the gentleman from Illinois submit a point of order?

Mr. SABATH. Mr. Speaker, I do, but I desire to correct my inquiry. When I say "Republicans" I mean some of the Republicans. I do not mean all of the Republicans.

Mr. SNELL. Mr. Speaker, I demand the regular order.

The SPEAKER. The Chair will state in reply to the inquiry of the gentleman from Illinois [Mr. SABATH] that the Chair has already announced the provision of the rule. The gentlewoman from New Jersey controls 10 minutes. The gentleman from Georgia has qualified in opposition to the resolution, and controls 10 minutes. The gentleman from Texas [Mr. DIES] has been recognized for 10 minutes. [Applause.]

Mr. DIES. Mr. Speaker, I cannot agree with the gentlewoman from New Jersey when she says that this is a Democratic measure. If the gentlewoman will take the time to read the Democratic platform, which may not mean anything to some Members, but which should mean a great deal to the Democratic Party, she will find that that platform plainly and specifically calls for a wage and hour bill, providing for both State and Federal action; a bill that clearly contemplates joint cooperation on the part of the State and the Federal Government. That is the pledge upon which we went to the country. That is the wage and hour plank that was endorsed by the American people.

But that is not the kind of a bill that we are asked to consider. The House bill not only violates the Democratic platform, but it repudiates every pledge that the Democrats have made from the day that President Roosevelt was nominated in 1932 until the present time. We went around this country denouncing bureaucracy, and, using the stirring language of the President, we denounced government by supermen. In the language of our great leader, we said that no government could be administered wisely and properly when Congress delegates its constitutional functions to bureaucratic boards or to dictatorial administrators. I do not have the time to quote from some of the magnificent speeches made by our President in which he denounced government by bureaucracy, but I think the following quotation from his farm program enunciated on September 15, 1932, is a fair example of the attitude he assumed with respect to bureaucratic control. In speaking of the farm plan he said:

> It must make use of its existing agencies, and so far as possible be decentralized in its administration, so that the chief responsibility for its operation will rest with the locality rather than with newly created bureaucratic machinery in Washington.

In this bill we propose to place in the hands of bureaucrats or an administrator, as the case may be, the right to differentiate and discriminate between the same industries in the same sections. The bill proposes to delegate to this "newly created bureaucratic machinery in Washington" the power of life and death over industry and labor. It must never be forgotten that the right to differentiate and discriminate is the right to destroy. If any Member has any doubt as to the effect of the exercise of such power by the board, he need only study the recent report on what the N. R. A. did with respect to minimum wages and maximum hours. He will find that an artificial line of demarcation was established throughout the Nation; that on one side of the line the wages were 15 percent less than on the other, and that in some towns an industry on one side of the street enjoyed a wage differential over an industry on the other side of the street. That was destructive to fair competition. To indulge the vain hope that "this newly created bureaucratic machinery" will prove an exception to the rule is to ignore the experiences of the past and the elementary lessons of history.

When the gentlewoman from New Jersey says that this is a Democratic measure, it should be pointed out that the action of her own committee repudiates that statement. She has now in her possession a new bill composed of 129 amendments which she intends to offer as a substitute for the pending measure. You will not be called upon to consider and pass the bill that 218 Members of this House signed a petition to discharge from the consideration of the Rules Committee. You will be asked to consider a bill radically different from the original bill in many material respects. Does not this action of the Labor Committee demonstrate that they lack the information to prepare a workable bill? If they had any definite ideas about the kind of bill which should be prepared, could they have sidetracked the original bill so completely and at the eleventh hour brought in a measure which no one has had an opportunity to study? When the committee itself lacks confidence in its own work, how can it inspire confidence in the country?

You have before you a bill that labor does not want. The American Federation of Labor is denouncing it from one part of the country to the other. You have a bill which business denounces as discriminatory and dangerous to economic stability. Many businessmen have said that if Congress is to pass the wage and hour bill, the wages and hours should be fixed, or that some definite formula should be agreed upon that will prevent discriminations and abuses. The present bill will give this "newly created bureaucratic machinery in Washington" the opportunity to discriminate in favor of one industry as against another and to literally destroy legitimate industry and labor. You are optimistically assured that the board will not do any such thing. How do you know that they will not? A bill is to be measured by the power that it gives, and wise legislators will always jealously guard the rights of the people.

You have a bill that every farm organization has denounced. The farmers have asked you why they are being denied the benefit of a living wage. By your vote last week you denied to them parity prices which meant a living wage. Therefore, Mr. Speaker, this bill and its proposed substitute meets with the universal condemnation of every group in our economic and national life. [Applause.]

When the gentlewoman from New Jersey says that the Rules Committee has no precedent to hold up a bill that has been reported favorably by a standing committee, she evidently overlooks the Frazier-Lemke bill. The Committee on Agriculture reported it favorably and this House refused to consider that bill after 218 Members had signed a petition to discharge the committee.

As a matter of fact, we should not consider this ill-prepared and half-baked measure that is designed to humbug labor—this measure, which even the Labor Committee has repudiated by its action in agreeing to a substantially different substitute.

A measure whose proponents say to the southern Members, "Oh, we are not going to hurt your southern industries; we have inserted in the bill many protecting differentials and provisos and generalities; we are going to protect you against any appreciable wage increase," and then say to the northern Members, "You should support this bill because it will stop the trend of industry from the North to the South." This bill is not for the benefit of labor but is a bill to humbug the laboring people until after the next election.

Not more than a handful of laboring people will be benefited by this bill. According to statistics recently released, not more than 500,000 laboring people will come under the provisions of the bill. You have exempted all agricultural labor and you have exempted many industries engaged in interstate commerce from the operation of the bill. Of

course, the bill does not apply to those engaged in intrastate commerce. While few laboring people will be benefited, the bill will be used as a pretext by many business and industrial concerns to do what they did when we passed the N. R. A.—to increase the prices of all commodities to the American consumer.

Let me say this in conclusion, that you and I face a grave crisis in our economic life. Unemployment is increasing by leaps and bounds. Terror and fear have paralyzed the economic life of the Nation. Factories and plants are either closing down or greatly curtailing employment, with the result that millions of men may again walk the streets in search of jobs. We have undertaken by the expenditure of billions of dollars, that have been borrowed from future generations, to take up the slack. With what degree of success the present situation demonstrates.

It will be unwise to impose upon the country this hastily considered, poorly written, and unintelligible makeshift. Labor and industry have made it clear that they prefer a plain and understandable wage and hour law that will treat everyone alike and preclude bureaucratic arrogance and discriminations. I cannot believe that at this critical moment we are so lacking in judgment and wisdom as to impose upon the country a measure that violates everything that the Democratic Party has ever stood for, a measure that gives a lie to our campaign promises of 1932 and 1936. If the proponents of this measure are sincere in their professed zeal to carry out the Democratic platform, why did they not write a real wage and hour bill and not an absurd makeshift designed to humbug and to deceive the American laboring people into believing that Congress is going to help them?

I do not think a proper bill can be written on the floor of the House in view of the situation which has developed. In the first place, it is doubtful if necessary amendments will be held germane. In the second place, the membership of the House lacks the necessary information with which to wisely frame a workable bill. In fact the whole situation is such that the House is not prepared to write an effective bill, and this bill should go back to the Labor Committee where the entire question should be reopened for a fair and impartial consideration. The committee should permit business, labor, and all groups in our economic life to come before it and to present their views for the purpose of enabling the committee to write a bill that is workable, a bill that is effective, and a bill that is honest. Labor does not want a makeshift. In the end it will be wiser to be honest and frank with labor than it will be to seek to deceive them by such a measure as the one you are proposing. We in the South are just as much interested in a living wage as you in the North, but we are suspicious of the motives which actuate you in proposing the present measure. We know that you will dominate whatever board or administrator that is selected. According to statistics released by the Labor Department, not more than 2 percent of your workers will be affected by this bill. Some of you have frankly told us in the cloak room that the urge for this measure in your section is the hope that the trend of the industries from the North to the South may be stopped. Since you are not proposing a bill which will enable you to help the workers in your own section, we are suspicious as to the motives which actuate you to support a measure that will give to a board or administrator the right to discriminate and differentiate. Any bill that is passed should provide for a living wage in the North the same as in the South. This bill does not do that. It is well known that in the East from 30 to 50 percent of the workers' wage goes to rent. The cost of living is extremely high and a wage earner in the industrial East who receives 40 cents an hour is, in many instances, working for starvation wages. But this bill will not enable you to do anything for that worker. Then, too, as has been pointed out, some of the lowest paid workers in the Nation are in New England, where the workers are paid not by the day but by piece work. It has been recently disclosed that thousands of the girls who are doing this work are in pitiful condition. This bill does not propose to help the piece workers in the North. In view of these facts, is it any wonder that many southerners suspect that the real purpose behind this bill is to discriminate against southern industry and labor?

Although we only had eight lynchings in the South last year the majority of you passed an antilynching bill designed to punish the South and destroy State sovereignty.

Coming upon the heel of that infamous bill, is there any wonder that we suspect your motives when you espouse a measure that cannot help the low-paid workers in your section but will give to you a strangle hold upon our industry and labor? I am not saying that these are the motives that actuate you in sponsoring this bill, but I do say that your refusal to write a plain and understandable bill is just ground for our suspicion. If you really want a wage and hour bill designed to help labor, then let us have the courage to write it on the statute books and make it apply to all sections. [Applause.] If you cannot do that, then at least be honest with the country and stop humbugging the workers of the Nation and telling them something that you and I know will never happen.

I submit, Mr. Speaker, that a bill which exempts some 50-odd industries; a bill that ignores the majority of workers throughout the country; a bill that provides for what you in the North profess to complain about, differentials; a bill that perpetuates by law the very conditions that you say you are against; I submit that such a bill should not be considered on this floor but should be sent back to the Labor Committee, where the entire question can be reconsidered.

If we are interested in good government and in the cause of democracy, we will send this bill back to the committee and tell the committee to prepare an intelligible, workable, and honest measure that will do what the people of this country have been led to believe that we intend to do. [Applause.]

Mrs. NORTON. Mr. Speaker, I yield the balance of my time to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Speaker, the gentleman from Texas always makes a fine speech. Had he been discussing this bill on its merits just before the final vote I would say he had made an applicable argument; but we are not facing the question at this hour of whether we are going to pass a wage-hour bill, we are facing in this vote only the question, my friends—and I appeal first to the Members of my party—whether or not we have the courage to face a recommendation sent us by our party leader from the White House and to meet the issue fairly [applause]; and, Republicans, you face the question whether or not you are going to be a party to holding business in suspense for another several months and not have the courage to face the issue of a wage-hour bill. For myself I am going to vote to bring this bill up for consideration. [Applause.]

Mr. Speaker, I think the worst thing that could happen to the business interests of this country at this particular hour is to leave business in a state of suspense on this question. Let us have the courage, my friends, to vote to consider this bill and then vote our convictions on passage after the bill has been perfected in the Committee of the Whole. I came to Congress 8 years ago while the Republicans had a majority of 160. For more than 12 months they held this country in a state of suspense as to what the tariff law would be. It is my personal judgment that that did more to cause the panic of 1929 than any other single thing that happened in this country. Now let us not put that burden upon business in this country. Let us have the courage to face this party plank in our platform, let us have the courage to act upon the recommendations of the President of the United States who sent his message here last May. Let us remember the fact that your committee from the House and a similar committee from the Senate held joint hearings, morning and afternoon, for 3 weeks, that your House committee gave further consideration to this question in executive session for an additional 3 weeks before reporting this measure. The committee has further considered the matter this session. While I am not here to criticize the members of the Rules Committee, I do differ with them in their judgment. I believe they acted wrongfully in withholding this measure.

I appeal to the Democrats to stand by on this issue and face it squarely. Let us vote on the matter and decide this question on its merits. Let us not send it back to the committee of all things, but give business the opportunity now to know what wages they are going to have to pay and what conditions they are going to have to operate under. Let us vote to discharge the Rules Committee and bring this matter up for a fair consideration on its merits. [Applause.]

The SPEAKER. All time has expired. The question is on the motion to discharge the committee.

The question was taken, and the Chair announced he was in doubt.

Mr. DEEN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 285, nays 123, not voting 22, as follows:

[Roll No. 17]

YEAS—285

Aleshire	Englebright	Kopplemann	Ramspeck
Allen, Del.	Evans	Kramer	Randolph
Allen, La.	Faddis	Lanzetta	Rayburn
Allen, Pa.	Farley	Larrabee	Reed, Ill.
Amlie	Ferguson	Lea	Rees, Kans.
Anderson, Mo.	Fernandez	Leavy	Richards
Arnold	Fish	Lemke	Rigney
Ashbrook	Fitzgerald	Lesinski	Robinson, Utah
Barden	Fitzpatrick	Lewis, Colo.	Robsion, Ky.
Barry	Flannagan	Lewis, Md.	Rogers, Mass.
Barton	Flannery	Long	Romjue
Bates	Fleger	Lucas	Ryan
Beam	Fletcher	Luckey, Nebr.	Sabath
Beiter	Forand	Ludlow	Sacks
Bell	Ford, Calif.	Luecke, Mich.	Sadowski
Bernard	Frey, Pa.	McAndrews	Sauthoff
Bigelow	Fries, Ill.	McCormack	Schaefer, Ill.
Binderup	Gambrill, Md.	McFarlane	Schneider, Wis.
Bloom	Gavagan	McGrath	Schuetz
Boehne	Gearhart	McGroarty	Schulte
Boileau	Gehrmann	McKeough	Scott
Boland, Pa.	Gifford	McLaughlin	Scrugham
Boren	Gilchrist	McSweeney	Secrest
Boyer	Glidea	Magnuson	Seger
Bradley	Gingery	Mahon, S. C.	Shanley
Brewster	Goldsborough	Mahon, Tex.	Shannon
Buck	Gray, Ind.	Maloney	Sheppard
Buckler, Minn.	Gray, Pa.	Mansfield	Sirovich
Bulwinkle	Greenwood	Martin, Colo.	Smith, Conn.
Burdick	Greever	Martin, Mass.	Smith, Maine
Byrne	Gregory	Massingale	Smith, Wash.
Cannon, Wis.	Griffith	Maverick	Smith, W. Va.
Carter	Griswold	May	Snyder, Pa.
Cartwright	Haines	Mead	Somers, N. Y.
Casey, Mass.	Hancock, N. C.	Meeks	South
Celler	Harlan	Merritt	Spence
Champion	Harrington	Mills	Stack
Chandler	Hart	Mitchell, Ill.	Stefan
Citron	Harter	Moser, Pa.	Sullivan
Cochran	Havenner	Mosier, Ohio	Sumners, Tex.
Coffee, Wash.	Healey	Mouton	Sutphin
Colden	Hendricks	Murdock, Ariz.	Sweeney
Connery	Hennings	Nelson	Swope
Cooley	Hildebrandt	Nichols	Taylor, Colo.
Creal	Hill, Ala.	Norton	Teigan
Crosby	Hill, Wash.	O'Brien, Ill.	Thom
Crosser	Honeyman	O'Brien, Mich.	Thomas, N. J.
Crowe	Hook	O'Connell, Mont.	Thomas, Tex.
Culkin	Houston	O'Connell, R. I.	Thomason, Tex.
Cullen	Hull	O'Connor, Mont.	Thompson, Ill.
Cummings	Hunter	O'Connor, N. Y.	Tobey
Curley	Imhoff	O'Day	Tolan
Daly	Izac	O'Leary	Transue
Delaney	Jacobsen	O'Malley	Treadway
Dempsey	Jenckes, Ind.	O'Neal, Ky.	Umstead
DeMuth	Jenkins, Ohio	O'Neill, N. J.	Vincent, B. M.
DeRouen	Jenks, N. H.	O'Toole	Vinson, Fred M.
Dingell	Johnson, Luther A.	Oliver	Voorhis
Dirksen	Johnson, Lyndon	Palmisano	Wallgren
Dixon	Johnson, Minn.	Parsons	Walter
Dockweiler	Johnson, Okla.	Patrick	Wearin
Dorsey	Johnson, W. Va.	Patterson	Welch
Dowell	Jones	Peterson, Fla.	Wene
Drew, Pa.	Kee	Pettengill	White, Idaho
Duncan	Keller	Pfeifer	Wigglesworth
Dunn	Kelly, Ill.	Phillips	Withrow
Eberharter	Kelly, N. Y.	Plumley	Wolverton
Eckert	Kennedy, Md.	Poage	Wood
Edmiston	Kennedy, N. Y.	Powers	Zimmerman
Eicher	Kenney	Quinn	
Ellenbogen	Keogh	Rabaut	
Elliott	Kirwan	Ramsay	

NAYS—123

Allen, Ill.	Biermann	Caldwell	Clark, Idaho
Andresen, Minn.	Bland	Cannon, Mo.	Clark, N. C.
Andrews	Boykin	Carlson	Clason
Arends	Brown	Chapman	Claypool
Bacon	Burch	Church	Cluett
Coffee, Nebr.	Halleck	Maas	Simpson
Cole, N. Y.	Hamilton	Mapes	Smith, Va.
Colmer	Hancock, N. Y.	Mason	Snell
Cooper	Hartley	Michener	Sparkman
Cox	Hobbs	Mitchell, Tenn.	Starnes
Cravens	Hoffman	Mott	Steagall
Crawford	Holmes	Owen	Taber
Crowther	Hope	Pace	Tarver
Deen	Jarman	Patman	Taylor, S. C.
Dies	Kerr	Patton	Taylor, Tenn.
Dondero	Kinzer	Pearson	Terry
Doughton	Kitchens	Peterson, Ga.	Thurston
Douglas	Kniffin	Pierce	Tinkham
Doxey	Knutson	Polk	Turner
Drewry, Va.	Kocialkowski	Rankin	Vinson, Ga.
Driver	Lambertson	Reece, Tenn.	Wadsworth
Eaton	Lambeth	Reed, N. Y.	West
Engel	Lamneck	Rich	White, Ohio
Ford, Miss.	Lanham	Robertson	Whittington
Fuller	Lord	Rockefeller	Wilcox
Fulmer	Luce	Rogers, Okla.	Williams
Gamble, N. Y.	McClellan	Rutherford	Wolcott
Garrett	McGehee	Sanders	Wolfenden
Green	McLean	Satterfield	Woodruff
Guyer	McMillan	Shafer, Mich.	Woodrum
Gwynne	McReynolds	Short	

NOT VOTING—22

Atkinson	Collins	Jarrett	Towey
Boylan, N. Y.	Costello	Kleberg	Warren
Brooks	Dickstein	Kvale	Weaver
Buckley, N. Y.	Disney	McGranery	Whelchel
Case, S. Dak.	Ditter	Murdock, Utah	
Cole, Md.	Gasque	Reilly	

So the motion was agreed to.

The Clerk announced the following pairs:

On the vote:

Mr. Boylan of New York (for) with Mr. Collins (against).
Mr. Reilly (for) with Mr. Ditter (against).
Mr. Buckley of New York (for) with Mr. Kleberg (against).
Mr. McGranery (for) with Mr. Gasque (against).
Mr. Dickstein (for) with Mr. Jarrett (against).

General pairs:

Mr. Warren with Mr. Case of South Dakota.
Mr. Hennings with Mr. Kvale.
Mr. Cole of Maryland with Mr. Murdock of Utah.
Mr. Weaver with Mr. Costello.
Mr. Disney with Mr. Towey.
Mr. Cole of Maryland with Mr. Whelchel.
Mr. Brooks with Mr. Atkinson.

Mr. LUCKEY of Nebraska and Mr. CARTWRIGHT changed their vote from "nay" to "yea."

Mr. HART. Mr. Speaker, my colleague from New Jersey, Mr. TOWEY, is unavoidably detained. If present, he would have voted "yea" on the motion.

The result of the vote was announced as above recorded.

The SPEAKER. Under the rule the question is on agreeing to the resolution, which the Clerk will again report.

The Clerk again read House Resolution 312.

The question was taken; and on a division (demanded by Mr. SNELL) there were—ayes 171, noes 37.

So the resolution was agreed to.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent for an extension of time of debate. A great many Members have asked me for time to speak on the bill. The 2 hours on each side will provide only sufficient time for the committee and scarcely that. If agreeable to the House, I ask unanimous consent that the time may be extended to 6 hours.

The SPEAKER. The gentlewoman from New Jersey [Mrs. NORTON] asks unanimous consent that the time for general debate on the bill as provided in the rule just adopted be extended from 4 to 6 hours. Is there objection?

Mr. LESINSKI. Mr. Speaker, I object.

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent that the time for general debate may be extended 1 hour. I make the request for the reason I am sure this House wants to be fair. You do not want to cut this matter off without adequate debate. The majority controlling the time under the rule and the minority controlling the time are in favor of the bill. It seems to me that a few of us who desire to make some remarks on the bill ought to have the opportunity to do so and I trust we may have just a little time. If you pass the bill, you ought to give us time. You will lose more time if you do not give it to us now.

Mr. Speaker, I ask unanimous consent that the time may be extended 1 hour.

The SPEAKER. The gentleman from Tennessee [Mr. McREYNOLDS] ask unanimous consent that the time for general debate be extended to 5 hours. Is there objection?

Mr. MARTIN of Colorado. Mr. Speaker, reserving the right to object, I cannot see where 1 hour will accomplish very much. There are some of us in this House who have obligations. I have had obligations on me for 6 months.

Mr. SNELL. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order has been demanded. Is there objection to the request of the gentleman from Tennessee [Mr. McREYNOLDS]?

Mr. MARTIN of Colorado. Mr. Speaker, I object. If we cannot get 1 hour, we will not have any.

Mr. KNUTSON. Mr. Speaker, I move that the time be extended 2½ hours.

Mr. MARTIN of Colorado. Mr. Speaker, I withdraw my objection.

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent that time for debate be extended 2 hours.

The SPEAKER. The gentleman from Tennessee [Mr. McREYNOLDS] may modify his request if he desires to do so. The Chair would suggest in submitting his request he include some provision with reference to the control of the additional 2 hours.

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent that the time for general debate be extended 2 hours and that proper arrangement be made for those of us who are opposed to his bill, to have that time at our disposal.

Mr. LESINSKI. Mr. Speaker, I yield to the request of the gentlewoman from New Jersey and withdraw my objection entirely.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. McREYNOLDS]?

Mr. O'MALLEY. Mr. Speaker, reserving the right to object, may I ask the gentleman from Tennessee if it is not the usual procedure that those who are opposed to a bill have to get their time from the minority side, as we have had to do on occasions?

Mr. McREYNOLDS. In answer to the gentleman, may I say that the minority are for the bill. We want a little chance to speak. We hope the gentleman will not object.

Mr. O'MALLEY. I may refresh the gentleman's memory by stating that at times we were opposed to bills from the gentleman's committee and we have had to get time from the other side. I shall not object if the time is in charge of the committee.

The regular order was demanded.

Mr. O'MALLEY. Mr. Speaker, I object.

The SPEAKER. The gentleman from Wisconsin [Mr. O'MALLEY] objects.

Mr. O'MALLEY. Mr. Speaker, I withdraw the objection.

Mrs. NORTON. Mr. Speaker, I renew my request to extend the time for 2 hours, and I promise the Members of the House to be perfectly fair in the distribution of the time.

Mr. ANDREWS. Mr. Speaker, I object.

Mr. McREYNOLDS. I trust the gentleman will withdraw his objection.

Mr. ANDREWS. I object, Mr. Speaker.

Mrs. NORTON. Will the gentleman from New York please withdraw his objection? I believe this bill is very important to every Member of the House.

Mr. ANDREWS. Mr. Speaker, I withdraw my objection.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 2475) to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 2475, with Mr. McCORMACK in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mrs. NORTON. Mr. Chairman, we believe every right-thinking person is in agreement with the necessity for legislation governing labor in interstate commerce. I would not believe otherwise. The advantage taken today by employers in certain parts of the country where substandard labor conditions exist is apparent. Unfortunately it is more true now than ever before because of changing conditions. That honest employers of labor should be protected is also apparent. That he must be protected if he is to endure is regrettably too true. The difficulty lies in how we are going to help this condition and also assist the employees in securing a living wage. It becomes obvious that we are faced with two problems therefore. To solve them both is our job. Various methods have been suggested. Your committee has tried to meet the situation, has tried to take into consideration every factor. It has been a difficult task. There are many schools of thought, some of which are governed by personal and political reasoning. These we must discard if we honestly believe that every person in our country is entitled to a fair opportunity to make a living. The suggestion has often been made that this bill strikes at the South. Nothing is further from the truth. It strikes at no particular section of the country. We have found in going over the records in the Labor Department that prior to 1933 in one industry alone, the shirt industry, nine States—New York, Delaware, Maryland, Pennsylvania, Massachusetts, Connecticut, New Jersey, Missouri, and Indiana—a large number of the workers were receiving less than 19 cents an hour. I could give you many other illustrations but time will not permit.

The reasons for establishing fair labor standards are well known to all of us. First, the legislation is based on the promise made to the workers of the country at the Democratic convention in Philadelphia in 1936. This promise is included in our party platform, with which all Democrats are familiar. It is intended to protect employees who are not protected by collective-bargaining agreements. The bill, if enacted, will in no way interfere with the program of collective bargaining. This, because of many misrepresentations I have heard, I cannot stress enough. Like State minimum wage laws, it aims to establish only the basic wage and hour levels. It does not attempt to standardize the pay of workers with special skills and long experience. Such workers are equipped to establish their own terms of employment. This bill does not apply to them. To make doubly certain that collective-bargaining agreements are protected, we have written into the bill at the suggestion of the American Federation of Labor several amendments dealing with this subject which, I feel, protect the worker adequately.

We have also protected the employer, realizing that our problem is not solely that of labor but necessarily that of industry as well. Therefore we have tried to safeguard the employer in one State in which State labor laws operate and who insures to his workers a living wage and reasonable hours, against the employer in another State who takes advantage of the fair employer because he is not bound by any State law nor by a worker's agreement as to the amount of wages to be paid. He has, because of the very absence of legislation such as this I bring before you, been allowed to compete in the same American market with the employer who employs no child labor and who lives up to the prescribed labor laws of his State. Obviously this is unfair to the honest employer.

Then we come to the man who may be either of the above-mentioned groups but who assumes new duties and obligations in the role of consumer. He is protected in this bill because whether or not he is aware of it, he is helping to support, through taxation and through charity, the workers whose wages will not meet bare living costs and whose health is depleted through long hours of work and undernourishment, causing them to become a liability on their

communities. This bill will eventually decrease unemployment if the employers of the country will face the issue in a practical manner and cooperate by spreading their work over a greater number. And obviously the bill will reduce relief costs because communities will not be called upon to feed and clothe people who, because of starvation wages, cannot make ends meet.

These are some of the reasons why it is necessary to establish fair-labor standards in industry in interstate commerce.

With regard to the legality of this bill I would refer you to the statement of Mr. Robert Jackson, Assistant Attorney General, in the hearings held before the joint committee. You will find this testimony on page 1, part 1, of the printed hearings. I could add nothing to that and would recommend that you read it.

You are all familiar with the purposes of the bill in their broad aspect. I shall, therefore, enumerate them without going too deeply into the details at this time. They are, to prohibit the shipment in interstate commerce of goods in the production of which employees worked under substandard labor conditions. Substandard labor conditions are defined in the bill. They are conditions under which first an employee would work for less than the minimum wage set forth by an order, or second, conditions under which an employee would work longer than the number of hours set forth in the order. And last, by no means least, goods produced at the cost of the ruined lives of American children are definitely banned from the channels of interstate commerce. There are, of course, many exemptions in the bill to prevent unnecessary dislocation of business. These exemptions are set forth and are principally concerned with the production of perishable goods and the employment of handicapped persons, learners, and apprentices. The reasons for their exemption are obvious. Collective-bargaining agreements, as I have already stated, are protected.

As you know, S. 2475 placed the administration in the hands of a five-man board. This met with great objection not only from many Members of Congress but also from labor, industry, and the general public. The objection usually was based on the fact that we had too many boards now operating outside of departments already established for the purpose of carrying on the functions of government, and the granting of too much power to men outside direct governmental supervision. Many Members of Congress assured me that they would sign the petition discharging the Rules Committee if the administration was placed in the Department of Labor. Others objected to placing the power in the hands of the Secretary of Labor. To meet both these suggestions your committee agreed to amend the bill and provided for an administrator to be named by the President and confirmed by the Senate. In order to protect employers, employees, and the public we have followed the lines of minimum-wage administrations in several States and now functioning very satisfactorily right here in the District of Columbia. In simple language this is the set-up of the amendment about which there seems to exist so much confusion.

Your committee proposes to place the administration of the act in a single administrator appointed by the President. A Division of Wages and Hours, of which he will be the head, will be created within the Department of Labor so that full advantage may be taken of the fact-finding facilities and information gathered through the years by that Department.

It is not the intention of this amendment, or of the bill, to start fixing wages in all industries but only in those in which oppressive wages are being paid to a substantial portion of workers and then only after a wage and hour committee representing employers, employees and the consumer has been appointed by the administrator and gone into existing conditions thoroughly. They then submit their recommendation to the administrator, who, if he is convinced that the committee has taken into consideration all factors set forth in the bill, and if he agrees that it conforms to public policy, then orders a hearing held. At this hearing any person included in the industry under scrutiny may present testimony. The record of this hearing is then presented to the administrator and he reviews it in the light of the recommendation of the committee. If he finds that no new testimony has been presented that materially alters the situation he issues an order for that industry. If, however, he finds that the hearing has brought to light any new evidence on conditions in the industry not taken into consideration previously by the committee, he may send it back to the committee for further consideration. The minimum-wage or maximum-hour standards are not fixed until after there has been an investigation and a determination that conditions warrant such action. This is nothing new. It is a procedure that has been thoroughly tested and found practical and fair. It is the procedure now followed in 22 States that have minimum-wage laws.

The part of the bill that appeals to me perhaps more than any other is that dealing with child labor. Let no Member of this House believe that there is no longer a need for legal standards to protect young children from harmful employment. Under the N. R. A. there was an elimination of child labor but since that time the reports of the Children's Bureau reveal that the number of children under 16 years of age going to work during the last 6 months of 1936 increased almost 50 percent over the last six months of 1935 in those States where the minimum-age standards had not been raised in 1936. Presumably it is true that that percentage is now much higher. Time will not permit me to go deeply into this very human problem. It will be dealt with in more detail as the bill proceeds by able men who have made a study of this question. All I wish to emphasize now is that the child-labor provisions of this bill will establish reasonable standards for the protection of the Nation's children and provide for administrative controls which will strengthen State programs. If we really mean what we say when we claim we want the best for our children we now have the opportunity to prove it by enacting this bill into law.

Surrounding this legislation are many forces. Not in all my years in Congress has there ever been a bill subjected to so many false charges and statements as has this bill. Propaganda has reached its perfection. Paid lobbyists are all over the corridors of the Capitol. One group tries to intimidate Members by insisting that factories in their district will close if the bill becomes law. Another group suggests that labor is against it, when as a matter of fact much of the bill has been recommended by labor. Another group will tell you it is a renewal of the N. R. A., as though that were some bugaboo held up to scare children. However, because I have heard it so often and because some Members consider it the most serious indictment, I believe it is worthy of explanation. I have therefore made a short analysis of the features of N. R. A. and compared them with the bill before you.

My findings reveal that it differs from the N. R. A. in policy, administration, operation, and effect. As you will recall, the N. R. A. was intended to put people back to work through the medium of minimum wages and maximum hours for all classes of employees, all types of industries, and without limit as to the minimum or the maximum. The bill under consideration now applies only to employees working in industries having widespread oppressive and substandard labor conditions. The N. R. A. dealt with trade practices among employers. This bill does not. The N. R. A. fixed prices. This bill does not. The N. R. A. controlled production and suspended the antitrust laws. No such plan is found here. Under the Blue Eagle, industry was permitted to "write its own ticket," fix what it thought should be the minimum wage and the maximum hours, sponsor its own codes, and declare what it though unfair. Labor had no participation therein. Under the present labor bill no action can be taken unless instituted by the Government. Such action must be based upon investigations and evidence that oppressive labor conditions exist. No attempt is made to blanket American industry. Labor has equal representation with employers on the fact-finding committees provided for the determination of wages and hours.

The public, consumer, and governmental interests had no voice in the drafting of N. R. A. codes. This bill gives consumer and public interests a vote and substantial representation and provides that the Government shall conduct the deliberations leading to the fixing of wages and hours.

The administration of N. R. A. codes was vested in committees composed of employers who had no governmental connection. Labor and the Government had no voice. The wage and hour bill provides for administration of the law by an administrator subject to appointment by the President, approval of the Senate, and further subject to legislative declarations fixed by Congress. Industrial associations and chambers of commerce exercised great power without any governmental approval under the N. R. A. Such organizations under this bill have no vote unless the Government recognizes their interest in the industry and approves it by appointment of a representative to a fact-finding committee. Members of industry were obliged, through the vehicle of codes, to contribute financial support to the activities of these industrial committees. This bill puts no such assessment on employers. The N. R. A. set up means of boycott in the form of Blue Eagle posters and labels. No such practice is permitted under this bill. The N. R. A. permitted employers to conduct their own star-chamber proceedings under the guise of liquidated damage agreements having the force and effect of law. No such monopolistic practices can be had under this bill.

The N. R. A., under section 7 (A) of its act gave lip service to collective bargaining and the rights of employees thereunder. This bill recognizes the rights of labor unions, the principles of collective bargaining, the presumptive value of prevailing wage rates, and the indicative force of collective agreements.

The conduct of hearings and operations of the administration under the N. R. A. often found principles of due process subject to administrative whimsy. You will find in the wage and hour bill specific congressional declarations as to the method of conducting hearings and requirements so that interested parties may have notice. The little man, the big man, the employers, and employees from all parts of the country can know about and have an opportunity to participate in the determinations of minimum wages and maximum hours.

The N. R. A. was enacted during the very bottom of the depression. Its principles were advertised, publicized, and ballyhooed throughout the country. Speedy and hasty action resulted. Industries far removed from the channels of interstate commerce submitted codes as a patriotic display. The enactment of the present wage and hour bill is founded on the principles of decent living conditions. The needs and necessities of undue haste are not present. The bill as reported requires mandatory investigation and caution. No inducement or ballyhoo is indicated. The bill is a step, a cautious step, toward the removal of oppressive wage and hour conditions.

The law creating the N. R. A. contained general statements of its broad purpose. The power conferred upon the Administrator and the resultant industrial committees resulted in the Supreme Court's pronouncement that there had been unlawful delegation of power. This bill has been drafted in the light of those experiences, those mistakes, and, in the opinion of the committee, within the principles of the Supreme Court's ruling. Standards, definite, embracing, and in recognition of the interests of employers and employees, based upon considerations of geographical, industrial, and public considerations, are specifically set forth in the bill, and it should be noted that the powers conferred upon the Administrator are limited to these standards with the additional requirement that no labor standard order should unduly disrupt the ordinary conduct of American business.

This bill does not attempt to put the clamp of Federal regulation on local business. Such activities remain within the protection of the laws of the several States. The bill, however, invokes the power of Congress on constitutional grounds to prohibit the transportation of goods in interstate commerce which have been produced under substandard labor conditions. An exercise of this power is well exemplified by the Federal statute, held constitutional by the Supreme Court, prohibiting the movement of prison-made goods across State lines. Another constitutional power invoked by the bill is the one to regulate competition in interstate commerce. The exercise of this power by Congress has long been recognized, dating back to 1890 when antitrust laws were enacted, and if Congress can regulate competition whereby unfair advantages are obtained through price manipulation and other practices, it would seem to follow that wages and hours of work, which are an important component of price structure, render a competitive advantage which, if unfair, warrants the invocation of this congressional power. In addition, the bill invokes the power of Congress as declared constitutional in the Supreme Court's decision in the Shreveport case, to protect an interstate shipper against the unfair competition of an intrastate competitor. This doctrine of constitutional law has never affected the local businessman, has applied only in those cases where the activities of local business seriously and directly affect the interstate shipper. The application of this law as set forth would affect only those agencies of business which are now subject to Federal regulation, and it should be noted that the bill specifically requires a finding by the Administrator that actual Federal jurisdiction exists.

Finally, and in conclusion, I would say that we are confronted in our consideration of this problem with two distinct schools of thought.

There are people who do not want any kind of a bill, and those who really believe, as I do, that something must be done to help the 12,000,000 workers of America who live in conditions under which you would not permit your pet dog to live. Differences of opinion are natural. Honest differences of opinion I respect, but differences based only on selfish considerations are unworthy of us and the high office to which we have been elected. Some Members have told me that the passage of this bill will mean their defeat. I cannot believe that. I have too much faith in God to believe that your vote to help suffering humanity will cause your defeat. If such a thing could happen, then, indeed, we are on the way to communism and even worse. A country that will not heed the cry of the masses of underprivileged will perish in the fire it has helped to kindle. And so I say to you, my fellow Members of Congress, consider well the purposes of this bill and do not permit yourselves to be swayed by fears and misrepresentations. I would that I had the ability of the beloved former leader of this Labor Committee, whose untimely death deprived us in the House of a real friend and the poor workers of the Nation of the greatest ally the underprivileged has ever had. I appeal to you to vote for this bill. It may not contain everything you desire but it is a step in the right direction. It is establishing the principle of an equal opportunity to all men to make a decent living. It does destroy sweatshop labor in interstate commerce. It does destroy the power of the chiseler over the honest employer. It does give the children of the Nation, upon whom our country shall depend tomorrow, an opportunity to develop properly. And, more important than all other considerations, it shall give to the 12,000,000 underprivileged inarticulate people of this country hope and courage. Those men and women have suffered almost beyond endurance. There is, thank God, not given to us the power to imagine the tragic submission with which these human beings would be forced to endure longer, conditions under which they have barely existed. How can we shut the door on the first glimmer of light they have ever seen? How can we condemn the children of America to a youth made old by starvation and misery? I beg you to deal with this bill with the help and understanding that comes from God alone and as you would have Him deal with you.

If you do this, I have no doubt the bill will be passed. At least it will be a step in the right direction. The time may come when we shall come before the House seeking to amend the bill. We may find we have made mistakes, and we shall then be pleased to acknowledge our mistakes and seek to amend the bill; but let us get together and decide on passing

this bill in order to give relief to the millions of underprivileged people in this country whose only hope is in us. [Applause.]

Mr. WELCH. Mr. Chairman, one of the primary purposes of this extra session of Congress was to pass what is known as a wage and hour bill to help underpaid men and women in this country.

I am absolutely in accord with this purpose. There are thousands of men and women who are working in industries for starvation wages. I refer particularly to the textile industry.

Shortly before the enactment of the Walsh-Healey Act a Connecticut firm was awarded a contract by the Navy Department to make a large number of caps. The women employed in this factory received $4 per week. Last spring, so I have been told, there was a strike in a pants factory here in Washington, the factory being located in this section of the city. The women employed in this industry were receiving $5 per week and were working 9 and 10 hours per day. These are only a few of many cases brought to the attention of the Labor Committee during the long and exhaustive hearings before the joint committee of the Senate and House on the wage and hour bill and on the House textile bill.

Mr. Chairman, I have been a member of the Labor Committee since I have been in Congress, or since the sixty-ninth session. During all these years covering three different administrations, the wishes of the representatives of labor have been considered with reference to labor legislation. It has recently developed that the American Federation of Labor is unalterably opposed to this bill under consideration in its present form, and I have been told the C. I. O. is opposed to the administrative provisions of this bill. As a minority member of the Labor Committee, I took a minor part in its preparation and for which I do not shirk responsibility. The committee, through its chairman, will offer an amendment to the bill, changing the enforcement of this bill from a board to an administrator under the Department of Labor. The American Federation of Labor considers this change as jumping from the "frying pan into the fire" and is opposed to the amendment. The American Federation of Labor has submitted a proposal or a bill as a substitute for the pending bill, such a bill has been introduced by the gentleman from California [Mr. DOCKWEILER]. In my judgment it is a vast improvement of the bill under consideration, and if given an opportunity, under the rules of this House, I shall most certainly vote for it.

Legislation relative to hours and wages of the underpaid thousands in this country should not be regarded as a partisan or sectional matter. It is absolutely humanitarian. [Applause.]

Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. HARTLEY].

Mr. HARTLEY. Mr. Chairman, there have not been many times during my five terms here that I have taken the opportunity, and may I add, had the honor, to address this body. I therefore ask your indulgence today to speak in opposition to the measure under consideration.

I regret I cannot agree with my chairman and distinguished colleague from New Jersey on this measure. I concede to the proponents of this proposal the utmost sincerity of purpose, the highest of idealism, and the best of intentions. They seek to put an end to the sweatshop and to stop the exploitation of labor, as soon as possible; but who is there among us who does not want to see this accomplished? There is not a Member of this body worthy of the honor of being a Member of the Congress who does not want to better the conditions of the underprivileged of our country. Therefore, there is no dispute as to the worthiness of the objectives of this proposal.

There is, however, great difference of opinion as to the results to be obtained by it. The leadership of the American Federation of Labor wisely recognizes that the passage of this bill may easily sound the death knell of the organized labor movement in the United States, for what will be the incentive to join a union if the Government is going to set wages and hours and other conditions of employment, and who is there who contends that labor's interests will be in better hands in the hands of the bureaucrats and politicians——

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. HARTLEY. When I complete this sentence, if you please.

Who is there that contends that labor's interests will be better safeguarded in the hands of the bureaucrats and politicians than in the hands of its recognized leaders operating under the principles of collective bargaining?

I now yield to the gentleman from Connecticut.

Mr. PHILLIPS. Does the gentleman maintain that there is no more to be accomplished by labor than to get people $16 a week?

Mr. HARTLEY. Labor will get better wages than $16 a week and far sooner under collective bargaining than they will under this bill, and make no mistake about that. [Applause.]

Mr. CURLEY. Mr. Chairman, will the gentleman yield?

Mr. HARTLEY. I yield to my colleague on the committee.

Mr. CURLEY. But there is nothing in the proposed bill that has anything whatever to do with collective bargaining. This bill has nothing whatever to do with that. It has to do with the type of labor below the grade of labor that organized labor can control.

Mr. HARTLEY. That is quite true; but I still contend the minute you give the Federal Government the authority to set wages and hours and establish conditions of employment you destroy the labor movement; and do not forget—as a matter of fact, the gentleman, being a member of the committee, knows—that those who sponsored this bill in the very beginning wanted to raise the authority to 70 cents an hour and to reduce the hours to 35 hours a week, and if this bill is passed that is certainly going to be the objective in a year or two.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. HARTLEY. I yield to my colleague.

Mr. GRISWOLD. I may suggest for the benefit of the gentleman from Connecticut [Mr. PHILLIPS] that under this bill labor certainly is not guaranteed $16 a week. Under this bill labor is prohibited by order of the board from getting more than $16 a week but may receive much less.

Mr. HARTLEY. The gentleman is absolutely correct.

Mr. CITRON. Mr. Chairman, will the gentleman yield?

Mr. HARTLEY. I yield.

Mr. CITRON. Do I understand the assertion of the gentleman from Indiana [Mr. GRISWOLD] is that under this bill labor is prohibited from getting more than $16 per week?

Mr. GRISWOLD. By order of the board or the administrator.

Mr. CITRON. I do not think the gentleman's statement is correct. Nothing in the bill provides this. The mere fact that the jurisdiction of the board is limited to the underprivileged does not mean that manufacturers cannot pay more than 40 cents per hour.

Mr. HARTLEY. I cannot yield further, Mr. Chairman.

Mr. Green, the president of the A. F. of L., recognizing the many complications in this legislation—and all you have to do is to look at the bill to see those complications—and in the light of changes that took place, changes, as he said, "in the economic life of labor and the Nation" between the time this bill was first introduced and finally reported out of committee, urged that the bill might be recommitted to the Labor Committee, where hearings might be held and the subject properly explored—something that has not been done up to the moment.

Let us take a good look at this legislative orphan. The chairman of the committee admits that no one knows who are its parents. Look through its pages. Imagine a bill of this size, 63 pages, 24 sections, innumerable subsections, vitally affecting the economic life of the country being jammed through Congress without public hearings. There have been no public hearings on this particular bill.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HARTLEY. Yes.

Mr. CRAWFORD. Are the remarks the gentleman is addressing to us directed at this bill as it is now presented, or at the other bill? Some of us are not straight on that, and I certainly am not straight on that.

Mr. HARTLEY. Frankly, I do not understand whether we are considering this particular bill here or a bill to provide for a board of five. All I know is that either bill is iniquitous.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. HARTLEY. Yes.

Mr. DUNN. Is it not a fact that the Labor Committee adopted amendments which Mr. Green offered, and is it not a fact also that those amendments are in the present bill?

Mr. HARTLEY. Those amendments are in the bill which I believe we have now before the committee, and it will be amended so as to put the administration in the Department of Labor; yes.

Mr. DUNN. That is the point I want to make. It has been said the American Federation of Labor is opposed to this legislation. Nevertheless, as the gentleman will remember, we held a joint meeting, and both Mr. Lewis and Mr. Green maintained—I asked the question and a lot of others did, too—that they were in favor of this legislation. When the bill came back to the House, it was not the same; so, therefore, we members of the Labor Committee took Mr. Green's amendments and unanimously voted them into this present bill. Is not that right?

Mr. HARTLEY. Yes; that is right.

Mr. DOCKWEILER. Mr. Chairman, will the gentleman yield?

Mr. HARTLEY. Mr. Chairman, I yield.

Mr. DOCKWEILER. Has the gentleman had an opportunity to read my bill, introduced a few days ago, a bill following the American Federation of Labor's endorsed plan? Is the gentleman prepared to state his views as to that bill?

Mr. HARTLEY. I should be glad to answer the gentleman. I shall vote for that bill in preference to this. In fact, I would vote for almost anything in preference to this.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. WELCH. Mr. Chairman, I yield 5 minutes more to the gentleman from New Jersey.

Mr. HARTLEY. As I was about to say before those other speeches were started, let us take a look at this legislative orphan. Do you recognize it? I call it an orphan advisedly, for although we have tried, we have not been able to learn who are its parents. These sponsors, unknown, evidently visited the taxidermist, and there took from the dust-covered shelf the old Blue Eagle, plucked its price-fixing feather, and handed to labor this old bird stuffed with sawdust for labor's Christmas dinner.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. HARTLEY. Yes.

Mr. WOOD. The gentleman is a member of the Committee on Labor. Did he not vote for most of the amendments now in the bill?

Mr. HARTLEY. I voted for some of the amendments to the bill, but the substantial amendments that I am criticizing I did not vote for.

Mr. WOOD. The gentleman is as much responsible as any other member of the Labor Committee for this bill being in existence.

Mr. HARTLEY. Oh, do not charge me with being the father of this child.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. HARTLEY. Yes.

Mr. O'MALLEY. I wonder if the gentleman could suggest to us just what type of wage and hour bill he would be in favor of.

Mr. HARTLEY. I would be very glad to discuss that. As a matter of fact, I do not believe any of us have thoroughly enough studied this question to bring before Congress a real workable bill. We all have tried suggestions. I have introduced a wage and hour bill, and a goodly percentage of the Members of Congress have introduced similar bills, but I don't believe the question of governmental regulation of wages and hours has been thoroughly explored.

Mr. O'MALLEY. How long does the gentleman think we should explore it, after many of the States have such laws now?

Mr. HARTLEY. I think it should be explored properly.

Mr. O'MALLEY. How long?

Mr. HARTLEY. Just as long as it will take to do it properly.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Are we ever to learn from experience? Old N. R. A. proved that when we establish a minimum wage, that minimum becomes the maximum in the great majority of cases. The present so-called business recession has already seriously weakened our wage structure. Are we now going to provide legislative excuse for further reduction?

Mr. HARTLEY. I am sorry. It is not because I do not want to, it is because I do not have the time.

It is interesting to note that farm labor is excluded from the alleged benefits of this humanitarian measure. If it is good for the industrial worker, why is it not good for the farm worker? Those low-paid, long-houred tillers of the soil who constitute a large part of our population who are ill-fed, ill-clothed, and ill-housed are denied the so-called benefits, while it raises the cost of everything they have got to buy. Is that the kind of a Christmas present you representatives of the farm districts want to take home to your constituents?

If I wanted to help promote monopoly, I would vote for this bill. It will do more in that direction and to centralize industry, build up industrial dynasties than if we were to repeal the Sherman and Clayton Acts.

This bill does not affect the great, big, highly mechanized industries. Most of them are already operating under conditions that are within the provisions of the act. That is why you have not heard so many protests from big business. The ones you hurt by this bill are the little fellows—those who are still largely relying upon hand labor.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. WELCH. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. HARTLEY. The small businesses that are the lifeblood of many hamlets and villages, not alone in the South but throughout the United States, are the industries that are going to be hurt by this bill. You give them a choice of doing one of two things—either they substitute labor-saving machinery for other hand labor or they go out of business. After what you have done to them with your tax on undistributed earnings, you leave no other course for them except to go out of business, but, regardless of the result, labor is going to suffer. It is an unenviable position that the supporters of this bill find themselves in—those friends of labor supporting a bill to promote monopoly and the use of labor-saving machinery. Innocently you are perpetrating a cruel hoax upon thousands of workers in department stores and 5- and 10-cent stores and other purely intrastate businesses who expect a pay raise through this bill, but who are, of course, outside its reach. Even those in interstate commerce and included in the bill's provisions are being deceived. The real wages cannot be raised by Government fiat.

If we want to help labor, there is a way to do it—and that is to give encouragement to those who fill the pay envelopes of the workers of this country every week; and, while you are at it, it would not do any harm if you passed on a little of that encouragement to those taxpayers and investors in Government bonds who have kept us going through the depression.

If the time we have spent here in status quo had been used to repeal the nefarious tax on undistributed earnings and to give assurrance to business that Congress and the Govern-

ment would tend to its own knitting, our labor problems would be far nearer solution.

In the interest of labor and the economic welfare of all of our people, I say this bill should be defeated. [Applause.]

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. HARTLEY] has expired.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Because of the limited amount of time which I have at my disposal, I would rather not yield.

Mr. Chairman, too long in this Nation there has existed for a large proportion of our industrial population the crucifixion of this type of laborer upon the cross of long hours, short pay, and sweatshop working conditions.

In compliance with the pledge made to the working people of the United States in the Democratic platform of 1936, the administration is now concerning itself with the enacting into law of the Black-Connery Fair Labor Standards Act, which will be another great step forward for the cause of labor.

The workers' right to collective bargaining and self-organization without interference is already a part of the law of this country, and, as a further program of social and industrial legislation, Congress is now engaged in establishing for that class of workers who stand in need of them decent working conditions with respect to hours and wages. To this end the Black-Connery Fair Labor Standards Act is before us with the sole purpose and aim of raising existing wages in the lower wage groups so as to attain as rapidly as possible and practicable a minimum wage of 40 cents an hour and a maximum workweek of not more than 40 hours.

Briefly, this forward step in the advancement of the cause of labor is an honest and sincere attempt to control unfair labor practices through congressional power which is within the commerce clause of the Constitution. The recent trend of judicial decisions establishing the power of Congress to legislate on our most basic national problems opens the way for achieving success in legislative attempts to abolish child labor, oppressive wages, and overlong hours of labor.

The Fair Labor Standards Act, which has been expressly framed in answer to President Roosevelt's declaration that the time has come "to extend the frontiers of social progress", consists of three main provisions:

First. Creation of a fair labor standards board or administrator charged with the application of the provisions of the bill to the industries which come within its scope.

Second. Granting of power to fix wage and hour standards within the limits set by the Congress with the general aim of minimum wages of not less than 40 cents an hour and a maximum workweek of not more than 40 hours.

Third. Prohibition of oppressive child labor. By specific provision, employees in agriculture and other stated industries are exempt from the standards of the bill and due discretion is allowed to make exemptions which circumstances peculiar to certain industries and certain types of employees will require.

The objective of the Black-Connery measure is to insure to the lowest and poorest paid wage earner in this Nation his right to the enjoyment of a fair standard of living. The bill is not, contrary to the belief of some, an attempt at Federal regimentation of industry. It is not concerned with that fortunate majority of the laboring classes whose collective bargaining power is sufficiently potent to insure the preservation of their industrial rights.

But it is concerned with those millions in industry who are unprotected and unorganized. For that class of workers the machinery of the Federal Government will be put into motion to study their plight, consider their circumstances, and then seek to provide for them fair and reasonable standards by which they will be enabled to assume their proper place in life. It will provide for the elimination of the substandard factors of wages and hours which in many instances threaten to ruin the possibility of ever attaining the industrial economic level necessary to maintain a decent American standard of living. It will result in a more even distribution of that prosperity which accompanies an industrial peace and democracy wherein each worker shall be assured of his fundamental right to receive a fair recompense for a fair week's work.

The wage and hour legislation which this bill proposes to effect, aside from its social and humanitarian aspects, is vital to the economic stability of our Nation. It is important to both employer and employee. To the employee its economic effects will be felt in an increased purchasing power, in the absorption of unemployed into private industry, and in standard working conditions more in accord with the American ideal. To the employer it will mean an end of the injustices arising out of widely diverse labor practices, a termination of destructive competitive practices and an end to the abuse of the channels of interstate commerce for selfish advantages on the part of substandard manufacturers and producers. The Black-Connery Act is aimed and directed at the abolition of these defects within the economic structure of the Nation and thereby provide a bulwark for the maintenance of real and enduring economic stability.

The sponsors of this legislation are under no illusions in their honest effort to provide economic security for the working people of this Nation. Untiring energy has been utilized in order that the problem would be met in the best and most effective way open to those of us who worked to perfect it. It is significant that, with all the criticism and abuse directed at the measure, no other adequate or satisfactory solution of the problem was proposed or suggested. That is why the Fair Labor Standards Act, in my sincere opinion, merits the support and encouragement of every thinking American who has the interest and welfare of the laboring classes of America at heart, because it is a step in the right direction. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 1 additional minute to the gentleman from West Virginia.

Mr. RANDOLPH. Mr. Chairman, those of us who believe in this legislation do not want to cripple industry; we want to heal the wounds of the industrial body as they see it today. Those of us who believe in this bill do not want to kill business; we desire to give it a more sustained life. We who believe in this measure do not want to tear down the structure of our industrial life; we want to rebuild it on a firmer foundation. Certainly an honest attempt is being made here to bring about a change from huts and hovels to happy homes in this country, to bring about a change from dreadful drudgery to hours of happy toil, to bring added security and happiness for an estimated 12,000,000 working Americans who today exist on the ragged edges of life. [Applause.]

[Here the gavel fell.]

Mr. PHILLIPS. Mr. Chairman, I wonder if the gentleman could not have 60 seconds in which to answer a technical question on the bill.

The CHAIRMAN. The Chair will state that the time is under the control of the gentlewoman from New Jersey and the gentleman from California.

Mr. WELCH. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I think it is unfortunate that this type of legislation has to be brought up for consideration in the midst of a serious Government-made depression. The principle involved, however, remains the same.

I voted to discharge the committee today in order that the House might have a fair opportunity to consider this legislation. I am not in favor of the pending bill, which creates a board of five to control hours and wages throughout the Nation.

Mr. SIROVICH. One.

Mr. FISH. I think the gentleman is mistaken. The Committee on Labor expects to propose an amendment substituting the Department of Labor as a board of one. I am wholeheartedly in favor of the American Federation of Labor bill as submitted by Mr. William Green, the president of that organization, which by legislation, and legislation alone, sets up minimum wage standards and maximum hours for labor. I believe the time has come to stop creating more bureaucracies, to cease creating more boards and administrative

agencies, and, above all, not to give more power to the President and concentrate power in the Executive over labor and business. I believe the time has definitely come to take away some of the powers that Congress has already conferred on the President and restore representative and constitutional government. Feeling very strongly along these lines, I am absolutely opposed to legislation that creates more boards or commissions or puts the control of wages and hours under some Cabinet officer to administer. If we propose to legislate for the benefit of our wage earners, let us legislate. That is our duty; that is what we are here to do; and we ought to be able to write sound and constructive legislation. If the Green amendment suggested by the President of the American Federation of Labor is not sound, if it is not right, if it is not helpful, then let us change it and write a bill that will provide a square deal for our underpaid wage earners. I want to prevent the exploitation of American labor, and especially that of women and children, by sweatshop wages and hours in our factories, shops, and mines. I want to join with those Members of the House, Republicans and Democrats alike, who believe in social and industrial justice, who believe with Lincoln that labor is prior to capital and that human rights are superior to property rights, who want to prevent the exploitation of American labor by low wage scales, by sweated labor, and by long hours. If any country is worth living in it is our own. But how can it be worth living in if more than one-third of our wage earners live on wages that are inadequate and do not provide sufficient pay to properly feed their families, to house them, to clothe them, and to give them a fair chance in life?

This wages-and-hours bill should have been considered by Congress years ago and been enacted into law long ago. Why should one-third of our American citizens be undernourished, be underfed, be underclothed, and ill-housed in the greatest and the richest country in the world? Why should one-third of our wage earners be crucified upon a cross of economic slavery and bondage and be exploited by human chiselers, vultures, and bloodsuckers for profit at the expense of their health, happiness, and lives?

Mr. Chairman, it is difficult to talk on this bill in a limited time, for one has to cover numerous phases and ramifications of this wage and hour issue. I am fearful, however, that there is one phase that has not been raised and that may not be raised. How can you enact this kind of legislation, having for its definite and proper purpose the raising the standard of wages for millions of Americans who are getting inadequate wages today without bringing them into direct competition with the cheap labor of Europe or with the sweated goods of Europe which will flow into our markets? There is a corollary that must go with this type of legislation that is unescapable and unavoidable.

I propose to vote for the Green amendment. I believe in it thoroughly, but when I vote for it I want to vote for it with my eyes open. I know that immediately that kind of legislation is adopted it means that Europe and Asia will dump into this country millions and millions of dollars worth of goods produced by their pauperized labor to replace the goods produced by labor in this country whose wages we are about to raise artificially by an act of Congress. There is only one answer to it, I say to you Democrats; not one that is very palatable to you with your political philosophy and ideology tainted with free trade and your tendencies for mutual exchange of goods. There is only one answer to it: When you adopt this legislation you will have to write adequate tariff protection for our wage earners to prevent millions and millions of dollars' worth of foreign-made goods flooding this country to replace the commodities produced by our labor paid a nonliving wage which you now propose rightly to adjust.

You can not crucify American labor on a cross made of the sweated labor of Europe and the cheap goods produced in Europe and Asia which will be the result and the immediate result of the wage and hour legislation without adequate tariff protection. That is why I said at the outset that I deplore the fact that in the midst of a serious depression we have to consider this type of legislation because temporarily it will tend to increase unemployment.

It will mean, of course, that many wage earners will lose their jobs and that many of our industries will not be able to compete with foreign industries and their low wage scales until they have adequate tariff protection. Thousands, tens of thousands, and maybe even more, of our wage earners will lose their jobs temporarily; but I believe in the legislation because I believe that if there is any country, as I said before, worth living in it is our own, and that we must have adequate American standards of wages and living if we are to take care of the one-third of our people who are now ill-fed, ill-housed, and ill-clothed. I no not propose to condemn by my vote a large part of our wage earners to perpetual poverty, squalor, undernourishment, and destitution.

Mr. CURLEY. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. CURLEY. The gentleman says he is very much against this bill, but I call the gentleman's attention to page 30 of the bill whereon it is provided that when the Administrator finds that imports are greater than normal he shall have the right to call the attention of the President to this fact in order to change the tariff.

Mr. FISH. Is the gentleman agreeing with me that it will be necessary to change the tariff rates and schedules?

Mr. CURLEY. No. I was talking in the mood in which the gentleman was talking.

There is the possibility.

Mr. FISH. I did not say anything about a possibility. I say that it is an absolute necessity to provide ample protection. You cannot vote for this bill without knowing it must follow immediately afterward.

Mr. CURLEY. You have your relief right in this bill.

Mr. FISH. As I stated, I am not for either the Senate or Committee bill. I am for the Green proposal, establishing by legislation a 40-hour week as a maximum and 40 cents an hour as a minimum living wage. I believe in a living wage of not less than $16 a week in order to maintain our American standard of wages and make America a place worth living in for all of our people. I believe the best way to combat socialism and communism is to provide a square deal for labor and social and industrial justice for all American wage earners.

I am opposed to the pending bill because I am opposed to further regimentation and control of labor and business and to the creation of more governmental bureaucracy.

Mr. CURLEY. Then the gentleman is speaking in generalities.

Mr. FISH. I am speaking against both the Committee and Senate bills and for the Green bill. I am against all the wage and hour bill that propose setting up governmental control over labor and business. The tariff section, mentioned by the gentleman from New York, is very vague and ambiguous and would not be of much help.

Mr. CURLEY. Will the gentleman be specific?

Mr. FISH. It is true that the Green bill does not include the tariff section. I am perfectly willing, however, to incorporate the tariff section referred to into the Green bill and strengthen it, as it amounts to very little as now written. I am for the Green bill because I am for a government by law and not by executive orders and bureaucratic edicts. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, I am coming before my colleagues as a friend of wage and hour legislation, as one who was friendly to and fighting for wage and hour legislation in committees and on the floor of this House when some of those who now constitute themselves the self-appointed friends and spokesmen of labor were unheard of and unthought of as such. We have in this House a superlabor committee, not members of the Labor Committee, not present at the hearings on this bill, and who took no part in the deliberations of the committee but who have constantly endeavored to dictate to the committee as the possessors of all

knowledge and all rights in the enactment of wage and hour legislation. I was an advocate of wage and hour legislation under the old Connery bill during the Hoover administration, and I am still advocating the same principle that I advocated then, that principle being that labor legislation passed by Congress should establish a floor for wages and a ceiling for hours. That there should be no differentials between one section of the country and another or between one business and another. That the minimum wage for one should be the minimum wage for all. That if one is to be charged with the commission of a crime he has a right to know with certainty what constitutes the crime and not have such a crime designated by a board or an individual under conditions that would permit of making acts that were perfectly legitimate in one locality a crime in another locality.

In conformity with this principle, I introduced in the House H. R. 8580. It is a bill only 3 pages long; in contrast to the pending bill, which is 66 pages long. It eliminates all differentials. It describes with certainty and in specific terms the crime and fixes the penalty. It does not confuse the issues by setting up a costly bureaucracy for enforcement. It leaves the enforcement with the duly constituted authorities of government to enforce it as all other criminal laws are enforced.

The Black-Connery bill states in its preamble that the intent is to raise the wages of the underpaid and specifically states that many receive less than $5 a week. If that intent is to be carried out, then let us state by law what the wage shall be and force the wage up to that point by legal enactment and not by bureaucratic whim. I am not wedded to either the wages nor the hours as fixed in my bill. I am willing for Congress to amend my bill so as to make the wages and hours more or less to conform to what Congress believes should be the minimum wage and maximum hours. But I do contend that under the pending Black-Connery bill, and the amendments placed in the bill by the chairman, we are deceiving both capital and labor as to what this bill will accomplish. That this bill in reality fixes neither wages nor hours but is so drawn that it will leave the low-paid workers where they are today and give those industries in those sections that are now paying the lowest wage under the worst conditions an undue competitive advantage over other sections of the country, and that in the final analysis it will give to the low-paid sections a competitive advantage that will cause an exodus of industries from my State of Indiana and from other Northern and Central States to the South where they can obtain the advantages of low wages and long hours given them under the provisions of the Black-Connery bill.

The gentlewoman from New Jersey in her opening statement said she had mothered this child that was dropped on her doorstep—that it was without a father and she wished Congress to father it. I cannot believe that she really mothered it. If the gentlewoman from New Jersey had really mothered this child it would have had a different aspect from that which it has now.

Mrs. NORTON. I said I was the adopted mother.

Mr. GRISWOLD. This child here is a moron, and the gentlewoman has not really mothered one child. She has mothered four.

Mrs. NORTON. Will the gentleman yield?

Mr. GRISWOLD. I yield to the gentlewoman from New Jersey.

Mrs. NORTON. I explained I was the adopted mother, and the child is not a moron. He is a very bright child and is going to be brighter later on.

Mr. GRISWOLD. The gentlewoman will have to turn the klieg lights on it. That is the only way that any light will ever appear on the face of this illegitimate child, fathered in darkness and born in obscurity.

Mr. CULKIN. Will the gentleman yield?

Mr. GRISWOLD. I decline to yield.

Mr. Chairman, there is before us now for consideration a bill that was reported presumably on the 6th day of August by the Labor Committee, which bill went to the Rules Committee. On the basis of that bill you were requested to discharge the committee. Then on the 7th of December you had a new bill called "a confidential committee print." This contained the so-called Norton amendment, changing it from a board to the Department of Labor. This gained more signers for the petition but also put some signers in a bad position. On the 11th day of December you had another bill, called "a committee print." Tomorrow morning when you come onto the floor of the House you will have still another bill to consider. It will be the bill that the chairman will offer as a substitute for all the bills that were born before and became the last of the quadruplet children.

With this House and the Committee in such state of mind that during 4 months' time we have had four bills written by some superlabor committee—and no one knows what constitutes the personnel of that committee—how can you expect to have a workable, proper, consistent, and reasonable bill?

Some exception seems to have been taken to the statement I made a while ago. This is named a wage and hour bill, but it is not a wage and hour bill. As I heard the other night at the Gridiron Club, it is a "no-hours, no-week bill."

Here is what the bill says:

> The committee's jurisdiction to recommend labor standards shall not include the power to recommend minimum wages in excess of 40 cents an hour or a maximum workweek of less than 40 hours.

What does that mean? It means that these 12,000,000 people you are told about, which are in the subnormal wage group, cannot be raised beyond 40 cents an hour. It means when you reach the other sections of the bill they cannot even be raised to 40 cents an hour, because on page 22, section (g), you will find that these wages must be fixed under the quantum merit rule. They must be fixed according to the value-of-service rule. That mandatory provision is written right into this bill. These subnormal-wage people are now receiving $5 and $6 a week for their services. Under this rule covering reasonable value of services, you cannot raise them. Under section (g) you may have one employer on one street working under one scale of wages and one scale of hours, fixed by the board with a certificate of fair labor practices, and on the same street you may have another plant in the same industry with a different scale of wages and hours. That is what the bill does, and it is mandatory under section (g) that the administrator must fix wages and hours in that manner; and yet you name this a "fair labor practices act."

[Here the gavel fell.]

Mr. GRISWOLD. Will the gentleman on the minority side grant me additional time?

Mr. WELCH. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GRISWOLD. I thank the gentleman. That is more than you can get on this side in opposition to the dangerous and unjust provisions of the bill.

The bill provides, and this is mandatory, that the administrator must take into consideration "the differences in unit cost of manufacturing occasioned by varying natural local resources and operating conditions." As I stated, that is mandatory. The administrator must penalize the man who has the best operating conditions in his plant and must fix wages on that basis. Then, not being satisfied with the grant of differentials and inconsistencies in the bill, so that all might be covered, the Norton amendment provides further: "and other factors entering into the cost of production." Mr. Chairman, that is what we are getting in this bill. You are getting a vast mass of inconsistencies, glaring differentials, and destructive competition.

Mr. CURLEY. Will the gentleman yield?

Mr. GRISWOLD. I refuse to yield. You are getting a provision in this bill which will exempt cotton ginning, cotton storage as well as the processing of cottonseed; but you gentlemen from the Corn Belt do not get any provision in this bill which exempts the milling and storage of wheat and grain. You do not get an exemption for the processing of lard, or butter, or cheese; you do not get any exemption on the processing of soybeans, and this last year there were 459,000 acres of soybeans grown in my State for commercial purposes.

Mr. LUCAS. Will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Illinois.

Mr. LUCAS. Was the question of including an exemption which affected the corn section of the country discussed in committee?

Mr. GRISWOLD. It was.

Mr. LUCAS. Why was it you exempted one and did not exempt the other?

Mr. GRISWOLD. Because we had a lack of votes—that is all.

Mr. LUCAS. Is there any particular merit in exempting one and not exempting the other?

Mr. GRISWOLD. I may say to the gentleman there is no particular merit in exempting the article most pronouncedly and viciously competitive with the dairy farmer, the grain farmer, the stock farmer, and the hog farmer. There is no merit in it. I say to the men from the Corn and Hog Belt and from the grain and dairying territories that he who will not protect his own when this bill comes before the House is worse than an infidel.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Is it not also true that if you exempt cotton ginning, compressing, oil-mill operation, and work of that type, you virtually exempt the commercial industries of the South?

Mr. GRISWOLD. You do.

Mr. CRAWFORD. You would certainly do that, and their products compete with our corn products.

Mr. GRISWOLD. In such industries there are some of the lowest wages and the longest hours.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. May I call the gentleman's attention to the fact that cotton ginning is a seasonal occupation? They gin cotton only 3 or 4 months a year at the most.

Mr. GRISWOLD. You process cottonseed and you make oleomargarine and all the butter substitutes, and all the cooking compounds which are substituted for lard; and you make them 12 months out of the year and 30 days out of the month.

Mr. ZIMMERMAN. That is not a part of the ginning of cotton; it is an entirely separate and distinct industry.

Mr. GRISWOLD. They are all in the same class. If cotton is seasonal, then certainly corn and wheat are seasonal.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The best proof of what the gentleman has just stated is to refer to the operations of the cotton oil industry since the present crop has been on the market and see what the rendition is and what is ahead of them to be put through the mills in the future months.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from New York.

Mr. CULKIN. The gentleman spoke of dairying. Does the gentleman know they milk cows at 4:30 or 5 o'clock in the morning and then do not milk them again until the afternoon, so this bill cannot apply in justice to the dairying group?

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Michigan.

Mr. DONDERO. Does the gentleman understand that domestic services are exempted from this bill?

Mr. GRISWOLD. I do.

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Chairman, this is probably the worst time in the world to consider the passage of any national wage and hour legislation and the pending bill, or one based upon the same principles or philosophy, ought never to be seriously considered, to say nothing about enacting it into law. Business is already suffering from as bad a case of the jitters as it is possible for it to stand. The passage of the pending bill will only make confusion worse confounded. Congress should direct its attention toward the passage of legislation to remedy existing conditions instead of doing something to make them worse. Labor, in the Fifth Congressional District of Michigan, at least, is much more concerned at this particular time about getting a job that will enable it to make a decent living, and industry is more concerned about keeping its factories open and running at all, than in quibbling over the question of wages and hours. They both want to be left alone for a while.

The 10,000,000 unemployed in the country, who cannot get jobs under any condition, at any wage, or for any length of time, may well look upon the consideration of such legislation as this at this time as a hollow mockery. It will be time enough to pass a proper wage and hour law after jobs are found by, or industry has an opportunity to create or furnish jobs for, this great mass of unemployed.

There are factories in my district that are having a hard time maintaining a 20-hour-week schedule, or 4 hours a day for 5 days a week. They are not worried about being limited to 40 hours per week. They wish they could find enough business to keep them running as long as that.

No Federal wage and hour legislation should be passed without more consideration and study being given than has been given to the effect it will have, not alone on present conditions but upon business and opportunity for employment in the future as well.

In order to plan for the future, industry must be able to estimate with some reasonable degree of certainty what its costs are going to be and be relieved of the constant fear of persecution with which it is now suffering. It cannot tell what the policies of the Government are going to be from one day to another. It cannot tell how much it will have to pay in taxes next year or the year after or what the value of the money with which it is obliged to carry on its operations will be. It has been harassed already with labor troubles to the point of distraction.

This bill proposes to add to its troubles by giving power to fix wages and to determine the number of hours industry can operate to a bureaucracy here in Washington. It matters not whether that bureaucracy is the Labor Standards Board or an administrator in the Department of Labor under Mme. Perkins. Whoever it is, no industry will be able to tell what its labor costs will be or when the board or administrator will come around and clamp down on it. Under such conditions, it will be compelled more than ever to conduct its business on a day-to-day or hand-to-mouth basis. It is to be hoped that industry will be able to survive this additional burden, if it is compelled to do so, but why should Congress load it down further and subject it to the risks necessarily involved in compelling it to carry this additional load?

The American Federation of Labor, in the statement released by it a few days ago, voiced the sentiment of the country, I believe, when it declared:

> We are unalterably opposed to a complex system of Federal wage and hour regulations and their administration by a new Federal board, as contemplated by the Black-Connery bill. Labor, industry, and the public are fed up with Federal boards. We have had extremely disappointing and disillusioning experiences with the National Labor Board. Nor do we believe that the creation of a Federal Administrator with district wage boards under him will serve any purpose but to complicate and confuse enforcement of any wage and hour measure.

Again, Mr. Green, the president of the Federation, in a letter addressed to the Members of the House and received only Saturday, in commenting on the amendment to be offered by the chairman of the Committee on Labor to place the administration of the act in the Department of Labor instead of with the Labor Standards Board, says:

> It is inconceivable that Congress would vote to confer upon a single Government administrator such broad, definite, and comprehensive power.

And, as the analysis accompanying President Green's letter very properly points out:

All the objections which exist against the administration of the act by a board, and all the dangers inherent therein, exist in aggravated form under the set-up of the administrator.

In the language of our distinguished colleague, whose name it is not necessary to mention here:

Who wants the bill, anyway? Chairman NORTON wants it changed so that the Labor Standards Board would go under the Department of Labor. Secretary Perkins said at the White House that she has a lot of changes to suggest. Bill Green isn't satisfied with it. Probably John Lewis has some ideas.

I seem to be the only one who's for the bill.

I resent the statement that the wage-hour bill is locked up in the Rules Committee, in view of these circumstances.

The President's message, even, wasn't very enthusiastic about this legislation.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I am sorry; I do not have the time. I wish I did have.

Perhaps, in order to make the record complete, one should add to this statement of the distinguished Chairman of the Committee that the rule making it in order to call up this wage and hour legislation was never called up for consideration in the Committee on Rules. No representative of the Committee on Labor ever appeared before the Committee on Rules in its behalf. No hearings of any kind were ever held on it by the committee. No vote was ever taken on it in the Committee on Rules.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Michigan.

Mr. MICHENER. The statement the gentleman has just made is so important that if it is true I want to impress it upon the membership of the House, and if it is not true, I believe it should be reconsidered.

Mr. MAPES. It is true. There is no question about the facts.

Whatever the answer to the question of our friend may be, there are several questions which Congress itself should make an honest effort to answer, before rushing headlong into legislation of this importance.

How many employees will the legislation directly affect? By its terms it only applies to those engaged in working on goods shipped in interstate commerce, except certain provisions, which are undoubtedly unconstitutional, and the great mass of employees thus engaged would not be affected at all, except adversely as the legislation increases their cost of living and reduces their pay, as it will undoubtedly have a tendency to do.

The big employers of labor, whose products enter into interstate commerce, such as the steel and automobile corporations, and their employees, would not be materially affected by it for two reasons: First, because for all practical purposes they are now on a 40-hour week basis and pay as much, or more, than 40 cents an hour to the great majority of their employees. Second, because of the provision in the bill inserted by the Committee on Labor which exempts from its provisions all corporations and employees where collective-bargaining agreements have been entered into that cover a "substantial portion of the employees." This amendment of the Committee on Labor would make it impossible for those in the employ of a great many of such corporations to receive any benefits from the legislation, even though they are paid less than 40 cents an hour. I refer to that amendment which provides that the board can make an order affecting such employees only if the board finds, and I quote the language of the amendment.

That collective-bargaining agreements in respect to such minimum wages and maximum hours do not cover a substantial portion of the employees in such corporation.

Employees in retail establishments, including the big department and chain stores, as well as the small independent ones, are expressly exempted from the provisions of the bill, as are all agricultural labor, seamen, railroad employees, and others. Of course, they cannot escape being affected by the increased cost of living which the legislation will bring upon everyone.

To what extent will the enactment of the legislation disrupt our whole industrial and economic system?

How many now employed will it throw out of employment?

How much will it delay the time when those now unemployed will get back to work?

What effect will it have in compelling industry to discharge the less efficient, including the old, the young, and the marginal worker now employed, and to discourage it in giving new jobs to any such as business improves?

How much will it add to existing relief rolls?

How much will it increase the cost of living to everyone?

What effect will it have on small business and what will be its tendency to increase the already overcentralization of business and of big corporations?

Will it actually help or hurt labor, the underprivileged, and the country?

These are some of the questions that Congress should attempt to answer before acting upon this legislation. No serious attempt to answer them has yet been made.

The codes under the National Industrial Relations Administration attempted to fix wages and hours. Who can tell how much they had to do with throwing old people out of employment and preventing young people from getting employment? Certainly the condition of those along in years and the young people was never more distressing than it was during the life of the codes. It was during that period that the Townsend plan for old-age pensions and the agitation for the C. C. C. camps originated and had their greatest momentum.

Without adequate study and investigation we are asked to pass the bill with no light to guide us, as far as democratic governments are concerned, unless the experience of the State of Pennsylvania and the Republic of France can be said to furnish such light and so far as it goes their experience stand out as a danger signal, rather than otherwise.

No State has ever gone as far as Congress is asked to go in this bill or approached it even. Several States have laws upon their statute books fixing minimum wages and maximum hours for women and children. I do not know of any, however, that has ever passed, or that has ever made any serious effort to pass, legislation fixing minimum wages for men, and only one that I know of has ever attempted by law to limit the hours of work for able-bodied, normal-minded men.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Missouri.

Mr. WOOD. I may state to the gentleman the chairman of the Committee on Labor did make several requests to the Committee on Rules for a hearing on that bill.

Mr. MAPES. She never appeared before the Committee on Rules.

Mr. WOOD. She has appeared before the committee, and requested a rule.

Mr. MAPES. As one member of the committee, I know of no such request. The chairman of the Committee on Labor certainly has never appeared before the Committee on Rules in behalf of the rule. The gentleman from Missouri, upon investigation, will find he is mistaken about that.

The Legislature of the State of Pennsylvania, at its last session, passed a law limiting the workweek to 44 hours. It said nothing about the wage scale. By its terms, the law was to go into effect on November 1 of this year; but the mere anticipation of its going into effect created such chaos and disturbance in the State and there was so much objection to it on the part of both industry and labor that the State authorities, who were largely responsible for its enactment, without any authority of law, of course, announced that they would not enforce it, and for all practical purposes the law has been entirely ignored up to this time. Is it possible that anyone supporting this bill entertains the notion or the hope that it, too, will become a dead letter if enacted into law?

The Republic of France about 2 years ago also passed a law fixing a maximum workweek. All accounts of the operation of that law which I have seen are to the effect that

it has been disastrous. It likewise made no attempt to fix a minimum wage.

There is no agreement among students of the question on the wisdom or economic soundness of national wage-and-hour legislation. In fact, the concensus of opinion among economists and disinterested students—those uninfluenced by political or other personal considerations—if not actually against it, raises very serious questions in regard to its wisdom. At least one State, or a reasonable number of States, ought to try out a minimum-wage and a maximum-hour law applying to all labor and see how it works within the limits of a State before Congress is asked to pass one applying to the whole United States, if the whole subject matter is not to be left entirely to the States to deal with.

In this connection, I should like to call attention to the plank in the 1936 Republican platform on labor, in connection with this question of wages and hours. It is as follows:

LABOR

The welfare of labor rests upon increased production and the prevention of exploitation. We pledge ourselves to—

Protect the rights of labor to organize and to bargain collectively through representatives of its own choosing without interference from any source.

Prevent governmental job holders from exercising autocratic powers over labor.

Support the adoption of State laws, and interstate compacts to abolish sweatshops and child labor, and to protect women and children with respect to maximum hours, minimum wages, and working conditions. We believe that this can be done within the Constitution as it now stands.

That is a pretty sound platform.

To repeat, who wants this bill anyway? No one endorses it wholeheartedly or without many mental reservations. The American Federation of Labor certainly does not want it. Agriculture does not want it. As a matter of fact, few, if any, want it in its present form. Everybody here knows that. Some thought they wanted it when it was first introduced, but economic and industrial conditions have changed materially since then and the legislation has become so muddled up and confused that many of those who were for it originally have changed their minds about the advisability of passing it now. Eliminate pride of authorship and position and the pride which the majority party organization here in the House has in going through with what it has undertaken, and there would not be a corporal's guard for it now in the shape it is in. And yet Congress is asked to put its stamp of approval upon it. There ought to be some better reason for doing that than just as a face-saving proposition. If it is passed, Congress and Congress alone will have to take the responsibility for it, and if it brings disaster, as so many think it will, Congress will be left holding the bag.

The bill proposes that Congress again abdicate its right and duty to legislate and to turn that power over to a board, or, if the amendment of the Committee on Labor prevails, to an administrator in the Department of Labor. Someone has said that it proposes the greatest abdication of legislative power in all history.

What the legislation will accomplish no one can tell. No doubt it squints at a minimum wage of 40 cents an hour and a maximum week of 40 hours, but whether that objective will ever be reached for the country as a whole, or not, or in any industry or not, or in any locality or not, is left entirely to the discretion of the Labor Standards Board or the administrator, as the case may be, with practically no legislative standards set up to assist the board or the administrator in reaching a conclusion.

The board can fix wages at 40 cents an hour or 35 cents, or even 20 cents. It can fix the workweek at 40 hours, 44, 48, 60, or more if it sees fit to do so. It can fix wages for one industry at 40 cents per hour and limit the workweek to 40 hours, and for another it can fix a minimum wage of 30 or 35 cents per hour and allow it to run 48 or more hours per week, even though both may be in the same city or locality, or it can fix a 40-cent wage scale and a 40-hour week for industries in one locality and allow a 30-cent wage and a 48-hour week in another.

No two men will agree upon the meaning of such vague standards as are set up or suggested in the bill.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I am sorry; I cannot yield. My time will not permit.

For example, and I quote the language of the bill:

It is declared to be the policy of this act to maintain so far as and as rapidly as is economically feasible minimum-wage and maximum-hour standards, at levels consistent with health, efficiency, and general well-being of workers and the maximum productivity and profitable operation of American business.

Who can tell what minimum wages and maximum hours are "economically feasible" to accomplish "the maximum productivity and profitable operation of American business"? Management for its own interest is constantly striving to do that. That is the business of management. Can a bureaucratic board here in Washington answer the question for all business in all parts of the country better than individual management can do it?

Before fixing a minimum wage the board must find that the application of it "will not curtail opportunities for employment," and before limiting the hours of labor that any such limitation "will not curtail earning power."

The differences between the members of the Guffey Coal Commission in the administration of that law will appear like 30 cents as compared with the differences between the members of this board in reaching conclusions as to the meaning and practical application of this act.

Is it any wonder that commentators have observed:

Where is the country to find five Solomons at $10,000 a year to fill the board? Or at any price for that matter?

The buck is to be passed by Congress to the board, with the greatest delegation of power in the history of the Nation.

It looks very much as though the sponsors of the bill, because of the great complexity of the problem, have thrown up their hands and determined to leave the matter to a board with broad powers.

It is apparent that the board, or the administrator, will have a perfectly impossible task to perform and one that no one with any sense of responsibility would undertake. The magnitude of the job is beyond all comprehension. As has been pointed out, such broad delegation of power may "end in almost anything from oppression to defeat of the intention of the act altogether."

If the House passes this bill this week, following the passage last week of the farm bill based upon the doctrine of scarcity and clothing the Secretary of Agriculture with power to control and limit the production of farm crops, it will have taken about as long a step as it is possible to take in so short a time toward the further centralization of government, and of putting agriculture, industry, and labor all at the mercy of political bureaucrats here in Washington. What the consequences of such a week's work will be no one can safely predict. We ought to make haste more slowly. This bill should be sent back to the committee. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman, 5 minutes is insufficient time for me to explain this bill to the Members of the House, especially to those who maintain they do not understand the bill.

There is an old saying, and many of you have heard it, that no one is so blind as those who have eyes but do not see. I do not belong to that class. [Laughter.]

Mr. Chairman, I respect the opinions of every Member of Congress. We are entitled to express ourselves on every piece of legislation which is presented to us, but here is one thing I have noticed today. No Member who has spoken on the measure has told you that he is opposed to a wage and hour bill. The Members, Democrats and Republicans, who have criticized this measure have said they are in favor of a wage and hour bill.

Is it not a fact that every piece of legislation which President Franklin D. Roosevelt sponsored since he has been in office has met a great deal of opposition on the floor from members of both parties? I venture to say, concerning legislation which has been enacted into law, such as the Social Security Act, the Home Owners' Loan Corporation Act, the

Stock Exchange Act, the Banking Act, and other progressive and humane measures, if a bill were brought out on this floor to repeal any of those acts, the Members who fought against them would not vote for their repeal. Why? Because they know the legislation that President Roosevelt sponsored has been damned good legislation for the poor of this country. [Applause.]

It has also been said by some of the opponents of this measure that people who wanted to testify before the committees were not given the opportunity to do so. We had a joint session of the House Labor Committee and the Senate Labor Committee for about 3 weeks. People from various parts of the country appeared before the committees and expressed themselves concerning the bill. Some who testified favored the measure and others opposed it. When the public hearing ended the House Labor Committee discussed the bill for 3 or 4 more weeks.

I want to say to the Members of Congress that Mr. John L. Lewis, who represents the Committee for Industrial Organization, and Mr. William Green, who represents the American Federation of Labor, testified before the House and Senate Labor Committees. Both Mr. Lewis and Mr. Green maintained they were not opposed to the wage and hour bill which was being discussed; in fact, both of these gentlemen, as well as other outstanding men and women, said if the bill would be enacted into law it would to a large degree abolish sweatshops and child labor in our country.

When the wage and hour bill passed the Senate it was not altogether the same measure which was discussed at the public hearings. The members of the House Labor Committee put back into the bill many of the clauses which were eliminated in the Senate. Mr. Green presented to the House Labor Committee certain amendments which the American Federation of Labor endorsed and we inserted them in the measure.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield the gentleman 1 more minute.

Mr. WELCH. Mr. Chairman, I also yield the gentleman from Pennsylvania 1 minute.

Mr. DUNN. Mr. Chairman, I guess I shall have to conclude my remarks.

This is not a perfect bill. It needs considerable improvement. The Members of the House have a right to offer amendments to the wage and hour bill; therefore, if the measure does not come up to your expectation, then take advantage of the opportunity and present the kind of amendments you believe will make the bill practical. I would like to see a 5-day, 30-hour week bill enacted into law, and there are other Members who would also like to see this kind of legislation on the statute books. An outstanding economist who testified before the joint committee maintained that if the wage and hour bill would become a law it would put approximately one and a half million people to work. It was also stated before the committee that if we would adopt a 5-day, 30-hour week bill 7,000,000 people could be reemployed.

Let all of us vote for a wage and hour bill that will abolish child labor, sweatshops, and the slum districts in our country. Every person who is employed should receive adequate compensation for their services. There is not any necessity for a person to be out of employment who is physically able to work. There is plenty of work for everybody in our country. All of the people in our country—in fact, the people of every country in the world, are justly entitled to a fair portion of the goods which they produce. [Applause.]

Mr. WELCH. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. EATON. Mr. Chairman, I am profoundly depressed by the incredible muddle we find ourselves in as the days go by. We have just passed a farm bill to raise the cost of food to the industrial worker in the city. We are now engaged in passing a wage and hour bill to raise the cost of the industrial worker's products to the farmer, and the only new thing about it will be a vast new army of bureaucratic maggots who will be engaged in eating up the rest of the meat.

This bill that comes before us today comes clothed in a cloud of mystery. It seems to be an illegitimate child that my dear colleague from New Jersey tells us was placed upon her doorstep last summer by some unknown and ill-disposed person. I am shocked at that. And she is so anxious to get the thing cleared up that today she has invited us to assume its parentage. [Laughter.] I am shocked at that. This legislation was sired down there in the cave of the winds at the other end of the Avenue—conceived in sin and shapen in iniquity. It had no origin here. Mr. Black, of blessed memory, did not write it. My beloved and your beloved friend, Bill Connery, did not write it. It was brought here, as so much of this stuff has been brought in the last 4 years, and placed upon our tongues with orders to swallow it; which we have done.

I am opposed to this bill in its present form. It ought to be recommitted to the Labor Committee for proper study and orderly preparation. I know what stands back of it in our country. We have the sweatshop, a cursed cancer in our economic life. We have the low-wage sections of the country, represented here by distinguished gentlemen.

I recognize and deplore these evils. We have a great and growing passion among our people to get rid of the curse of want in the midst of plenty. We have always active an amazing enduring idea among the American people that you can correct any evil simply by passing a law, even though it is plain that many laws aggravate the very evil they were supposed to cure.

Mr. Chairman, I am in distress over the inadequacy, the uncertainty, and the inability of this legislation to perform the very thing that it is supposed to do, namely, strike a blow at the sweatshop, strike a blow at the low-wage system, and thus improve the condition of that great multitude of our people whom we must put to work sooner or later, if our civilization is not to crumble into dust.

Many years ago I used to be a preacher.

Mr. KELLER. A what?

Mr. EATON. A "what"; yes; and, as I looked around to discover the great elemental forces that were at work in this modern world, I made up my mind that the chief instrument of civilization in this modern time is organized industry. That is where civilization will rise or fall, because there, and there alone, must be found a solution for the problem of producing and distributing wealth among the masses of men in justice to every class and to every man. Believing that, I turned my back on every other instrumentality of social service and went out into the industries of this country, and for 20 years I have been——

Mr. VOORHIS rose.

The CHAIRMAN. Does the gentleman from New Jersey yield to the gentleman from California?

Mr. EATON. No; because he is attempting to interrupt me here right in the midst of what I admit is a splendid oration. [Laughter and applause.]

For 20 years I have been fighting in the interest of increased wage levels, improved conditions of labor, decreased cost of unit production and price to the consumer. I have been fighting to lessen the evils of the capitalistic system, which I consider to be, summed up in one sentence, that there are not enough capitalists. I have sought to remove this evil by increasing the number of capitalists. And I believed this could best be done by the instrumentality of a wide spread in employment and a high level in wages.

We are now in a condition of economic depression, and this is no time to introduce a bill of this kind and further disturb business already hampered by too much governmental interference. I believe with John Stuart Mill that the citizen is entitled to the protection of his government and he is also entitled to protection against his government. I believe, Mr. Chairman, that we have in this country enough moral force and enough brains and character to get rid of this monstrous notion of organizing industry on a

war basis as between employer and employee. I believe the time is here when we must have the employer and the employee and the consumer, and, if you please, the Government, get together and recognize the truth that all industry is a service to society; that profit is what the people are willing to pay the investor for that service; that wages are what the people are willing to pay for what a man does who works. On that rational American basis this problem can be solved without eternally mixing it up with unworkable legislation that no one short of omniscience can understand, and no one short of omnipotence can administer.

Mr. WELCH. Mr. Chairman, will the gentleman yield?

Mr. EATON. Yes.

Mr. WELCH. It has been stated that there are thousands of women employed in this country who are paid less than $5 per week. This statement has been questioned by some Members of Congress. Does the gentleman know whether there are women in this section of the country who are being paid these starvation wages?

Mr. EATON. Mr. Chairman, Dick told me that he was going to spring that on me. That is in New Jersey. We have a minimum-wage law in New Jersey 2 years old, providing that minimum wages shall be $17 a week, and, according to a recent report, we have 34,000 or 35,000 women working for $5 a week right now. I am against that condition with all my heart. I think it is a social cancer, a social evil, a disgrace to our great State.

Mrs. NORTON. Then the gentleman admits that the State cannot enforce that law?

Mr. EATON. No; I do not admit that, because, then, I would turn my back on the very foundation of our American civilization. [Applause.]

That law is 2 years old, and the reason given why our State has not enforced it is that it had to spend millions and millions of dollars for relief, and could not afford to spend the money to enforce that law. Now, of course, when we get a Republican house and senate we are going to change all that. [Laughter.]

Mrs. NORTON. Will the gentleman yield further?

Mr. EATON. I yield.

Mrs. NORTON. I want to remind the gentleman that New Jersey has been under Republican rule since that law was enacted.

Mr. HARTLEY. Mr. Chairman, will the gentleman yield?

Mr. EATON. I yield.

Mr. HARTLEY. Under whose department in the State of New Jersey is the enforcement of that minimum-wage law?

Mr. EATON. The labor department and law department.

Mr. HARTLEY. And a Democratic labor commissioner and a Democratic attorney general of the State?

Mr. EATON. I did not wish to unveil those horrors before you, but it is a fact. [Laughter and applause.]

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. EATON. I yield.

Mr. CRAWFORD. I desire to get the gentleman's expert opinion. Does the gentleman believe that it is more practical and an easier matter for the State to administer an act with such broad provisions than for the Federal Government to do so?

Mr. EATON. I certainly do. For instance, they talk about differentials. The southern people are told they will only have 10 or 15 cents or dollars, or whatever it is, and we in the industrial North will have 40. That means that all the sweatshops will move at once from New Jersey right down into Georgia and the deep South and make themselves at home, and the South will be swamped instead of being relieved and enriched. I sum up my reasons for opposing this legislation in a few words:

First. It is an invasion of State rights and State duties.

Second. It further slows down business by increased bureaucratic interference.

Third. It will deepen the present depression by increasing uncertainty and fear.

Fourth. It will restrict production and thus raise the cost of living to the worker.

Fifth. It will sound the death knell of organized labor by substituting the commands of a Federal bureaucrat for collective bargaining.

Sixth. It will tend to fix all wages at the dead level of 40 cents an hour.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mrs. NORTON. Mr. Chairman, I yield 20 minutes to the gentleman from Tennessee [Mr. MCREYNOLDS].

Mr. MCREYNOLDS. Mr. Chairman, I yield 10 minutes of that time to the gentleman from Florida [Mr. WILCOX].

Mr. WILCOX. Mr. Chairman, regardless of what amendments may be offered or what substitutes may be submitted, the fact remains that the bill under consideration by the House at this time is the bill that was reported on the 6th day of August by the Committee on Labor.

I regard the wage and hour bill, in its present form as reported to the House, the most serious threat to representative democracy which has been proposed in this generation. It proposes a bureaucratic control of business and industry and a dictatorship over labor which, if enacted, must ultimately result in a destruction of the right of collective bargaining and which may easily reduce labor to a state of economic slavery.

It proposes the establishment of a Federal bureau or board with autocratic and dictatorial power beyond any ever attempted in any government of free people. It would place in the hands of a little group of Federal bureaucrats the power to regulate the earnings of millions of American citizens. And since, in the words of one of its sponsors, the bill, as drawn, is only a modest beginning, the Federal bureau once established will soon be extended to cover every business, every industry, and every man who works for a living in America.

Once this bill is enacted private enterprise in America will be subject to the whims and caprice of a governmental agency and labor will have sold its birthright without receiving in return the proverbial mess of pottage.

When we set up a board with power and authority to regulate the wages and hours of employment and with power to thus control the working men and women of this country we will have taken a very definite step toward complete regimentation of the people.

The board provided for in the bill will not only have potential power to bankrupt private business and wreck individual enterprise but, what is of vastly more serious importance, it will also have within its hands the power to destroy labor. By the exercise of discretionary power it may reward one business and punish another; it may establish high rates of pay and low hours of employment for one group of workmen and low rates of pay and long hours of employment for those not in favor with the board; it may prefer one section of the country over another; and it may, if it so desires, by the prescription of more attractive terms, force the removal of industries from those sections which may have incurred the displeasure of the bureaucrats. It could control elections, make and unmake political administrations, and direct the lives of the people. Set up such an institution and you have the makings of a dictatorship which, when once installed, may never be removed except by revolution.

I believe, as you do, in decent wages and decent working conditions; and I also believe in representative government; in the right of men to govern themselves without dictation; in the right of men to work out their own problems; and in the right of laboring people to bargain collectively for the improvement of their condition. And because I believe in these things I do not believe in this measure, which ultimately will place 45,000,000 wage earners under the domination of five Federal bureaucrats in Washington.

I want to discuss this bill primarily from the standpoint of its effect upon the workingman. In doing so I do not mean to minimize the evil that will be done to business, industry, and agriculture; but, because the sponsors of the measure have contended that it is designed to elevate the standard of living of the underpaid and underprivileged

classes. I want to view it from their angle. I believe that my unbroken record of support of all labor legislation and my recognized attitude of sympathy for the problems of labor qualify me to discuss the bill from that viewpoint.

Now, it is most remarkable that a measure purporting to be in the interest of the underpaid working people of the country should exempt from its operation so many groups and classes of workmen. It does not extend its alleged benefits to all working people. In fact, it specifically says that it shall not apply to certain groups.

The framers of this bill have been very careful to provide that it shall not apply to agricultural labor. God knows if there is any class or group of people in America who are underpaid and whose very existence is made unsafe and uncertain both by man and by nature it is that group who must depend upon agriculture for a livelihood. And yet under this bill there is no board to say to the farmer that he can go to work at 8 in the morning and quit at 4 in the afternoon and loaf on Saturday and be guaranteed a minimum income. No. He must go to work with the crack of dawn and labor into the night 6 days a week and take his chances on the weather for his crop, and after it is made he still has no assurance that it will yield him a living because he still must depend upon the uncertainties of a man-made market.

During the recent debate on the farm bill it was shown that the average income of American farmers is $359 per annum, or a little less than $7 per week, while the average income of our southern cotton farmers is only $200 per annum, a little less than $4 per week. But is he given a $16-a-week minimum guaranty in this bill? He is not. On the other hand, he will find that everything he buys will cost him more than it did before. When he buys clothing for his family, implements for his farm, or fertilizer for his crops, he is the fellow who will pay the bill out of his meager $7 a week.

And then the measure says that it shall not apply to those who are engaged in the canning or packing of fish, fruits, or vegetables. It does not apply to retail merchants or their employees. It is supposed to exempt all persons not engaged in interstate commerce. It leaves out those who gin cotton but includes those who spin the cotton into thread.

Why, if this is a good law, are these and other groups of workers left out? Why have you omitted 40,000,000 workers from the bill if it is a good thing for labor?

Why extend the benefits of a good law to one class of our people and deny them to another class? And, on the other hand, if it is a bad law for one class, then why is it not a bad law for the others?

There can be no rational justification for discrimination for or against any group if the Federal Government is going into this business.

Now, one of two things is true; either the legislation deliberately, purposely, and intentionally discriminates against certain classes of working people, or the sponsors, realizing that the proposal would be a bad law, have undertaken to minimize its bad effects by making it applicable to only a very small number of people. But if it is so bad that some must be left out, then why make it apply to any?

I am not disposed to believe that the sponsors of this legislation would deliberately withhold the benefit of a good law, if they really believed it to be good, from such an enormous group of people as are exempted from this bill. I am driven, therefore, to the conclusion that the sponsors realize that it is a bad law and that they have exempted these people so as to make it applicable to just as few as possible. But the question arises as to whether these people are actually exempted; and, if so, whether they will remain exempted from the provisions of the bill once it becomes a law.

In the first place, let me remind you that although the Federal Government has no jurisdiction except over interstate commerce and those people who are engaged in interstate commerce, nevertheless, this bill provides that any enterprise whose products may come into competition with products shipped in interstate commerce will be subject to the provisions of the law. Therefore, any little neighborhood industry whose products may compete with similar products which have been shipped in interstate commerce will find itself subject to the regulations of this act, and its employees will receive their orders from a five-man board sitting in Washington.

Again, the regulation of wages and hours in one business on one side of the street will be impossible where a business on the other side of the same street in the same community is unregulated. It is not reasonable to believe that the turpentine industry will remain unregulated when the sawmill industry in the same locality is regulated. Such a situation will create such confusion and such disorder that Congress will find it necessary to amend, enlarge, and extend the act so as to cover industries and businesses which are now specifically exempt. Those who are now exempted, therefore, may be lulled into a sense of security in thinking that their wages and their hours of employment will not be regulated under the terms and provisions of this bill; but, once the measure is enacted and once this board is established, it will be a matter of only a few years until the exemptions will be removed and the powers of the board will be extended to cover every man and every woman who works for a living in America.

In the past 40 years organized labor has accomplished much for the welfare of the American workman. It has increased his pay, shortened his hours of employment, and secured more decent working conditions for him. But I would remind you that these things have been accomplished by negotiation, by collective bargaining, and not by Federal law. Organized labor has been able to adjust its differences with capital when it could sit down at the table and negotiate for better working conditions; but, once the Federal Government assumes control, once a Federal bureau is given the power of regulation, organized labor will find it has surrendered its power of collective bargaining and has subjected itself to the dictation and control of the Government. The enactment of this statute, therefore, means the beginning of the end for organized labor and means the substitution therefor of Government control and bureaucratic dictation.

I do not mean to say that all labor will be brought immediately under the terms of this bill; nor do I mean to indicate that the Federal Government will immediately displace collective bargaining. Unfortunately the results will not be immediately discernible. If they were, we would have nothing to fear, because the American people would not stand for it. But the passage of this bill is the entering wedge; it is the establishment of bureaucratic control over labor; and by the gradual extension of authority and the gradual assumption of more power, this Federal bureau will within 5, and certainly not more than 10, years become the autocrat of business, industry, and labor in this country.

Another danger that I see in the enactment of this legislation lies in the fact that the establishment of minimum wages is likely to result also in the establishment of maximum wages. The danger of this is recognized in the measure itself because it contains a provision which requires that the five-man board shall exercise due caution to prevent the minimum wage from becoming the maximum. Thus even the framers of the bill understand that they are trying an extremely dangerous experiment and that they are gambling with the welfare of the workmen. They know that in establishing a minimum wage there is a strong possibility of at the same time fixing a top wage beyond which the workman cannot go.

In dealing with the question of whether this measure is actually in the interests of the workmen we should not overlook the fact that in every section of the country there are small industries working only a limited number of people and which do not operate on a sufficiently large scale to permit more than one shift of workmen per day. Suppose such a plant should be required to operate not more than 40 hours per week. This would not result in giving more men a job, but would result simply in requiring the plant to remain idle for 1 day out of each week and this in turn would result not only in the loss of 1 day's output for the plant but also in the loss of 1 day's pay each week to the

workman. I am persuaded that the workman would prefer to work 6 days per week and get 6 days' pay rather than be forced to work only 5 days per week and lose 1 day's pay.

Then there is another matter of great importance in the South, and that is the problem of our Negro labor. There has always been a difference in the wage scale of white and colored labor. So long as Florida people are permitted to handle the matter, this delicate and perplexing problem can be adjusted; but the Federal Government knows no color line and of necessity it cannot make any distinction between the races. We may rest assured, therefore, that when we turn over to a Federal bureau or board the power to fix wages, it will prescribe the same wage for the Negro that it prescribes for the white man. Now, such a plan might work in some sections of the United States but those of us who know the true situation know that it just will not work in the South. You cannot put the Negro and the white man on the same basis and get away with it. Not only would such a situation result in grave social and racial conflicts but it would also result in throwing the Negro out of employment and in making him a public charge. There just is not any sense in intensifying this racial problem in the South, and this bill cannot help but produce such a result.

Many of our northern friends may honestly think that by forcing a uniform wage scale upon the South they are doing the Negro a real service. But those who know the facts know that when employers are forced to pay the same wage to the Negro that is paid to the white man the Negro will not be employed. This in turn will mean that he will be thrown onto the relief roll to be fed in idleness. This is just another instance of the well-intentioned but misguided interference of our uninformed neighbors in a delicate racial problem that is gradually being solved by the people of the South. This bill, like the antilynching bill, is another political gold brick for the Negro, but this time the white laborer is also included in the scheme.

I would also call your attention to the difficulty of administering this proposed law. These five men sitting in Washington must deal with the social and economic conditions prevailing in every village and hamlet as well as every large city in the country. They must deal with conditions prevailing in a small sawmill community in Florida and at the same time consider the conditions in New York and Boston and Kansas City and San Francisco. The garment maker in Philadelphia and the turpentine Negro in Georgia; the cigar maker in Tampa and the automobile worker in Detroit must all come under the jurisdiction of five men in Washington. To administer such a law would require an army of snoopers, investigators, informers, and sleuths exceeding even that of prohibition days. It would be physically and humanly impossible for five men to gather the information necessary without such an army, and with their help it will be equally impossible to work out wage scales that will do justice between men in different sections of this vast country. Many things enter into the determination of wage scales just as they enter into every other activity. Living costs, proximity to markets, freight rates, availability of raw materials, climate, all must be considered, and because these must be considered a rate of pay which is just and fair in one section may be grossly unfair in another. And yet under this bill five men are to be given the power to determine these questions upon which the happiness and welfare of millions of Americans depend.

Whatever purposes may have motivated the framers of this bill, whatever their aims or intentions may have been, the result undoubtedly will be to drive industry out of the South and force it into those sections which are closer to the larger markets. When Florida with its warm climate, where fuel costs are low, rents are cheap, and where fruits and vegetables are close at hand, but where its products must be shipped hundreds of miles to market, is forced to meet the living costs of New England it will simply mean that industry will go to New England. And I rather suspect that it is the knowledge of this fact and not their interest in southern workmen that accounts for the New England support behind this bill. Of course, I cannot blame New England Senators and Representatives for trying to get everything they can for their section, but in this instance they are doing an injustice not only to southern business and industry but to southern labor as well. What good would it do a southern workman to have the law or the Federal board fix a high rate of pay for him if the plant where he works shuts down and moves away?

I offer no defense for any employer in the South who pays less than a proper living wage. If employers in my section pay less than the traffic will bear, if they exploit the labor of the South, I condemn them just as I condemn employers in the North, East, or West who are guilty of such practices, and I do not in any sense condone their actions. But while we are on the subject and since it has been made to appear here that we in the South are the chief offenders in the matter of low wages, it might be well to refer briefly to the "sweatshops" of the North and East. I think no one will deny that the worst labor conditions in this country prevail in those industries where employees are paid on a piece-work basis.

Now, either by accident or design, this bill does not attempt to correct any of the evils of the piece-work system. The sweatshops of the North and East will go merrily on their way, free to exploit their employees without restraint and without regulation.

Here again, I should like to ask: If this is a good law why have these people been left out?

If our friends really want to help the underpaid and overworked labor of this country, why do they not extend the alleged benefits of the law to the people in the sweatshops who are paid on a piece-work basis?

Now, to my Democratic colleagues, I want to say this: Many people have been circulating the rumor that the Democratic platform of 1936 binds our party to the passage of this bill. Exactly the opposite is true. The one thing that the Democratic Party has always stood for is the right of the States to settle internal affairs, and the one thing that the Democrat Party has always vigorously opposed is the centralization of power in the hands of the Federal Government.

But let us look at our 1936 platform and see just what it says. This is the section dealing with wages and hours:

> We know that drought, dust storms, floods, minimum wages, maximum hours, child labor and working conditions in industry, monopolistic and unfair business practices cannot be adequately handled exclusively by 48 separate State legislatures, 48 separate State administrations, and 48 separate State courts. Transactions and activities which inevitably overflow State boundaries call for both State and Federal treatment. We have sought and will continue to seek to meet these problems through legislation within the Constitution.

The language used is significant. It does not say that there shall be a Federal board or bureau with autocratic power. It would have violated every principle of the Democratic Party if it had said so. What it says is that the problem calls for "both State and Federal treatment." Our platform requires joint action, so that each State shall have a part in the program. This is not only democratic but it is necessary. No five men in Washington can possibly solve the problems incident to the enforcement of such a law. But if the people in Florida, who know Florida conditions, are given a voice in the matter they can work it out to fit the needs and requirements of Florida people, and the people of the other States can do the same thing as regards their own localities.

All of these questions are important and are deserving of our careful consideration, but they are of little consequence when compared to the more important question of whether we shall set up a Federal board or bureau to have dominion over labor. Once we establish such a board with the powers proposed by this bill we will have surrendered the last vestige of States' rights and the right to work out our own problems in the manner best suited to our own particular needs. But what is of vastly more serious importance we will have sold labor "down the river."

A great friend of labor once said, "Keep labor from under the thumb of government." How wise, how farseeing he was is evidenced by the plight of labor in every country where

government has assumed the right to regulate and thereby the right to control it. American labor enjoys the highest standard of living; it receives the best wages and works under the best conditions which exist in any country on earth. This is true because the American workingman retains his freedom to negotiate collectively with his fellows. He has not surrendered to government his right to work out his problems in the manner that insures to him the maximum income which the traffic will bear. But now, with a great fanfare of trumpets, with the mouthing of honeyed words and high sounding phrases, with great protestations of good faith and high purpose, the Congress proposes a measure which may easily result in the loss of the victories which American labor has achieved as the result of a half century of laborious effort.

Already our Federal Government has traveled a long way along the road toward concentration of all power in the hands of a few bureaucrats. Already we have drifted far from the course charted in our plan of representative government. Let us not take this final step of regimenting those who earn their bread by the sweat of their brows. [Applause.]

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Chairman, it is understood that I may reserve the other 10 minutes of my time until tomorrow.

Mr. WELCH. Mr. Chairman, I yield 8 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, in order that there may be no misunderstanding as to my position or, rather, my feeling toward organized labor, may I say that I have carried a card in the Typographical Union for nearly 30 years and have in my files many letters commending me for positions I have taken on various measures of interest to labor that have come before the House in the 20 years that I have been a Member.

I was amazed to receive a letter in this morning's mail which reads as follows:

Hon. HAROLD KNUTSON,
The House Building, Washington, D. C.

HONORABLE SIR: The executive board, International Union United Automobile Workers of America, at its special meeting in Detroit, unanimously resolved to send to you and all other Members of Congress whose constituents include any of our 400,000 members the following communication:

1. That our union considers it vital to the security and welfare of its members that you cast your vote and use your influence in favor of the Black-Connery fair labor standards bill;

2. That we consider it equally vital to the security and welfare of all wage earners and therefore of the country as a whole;

3. That Representatives in Congress who vote against or fail to vote or pair in favor of the bill are thereby placing themselves on record as opposed to the best interests of their constituents;

4. That an unfavorable vote on this bill or failure to vote or pair in favor will not be forgotten next year, when Representatives ask their constituents to reelect them, as this will be the acid test of a Representative's real position.

Evidently this young man was alive before the war broke out—"the acid test of a Representative's real position."

Then he goes on to say:

5. That this is not a political threat—

[Laughter.]

but a frank expression of conviction and fair notice that Representatives who do not represent cannot expect support.

Respectfully yours,

HOMER MARTIN,
International President of the United Automobile Workers of America.

It may not be a threat, Mr. Chairman, but it is certainly a promise.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. MICHENER. I call the gentleman's attention to the fact that the author of this letter assumed a similar attitude recently in the Detroit election, but in that election the city of Detroit overwhelmingly cast that kind of philosophy and leadership into the discard. In Monroe, Mich., the same leadership attempted to defeat for reelection the mayor, who had organized a volunteer police force to protect those who wanted to work during the sit-down strikes in that city. In this instance the mayor was reelected by a 3-to-1 vote.

Mr. KNUTSON. I am not surprised. Thinking people will not stand for such tactics.

This same gentleman, my friends, a short time ago called upon the automobile workers of the United States to stop buying meat; in other words, to boycott the American farmer so as to depress prices, yet today he is out in my country trying to organize our farmers and trying to bring them into the C. I. O. In this connection I want to read a telegram sent him by Edward A. O'Neal, president of the American Farm Bureau Federation:

American farmers are shocked at newspaper reports of your urge upon all members of the C. I. O. automobile unions to withhold consumption of meat in an effort to reduce prices. Is this an invitation for American farmers to take similar action against products produced by C. I. O. labor? Factory wages are more than 20 percent in excess of 1929 level, and retail food prices, including meat, are nearly 20 percent less than during same period. National welfare demands a balance as between agriculture, labor, and industry, and American farmers will resist by whatever means necessary any efforts to aggravate the present disparities.

A Mr. Frazier, down in Lovettsville, Va., wrote Mr. Martin something worth thinking about. I read the article which appeared in the Washington Star recently:

Meat strikes and "meatless weeks" advocated by the United Automobile Workers to force down meat prices were met today with a counterstrike.

The Lovettsville Farmers' Club has begun a boycott against products of industries employing U. A. W. labor, and said its members would call upon other "farmers throughout the country" to follow suit.

W. H. Frazier, club president, in announcing the boycott, declared that 90 percent of the differentiation in the price of meat received by the farmer and that paid by the consumer may be traced to efforts to "unionize labor."

BLAMES DECLINE ON C. I. O.

He charged the "declining state of business" to the "bargaining tactics of the Committee for Industrial Organization and its constituent unions, including the United Automobile Workers."

Mr. Frazier, in a letter to Homer Martin, U. A. W. president, who encouraged the meat strikes in a letter to U. A. W. members on November 12, asked:

"Do you know what a farmer's hours of labor are, Mr. Martin? If the farmer worked only as many hours a day as does the U. A. W. member, you would pay twice as much for steaks."

CALLS FOR A BOYCOTT

"Farmers, nearly to a man, use automobiles and trucks, Mr. Martin. But they don't buy them when they can't. And when farmers don't buy, you don't sell much, Mr. Martin."

In his letter he explained the Lovettsville Farmers' Club is composed of farmers of Loudoun County, Va., who are actively engaged in the production of meat animals.

"In order to combat the effect on all farmers of the U. A. W. propaganda and reduce the market price of meat animals below the cost of production," Mr. Frazier wrote, "we do hereby call upon the farmers of the county to strike against and boycott the products of industries employing labor who participate in and endorse such tactics. In particular, we call this strike against the purchase of automobiles made in plants dominated by the U. A. W. and you, Mr. Martin."

LABOR CALLED MONOPOLY

"You cannot, in truth, plead that your campaign is directed against monopoly in processing and distributing channels; if there is a monopoly there, it is that of organized labor. Do you want the Federal Government to prosecute that monopoly, or other labor monopolies such as the U. A. W.?

"You know, as we know, that up to 90 percent of the spread between the price the farmer receives and the price the consumer pays is labor cost, and you know, as we know, that your parent—the C. I. O.—has endeavored to organize all processing and distributing channels. Are we to believe that you, Mr. Martin, desire that wages of that labor be reduced? Does not the C. I. O. and the U. A. W. stand for, and get, higher wages and shorter working hours? Does that raise the cost of anything, automobiles, for instance, Mr. Martin? What you would dictate then, Mr. Martin, is and can be nothing else but lower prices to the farmer—poverty to the farmer—even though the C. I. O. is trying to organize the farmers in the Middle West."

Reverting to the letter from this man Martin, I can remember the time when, if a man sent a letter like that to 400 Members of this House of Representatives, he would have been hailed before the bar of the House and censured by the Speaker; but, in this day of rubber stamps, we take it and we smile, and we invite more of it.

Mr. VOORHIS. I ask the gentleman whether he never received any other letters like that from any other organizations?

Mr. KNUTSON. No; I never have; I never have.

Mr. VOORHIS. I have received a great many of them.

Mr. KNUTSON. That is probably because the writers think such letters will interest the gentleman. I am sure it was an oversight that they sent this letter to me.

We have been assured repeatedly that all agricultural activities are excluded from this legislation. Let us see if such is the case. I invite your attention to page 5, lines 15, 16, 17, and 18, which read as follows:

> Independent contractors and their employees engaging in transporting farm products from farm to market are not persons employed in agriculture.

I submit in all fairness that while the man who transports agricultural products from farm to market may not be a farmer he is, nevertheless, an integral and very necessary part of the agricultural organization. Then again on page 28, section 7, I am not sure that under the provisions of this section it would be possible to ship farm products in interstate commerce that had been handled by nonunion truck drivers.

Mr. Chairman, we have had a great deal of trouble with labor violences in Minnesota, where a bitter fight exists between the two dominant labor organizations, and it was only 2 or 3 weeks ago that a labor leader was shot down in cold blood in Minneapolis. I regret to say there have been others. In the many strikes that we have had in our State farmers driving their own trucks, and who were not members of any union, have been slugged and unmercifully beaten by hired thugs. Right now the wood-products industry of northern Minnesota is at a standstill because the highways are in possession of thugs and gangsters who absolutely prohibit any trucker from using the highways unless he belongs to the union. In fact, Mr. Chairman, it has become a racket that should be investigated by the Federal Government.

Is this, or is it not, a free country? May I ask who owns our highways? Should it be necessary for a farmer or any other individual who wishes to drive a truck to join the union before he will be permitted to use our highways?

I am probably as good a friend of labor as there is in this House, but I am warning you now that if this lawlessness continues the whole labor movement will be discredited because, after all, the average American believes in liberty, in freedom, and in fair play.

If there be a man in this House who believes in violence, such as I have described, as a means of furthering the labor movement, let him stand up here now and proclaim his adherence to such an indefensible program. As a union man who has carried a card for a quarter of a century and expects to do so until the end, let me issue this warning: The present program, which is nothing less than a racket, if continued, will inevitably set labor back to where it was before it began to organize. It is individuals like Homer Martin who will bring such an unfortunate situation about, and I call upon every member of organized labor who has the movement sincerely at heart to rise up and repudiate such false and dangerous leadership. I believe that this measure is but another step toward fascism and have reason to believe that the American Federation of Labor is of the same opinion. Certainly, our farmers are of this opinion. Its passage would make it almost impossible to hire farm help.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. FITZGERALD].

Mr. FITZGERALD. Mr. Chairman, I am for this bill because I was elected on the promise to the people of my State that if sent here to Washington I would help write a wage and hour bill which would do away with the abuses from which some of the people of my State are suffering. I am for the pending bill because it is a part of the Democratic platform. I am for it further because the greatest leader that God ever gave to America is in favor of the bill. The people believed in that pledge and swept Members from the South and a great many more on this side of the House into Congress. I do not intend to walk out on my promise when the vote on this bill is taken.

Mr. Chairman, while I was deputy commissioner of labor in my State I saw numerous abuses. The statement has been made here that these abuses exist only in one part of the country, but may I say that they exist in all parts of the country. I come from the East where we have wages as low as $4 a week for 48 and 55 hours of labor.

Mr. Chairman, I learned a trade 40 years ago and worked for a concern that was one of the best in the country. This company worked us reasonable hours and paid good wages, but one day it found it could not compete so it began to reduce wages and salaries. The workers resisted these wage reductions, the same as they are resisting them today. This company did not want to pay a wage sufficient in amount to keep one's family together or educate one's children; it was not willing to pay a living wage. We resisted the cut and it moved its factory to another State, in which men would wear overalls 7 days a week and allow their wives to work with them so that the combined wages of both would amount to a living wage for the family.

All I ask for an American father is that he be paid a wage sufficient in amount that his wife may stay at home and bring up her family and that his children may be educated and that he may set a little aside for his old age. Is there anything wrong with that philosophy?

It has been stated here this afternoon that this matter should be left to the States. The States cannot enforce and carry out the provisions as contained in this bill, because we have had the experience in the past where States have raised their standards and the industries went out of business on account of competition with States that had lower standards.

From the discussion that has taken place here this afternoon, the only conclusion I can draw is that the committee did not bring out a bill strong enough. The methods we will adopt in the enforcement of the bill can be improved upon when the bill is read for amendment. I plead especially with the Members on this side of the House to carry out your program, find a proper method, and enact it into law. [Applause.]

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. LORD].

Mr. LORD. Mr. Chairman, I want to discuss for a few minutes the farmers of our Nation. We were informed by a previous speaker that no consideration has been given the farmer, this I agree with. My district is composed of farmers and those engaged in industry. The men in the industries work about 8 hours a day, if they can get work to do. The farmer works from about 4 o'clock in the morning until 8 o'clock in the evening and the wages the farmers receive, as you all know, are very small.

If this is a good law for the men in industry, it should likewise be a good law for the farmers. The farmer gets to be an old man before his time on account of hard work and long hours. Why not consider his wages and hours of labor? We have a 40-hour week in New York State for industry but organized labor has always opposed a minimum wage. They claim the minimum will be the maximum. I want to see all labor receive a good wage and reasonable working hours. I believe that 8 hours is long enough to work and perhaps 40 cents an hour is the right figure, but conditions change; most labor in factories so far as I can learn receives more than this amount now, while the farmers receive much less. When we increase the cost too much to the farmer and buying public they must stop buying. The legislation may harm rather than help the workers.

I was home over the last week end and I find our factories when they are running at all are running only on short time. Some of our principal factories that have in the past worked three shifts a day at the present time are entirely closed down. Some of the other factories are working only 24 hours a week. Others have laid off a great many of their employees. Conditions under this new depression created by President Roosevelt are getting worse all the time.

Hearings are being held on reciprocal-trade agreements here in Washington, that have for their purpose lowering of the tariff with foreign countries. Tomorrow there is going to be a hearing before the Tariff Commission on shoes down at the old Land Office Building beginning at 10 o'clock in the morning. I have invited the chairman of the Committee on Labor to attend that meeting and bring with her the other members of the Labor Committee. I invite all Members of Congress who are interested in the laboring man to go down there and endeavor to bring before the Tariff Commission the necessity of not reducing the tariff on shoes, for example, that come to this country from Czechoslovakia, but increase that tariff. I have one concern which employs 20,000 shoe workers in my district, as well as other smaller concerns. The employees in the larger factory are working 24 hours a week. Their wages when employed are good, receiving on an average 67 cents an hour. The average for shoe workers throughout the Nation is 51 cents an hour. I am afraid if this legislation is passed providing for 40 cents an hour, these employees will be decreased instead of getting an increase in wages. The fact that the Government says 40 cents is a fair wage scale may be an incentive for those who are losing business to decrease their wage scale. I am informed that child labor is employed in Czechoslovakia at about 13 cents an hour. All we have to protect our workers from starvation wages or no wages at all is the tariff. Yet the majority party does not show any interest in the working man.

The reciprocal-trade agreements have been disastrous to the farmers. It has lowered the price of dairy products coming into this country, especially from Canada into New York and the bordering States. We have a low tariff on shoes, as I said before, and now it is proposed to lower the tariff coming from Czechoslovakia, in which country is located the largest shoe factory in the world. This concern is getting the world trade. It has shoe factories in 10 other nations which are supplying the world market. We in the United States are losing our shoe market. At one time we shipped 22,000,000 pairs of shoes abroad. At the present time we are shipping only about one and one-half million pairs of shoes abroad. If we want to do something for labor, let us do something real. Let us get busy and let the Tariff Commission know we have to increase the tariff rather than lower it if we are going to help labor. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. MAVERICK].

PURCHASING POWER IS WHAT BUILDS BUSINESS—WAGES CREATE PURCHASING POWER

Mr. MAVERICK. Mr. Chairman, I have heard a great deal today about the North and the South. (See below I, Wages, North and South Comparisons.) I have heard gentlemen warn the North that industries in the South would never pay a Negro the same wage they would pay a white man, in spite of a Federal law. As far as I am concerned, if a black man does the same work as a white man, he ought to receive the same pay. [Applause.]

I do not see anything terrible about this. I think Negroes should have economic justice. If a Negro makes good pay, he spends it—just like a white man. Purchasing power builds business, prosperity, and the Nation. If a Negro gets fair wages, he will spend, pay taxes, hire a doctor for his health, send his kids to school, be a better citizen, and contribute his part rather than being a burden.

The very fact we have always had this kind of psychology—I mean beating down the wages of the Negro—is what has kept the wages of the white workers of the South at the bottom, the lowest in the United States. I want to see the purchasing power of the South and the North, East, and West raised. (See below II, Subject of Negro Wages.)

THE "BLOODY SHIRT" OF THE NORTH AND THREATS FROM OTHER SECTIONS

Before I came to Congress I heard of these fellows who were always waving the "bloody shirt" on the Republican side. This was a disgusting thing. But I believe it is just as disgusting for any person from another section of the country to threaten the North when legislation of a National character is brought on this floor for discussion.

Listen, my friends—and this is not partisan talk—our wealth, the wealth of the South, has been drained out ever since the Civil War, and I believe the first President who has ever given the South a real decent break is Franklin D. Roosevelt and the present administration of the Democratic Party. [Applause.]

COTTON SUBSIDIES, MONEY, BENEFITS—ALSO LAWS FOR THE SOUTH

Let us be fair about this thing. We had the Bankhead Cotton Act, and it was a fine thing for the South. We had a cotton subsidy and we had the T. V. A. We down South took money from the P. W. A., W. P. A., and other agencies and we were glad to get it.

This money did a lot of good for the South, and I am happy we got it. However, when you take money from Uncle Sam you must take the laws from Uncle Sam just like the rest of the United States. [Applause.]

They say there ought to be a differential between the North and the South. Yes? Do you think I as a Congressman from Texas, which has the most wonderful and the most balmy climate in the country, would say, "I want you to reduce my salary because Texas has such a wonderful climate"? You would think I had gone crazy if I should do a thing like that. Southern Congressmen and southern veterans get the same pay as Congressmen and veterans in other parts of the country. This despite our delightful climate. Oh, what a wonderful climate! California and Florida Congressmen should compete for the lowest salaries, for they claim to have climates better than Texas! But just the same the practice of uniform wages is followed all over the Nation by the Federal Government, and that is what it ought to do.

In my district I have a special problem. Living there are 90,000 Mexicans, or Latin Americans. They are usually exploited, because they belong to a racial minority, and are of immigrant stock. (See below III, Wages Paid Mexicans.)

LET US BANISH SWEATSHOPS EVERYWHERE

As far as I am concerned, and I believe this is true of all of my colleagues, solemnly, I do not impute any bad motives to anybody who comes from one section or another, but by the heavens, I do not want any sweatshops or any low wages in my district, if I can help it. Yes, yes, I want the people in my district to get as good wages as the workers in any other part of the country.

When the Federal Government gives me a chance to benefit my district by a decent law, I want my district to come in just as it does on the allotment of money and all the rest of it. This is a nation, a nation, gentlemen.

Mr. Speaker, we have heard a lot today of the Green bill and of the American Federation bill and a lot of talk about the C. I. O. and different organizations. I have heard that this organization and that organization does not want a minimum-wage bill. I am not the man to refuse to accept advice.

I welcome advice; but in the end I must make up my own mind.

SLAVES DID NOT ASK FOR ABOLITION—THEY COULD NOT

But I must say that neither Bill Green nor a half dozen Du Ponts, John Lewis, the heads of the Manufacturers' Association, the chamber of commerce, whoever they are—and it does not make any difference—the sons of both the Texas and American revolutions, do not tell me how to legislate. I am glad to get their advice and their suggestions, but there is no reason why any Congressman should go yammering down the aisles and yelling "aye" to every organization that tells him what to do.

There were no organizations of the slaves asking for the abolition of slavery. They could not organize. And because the people down under have no organizations clamoring aloud for legislation is no sign such people do not want it. It is no argument against the wage bill. It is either right or wrong.

GREEN BILL—RIGID; UNENFORCEABLE

Now let me discuss for a moment what is known as the Green bill. It is known as the 40–40 bill. It is rigid and inflexible. (See below, IV, "Constitutionality of American Federation of Labor bill.") Constitutional or not, it will be impossible of enforcement in the United States of America. The imposition of these rigid restrictions will simply cause the break-down of the law, and it will mean that labor will get no bill. The bill proposed by the committee is a fair compromise and a beginning.

I have a telegram I received from the State Federation of Labor in Texas asking me to vote for the American Federation of Labor wage and hour substitute bill, and that in the event it is defeated that I vote to refer the original bill back to the committee.

In other words, the American Federation of Labor in effect tells us that unless we enact legislation exactly as they say, without crossing a "t" or dotting an "i", that the American worker is not to have any legislation, and do without any protection. The Manufacturers Association and the National Chamber of Commerce do not want any legislation. Well, I am sorry, but I am going to vote for the bill the committee puts up to us, and I am going to follow the leadership of the committee. I believe, by doing so, I shall have a chance of doing something for our country. [Applause.]

CONSTITUTIONALITY OF RIGID LABOR LAW VERY DOUBTFUL

Also, my friends, we might as well face the constitutionality of the Green 40–40 bill. The constitutionality of the wages and hours by States in relation to women, known as the West Coast Hotel case, from the State of Washington (as well as several other States and the District of Columbia) was based entirely on the fact that it was reasonable for a study to be made of conditions, wages, and rights of employers and employees, and then set the minimum wage. Should we adopt a rigid and inflexible bill not based on reasonableness, it will very probably be declared unconstitutional.

For that reason, it behooves us to enact the most reasonable legislation and also so it can afterward be built up gradually, raising the standards of the American people all over the Nation.

MAGNA CARTA OF LABOR—LET US BUILD

Further, my friends, they say, especially the enemies of this bill, especially those who do not want any legislation of this kind at all, that the bill is not any good, and that it is not good enough for labor. They are right, but they do not fool me, or anybody else interested in the welfare of labor. The false friends of labor always say labor should get more, but they really mean nothing.

Oh, the same thing was said when they went to adopt the Magna Carta, no doubt, that it was not good enough for the British people—and if anyone takes the trouble to read it, they will find out that was true. Yes; the Magna Carta was a selfish document. It was a document for the purpose of protecting selfish barons. But upon it has been built the economic and political liberty of England, and through our constitutional and democratic processes, the rights of the American people.

Therefore I intend to vote for the wage and hour bill, recognizing that it will have grave defects, but with the hope that it will become the Magna Carta of millions of Americans, and that upon its foundations will be built a better America. [Applause.]

I. WAGES, NORTH AND SOUTH, SOME COMPARISONS

Since making my address, I have obtained some tables and figures from the Bureau of Labor Statistics on the differences in wages paid in different parts of the country. I shall first present those generally applying, irrespective of race or color. That is because it is necessary to understand the general wage rates, showing such low rates for the South, before we take up the facts concerning the Negro question.

Common labor rates—North, 55 cents; South, 38 cents

The statistics compiled by Commissioner Lubin of the Bureau of Labor Statistics show the northern average of entrance labor rates to be $0.553, as compared with $0.389 for the southern region. This is principally in well organized industries, paying the best rates of pay.

These tables show that for the country as a whole 14.7 percent of the common laborers in industry receive less than 40 cents an hour—but that in the South, 48.4 percent are paid under 40 cents. Taking the North as one region, only 3.5 percent got under 40 cents an hour.

The table, with comparisons and explanations, is as follows:

Hourly entrance rates of adult male common laborers, by industry and region, July 1937

Industry	Average hourly entrance rate			Percentage of common laborers receiving less than 40 cents per hour		
	United States	North	South	United States	North	South
All 20 industries	$0.512	$0.553	$0.389	14.7	3.5	48.4
Manufacturing industries:						
Automobile parts	.554	.554		2.9	2.9	
Brick, tile, and terra cotta	.457	.484	.319	20.4	10.0	74.3
Cement	.514	.553	.414	13.1		46.8
Chemicals	.524	.590	.439	23.7	.1	53.6
Fertilizers	.364	.539	.279	62.2	7.2	89.0
Foundry and machine-shop products	.496	.507	.331	5.3	1.2	47.1
Glass	.504	.509	.485	3.5	.7	14.2
Iron and steel	.585	.595	.534	.9	.4	3.4
Leather	.477	.504	.387	10.3	2.0	39.0
Lumber (sawmills)	.437	.546	.245	44.9	15.1	97.4
Paints and varnishes	.552	.580	.412	2.3	.7	32.3
Paper and pulp	.477	.511	.396	14.5	1.7	44.8
Petroleum refining	.611	.642	.563	.9		2.2
Rubber tires and inner tubes	.431	.482	(1)	.8	(2)	(2)
Slaughtering and meat packing	.567	.582	.474	3.6	.4	23.4
Soap	.489	.490	(1)	28.1	(2)	(2)
Public utilities:						
Electric light and power	.459	.497	.381	15.5	4.4	38.3
Electric street railways and city motorbus operation and maintenance	.475	.500	.325	23.3	13.6	83.1
Manufactured and natural gas	.473	.494	.406	6.5	.4	25.6
Building construction	.553	.636	.382	14.9	1.8	42.3

[1] Less than 50 employees; no average computed.
[2] In order not to reveal plant identity, district figures are not given.

The industries with averages ranging from 45 to 50 cents were foundries and machine-shop products, soap, rubber tires and inner tubes, leather, paper and pulp, electric street railways and city motorbus operation and maintenance, manufactured and natural gas, electric light and power, and brick and tile, and terra cotta. The lumber industry averaged 43.7 cents. The average in the fertilizer industry was 36.4 cents.

In each case where the figures are available for both regions, the averages in the North were considerably higher than those in the South. The smallest differential per hour appeared in glass, 2.4 cents; iron and steel, 6.1 cents; petroleum refining, 7.9 cents; and manufactured and natural gas, 8.8 cents. The highest differentials were found in lumber, 30.1 cents; fertilizers, 26 cents; and building construction, 25.4 cents. In the remaining industries the differentials varied from 10 to 20 cents.

In the northern region only three industries, namely, lumber, electric street railways and city motorbus operation and maintenance, and brick, tile, and terra cotta, had any appreciable number of employees paid less than 40 cents per hour.

The southern industries with the highest percentages of common laborers receiving less than 40 cents per hour were, lumber, 97.4 percent; fertilizers, 89 percent; electric street railways and city motorbus operation and maintenance, 83.1 percent; brick, tile, and terra cotta, 74.3 percent; and chemicals, 53.6 percent.

II. SUBJECT OF NEGRO WAGES DISCUSSED

Further, using actual figures from the Bureau of Labor Statistics, I find that in a majority of the well-regulated industries the Negro generally gets the same wages as the white man. Therefore, it appears to me that there is a great hullabaloo about paying the Negro less than the white man, and that the only effect it can possibly have is to force lower wages on both Negroes and whites.

I have followed a study of the Monthly Labor Review of April 1937. Taking 35,444 workers, three-fifths, or 21,501, were in establishments paying exactly the same rate to common laborers of both races.

Some Negroes get higher wages than whites

It is true that in this study there were 142 plants with 12,431 laborers which paid a higher wage to white workers.

But just in passing let me note that 21 plants with 1,512 common laborers hired Negroes at a higher rate than white laborers on the jobs to which they were assigned.

Why certain colored workers in same occupations get higher wages, I do not know. I believe a study should be made of that—it will probably indicate that the Negroes are stronger and better nourished workers even than the whites in that particular locality.

As I stated in the main body of my speech, I believe it is unjust to pay one man more or less wages on account of his race if he does equal work, and is of equal skill. And, as far as that is concerned, industries hire people who will work at competitive wages, or less. The truth is that if a man wants a job at common labor, he takes it at the common-labor wage, whether he is white or black. It is specious to argue for the right to pay a lower wage to a man with a black skin. What results is merely the right to pay low wages to all men.

I will admit the argument of some that if wages are placed low enough only Negroes may take the job, and this happens to some extent in the South and in Texas. Some industries and some establishments with very low common-labor rates have only Negroes, or have an extremely large proportion of Negroes, in their common-labor force. As a result all of the wages in those districts are depreciated.

Differentials in some classifications

In most of the southeastern States, where there is a differential between colored and white labor, this differential is only about 1 cent an hour. However, the figures from the Department of Labor show that in Arkansas, Delaware, Mississippi, and Oklahoma there was a differential of 2.6 to 4.5 cents. In the seaboard States from North Carolina to Florida and in Texas, white common laborers averaged 6 to 7 cents an hour more than Negroes. In Louisiana the differential amounted to 8.5 cents. These were mostly in other than the big and established industries, since in the latter there is less differential, or none at all.

However, without burdening this record with a large amount of statistics, I find it difficult to believe that human beings can be found to work at the wages that are sometimes offered. From some of these statistics I find wages running around 6 cents an hour; that 57 percent in a certain industry make less than 8 cents an hour. Anyone can find these full statistics in the Monthly Labor Review of May 1937.

III. WAGES PAID MEXICANS, OR LATIN AMERICANS

Mr. Speaker, in my district there are some 90,000 Mexicans, or Latin Americans, and they are of the white race. They are here called Mexicans for convenience, because they are of Mexican and Spanish extraction, some of them natives who have been naturalized and others descendants of immigrants from Mexico.

Astonishingly low wages paid pecan pickers

Concerning some of the wages paid to Mexicans, I insert the following astonishing figures which came from the NRA and are a result of an investigation:

PECAN SHELLING INDUSTRY—WAGE AND HOUR DATA ON CONTRACT LABOR IN SAN ANTONIO

(N. R. A. Research and Planning Division, Preliminary Report on the Pecan Shelling Industry, March 12, 1935, p. 22.)

As it was impossible to obtain data from the pecan dealers in San Antonio on the wages and hours of employees who worked for the contractors, questionnaires were submitted to a number of these contractors. Fourteen of them furnished complete data for 1,030 employees, of which 878 were pickers, 100 crackers, and 52 cleaners.

These questionnaires indicate that the average weekly earnings for all types of employees during December 1934, were $1.29 weekly. Specifically, by types of labor, the average weekly wages ranged as follows: Crackers, $3.39, pickers, $1.03, cleaners, $1.65.

I do not consider $1.29 what you would call excessive wages. With that wage it is very doubtful if the person would have over three or four Rolls-Royce cars with chauffeurs in livery. Nor would such wages (from 3 to 5 cents per hour) indicate many trips to gamble at Monte Carlo.

A further investigation of the State of Texas shows other common workers receiving wages averaging from 6 to 12 dollars per week; and the average annual wages of cannery workers is $536. It is also shown that the average of petroleum refinery workers—including some Mexicans, but statistics not taken by race—is around 75 cents an hour and moves up to $1 per hour.

Letter says laborers are dumb

But further concerning Mexican labor, I am enclosing herewith a letter without the name of the sender in order that he may not be embarrassed. His letter is as follows:

The prevailing wages for common labor in our line of business is 25 cents per hour. We pay our Mexican truck drivers who have been in our employ a number of years at the rate of 32 cents per hour. They average about 40 hours of work per week.

The common Mexican laborer is incapable of earning more than 25 cents per hour due to the fact that he is slow in motion and also slower in thinking. Their dumbness and slow actions do not fit them for the higher rates of pay such as are paid to laborers in the northern portions of our country.

We are opposed to fixing a higher rate of pay, as a minimum, than 25 cents per hour for Mexican labor, although we are willing to pay more where the individual is capable of earning more.

We are opposed to paying more than the usual wage where a man is called on to work for an hour or so overtime, as we do not get more pay for our materials when they are delivered at times other than our usual working hours.

Industrial wages paid Spanish-American groups

I have asked for a report on Mexican common labor from over the States in the usual occupations reported by the Labor Department. In industrial occupations the amounts paid appear to be as follows:

Average hourly entrance rate

Indiana	$0.624
California	.499
Texas	.334
Colorado	.507
New Mexico	.297
Arizona	.340

From this it can be seen that the lowest paid Mexicans are in New Mexico and the next lowest is Arizona, and then follows Texas. The reason for this is apparent. There is an oversupply of that racial group in those places, whereas in Indiana the Mexicans receive for common labor 62.4 cents. Knowing the Mexican people, I have traveled over the United States and I find they receive the same wages as all other groups outside of the Southwest, where they are concentrated. This seems to do away with the argument that they are not as intelligent as others.

At numerous times throughout history when wage rates and labor conditions have been discussed people have said that certain races or groups were not intelligent enough to get decent wages or conditions. Personally, I believe that an effort should be constantly made for better wages for all citizens, and this in order to keep up the purchasing power which alone maintains the stability of business and our capitalistic structure.

IV. CONSTITUTIONALITY AMERICAN FEDERATION OF LABOR BILL

Concerning the constitutionality of minimum-wage acts and the principles involved, I quote the following from the syllabus of the West Coast Hotel Co. against Parish et al. It is an appeal from the Supreme Court of Washington to the Supreme Court of the United States, and which was decided on March 29, 1937:

Deprivation of liberty to contract is forbidden by the Constitution if without due process of law; but restraint or regulation of this liberty, if reasonable in relation to its subject and if adopted for the protection of the community against evils menacing the health, safety, morals, and welfare of the people, is due process.

WAGES FIXED AFTER STUDY BY COMMISSION

The point is made that wages are fixed after a study of conditions. And the Court further said in the body of the opinion:

The minimum wage to be paid under the Washington statute is fixed after full consideration by representatives of employers, employees and the public. It may be assumed that the minimum wage is fixed in consideration of the services that are performed in the particular occupations under normal conditions.

In fact, the Court had held previously that certain minimum wages set by fixed amounts and without hearing were

unconstitutional. In other words, what we need at this time is a bill which is not too rigid, but one in which there are certain flexibilities, in order that it can be administered. The Green bill is an excellent idea, but might very likely be declared unconstitutional in relation to the above and other cases.

Practical features of legislation

In general, I am surprised at the excitement over the wage and hour bill. On the one hand we have those who ask a rigid bill demanding an immediate raise to 40 cents an hour while wages are being paid around 6 and 8 cents an hour; that is the reason that the rigid bill could not be immediately enforceable. The bill that we have before us provides for the setting of lower minimum wages than 40 cents an hour. It is true that no great assistance might be given some of our most submerged groups, as stated by some of the enemies of the bill.

But, if there is legislation which will be continuously showing the facts, and throwing light on the low wages paid in various sections of America, there will naturally be the continuous pressure of public opinion to bring up the lowest of the minimum wages to at least a fair level of decency.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. GILDEA].

Mr. GILDEA. Mr. Chairman and members of the Committee, the question has been repeatedly asked this afternoon, Who wants this bill?

That question should be answered. As a member of the House Labor Committee, I, and every other member of the committee who voted to report the bill out, went on record as wanting the Black-Connery fair labor-standards bill.

The Thirteenth Congressional District of Pennsylvania is a strongly organized labor district. The United Mine Workers of America have been the dominating labor force in that district since 1900. Every member of organized labor in my district wants the passage of this legislation.

A previous speaker made the remark that business today is suffering with the jitters. The speaker had his finger on the wrong pulse. It is not jitters with which industry is afflicted. Instead, it is a lack of orders due to lack of purchasing power in the pockets and in the pay envelopes of American workingmen and workingwomen. The basic industry of my district, anthracite-coal mining, is working part time solely because consumer demand has shrunk from 100,000,000 tons of anthracite coal per year to 56,000,000. We cannot restore lost markets to the anthracite industry, nor can we give purchasing power to American families, who are cold tonight and who would buy coal if they had the means, unless a substantial bottom is placed under the national wage structure and the machine challenge is met by limiting the national workweek.

This the pending bill proposes to do. Forty cents per hour multiplied by 40 hours per week, by 52 weeks in the calendar year gives the workers who will come under the minimum-wage standard of this bill a yearly income of $832, an amount equivalent to a Congressman's salary for 1 month. Let those of us elected on the promise to go the full distance with President Roosevelt in making the New Deal fulfill its promise answer to our constituents and to ourselves as to whether or not we can afford to do less than establish this minimum.

Crocodile tears have been shed in the Well of the House this afternoon for fear the minimum may become the maximum.

The safeguard against that fear rests with organized labor. The C. I. O. and the American Federation of Labor have both demonstrated their ability to protect their membership. Organized labor is not worrying about maximums. The effort is continuously being made to better maximums, and this struggle will go on whether this Congress takes steps to protect the unorganized or whether it does not.

There is no real difference between the members of the House Labor Committee on the provisions of this bill. Some members would change the Senate bill and substitute for the Fair Labor Standards Board, provided in the Senate bill, an administrative agency within the Department of Labor which would look to the various State departments of labor set-ups for administrators who would be more or less voluntary.

The American Federation of Labor is opposed to the establishment of a central board of control because, as has been said by Mr. Green, of unpleasant experiences with the National Labor Relations Board.

If ever an agency of this Government has justified its existence, that agency has been the National Labor Relations Board. Conditions in business and industry were most chaotic when the Liberty League lawyers 10 months ago were taking time out to advise industry the National Labor Relations Act was unconstitutional and they should make no effort to live up to it.

The Supreme Court decided otherwise, and in the short period of a half year we have seen labor and industry get back in stride. The American Federation of Labor increased its membership by some 831,671 new members in the 12 months intervening between August 1936 and August 1937.

The C. I. O. with 1,440,000 members on its rolls in December 1936 now has enrolled 3,718,000 militant workers for better labor conditions.

Two thousand one hundred and fifty cases were filed with the Labor Relations Board by the American Federation of Labor and 720 of these cases were settled. The C. I. O. filed 2,337 cases and have seen adjusted 670 cases.

The greatest gain recorded was the restoration of 7,010 men to their jobs, men dismissed for union activities. The restoration of these men did establish the principle of collective bargaining, more effectively and more efficiently than any hit or miss law could establish that principle, and certainly it is folly to argue against the pending bill, the unsound theory that America does not want a board to enforce the law.

The alternative offered by the American Federation of Labor to place the administrative agency in the Department of Justice is not labor's way, nor is it the American way, because of adjustments that must be written regardless of gestures to the gallery that if we want a labor bill, let us write one that will be hard and fast. The only difference between the American Federation of Labor proposed substitute and the bill offered by the Labor Committee is simply this, the Labor Committee does not feel the country is quite ready for the drastic, though more liberal provisions of the Green substitute.

Another thought advanced here this afternoon is that this is not the original Connery bill. I rode as far as Philadelphia with Billy Connery on his last visit home. He was pleased with the progress made in the joint sessions of the Senate and House committees. He had thrown the full force of his generous nature and undying faith in the integrity of organized labor behind his effort to write a bill that could be accepted by Congress and the country at large. Nobody knew better than Billy Connery the problems entering into the writing of legislation so important as wage-hour regulation. As I said, he was pleased with the progress made. He was happy to think that this bill would bear his name. If he were here today, he would be at the table steering this legislation through the shoals besetting it, and those who call upon his memory to defeat the measure are not keeping faith with a man who always kept faith with labor.

The esteemed chairman of the Labor Committee, who succeeded to a post that meant carrying on as Billy Connery carried on, is not offering the fair labor standards bill as the illegitimate offspring of an unthinking committee. The House Labor Committee sat through many long and exhaustive hearings in the heat of last summer. The committee worked with an able committee representing the Chamber on the other side of the Capitol. The committee did the best it knew how. It offers a bill that is acceptable to over 50 percent of organized labor as represented by the two outstanding labor organizations. Before our committee John L. Lewis and William Green both endorsed the principle of the measure, but both gentlemen wanted the perfected bill to cover more ground. Sidney Hillman endorsed the measure without reservation.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. GILDEA. When Mr. Hillman was asked by Senator Black why he endorsed the fair labor standards bill wholeheartedly and the other two distinguished labor leaders did not, Mr. Hillman said:

I suppose it is because my experience has always been in the underpaid wage class, the class that will benefit most by establishing minimum standards.

And to you ladies and gentlemen of the Committee, I submit that answer as the reason why all of us should support a 40-cent bottom to wages and a 40-hour top to hours. [Applause.]

Mr. WELCH. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. MAVERICK].

STUFFED WHITE OR GREASY BLUE SHIRT—AND JUSTICE

Mr. MAVERICK. Mr. Chairman, at the time I made my talk I did not know of a letter signed by Mr. Homer Martin, international president of the Automobile Workers of America, in which he said:

That an unfavorable vote on this bill or failure to vote or pair in favor will not be forgotten next year when Representatives ask their constituents to reelect them, as this will be the acid test of a Representative's real position.

I want to include Mr. Homer Martin, who is a friend of mine, in what I said about the rest of those writing letters telling us how to vote. I think the time has come for all persons, whether they have a stuffed white shirt or a greasy blue shirt, to understand that information fairly presented is more effective.

Anyhow, I believe the letter sent by Mr. Martin is indiscreet, and I believe that Mr. Martin, as well as a lot of other letter writers in the country, had better learn a little manners.

HONEST CONGRESSMEN VOTE WITHOUT COERCION

I want to say to my colleagues that there are a lot of organizations in this country, the Chamber of Commerce, the Manufacturers Association, and all the rest of them, taking attitudes. That is their right.

But in the end we must make up our own minds, form our own conclusions, and without coercion.

My attitude has not anything to do with the C. I. O. or the A. F. of L. or Chamber of Commerce, or any other organization. What I do is of my own volition and what Mr. Martin, Mr. Lewis, or Mr. Green says has not anything to do with it.

They are no doubt all good men, but I believe I know something about the rank and file, too. What labor should do is to get together. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. ALLEN].

Mr. ALLEN of Pennsylvania. Mr. Chairman, legislation of this kind is a very necessary adjunct to the machine age in which we live. Our engineering and inventive genius following the immutable laws of science have solved for the first time in history the problem of mass production, but, unfortunately, our business leadership has failed to realize to a large extent that mass production requires mass consumption at the same time, if our economy is to remain in balance. I believe that every technical advance, every improvement in our machinery in this country, must simultaneously be accompanied by a decrease in selling prices and an advance in wages. I think this statement is self-evident. What good does it do to produce if you cannot sell, and how in the world can you sell goods if the masses of our people do not have the money with which to buy back the very things which they are making day after day in our factories?

The situation today is somewhat akin to that of a voracious monster which turns around and starts eating its own tail and keeps on going until it arrives at its mouth. We produce, but we cannot sell. We build up a great technological machine, a great mechanical force in this country capable of producing in terms of thousands and even millions where a few years ago we were producing by hand in quantities of hundreds.

We have failed to realize that buying power is a necessary adjunct to production. This is the purpose of this legislation being considered today. Instead of passing on the benefits of this machine age in terms of lower selling prices and higher wages, all too great a measure of the benefits which have accrued from machinery have gone into the hands of a few people, those who control our mechanical forces, and this is the real reason for the inequitable distribution of the wealth of the Nation today.

I say that if our people cannot buy back that which they are producing, men will be thrown out of work in ever increasing numbers from now on. If a man receives $50 a week, it is a matter of plain common sense that he can buy only fifty $1 articles, and if the price of these articles is advanced so that he can buy only 40 tomorrow where he bought 50 today, then the men employed in making the other 10 units are automatically thrown out of work. What business needs in America is customers more than it does confidence. If we will furnish business customers, I believe that the confidence end will take care of itself. I think it is an absolute contradiction to say, let us encourage business, let us give business confidence, so that it will expand its productive machinery, when already the productive machinery of business is geared so high that the people cannot consume that which is produced. What common sense is there to increase the productive capacity of business in this country when today under present circumstances we cannot consume that which we are producing? If we will raise the wages among those segments of our population which are on the very fringe of our economic system, the submerged groups, so to speak, and give them buying power, then, and then only in my opinion will the wheels of our factories start turning once more. [Applause.]

Mr. WELCH. Mr. Chairman, I have no further speakers today.

Mrs. NORTON. Mr. Chairman, will the gentleman yield some time to this side?

Mr. WELCH. I cannot do that. I have demands far in excess of the time I have at my disposal.

Mrs. NORTON. Mr. Chairman, while the gentleman from California is getting his speakers on the floor I yield 10 minutes to the gentleman from Colorado [Mr. MARTIN].

COMPARISON OF SENATE AND HOUSE CHILD-LABOR PROVISIONS

Mr. MARTIN of Colorado. Mr. Chairman, I have some first-hand knowledge of child labor and of long hours and low wages. I left school at the age of 14 years to go into a tobacco factory and work 72 hours a week at $4.50 a week, and since I became of age I have worked on the section a 60-hour week for $6.60 a week.

After a study of the Senate bill and the House committee amendments, I can say that I can go along with the bill as presented except in one very important matter, and that is the child-labor feature of the bill. The original Black-Connery bill carried certain limited child-labor provisions which were replaced by the Senate Labor Committee with the provisions to which I shall refer specifically in a moment, and I invite the close attention of Members to an analysis which I shall make.

When the bill came up in the Senate these provisions were voted down, and in their place was substituted what is known as the Wheeler-Johnson child-labor amendment by a roll-call vote of 57 to 28.

The House Labor Committee has thrown out the Wheeler-Johnson amendment in toto and reinstated the discarded Senate Labor Committee amendment. It is word for word the Senate Labor Committee amendment which had been eliminated in the other body and the Wheeler-Johnson amendment substituted.

The action of the Senate was taken not only after searching debate by leaders who are outstanding proponents of child-labor legislation and who had their own bills pending but after it had been agreed by them that the Senate Labor Committee amendment was an unconstitutional delegation of legislative power to the bureau in which it proposed to vest jurisdiction.

I find it impossible to understand such an attempted delegation of power to a department bureau as I shall undertake to show this provision to be. In a word, it hands over to the bureau not only all the children under 18 years of age in the country but it also hands over the law.

Before taking up an analysis and comparison of the House committee amendment and the Wheeler-Johnson amendment I want to refer briefly to the genesis and history of this child-labor legislation. The first Child Labor Act was passed by Congress in 1916. It prohibited the transportation in interstate commerce of the products of child labor in certain named industries. It was held unconstitutional by the Supreme Court by a 5-to-4 decision in the case of Hammer against Dagenhart June 3, 1918.

That act was sponsored in Congress by Hon. Edward Keating, then a Member of the House from Colorado, and for the past 20 years the managing editor of Labor, the official organ of the 21 standard labor railroad organizations, and, in my opinion, the outstanding labor publication in the United States.

During all the ensuing years, Mr. Keating never lost his interest in child-labor legislation, and encouraged by the liberal trend of decisions rendered by the Supreme Court early this year, he decided to try for the reenactment of his original child-labor bill. At his instance his original bill, with some modifications which it was thought would make it more acceptable to the Supreme Court, was introduced in the Senate by Senator JOHNSON of Colorado and by myself in the House.

Later it was decided by the Senate Interstate Commerce Committee at a hearing on child-labor bills to broaden the approach of the bill in the matter of methods of reaching the objective, and a consolidation of bills by Senators WHEELER and JOHNSON was effected and introduced as Senate bill 2226. At the same time I introduced a counterpart bill in the House, H. R. 8306.

I shall first analyze the House committee amendment, and I shall begin by saying my objections to it are fourfold:

First. It sets up no standards within which the administrator shall exercise the vast discretionary powers vested in him.

Second. It vests discretionary power in the Chief of the Children's Bureau to exclude any and all children under 16 years of age, in any and all occupations, from the protection of the law.

Third. It vests discretionary power in the Chief of the Children's Bureau to exclude from the protection of the law against hazardous occupations any and all children between the ages of 16 and 18 years.

Fourth. It provides but one method of dealing with child labor when several separable methods are available.

Now, let me briefly analyze the House committee provision to see whether these objections are sustained by the provision itself. First, let me say that this provision is as unique in its arrangement in the bill as it is in its language. The prohibition of child labor is to be found in paragraph (e) of section 27, page 53, which is the penalty section—a singular place to put substantive law; while the mechanics of the amendment and its standards and limitations, if any, are to be found in paragraph 10, section 2, page 6—the definitions section. It reads as follows:

> No producer, manufacturer, or dealer shall ship or deliver for shipment in interstate commerce any goods produced in any establishment situated in the United States in or about which, within 30 days prior to the removal of such goods therefrom, any oppressive child labor has been employed.

Now we must go back to a proposed amendment to the section on definitions for the definition of oppressive child labor and for the standards and limitations, if any, which are to be applied for the guidance of the administrator of the law. In order that it may be easily understood, I boil the definition down to its substantive words, and I shall deal first with the provisions relating to children under 16 years of age.

Oppressive child labor means a condition of employment under which any person under the age of 16 years is employed by an employer—other than a parent—in any occupation.

This would seem to be clear and final; but when we go to the last paragraph of the definition of oppressive child labor, we find that the Chief of the Children's Bureau may exempt any employee under the age of 16 years in any occupation which he shall deem not to constitute oppressive child labor. I quote:

Now, listen:

> If and to the extent that the Chief of the Children's Bureau determines that such employment is confined to periods which will not interfere with their schooling and to conditions which will not interfere with their health and well-being.

The power to exempt is thus placed in the hands of the bureau chief to the extent that he determines such employment will not interfere with schooling and to conditions which will not interfere with their health and well-being. These conditions, I submit, may embrace all children capable of employment. There is no limit.

The paragraph simply means that the Chief of the Children's Bureau can exempt any one or more children under 16 years of age from the protection of the law; he can differentiate between the same type of children in the same occupation and between the same type of occupations in the same or different localities. I think it was rather clearly pointed out in the debate in the other body, that the opinion of the Chief of the Children's Bureau would be the law of the case. He may decide without let or hindrance who of the 8 to 10 millions of children under 16 years of age brought under this law may work and who may not. The President has placed at 12,000,000 the number of children to be affected by child-labor legislation, that is, 12,000,000 actually employed.

The administration of this provision would require a national network of personnel reaching into every school district in the land. The length of school terms and other conditions may and do differ in 10,000 different school districts. Then every one of these millions of children must necessarily be examined by a physician and must be reexamined and kept under medical supervision to determine whether, if exempt, they may continue exempt from the law. And there is no bottom age limit, no age minimum. They can be exempt at the age of 14 years, 12 years, 10 years, 8 years, or 6 years, and subjected to labor, provided the Chief of the Children's Bureau, who will never see or hear of the individual child, decides through some local supervisor somewhere in the land that it may work or not work; and it will be the same with all the millions of such children under the law. The favoritism, the discrimination, the abuses in any such system would be innumerable and insufferable, to say nothing of the cost.

I now pass to the class between 16 and 18 years of age. For the sake of clearness I shall quote the substantive words:

> Oppressive child labor means any such employee between 16 and 18 years of age, employed by an employer (other than the parent)—

Now listen—

> in any occupation which the Chief of the Children's Bureau declares to be particularly hazardous or detrimental to health and well-being.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I am very sorry to deny such a distinguished humanitarian. I have not the time. I wish I could.

Mr. Chairman, I have given you all of the provisions with respect to child labor in hazardous occupations. There are no standards set up; no investigation required by the Chief of the Children's Bureau; no gathering of information; no findings of fact; nothing but that he may from time to time declare an occupation to be particularly hazardous. His naked ipse dixit is the law. The opinion that this provision is an unconstitutional delegation of legislative power is not limited to lawyers. Strange as it may seem, in view of the fact that the House committee has brought this discarded Senate committee provision back in, it is shared by no less

an official than the Chief of the Children's Bureau. On page 40 of the hearings of the Senate Interstate Commerce Committee on a similar provision occurs the following:

The CHAIRMAN. Might there not be a question as to whether or not you could delegate the power to some bureau for the determination of what constitutes and what did not a hazardous occupation?

Miss LENROOT. I think it would be much better in this attempt to develop a child-labor bill to pick out a few occupations which we know on the basis of experience constitute the greatest hazards and specify them directly in the bill, and not attempt to go into the area of delegation of power, which does raise certain constitutional questions.

The abuses to which this unlimited discretion would be subject in the matter of hazardous occupations are as unlimited as the provision with respect to the exemption of children under 16 years of age. There must be not less than 4,000,000 children between the ages of 16 and 18 years, all to be placed under the chief of a bureau having now no comparable jurisdiction or administrative machinery and without a single standard or limitation for check or guidance in the law.

I may also call attention to the fact that the definition is silent as to employment of children under 16 in hazardous work. That part of the definition applies only to children between 16 and 18. Does this leave a hiatus in the law with respect to children under 16? Are they fully protected from hazardous occupations by the definition of oppressive child labor respecting children under 16? If it does nothing more, the failure to apply the hazard clause to all children under 18 years of age, as is done in the Wheeler-Johnson amendment, raises a question as to the quality of workmanship in the House committee amendment; and if it gets into court, which it will when children under 16 get injured, it may raise a much more serious question.

Here are three more important differences between the bills:

First. The Wheeler-Johnson amendment exempts agriculture. The House committee amendment does not. If it is claimed that the agricultural exemptions of the wage-hour parts of the bill apply, then I reply that you are exempting child labor from all the seasonal industries auxiliary to agriculture. And if the wage-hour agricultural exemptions apply to child labor, where does the application of the wage-hour bill stop? Are we to search the entire bill for child-labor law?

Second. The Wheeler-Johnson amendment protects common carriers, which may rely on the statements of shippers. The House committee amendment does not protect them.

Third. The Wheeler-Johnson amendment empowers the administrator to inspect places of employment and records. The House committee amendment does not. It seems to me this is very important.

Fourth. The Wheeler-Johnson amendment makes it unlawful to aid or assist in the transportation of such child-labor goods or to sell such goods. The House committee amendment is silent on these essential matters.

One parting shot. The 30-day limit in the House committee amendment, after which child-labor goods may be shipped from the plant, opens ways for escapement. A plant could stock up with child-labor goods, shut down for 30 days, then ship and avoid the law. Depend upon the exploiters of child labor to find the ways. The Senate limit is 6 months. There ought to be no limit except ordinary statutes of limitation. However, the Senate limit is six times better than the House committee limit.

Now, let me turn to the Wheeler-Johnson amendment, and let me say, first, that while it includes as one method of approach the prohibition of shipment in interstate commerce, it provides a three-way approach:

First. The first method is the subjection of child-labor goods to the laws of the State or Territory into which they are shipped, and prohibits the shipment in of such goods in violation of the law of such State or Territory. There are now some good State laws, and this provision may result in others.

Second. The second method requires the labeling of child-labor goods, carrying the name and address of the shipper and the consignee, the nature of the goods, and the kind of work with which child labor was utilized in the production of the goods. This is regarded by labor as a strong deterrent.

Third. The third method makes it unlawful to transport child-labor goods in interstate commerce.

It is confidently believed that the first and second methods, subjecting the goods to State laws and labeling, will be sustained by the Supreme Court under the decision on the Prison Goods Act, which employs both of these methods, and other recent liberal decisions of the Court regarding labor legislation.

It is hoped that the third method—prohibition in interstate commerce—will be sustained and Hammer against Dagenhart overruled for the reasons controlling in the Prison Goods case and other recent liberal decisions.

If the third method is not sustained—mark this—if the third method is not sustained, then the House committee amendment, which rests solely on the prohibition of shipment in interstate commerce, would also fall, and nothing would remain.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I am very sorry, but I cannot yield. I have not the time.

In the Senate Interstate Commerce Committee hearings in May 1937 on five child-labor bills, it was the consensus of committee opinion that all these approaches, which were carried in one or the other of the bills, should be consolidated in one bill, and the result was the Wheeler-Johnson amendment to the wage-hour bill in the Senate. It was stated to the Senate committee by Mr. Keating, who was the first witness at the hearings, that if the prohibition of shipment approach fails in the courts, a great advance would still be made by the other two methods. I do not see how there is any room to question the wisdom and desirability of combining these several approaches to the objective, with a separability clause, as against a proposal which rests upon only one of these methods, and that one the most doubtful.

Now, let me pass to the definitions of child labor in the Wheeler-Johnson amendment and the standards set up in the definition. The Wheeler-Johnson amendment defines child labor. I quote:

As employment of a human being under the age of 16 years, and as employment of a human being under the age of 18 years at "extra hazardous work"—

Now listen—

at extra hazardous work specified by regulations promulgated pursuant hereto, which specifications shall be based on facts found by the Secretary of Labor as to the relative possibility of injury or detriment to health involved in the various types of employment, after necessary information on the subject has been collected by him or derived by him from sources known to be reliable.

The difference between this definition and that in the House committee amendment may be seen at a glance and stated in a sentence. In the Senate amendment there is no discretion permitting multitudinous and unlimited exemptions under the age of 16 as in the House committee provision; and under the age of 18 the procedure in determining hazardous work is prescribed, a procedure wholly lacking in the House committee provision.

Administration of the law is placed in the Department of Labor. I shall not quarrel with where you place it. None of these jurisdictional quarrels go to the merits of either wage-hour or child-labor legislation, and we should not permit them to do so. But, wherever it goes, it should go as definitely worded as we can make it, and it should go implemented with every arrow that may hit the target.

I have not had time to cover all of the Senate amendments. It is a complete piece of child-labor legislation. There is no comparison between the two proposals. I have pointed out fatal defects in the House committee amendments. I have raised material questions which should be satisfactorily answered.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I am sorry; I cannot yield.

Mr. Chairman, I think the Members ought to have the opportunity of hearing this analysis.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. MARTIN of Colorado. Mr. Chairman, I ask the lady from New Jersey to grant me 2 minutes more.

Mrs. NORTON. Mr. Chairman, I yield the gentleman 1 minute more.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. Mr. Chairman, I have not the time. Get me the time and you can ask the questions. I understand the gentleman's attitude on this legislation and why. An analysis of the House committee amendment shows that it is nothing more than a gesture. It has not a leg to stand on in any court. It is defective in every important particular. On the other hand, the Wheeler-Johnson amendment was put into this bill in the Senate after a thorough and searching debate by the ablest wage-hour and child-labor leaders in that body and is sound legislation, thoroughly worked out if you will read it, and I propose, when the time comes for amendment, to oppose the House committee amendment and if it is voted down then to move to reinsert in the bill the Wheeler-Johnson amendment. [Applause.]

The CHAIRMAN. The time of the gentleman from Colorado has again expired.

Mrs. NORTON. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR of New York. Mr. Chairman, my distinguished colleague on the Rules Committee, the gentleman from Michigan [Mr. MAPES] today made certain remarks in reference to this bill being before the Committee on Rules. Of course, a bill is never before the Rules Committee. It is not a legislative committee. It considers, principally, resolutions for the consideration of bills. The confusion in this respect has been profuse in the press and in statements made on this floor. By the same token the Rules Committee could never prevent the consideration of a bill reported from a standing committee, as this bill was. That subject is another confusion pervading places occupied by persons not familiar with the rules of the House of Representatives.

The gentleman said, first, that the rule was never called up in the Rules Committee. That is correct.

He said that no representative of the Labor Committee ever appeared before Rules Committee. That is correct.

He said that no hearing was held by Rules Committee. That is correct.

He said that no vote was held in the Rules Committee. That is correct.

He said that the distinguished gentlewoman from New Jersey [Mrs. NORTON], chairman of the Committee on Labor, never appeared before the Rules Committee. That is correct.

All those statements are correct. But the explanation, in all fairness to the distinguished gentlewoman from New Jersey and the Committee on Labor, is just this: The gentlewoman from New Jersey asked for a hearing before the Rules Committee several times, in the usual manner, conferring with me in reference to a hearing, the customary procedure. I finally agreed to give her a hearing before the Rules Committee and promptly called a meeting of the Rules Committee for that purpose. For several days, up to the morning of the scheduled meeting, I sought to obtain sufficient votes in the Rules Committee to be able to vote out a rule for the consideration of the wage and hour bill. On the morning of the meeting I consulted with the Speaker and the majority leader, and we all knew there were not enough votes in the Rules Committee to report out a rule. That being the situation, we all agreed that the practical course to take was to call off the meeting of the Rules Committee and make further efforts to receive the necessary votes.

That is the only reason the distinguished lady from New Jersey or other Representatives of the Labor Committee did not appear before the Rules Committee. In fairness to them, I state that they did everything within their power to secure a rule. They were ready and willing to appear, but it was obviously futile to hold a meeting of the Rules Committee when there clearly were not sufficient votes to report out a rule for the consideration of the bill.

The CHAIRMAN. The time of the gentleman from New York [Mr. O'CONNOR] has expired.

Mr. KELLER. What was the attitude of the gentleman from Michigan?

Mr. O'CONNOR of New York. I do not know.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. NORTON. Mr. Chairman, does the gentleman from California desire to use some more time?

Mr. WELCH. I cannot use any more time right now.

Mrs. NORTON. The gentleman has nobody on his side who is opposed to this bill. That is fine.

Mr. WELCH. There are a number of Members on this side of the aisle who desire to be heard and will be heard tomorrow. They are not available at this time.

Why not proceed and use some of your time?

Mrs. NORTON. I may say I have used considerably more time than the gentleman from California has used. In all fairness, we would like to hear the arguments on the other side.

I yield 5 minutes to the gentleman from New York [Mr. CURLEY].

Mr. CURLEY. Mr. Chairman, ladies and gentlemen of the Committee, I am one of the 27,000,000 members of the Democratic Party who voted for the New Deal in November 1936 who wishes to keep faith with my own constituency as well as the constituencies throughout the country. And, in direct contradiction to the statements made by my friend Mr. DIES today that the platform of the Democratic Party does not contain anything which calls for Members of Congress on the Democratic side of the House to live up to, may I point to you just a few of the paragraphs in the Democratic platform of 1936:

We hold this truth to be self-evident, that the test of a representative government is its ability to promote the safety and happiness of the people.

We hold this truth to be self-evident, that this 3-year recovery in all the basic values of life and the reestablishment of the American way of living has been brought about by humanizing the policies of the Federal Government as they affect the personal, financial, industrial, and agricultural well-being of the American people.

We hold this truth to be self-evident, that government in a modern civilization has certain inescapable obligations to its citizens, among which are:

(1) Protection of the family and the home.

(2) Establishment of a democracy of opportunity for all the people.

(3) Aid to those overtaken by disaster.

Now, Mr. Chairman, I heard my esteemed friend and colleague from Texas, Mr. DIES, make the statement here today that if this bill were passed it only would affect some 500,000 people. As a matter of fact, if the gentleman had looked over the testimony submitted at the joint hearing, he would have found statistics which would indicate that 4,000,000 at the very least would be affected by the passage of this bill.

I also heard somebody say that William Green, president of the American Federation of Labor, was opposed to this bill. Let us look over the history of this situation and let us face the facts. Let us turn to page 211 of the minutes of the hearing on the Fair Labor Standards Act of 1937, part I:

STATEMENT OF WILLIAM GREEN, PRESIDENT OF THE AMERICAN FEDERATION OF LABOR

Mr. GREEN. Mr. Chairman and gentlemen of the committee, the American Federation of Labor, by action of its executive council on May 28, 1937, endorses, together with the additional sections to be offered herewith, the proposed Fair Labor Standards Act of 1937 as formulated in the Black-Connery bill introduced in the Congress of the United States on May 24, 1937.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. CURLEY. I do not yield, Mr. Chairman.

Now, Mr. Chairman, I object to the gentleman interrupting. He has not been just to 426 Members of this House, as a member of the Rules Committee, when he did not give this House a chance to consider this legislation. Now he asks me to be just to him. Well, well, well. [Laughter.]

The time has arrived for the enemies of the true facts to join hands with the disciples of the constitutional right of every person to equal opportunities, in keeping with American traditions, and strive for a frank and intelligent recognition of this wonderful opportunity to rehabilitate the mass of distressed workers of America. Let us join together to drive this existing tragic condition or blight out of our American life. The paralysis which handcuffs misery and poverty to 8,000,000 heads of families, and registers such a colossal financial loss in purchasing power because they cannot find a job, needs strong, powerful social treatment to remove that economic strait jacket. It is my humble judgment that the Black-Connery bill, if enacted into law, will help materially in reaching that human objective. Good government exists when those who are near are made happy and those far off are attracted. Go before the people and be laborious in their affairs. The essence of any remedy to relieve poverty and distress is a good job at a decent living wage and reasonable maximum hours of labor. President Roosevelt started us off on a straight course ahead in leading the Nation to economic victories. He did not turn corners to look for prosperity, and he will not do it now. It is strange that every time human efforts are attempted to "jack up" the social floor level of the submerged masses of labor suffering from substandard labor conditions we hear an uproar from the "economic royalists" and their allies among the selfish business groups in industry in opposition. You can easily recognize them—the same crowd of "big business" that bartered and traded the economic birthright of the States—the right to regulate and control unfair competition in intrastate and interstate commerce.

We read of workers in cross sections of the country receiving $5 or $6 a week and of being compelled to work 50 to 60 and 80 hours a week to earn that much. Here is some food for thought for the "feudal barons" of industry and big business who are flooding the mails of the Congressmen in opposition to the Black-Connery fair standards of labor bill; and who are they? The same old kings of high finance in the boom days of 1929. "By their fruits ye shall know them"; that simon-pure stratum of constitutional lawyers who in the days gone by sold and betrayed the economic birthright of hundreds of thousands of bond, stock, and security holders on the altar of selfish greed. Those so-called saviors of the Constitution of the United States now are the same fraternity who forgot all about their legal code of ethics in the past when they sacrificed for a price the human rights of the public at large with impunity. Have you forgotten them?

SPONSORS OF FAIR LABOR STANDARDS BILL FACE ITS ENEMIES

In all my public experience of over 20 years I have never received such an avalanche of mail and telegrams from selfish, prejudiced interests containing invidious attacks as on the Black-Connery bill. Notwithstanding the concerted propaganda directed through subsidized channels at first, and later, by wide publicity purchased at tremendous expense, to poison the minds of the public and the minds of Members of Congress, the true friends of the shackled workers of America are still battling for a fair and square deal for the underpaid, exploited masses of our people. Though the critics of the wage and hour bill "have sounded the death knell" of this humane, statesmanlike legislation, it has only been "scotched" and, like Banquo's ghost, it has come back to plague them.

CONSTITUTION IS NOT A STRAIT JACKET

The Constitution is not a strait jacket, but is meant to serve all the people in all sections of our great Nation. There are critics who challenge the constitutionality of the Black-Connery bill. They allege it violates States' rights. The most of the critics using this specious contention fail to apply the truth in the attempt to reach a logical conclusion. My humble layman's opinion is that the bill is legal and constitutional, and is based on the existing public record of past precedent, which I used as a premise to work from, in the reasoning process leading to my own humble conclusions.

STARVATION WAGES, UNREASONABLE HOURS, AND CHILD LABOR MUST GO

As a member of the Labor Committee of the House of Representatives, I beg to inform my colleagues in the House we have a sacred pledge to keep before adjournment to the millions of our ill-nourished, ill-clad, and ill-housed American citizens and their families dependent upon them. We Members of the Democratic majority were elected on a platform in November 1936 which pledged a policy of humane treatment of this serious social problem affecting the economic structure of the Nation. With this worthy object in mind, the administration recommended constructive social legislation to the Congress of the United States which would tend to strengthen the weakened morale of the handcuffed workers who constitute the "forgotten men and women" of America today. This large group of our people are the exploited type so specifically requiring the protection of the strong arm of Uncle Sam. The Black-Connery fair standards of labor bill was approved by the Senate. The Labor Committee of the House held a long series of tedious public hearings and executive sessions since the early part of June, under the skillful guidance of the chairman, Hon. William Connery, Jr., who died suddenly while in the midst of the battle fighting for the passage of his bill to help labor. The gentle lady from New Jersey, Hon. MARY NORTON, succeeded to the chairmanship of the Labor Committee, and diligently continued the battle for labor, day after day, for 3 weeks until she finally, with the cooperation of her committee, submitted a favorable report of the Black-Connery bill to the House for final action thereon, and sincerely trusts the bill will be adopted.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mrs. NORTON. Mr. Chairman, how does the time stand?

The CHAIRMAN. The gentlewoman from New Jersey has 1 hour and 20 minutes remaining. The gentleman from California has 1 hour and 43 minutes remaining.

Mrs. NORTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 2475, the wage-hour bill, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. MAPES. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made this afternoon and to include therein a plank from the Republican platform on labor, and certain other short extracts.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert therein a statement in the form of letters by the attorney general of Texas and by the comptroller in regard to the collection of cigarette taxes and the assistance that the Post Office Department should give; also to include a copy of a bill by the gentleman from Georgia [Mr. TARVER].

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. NORTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days from the passage of the wage-hour bill in which to revise and extend their own remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include

therein a bulletin from the United States Bureau of Labor Statistics showing the hourly entrance rates of common unskilled workers in 20 industries.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I rise to remind the House that on yesterday the Japanese sank one of our gunboats. I also want to remind the House, Mr. Speaker, that Japanese goods are flooding this country. Our workers cannot compete with low-priced goods made by poorly paid labor of Japan. I also want to remind the House, Mr. Speaker, that there has been an increase in the amount of exports to Japan during 1937. I also want to remind the House, Mr. Speaker, that the chief explanation for this increase, according to the press, is that so much cotton, a war commodity, has been shipped to Japan.

I also want to remind the House, Mr. Speaker, of the extremely unfortunate Neutrality Act passed at the last session of Congress. Mr. Speaker, the reason this act is not being enforced, it is generally believed, is because it would be unfriendly to China and help Japan. It was pointed out at the time of its passage what an unwise measure it was, one that was likely to get us into trouble if enforced and very dangerous if not enforced.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, the world is in a very unhappy situation.

I think it would be well for all of us, it matters not what our feelings may be, not to add in any way to the unhappiness or unrest in the world today by any utterance of our own. [Applause.] I deeply regret, therefore, such remarks as have just been made by the gentlewoman from Massachusetts. If we are to remain neutral; yea, Mr. Speaker, if we are to remain out of war, those of us in positions of responsibility should be very careful about our public utterances and leave these matters to the executive department; at least until Congress may be called upon to take some drastic action.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. LUECKE of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter which I received from Mr. Ayres, Chairman of the Federal Trade Commission, in reply to a letter of mine on the subject of milk testing.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein some speeches I made within the past month.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. THOMAS of New Jersey. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, but not on the pending bill.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend and revise my own remarks in the RECORD and include therein a statement by J. Warren Madden, Chairman of the National Labor Relations Board, which he made this morning on the subject of freedom of the press.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to propound a question of the majority floor leader.

The SPEAKER. The gentlewoman from Massachusetts [Mrs. ROGERS] asks unanimous consent to propound a question to the majority leader. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, no one wants war or entangling alliances any less than I do. I want to keep us out of war, to keep us out of entangling alliances.

Mr. PATMAN. Mr. Speaker, I demand the regular order.

Mrs. ROGERS of Massachusetts. Will the majority leader make a suggestion as to what we can do in the way of neutrality legislation to improve the situation?

Mr. RAYBURN. That is not my responsibility at the moment.

Mrs. ROGERS of Massachusetts. Whose responsibility is it to enact neutrality legislation if not the Congress?

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. WARREN, indefinitely, on account of death in family.

To Mr. REILLY (at the request of Mr. BOILEAU), for 1 week, on account of death in family.

To Mr. BOYLAN of New York, indefinitely, on account of illness.

EXTENSION OF REMARKS

Mr. SCHNEIDER of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein the Child Labor Act of 1916.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 3114. An act to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.; to the Committee on Interstate and Foreign Commerce.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 58 minutes p. m.) the House adjourned until tomorrow, Tuesday, December 14, 1937, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Tuesday, December 14, 1937, at 10 a. m.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization in room 445, Old House Office Building, at 10: 30 a. m., on Wednesday, December 15, 1937, for hearing on H. R. 8549, for public consideration of bill to deny United States citizenship to persons advocating government by dictatorship.

COMMITTEE ON THE JUDICIARY

There will be a hearing before the Committee on the Judiciary in room 346, House Office Building, Wednesday

morning, December 15, 1937, at 10:30 a. m., on House Joint Resolution 199, proposing an amendment to the Constitution of the United States to provide a referendum on war.

The Special Bankruptcy Subcommittee of the Committee on the Judiciary will hold a public hearing on the Frazier-Lemke bill, S. 2215, to amend section 75 of the Bankruptcy Act, in the Judiciary Committee room at 346, House Office Building, on Friday, December 17, 1937, at 10 a. m.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. CROSSER's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on House Joint Resolution 389, distribution and sale of motor vehicles.

There will be a meeting of Mr. MALONEY's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on S. 1261, through-routes bill.

There will be a meeting of Mr. MARTIN's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday, January 4, 1938. Business to be considered: Hearing on sales-tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday January 11, 1938. Business to be considered: Hearing on S. 69, train-lengths bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

886. A letter from the Under Secretary, Department of State, transmitting from the Nobel Committee of the Norwegian Parliament a copy of the committee's circular furnishing information with reference to proposals of candidates for the Nobel peace prize for the year 1938; to the Committee on Foreign Affairs.

887. A letter from the Attorney General, transmitting a draft of a bill proposing an amendment to the Employees Compensation Act applicable to civil officers of the United States; to the Committee on the Judiciary.

888. A letter from the Secretary of the Interior, transmitting a bill to amend the act entitled "An act for the retirement of employees of the Alaska Railroad, Territory of Alaska, who are citizens of the United States," approved June 29, 1936, and for other purposes; to the Committee on the Civil Service.

889. A letter from the national legislative committee of the American Legion, transmitting a copy of the financial statement of the American Legion for the 10 months of the current year 1937; to the Committee on World War Veterans' Legislation.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MOTT: A bill (H. R. 8686) to aid in providing a permanent mooring for the battleship *Oregon;* to the Committee on Military Affairs.

By Mr. VOORHIS: A bill (H. R. 8687) to amend the United States Housing Act of 1937; to the Committee on Banking and Currency.

By Mr. MERRITT: A bill (H. R. 8688) to authorize the acquisition of the outstanding interests in land in the military reservation of Schenectady General Depot, N. Y., and for other purposes; to the Committee on Military Affairs.

By Mr. BIGELOW: A bill (H. R. 8689) to authorize a preliminary examination and survey of Miami River in the State of Ohio for flood control and for other purposes; to the Committee on Flood Control.

By Mr. GASQUE: A bill (H. R. 8690) granting a pension to widows and dependent children of World War veterans; to the Committee on Pensions.

By Mr. SCRUGHAM: A bill (H. R. 8691) to amend the Taylor Grazing Act; to the Committee on the Public Lands.

By Mr. SUTPHIN: A bill (H. R. 8692) authorizing and directing the establishment of a training station for enlisted personnel of the United States Coast Guard; to the Committee on Merchant Marine and Fisheries.

By Mr. NICHOLS: Resolution (H. Res. 382) to amend rules X and XI of the Rules of the House of Representatives; to the Committee on Rules.

Also, resolution (H. Res. 383) to amend rules X and XI of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. SCOTT: Joint resolution (H. J. Res. 537) authorizing the President of the United States, in cooperation with other nations, to suspend economic relations with Japan; to the Committee on Foreign Affairs.

By Mr. LEWIS of Maryland: Joint resolution (H. J. Res. 538) authorizing the President of the United States, in cooperation with other nations, to suspend economic relations with Japan; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEITER: A bill (H. R. 8693) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Andrew Count Pulaski against the United States; to the Committee on Claims.

By Mr. GREEN: A bill (H. R. 8694) for the relief of Mrs. J. H. Greene, Anna Harvey, and Mrs. S. E. Elmore; to the Committee on Claims.

By Mr. JOHNSON of West Virginia: A bill (H. R. 8695) granting a pension to Araminta Webb; to the Committee on Invalid Pensions.

By Mr. MARTIN of Massachusetts: A bill (H. R. 8696) for the relief of Ruby Z. Winslow; to the Committee on Claims.

By Mr. O'BRIEN of Michigan: A bill (H. R. 8697) for the relief of Floyd F. Buck; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3591. By Mr. ALLEN of Louisiana: Petition of Mrs. W. C. Abrams and others with reference to participation of the United States in any war on foreign soil; to the Committee on Foreign Affairs.

3592. By Mr. BOYLAN of New York: Resolution adopted by the New York and New Jersey Dry Dock Association at a meeting held December 1, 1937, in New York City, opposing the passage of House bills 7365 and 7863 transferring the work now being done by the Corps of Engineers of the United States Army to another governmental department with civilian supervision, etc.; to the Committee on Rivers and Harbors.

3593. By Mr. CULKIN: Petition of Local 15, International Woodworkers of America, Escanaba, Mich., urging an embargo on all shipments of whatever nature to or from Japan until armed forces of Japan are withdrawn from China, including Manchuria; to the Committee on Interstate and Foreign Commerce.

3594. Also, petition of Local 15, International Woodworkers of America, Escanaba, Mich., urging repeal of legislation and policies interfering with shipments of arms and materials to Spain and placing of embargo on shipments to Italy and Germany until such time as all armed forces of Italy and Germany are withdrawn from Spain; to the Committee on Interstate and Foreign Commerce.

3595. Also, petition of the Lewis County Pamona Grange, Lewis County, N. Y., opposing enactment of the Black-Connery wage and hour bill; to the Committee on Labor.

3596. Also, petition of the Cape Vincent Grange, No. 599, Cape Vincent, N. Y., opposing enactment of the Black-Connery wage and hour bill; to the Committee on Labor.

3597. By Mr. LUTHER A. JOHNSON: Petition of Hon. William McGraw, attorney general of the State of Texas, favoring House bill 8045, authorizing the Post Office

Department to cooperate with the States in the collection of State cigarette and tobacco taxes; to the Committee on the Post Office and Post Roads.

3598. Also, petition of the City Council of the city of Hillsboro, Tex., opposing reduction of funds for Federal highways; to the Committee on Roads.

3599. By Mr. KEOGH: Petition of the Merchants' Association of New York, concerning the Norris bill (S. 2555) and the Mansfield bill (H. R. 7365) for the establishment of regional authorities; to the Committee on Rivers and Harbors.

3600. By Mr. MEAD: Petition of 66 Buffalo, N. Y., citizens, urging favorable action on the Capper-Culkin bill to prohibit the advertising of liquor by radio; to the Committee on Interstate and Foreign Commerce.

3601. By Mr. PFEIFER: Petition of the Merchants' Association of New York, concerning the Norris bill (S. 2555) and the Mansfield bill (H. R. 7365); to the Committee on Rivers and Harbors.

3602. By Mr. SHANLEY: Petition of the citizens of Waterbury in condemnation of the growth of Nazi activities in the United States; to the Committee on the Judiciary.

3603. By the SPEAKER: Petition of the Michigan Good Roads Federation, regarding the rejection of any efforts to curtail Federal appropriations for highway development; to the Committee on Roads.

3604. Also, petition of the Industrial Union of Marine and Shipbuilding Workers of America, Local No. 18, Mobile, Ala.; to the Committee on Labor.

SENATE

TUESDAY, DECEMBER 14, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, December 13, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	King	Pope
Andrews	Davis	La Follette	Radcliffe
Ashurst	Dieterich	Lee	Reynolds
Austin	Donahey	Lodge	Russell
Bailey	Duffy	Logan	Schwartz
Bankhead	Ellender	Lonergan	Schwellenbach
Barkley	Frazier	Lundeen	Sheppard
Berry	George	McAdoo	Shipstead
Bilbo	Gibson	McCarran	Smathers
Bone	Gillette	McGill	Smith
Borah	Glass	McKellar	Steiwer
Bridges	Graves	McNary	Thomas, Okla.
Brown, Mich.	Green	Maloney	Thomas, Utah
Brown, N. H.	Guffey	Miller	Townsend
Bulkley	Hale	Minton	Truman
Bulow	Harrison	Moore	Tydings
Burke	Hatch	Murray	Vandenberg
Byrd	Hayden	Neely	Van Nuys
Byrnes	Herring	Norris	Wagner
Capper	Hitchcock	O'Mahoney	Walsh
Caraway	Holt	Overton	Wheeler
Chavez	Johnson, Calif.	Pepper	White
Connally	Johnson, Colo.	Pittman	

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Missouri [Mr. CLARK] and the Senator from Illinois [Mr. LEWIS] are detained on important public business.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

REPORT OF FEDERAL FIRE COUNCIL

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Public Buildings and Grounds, as follows:

To the Congress of the United States:

I transmit herewith for the information of the Congress, the first annual report of the Federal Fire Council.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *December 13, 1937.*

ORDINANCES OF PUBLIC SERVICE COMMISSION OF PUERTO RICO

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Territories and Insular Affairs, as follows:

To the Congress of the United States:

As required by section 38 of the act of Congress, approved March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes," I have the honor to transmit herewith certified copies of each of five ordinances adopted by the Public Service Commission of Puerto Rico. The ordinances are described in the accompanying letter from the Secretary of the Interior forwarding them to me.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *December 13, 1937.*

LIMITATION OF FUNDS FOR FEDERAL-AID HIGHWAYS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Federal Aid Highway Act, approved July 11, 1916, as amended and supplemented, and for other purposes, which, with the accompanying paper, was referred to the Committee on Post Offices and Post Roads.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adoted by the Santa Barbara County (Calif.) Chamber of Commerce, favoring the prompt enactment of the bill (H. R. 7558) to extend the mining laws of the United States to the Joshua Tree National Monument in California, which was referred to the Committee on Public Lands and Surveys.

Mr. SHEPPARD presented a memorial of 86 citizens and seamen of Houston, Tex., remonstrating against the enactment of the bill (S. 3078) to amend the Merchant Marine Act, 1936, and for other purposes, and protesting against the proposal to place maritime employees within the jurisdiction of the National Mediation Board in case of dispute, which was referred to the Committee on Commerce.

Mr. COPELAND presented a resolution adopted by Chenango County (N. Y.) Pomona Grange, Patrons of Husbandry, protesting against the enactment of the so-called Black-Connery wage and hour bill, or similar legislation, which was ordered to lie on the table.

He also presented resolutions adopted by Oatka Falls Grange, No. 394, of Le Roy, and Broome County Pomona Grange, both of the Patrons of Husbandry, in the State of New York, protesting against the enactment of pending crop-control legislation, which were ordered to lie on the table.

He also presented a memorial of sundry citizens of Lewis and Oneida Counties, N. Y., remonstrating against the enactment of crop-control legislation, which was ordered to lie on the table.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WHEELER:

A bill (S. 3132) granting to certain needy persons the right to obtain fuel from lands of the agricultural experiment station near Miles City, Mont.; to the Committee on Agriculture and Forestry.

By Mr. BONE:

A bill (S. 3133) for the relief of Kettle Falls School District No. 154; to the Committee on Claims.

By Mr. ASHURST (by request):

A bill (S. 3134) to make the provisions of the Employees' Compensation Act applicable to civil officers of the United States; to the Committee on the Judiciary.

By Mr. KING:

A bill (S. 3135) to amend an act entitled "An act to confer authority on the Court of Claims to hear and determine the claim of Lester P. Barlow against the United States"; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 3136) for the relief of the officers of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for service during the war with Germany; to the Committee on Military Affairs.

INDEFINITE POSTPONEMENT OF A BILL

On motion by Mr. McNARY, it was

Ordered, That the Committee on Military Affairs be discharged from the further consideration of the bill (S. 3127) to aid in providing a permanent mooring for the battleship *Oregon*, and the bill was indefinitely postponed.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. BONE and Mr. RUSSELL each submitted an amendment, and Mr. BANKHEAD submitted three amendments, intended to be proposed by them, respectively, to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were severally ordered to lie on the table and to be printed.

Mr. O'MAHONEY submitted four amendments intended to be proposed by him to the amendment intended to be proposed by Mr. POPE to Senate bill 2787, the agricultural relief bill, which were ordered to lie on the table and to be printed.

THE PROBLEM OF SEAGOING PERSONNEL AND ITS POSSIBLE SOLUTION—ADDRESS BY JOSEPH B. WEAVER

[Mr. COPELAND asked and obtained leave to have published in the RECORD an address made by Joseph B. Weaver before the Propeller Club Convention at Memphis, Tenn., on October 12, 1937, on the subject of The Problem of Seagoing Personnel and Its Possible Solution, which appears in the Appendix.]

THE ROMANCE OF ALABAMA HISTORY—STATEMENT BY THOMAS M. OWEN, JR.

[Mr. BANKHEAD asked and obtained leave to have printed in the RECORD a statement entitled "The Romance of Alabama History," by Thomas M. Owen, Jr., which appears in the Appendix.]

DOPED MONEY—ADDRESS BY SENATOR BRIDGES

[Mr. JOHNSON of California asked and obtained leave to have published in the RECORD a radio address by Senator BRIDGES entitled "Doped Money," delivered on December 11, 1937, which appears in the Appendix.]

MR. MADDEN'S DEFENSE—EDITORIAL IN PITTSBURGH PRESS

[Mr. BURKE asked and obtained leave to have printed in the RECORD an editorial entitled "Mr. Madden's Defense," published in the Pittsburgh Press of Monday, December 13, 1937, which appears in the Appendix.]

THE PRESENT BUSINESS SITUATION

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article published in the Charlotte (N. C.) Observer of December 12, 1937, entitled "Drive Against New Deal Seen," which appears in the Appendix.]

RECIPROCITY INFORMATION

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD a memorandum issued by the Committee for Reciprocity Information, containing suggestions as to method and character of representations to the Committee for Reciprocity Information, which appears in the Appendix.]

THE GRAND COULEE DAM—ADDRESS BY SECRETARY ICKES

[Mr. BONE asked and obtained leave to have printed in the RECORD an address by the Secretary of the Interior, Hon. Harold L. Ickes, on the occasion of the opening of bids for the completion of Grand Coulee Dam, Wash., which appears in the Appendix.]

ADDRESS BY JESSE H. JONES BEFORE NEW YORK SOUTHERN SOCIETY

[Mr. MINTON asked and obtained leave to have printed in the RECORD an address by Jesse H. Jones at the fifty-second annual dinner of the New York Southern Society, on Friday evening, December 3, 1937, which appears in the Appendix.]

A PROPHETIC UTTERANCE BY ELIHU ROOT—EDITORIAL BY DAVID LAWRENCE

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an editorial by David Lawrence entitled "A Prophetic Utterance by Elihu Root," published in the United States News of December 13, 1937, which appears in the Appendix.]

THE SINKING OF THE U. S. GUNBOAT "PANAY"

[Mr. BONE asked and obtained leave to have printed in the RECORD an editorial entitled "Children Playing on the Madhouse Lawn," published in the Philadelphia Record of December 14, 1937, which appears in the Appendix.]

OPERATIONS OF NATIONAL LABOR RELATIONS BOARD—ADDRESS OF CHARLES FAHY

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an address by Charles Fahy, General Counsel of the National Labor Relations Board, delivered in New York, on December 9, 1937, which appears in the Appendix.]

POWER DEVELOPMENT ON YADKIN RIVER, N. C.

Mr. MINTON. Mr. President, in the course of his remarks on November 17 on the antilynching bill, the distinguished senior Senator from North Carolina [Mr. BAILEY] made reference to what he conceived to be some of the ills of the Nation, and perhaps some of the things that aggravated the situation, or contributed thereto. Among those things referred to by the Senator was the proposed development of a power project in North Carolina on the Yadkin River.

From what the Senator said, and from reading the RECORD thereafter, I received the impression that it was his complaint that the Federal Government was intruding itself into the picture, and thereby had prevented the development by private institutions of this power project.

As the Senator was not discussing that particular thing at the time, but was rather addressing himself to the antilynching bill, I am sure he did not give as careful consideration to his remarks and the accuracy thereof as he ordinarily would have done, because as I say, I received the impression, and I think a reading of the RECORD will give the impression, that the Federal Government was intruding in that situation, and that Mr. McNinch, as Chairman of the Federal Power Commission, had voluntarily assumed some jurisdiction which probably he was not authorized to assume.

I am in possession of the opinion of the Commission in that case; and from a reading of it I find that the jurisdiction of the Federal Power Commission was invoked by the private corporation itself—that is to say, the Carolina Aluminum Co.—in an application which it made for a license to construct a dam upon this stream, the Yadkin River, and that in assuming jurisdiction the Federal Power Commission was not proceeding under any law of this administration or under any jurisdiction assumed by the Federal Power Commission, but was proceeding under the Power Act of 1920, and what it conceived to be the law laid down by the Supreme Court of the United States, as will more fully appear in the opinion itself.

In order that that erroneous impression, as I conceive it to be, may be corrected in the RECORD, I ask unanimous consent that there may be inserted in the RECORD immediately following my remarks the opinion of the Commission in this case.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The opinion is as follows:

In the matter of declaration of intention, Carolina Aluminum Co. Docket No. DI-135

By the Commission:

Pursuant to the terms of section 23 (b) of the Federal Power Act, there was filed on June 7, 1937, by Carolina Aluminum Co., a corporation organized and operating in the State of North Carolina, a declaration of its intention to construct a hydroelectric power development on the Yadkin River near Tuckertown, N. C., 79 miles upstream from Cheraw, S. C.

Declarant proposes to construct a dam approximately 1,320 feet in length and 93 feet in height, and a reservoir with capacity to store 23,000 acre-feet of water and when full with a surface area of 3,032 acres. The powerhouse is to have two units with a total of approximately 50,000 k. v. a. capacity, to operate under a head varying from 48 feet to 59 feet with normal operating head of 55 feet. The turbines will have a hydraulic capacity to discharge about 9,600 cubic feet of water per second under normal head.

Five existing power dams develop the larger part of the fall in the Yadkin River between Salisbury and Cheraw. The total available storage capacity of these five reservoirs amounts to 509,400 acre-feet, to which the Tuckertown Reservoir would add 23,000 acre-feet.

CHRONOLOGY OF PROCEEDING

A preliminary investigation of the situation presented by this declaration of intention led the Commission to set the matter down for public hearing on July 23 before an examiner who required briefs to be submitted and at the request of declarant's counsel fixed September 15 for the filing thereof. Prior to that date the State of North Carolina evinced an interest in the subject matter of the proceeding and informed the Commission that its department of conservation and development had important information bearing upon the Tuckertown development.

Upon its own motion the Commission reopened the hearing, and in order to expedite the proceeding set the hearing date as September 13, at which time the representatives of the States of North Carolina and South Carolina and other parties, as set forth above, entered their appearances. Briefs were filed on September 15, by counsel for the declarant, by the attorney general and assistant attorney general for the North Carolina Department of Conservation and Development and by Commission's counsel. The chief engineer of the North Carolina Department of Conservation and Development appeared as a witness on behalf of the State of North Carolina. No witnesses were presented by any parties from South Carolina, although the attorney general of South Carolina made a statement at the hearing. Communications were received from the Governors of both North and South Carolina. The declarant presented only one witness, James P. Growden, assistant chief hydraulic engineer of the Aluminum Co. of America.

CONTENTIONS OF DECLARANT

The declarant contends: (1) The Tuckertown project involved in the proceeding is not located in navigable waters of the United States; (2) if any portion of the Yadkin-Peedee River may be considered as navigable water of the United States, it would be solely that downstream portion located wholly within the State of South Carolina below Jeffreys Creek or possibly below Cheraw; (3) the record shows the Tuckertown project will have no measurable or real effect on navigability at any point on the river; (4) the provisions of section 23 (b) are not applicable to headwater developments but only apply to projects where the stream is navigable in law; and (5) the construction and operation of the Tuckertown project will have no effect on the interests of interstate or foreign commerce.

POSITION OF NORTH CAROLINA

The State of North Carolina contends in the brief filed on behalf of the department of conservation and development that the Federal Power Commission is without jurisdiction over this development for the following reasons: (a) The Yadkin River is not now and never has been navigable in the Tuckertown reach, and all efforts to make it so have been ineffectual and have been abandoned for over 50 years; (b) the Peedee River, or the portion of the river below Uharie River is not and never has been navigable in North Carolina; (c) while the Peedee River is nominally regarded as navigable from its mouth to Cheraw, S. C. (79 miles below Tuckertown), as a matter of fact there is no navigation on the river because (1) of shoals, bars, and snags below that point, (2) there is no demand for such facilities of navigation, and (3) the development of other means of transportation (rail and highway) has rendered such navigation obsolete and uneconomical; (d) the Tuckertown project would not change the navigable capacity of the river at Cheraw or anywhere else; (e) if the Commission should find the proposed Tuckertown project to be subject to a Federal license, such an assertion of jurisdiction would constitute an invasion of the right of the State to control streams within its boundaries; and (f) by reason of the purchase of land and riparian rights by the Carolina Aluminum Co. necessary for the construction of the Tuckertown project "under the rights set forth in the franchises granted [it] by the State of North Carolina and in every respect in accordance with the laws of the Commonwealth," the State has a large interest at stake in this matter and "the Federal Power Commission does not have jurisdiction over this site and that project."

POSITION OF SOUTH CAROLINA

On the other hand, the attorney general of South Carolina gave official expression to the position of his State, which is substantially that if the State of North Carolina or power developers on streams in the upper State are permitted to place a series of small dams and reservoirs on any stream flowing from North Carolina into South Carolina, and each one of the small dams and reservoirs is found to be of inconsequential size and effect and subject only to the jurisdiction of North Carolina, as claimed by the State of North Carolina, then the State of South Carolina might find the flow of such stream completely regulated by such upstream power developers. The attorney general stated that substantial investments had been made in the pulpwood industry with a view to using the navigable capacity of the Peedee River in connection with manufacturing operations. He contended that these and other industrial and commercial interests of South Carolina would, if the Power Commission did not take jurisdiction, be left to the mercy of private interests, who would thus control the flow of the river and its navigable capacity in disregard of the interests of South Carolina citizens who use such stream.

STATUTORY RESPONSIBILITY OF THE COMMISSION

Section 23 (b) provides that any person intending to construct a dam across a nonnavigable stream over which Congress has jurisdiction under the commerce clause shall before construction file a declaration of his intention, and if, after investigation, the Commission shall find that the interests of interstate or foreign commerce would be affected by the proposed construction, such person shall not proceed without a license under the Power Act.[1]

Declarant takes the position that section 23 (b) applies only to locations where the stream is navigable. It takes this position in the face of the express provision in this section excluding from the operation of the section all streams or parts thereof "defined in this act as navigable waters." Judge Way, in the first New River suit (4 F. Supp. 6), disposed of a similar contention by interpreting the language of this paragraph "to have reference to the construction of a dam or other project works in a stream not declared navigable by the act, but the obstructing of which would affect the navigable capacity of a navigable stream of which such nonnavigable stream is tributary, and thereby affect the 'interests of interstate or foreign commerce'" (p. 16). The Supreme Court referred to this provision as permitting the filing of a declaration of intention to construct a power development "in a stream not declared navigable" (*New Jersey* v. *Sargent*, 269 U. S. 328, 336).

If the stream here involved, the Yadkin-Peedee River, is within the class mentioned in section 23 (b), the Commission has the statutory duty of determining whether the proposed construction of the Tuckertown project will affect the interests of interstate or foreign commerce. That the Commission has in the past carefully and impartially investigated the matter of its own jurisdiction in cases like the present is indicated by the fact that out of 136 cases filed under section 23 since that provision became law in 1920, it found in 69 instances that the interests of interstate or foreign commerce would not be affected by the developments therein proposed.[2]

In reaching its determination upon the question of what interests of interstate or foreign commerce may be affected by the proposed Tuckertown power project, the Commission must be guided in part by those statutory expressions of congressional concern over acts which relate to navigable waters of the United States. The various river and harbor acts containing language of general application with respect to interference with navigation or navigable capacity furnish some—but not all—of the criteria to be applied by the Commission to the facts disclosed in its investigation of the proposed Tuckertown project. Statements by the Supreme Court in water diversion and similar cases involving those statutes furnish an index of the judicial interpretation of the Federal interests which are the proper subject of administrative regulation and control.

For example, section 10 of the act of March 3, 1899 (30 Stat. 1150, 33 U. S. C.,§ 403), requires the affirmative consent of Congress to create any obstruction to the navigable waters of the United States and makes it unlawful in any manner to alter or modify the course, location, condition, or capacity of the channel of any navigable water of the United States, unless the work has been recommended by the Chief of Engineers and authorized by the Secretary of War prior to beginning the same.

In addition the Commission knows from the many cases coming before it involving the effect of power projects upon lower navigable waters that river vessels are loaded for the expected depth of channel whether such channel depth be the bare minimum provided by the Army engineers under congressional authorization or a deeper channel reasonably to be expected from the greater rain-

[1] Prior to the amendment of August 26, 1935, the filing of a declaration of intention under sec. 23 of the Federal Water Power Act was optional with a power developer on a nonnavigable tributary.

[2] Several of the declarations of intention filed since 1920 involved more than one dam, calling for Commission determination as to each dam, although treated as but one case for statistical purposes. Other jurisdictional determinations of a similar nature have been made by the Commission in considering applications for license, so that the above figures do not show all of the instances in which the Commission found that a proposed power development would not be subject to Federal jurisdiction under the Federal Power Act.

fall prevailing a large part of each year. Under ordinary river navigation practice if a 5-foot channel depth would reasonably be anticipated in a river with a 3.5-foot minimum channel in the season of the year when ample rainfall provides sufficient flow, vessels are commonly loaded so as to utilize all of such expected additional depth. Any irregular interference with this increased depth would cause either a lightening of the load to use less draft or the navigator would run the risk of grounding his vessel when the flow decreased below that required to maintain the expected stage. Such loss of tonnage or uncertainty in operation may as effectively discourage navigation use of a stream as if the river were physically obstructed by a dam.

If the Commission should find that the flow of the Yadkin River passing Tuckertown would be so subject to control by the Carolina Aluminum Co. through construction and operation of the proposed power development as to affect the interests of interstate commerce below, the private interests of the Aluminum Co. must yield to the paramount right of the general public in the preservation of the lower navigable capacity through the Federal license requirements which are provided by law.

The contentions made by the State of North Carolina under points (e) and (f) appear to be sufficiently answered by the fact that the Federal Power Act prescribes the imposition of a license upon any upstream power developer whose proposed construction is found by the Commission to affect the interests of interstate or foreign commerce, and it is immaterial, so far as the statute is concerned, whether the upstream project is located within or outside of the State in which the stream is navigable. Since the requirement of a license under such circumstances is imposed by statute, the Commission is without power to waive the license requirement upon the request of a State.

The plea of the State of South Carolina strikingly illustrates the situation which led to the enactment of section 23 of the Power Act, for in the absence of the administrative control which may be exercised by the Commission under appropriate circumstances there would be no effective regulation upon which the State of South Carolina could rely for the protection of its interests.

Long before the enactment of the Federal Water Power Act in 1920 imposing this Commission's jurisdiction over projects on nonnavigable streams that affect the interests of interstate or foreign commerce, Congress had asserted its power over nonnavigable streams and the Supreme Court of the United States had upheld such jurisdiction. Indeed, the decision of the Court in the case of *United States* v. *Rio Grande Dam and Irrigation Co.* (174 U. S. 690), affirming the power of Congress under the Rivers and Harbors Act of 1890 to prohibit projects on nonnavigable streams that were found to impair the navigable capacity of lower navigable streams was one of the reasons which influenced the Congress to enact section 23 of the Federal Water Power Act with its provision for administrative jurisdiction over nonnavigable tributaries.[2]

Both the River and Harbor Act of 1890 and the similar act of 1899 carried the assertion of congressional power over obstructions on nonnavigable waters. A similar exercise of congressional power over nonnavigable streams occurred when Congress passed the California Debris Commission Act of March 1, 1893 (33 U. S. C. 661–685), which subjected to Federal regulation the activities of the hydraulic mining industry upon the headwaters of the Sacramento-San Joaquin River system, which had been found by Congress to affect the navigability of the lower waters. This legislation was upheld by both the district court and the Circuit Court of Appeals of the United States, Ninth Circuit, in *United States* v. *North Bloomfield Gravel Mining Co.* (81 Fed. 243, and 88 Fed. 664, respectively). These decisions have not been overruled. In the light of these former acts of Congress, section 23 of the Federal Water Power Act of 1920, against which the State of North Carolina complains, was merely the assertion of a new form of regulation over projects on nonnavigable streams—certainly it was not a new departure in principle in congressional policy.

It may be noted here that the State of North Carolina is not by the Power Act bereft of control over corporations enjoying franchises obtained from it, since section 9 (b) of the Federal Power Act requires every applicant for a license to submit satisfactory evidence of compliance with the laws of the State or States within which the proposed project is to be located, with respect to bed and banks and to the appropriation, diversion, and use of water for power purposes and with respect to the right to engage in the business of developing, transmitting, and distributing power, and in any other business necessary to effect the purposes of a license under that act (*New Jersey* v. *Sargent*, 269 U. S. 328).

NAVIGABILITY OF THE YADKIN-PEEDEE RIVER

The Yadkin River rises in northwestern North Carolina and after being joined by the Ararat River from Virginia and other tributaries flows into South Carolina, where it is known as the Peedee River. In determining whether the proposed Tuckertown power project may affect the interests of interstate or foreign commerce, it is necessary to ascertain where the head of present navigation is located on the Yadkin-Peedee River.

The claim is made by the declarant and the State of North Carolina that the Peedee River is nonnavigable between Cheraw and Jeffreys Creek, 78 miles below or possibly even farther downstream. The improvement of the Peedee River as a navigable waterway was early undertaken by the State of South Carolina, which in 1784 appropriated money for the removal of obstructions up to the North Carolina line. The Federal Government has spent up to 1929 a total of $345,601.67 for dredging and snagging in the Peedee River up to Cheraw. While it is contended there has been little actual use of the river in recent years and that the Chief of Engineers in 1931 recommended that the existing project between Cheraw and Jeffreys Creek be abandoned, congressional authority for a 3.5-foot channel up to Cheraw has not been changed, and the War Department is now engaged in an investigation to determine whether the recommendation of 1931 should stand.

Even if the present use of the Peedee River for navigation purposes is slight, the Supreme Court has long since pronounced the common-sense rule that commercial disuse does not change the legal character of a navigable river nor prevent future exertion of Federal control, *Arizona* v. *California* (283 U. S. 423, 454); *Economy Light & Power Co.* v. *United States* (256 U. S. 113). For the purpose of ascertaining what interests of interstate or foreign commerce may be affected below the proposed Tuckertown project, the Commission accepts the congressional authorization of a 3.5-foot navigation channel on the Peedee River from Smiths Mills to Cheraw and the other evidences of navigability of that section as definitely establishing the character of the Peedee River as a navigable waterway of the United States up to Cheraw.

EFFECT OF STORAGE RESERVOIRS

The Commission has considered at length the testimony and the opinions of engineering experts who testified. A number of reports of the Chief of Engineers and other public records were made a part of the record in this proceeding. The briefs filed discussed to some extent the conclusions which it was desired to have the Commission draw from the evidence, and the Commission has considered the arguments therein advanced.

Both the declarant and the State of North Carolina contend that the large storage capacity of three of the four reservoirs below Tuckertown would make it impossible to operate the proposed Tuckertown project so as to affect the stream flow below the lowest plant at Blewett. All of the engineering witnesses were of the opinion that the storage of water in these reservoirs during times of high flow and the release of the stored water during periods of low flow would add to the navigable capacity downstream, and the Tuckertown reservoir capacity could be added to the existing storage capacity to contribute its share to this beneficial effect if the flow of the water is properly controlled. For example, during the year 1933 the natural low flow of the Yadkin-Peedee River was increased by 356,852 acre-feet, to which the declarants propose to add 23,000 acre-feet of additional available storage. However, without Federal regulation, there can be no assurance that the natural low flow will be uniformly increased by the operation of any of the reservoirs on the Yadkin River including the proposed Tuckertown development. The Power Act provides for reasonable and adequate supervision.

IMPORTANCE OF EXISTING PLANTS

The declarant urges that the declaration of intention deals solely with the Tuckertown project and that it is immaterial to the present proceedings what the effect of the existing projects may be upon the stream flow below. This contention overlooks the fact that no better means could be secured for determining the effect of an unconstructed power development on a stream than to observe the actual measurable effects which existing plants have had on the same stream during the past years of operation. In order to ascertain what may be expected from the Tuckertown project, the Commission has examined the results which have come from operation of the existing plants.

The lowest plant on the river is at Blewett with a reservoir capacity of 22,500 acre-feet, or 500 acre-feet less than the proposed Tuckertown development. The hydraulic capacity of the water wheels at Blewett is around 7,200 c. f. s. under normal head and at Tuckertown it will be around 9,600 c. f. s., or one-third greater. Blewett is about 24 miles above Cheraw and Tuckertown about 79 miles above Cheraw. The drainage areas at Tuckertown, Rockingham (4 miles below the Blewett plant), and Cheraw are 4,075, 6,910, and 7,380 square miles, respectively. The declarant introduced as Exhibit C, a tabulation of the regulated mean monthly and annual flow past the High Rock Dam immediately above Tuckertown, showing a mean annual flow for the entire period of 4,646 c. f. s. The average annual flow at Rockingham for the 7 years of record is approximately 7,950 c. f. s. No stream-flow figures were introduced to show the discharge of the Peedee River at Cheraw, but figures obtained by the United

[2] During debate in the Senate on May 27, 1920, replying to Senator KING, who objected that the Power Act should not be extended to the limit of congressional authority, Senator Nelson, then in charge of the bill, said:

"Mr. NELSON. The Court's decision only goes to this extent—and the facts in the case must be considered—that is, to the tributaries that supply water to the main stream, which is in fact and in law navigable, Congress of necessity must have sufficient jurisdiction over those feeders to prevent their being dammed up and thereby preventing the supply of water running into the main stream. That is the extent of the decision and the Senator ought to see that that is inevitable, for if all the feeders of our great rivers, such as the Mississippi, the Missouri, and other navigable rivers, could be dammed up so that water would be kept away from them they would cease to be navigable.

"Mr. KING. I am not arguing that question.

"Mr. NELSON. So the Government has jurisdiction to the extent that the supply of water cannot be cut off from a navigable stream." (CONGRESSIONAL RECORD, 66th Cong., 2d sess., p. 7730.)

States Geological Survey from the gage maintained at Rockingham, 20 miles upstream, represent substantially the flow at Cheraw.

There were introduced in evidence two portions of a chart taken from the automatic recorder gage maintained by the United States Geological Survey at Cheraw, exhibits 11 and 12. This chart records vertical movements of the water level at the head of the navigation channel at Cheraw and the gage is entirely automatic and continuous in operation. The engineering witnesses who examined it testified that it indicated fluctuations in the stage around 4 feet every day throughout most of the period covered with more prolonged drops every week end.

The chief engineer of the North Carolina Department of Conservation and Development stated that the Blewett plant alone caused the fluctuations shown on the Cheraw recorder gage charts. If the Blewett plant could cause such violent fluctuations in the water elevations at Cheraw, it is apparent that the proposed Tuckertown development with its similar characteristics and greater hydraulic capacity could cause almost equally serious fluctuations in the navigable channel below Cheraw.

PROBABLE METHOD OF OPERATION OF TUCKERTOWN PLANT

Two of the plants below Tuckertown have large storage reservoirs, the Blewett Reservoir is the same size as the proposed Tuckertown Reservoir, and the Falls Reservoir is very small, only 3,900 acre-feet. The reservoir at Narrows has a capacity of 155,000 acre-feet and the one at Tillery or Norwood, capacity of 96,000 acre-feet. The Tillery and Blewett plants are owned by the Carolina Light & Power Co. while the declarant owns the remaining three plants. The largest development on the river is at High Rock, 7 miles above Tuckertown, with a reservoir capacity of 232,000 acre-feet.

The Aluminum Co. maintains a manufacturing plant at Badin, about 6 miles from Tuckertown, which is primarily devoted to the production of metallic aluminum through an electro-chemical process which requires direct current supplied continuously 24 hours every day throughout the year. Interruptions to this manufacturing process even for an hour or so entail losses which make it desirable to maintain production continuously. Mr. Growdon testified that the Tuckertown plant would be tied in with the other Aluminum Co. generating plants through the existing transmission system, and that the energy from Tuckertown would be largely used for the industrial plant at Badin, with some distribution to their employees at Badin as a matter of convenience.

Mr. Growdon said the Falls and Narrows plants of the Aluminum Co. would supply the main uniform load for the Badin plant and the High Rock and Tuckertown plants would be operated together to supply the variable load. It seems reasonable to assume that the Aluminum Co., an industrial concern, would not make the large investment called for to construct the Tuckertown project unless the generating capacity to be installed would assist in the manufacturing processes carried on at Badin. It does not necessarily follow from this, however, that the Tuckertown plant will be operated as a run-of-river plant or on a high-load factor.

The hydraulic capacity of the generating machinery proposed for installation at Tuckertown is over double the annual mean stream flow shown on exhibit C prepared by declarant, and over three or four times the low flow prevailing over half of each year. Such installation is made only where it is desired to operate on an irregular or peak-load basis and the large expenditure at Tuckertown is justified chiefly for peak-load operation. It is the further testimony of Mr. Growdon that when the flow into the Tuckertown Reservoir is 3,600 cubic feet per second or less it would be possible, starting with an empty reservoir, to hold back all water entering the Tuckertown pool for a period of over 3 days. Of course, when the flow into Tuckertown is less than 3,600 cubic feet per second the period of shut-down can be extended.

These facts show clearly that it may not be expected that the Tuckertown Reservoir will be emptied over a 6 months' period at a uniform rate so as to increase the flow in the river below by from 40 to 60 cubic feet per second as referred to by Mr. Growdon, but rather that the discharge will be exceedingly irregular. In addition to the circumstances already mentioned, however, there is one other factor which points conclusively to irregular operation of the proposed plant.

Method of operation of existing plants

The Aluminum Co. has interchange agreements with the Carolina Power & Light Co. and with the Duke Power Co., both public utilities serving industrial communities. The hydraulic reports showing operation of the three hydro plants owned by the declarant record sales of large blocks of power to both of the above-named public-utility companies. Under the arrangements now in effect the Aluminum Co. delivers to these companies during peak hours and receives energy in return during off-peak hours. Such an arrangement permits the most effective use of power plants with storage capacity and enables the Aluminum Co. to furnish their Badin industrial plant with a uniform supply of electric energy and at the same time to operate their hydro plants on a peak-load basis.

The periods of operation are higher for the Narrows and Falls power plants than at High Rock, exhibit M showing that during June 1935 the Narrows plant operated with a load factor between 60 to 70 percent most of the time and the Falls power plant, with its small reservoir capacity, operated at an even higher load factor. All of the evidence regarding the manner of operation of the existing plants shows that there is no uniformity from month to month or even from week to week, and with the present uncertainty in discharging the water past the existing dams there can be no assurance given by the declarant that there will be uniformity in the operation of the Tuckertown plant.

The declarant could not state what reregulating effect the two plants of the Carolina Power & Light Co. will have, because there is no agreement between the two companies as to how the several plants will be operated, and even if such an agreement did exist certainly it would be subject to modification at any time and therefore of no value in the present proceeding.

There is one further principle of storage reservoir operation common to reservoirs of the type now constructed on the Yadkin River which should be mentioned. It is true that the Blewett plant as the lowest plant on the river can completely control the flow past its dam during such periods as the flow into the reservoir does not exceed in volume the hydraulic capacity of the generating machinery during periods of operation plus the available storage during the time of regulation. With a storage capacity of 22,500 acre-feet, the Blewett Reservoir can be used for only a limited time after high water to increase the low-water flow until its storage is exhausted, and when the flow into the Blewett Reservoir exceeds in volume the amount which can be accommodated in the reservoir plus the amount required for operation of the wheels, the Blewett plant is unable to fluctuate the flow past its dam. During most of the year, however, the Blewett plant operates on an irregular or peak-load basis. The upper reservoirs, in holding back large flows for release during low-water periods, prolong the period during which the Blewett plant may cause its greatest fluctuations. By increasing the low-water flow, the upper reservoirs would add to the navigable capacity of the Peedee River from Cheraw, but through use of the Blewett storage reservoir this increased flow is so manipulated and so fluctuates the stage of the Peedee River from Cheraw downstream as to render navigation impossible.

This simply means that a series of storage reservoirs are valuable for power purposes when considered as individual plants and more valuable when situated, as on the Yadkin River, in a group where the extremely large storage capacity of some plants may be used for the benefit of smaller plants. That the declarant recognizes such value is shown by the testimony of its hydraulic engineer that the Tuckertown and High Rock plants will be operated in parallel. The three large storage reservoirs now on the Yadkin build up the low flow for Blewett and the large storage reservoir at High Rock will similarly build up the low flow for the Tuckertown plant and increase its ability to fluctuate the flow past its dam.

The evidence shows that no fixed rule of operation is applied to the existing plants, nor, in the absence of a Federal license, can one be imposed on the Tuckertown project. Assuming that the four downstream plants would consecutively release the water discharged from the Tuckertown plant so as not to erase or destroy the wave effects of its operation on stream flow, this plant would affect navigable capacity of the Peedee River by causing waves of considerable magnitude.

APPLICATION OF SUPREME COURT DECISIONS

It may fairly be concluded from the decisions of the Supreme Court that the flow of the Yadkin River, under the facts disclosed, is impressed with a public servitude or interest for the purpose of protecting, preserving, and even enlarging the navigable capacity of the Peedee River, of which navigable capacity the flow from the Yadkin River is an essential part. The Commission is not bound to view the river in its present condition with the existing obstructions but is under a duty to consider what the effect would be if the river was in its natural condition. Probably no river which has been the subject of litigation has been as completely and effectively obstructed against actual use by river craft as the Desplaines River in Illinois, across which the Economy Light & Power Co. sought to build a power dam at Joliet. A century had passed since the last commercial use of that stream as an artery of commerce and its actual use had been a matter of such long past history that no one living could testify as to how it had been navigated. Delving into historical records, however, the Supreme Court had no difficulty in recognizing that an extensive use by bateaux, canoes, and light craft in the early settlement of that region had established beyond cavil the navigability of the river in its natural state.

The Court in unmistakable language preserved the Federal interest in the navigable waterway:

"The act in terms applies to 'any navigable river or other navigable water of the United States'; and, without doing violence to its manifest purpose, we cannot limit its prohibition to such navigable waters as were, at the time of its passage, or now are, actually open for use. The Desplaines River, after being of practical service as a highway of commerce for a century and a half, fell into disuse, partly through changes in the course of trade or methods of navigation, or changes in its own condition partly as a result of artificial obstructions. In consequence, it has been out of use for a hundred years, but a hundred years is a brief space in the life of a nation; improvements in the methods of water transportation, or increased cost in other methods of transportation may restore the usefulness of this stream since it is a natural interstate highway, it is within the power of Congress to improve it at the public expense; and it is not difficult to believe that many other streams are in like condition, and require only the exertion of Federal control to make them again important avenues of commerce among the States. If they are to be abandoned, it is for Congress, not the courts, so to declare" (*Economy Light & Power Co.* v. *United States*, 256 U. S. 113, 123–124).

The principle expressed in the Economy case is equally applicable to the instant case. It is within the power of Congress to protect and preserve the flow of navigable waters whether the acts which affect that flow are performed within or outside the limits of the navigable portion (*United States* v. *Rio Grande Dam and Irrigation Co.*, 174 U. S. 690) and in determining such effect the Commission is not confined in its vision to tributaries in their artificial or obstructed condition, but must also envisage them in their natural unobstructed condition, since, as the Court well said in the Economy case, a hundred years is but a brief space in the life of a nation and conditions affecting the navigability of a river may change from one generation to the next without destroying the jurisdiction of Congress.

THE INTERESTS OF INTERSTATE COMMERCE ON THE PEEDEE RIVER

The Peedee River appears to have been an important highway of commerce in the past, but due to changed economic conditions and the movement of trade and commerce in other directions, the construction of highways and railroads and other factors affecting the development of this region, the commercial use of the Peedee River has been restricted in recent years. However, actual use of the river may not be a matter of the far distant future, for there is some indication in the record of a revival of interest in the commercial use of this stream. The Board of County Commissioners of Georegtown County, S. C., addressed a communication to the district engineer calling attention to the industrial and commercial possibilities in that region and urging the cleaning out and deepening of the Peedee River in the area between Georgetown and Cheraw.

In section 23 (b) of the Federal Power Act, Congress has expressed its intent to protect those interests of interstate commerce on navigable waters which may be affected by power developments on nonnavigable tributaries.

From the evidence in the record the Commission concludes that the proposed Tuckertown project would cause serious fluctuations in the stage of the Peedee River from Cheraw downstream; that such fluctuations in stage will alter and modify the conditions and capacity of the navigable channel of the Peedee River and affect the interests of interstate or foreign commerce.

An appropriate finding of the Commission will be entered in accordance with this opinion.

Dated at Washington, D. C., this 16th day of November 1937.

CLYDE L. SEAVEY,
Acting Chairman.
CLAUDE L. DRAPER,
Commissioner.
BASIL MANLY,
Commissioner.
JOHN W. SCOTT,
Commissioner.
LEON M. FUQUAY,
Secretary.

FINDING OF COMMISSION

Upon the declaration filed June 7, 1937, by Carolina Aluminum Co., pursuant to the provisions of section 23 (b) of the Federal Power Act, of its intention to construct a hydroelectric power project on the Yadkin River near Tuckertown, N. C., and after investigation of such proposed construction and hearings upon said declaration and for the reasons set forth in the Commission's Opinion No. 29, issued this date and made a part hereof, the Commission finds:

That the interests of interstate or foreign commerce would be affected by such proposed construction of the said project.

Adopted November 16, 1937.

Mr. BAILEY. Mr. President, I take it I have the privilege of making some remarks in the light of the statement of the Senator from Indiana [Mr. MINTON].

The Senator is perfectly right in his view that I complained that the Federal Government was unnecessarily intruding itself upon the rights and the interests of the Commonwealth of North Carolina and its people. He is not correct in the impression which he received that I was making an argument that the Power Commission had not proceeded under some law. My complaint was that we were making laws of that sort, and that they were having the consequences of arresting recovery, the investment of funds, the development of power, the creation of private enterprise, without which there can be no recovery, and without which there can be no real employment in America.

I do not think the statement made by the Senator affects in the slightest degree any statement I made in the remarks to which he refers.

In order to make the matter perfectly clear, I am going to reiterate the story. It will take about 5 or perhaps 10 minutes.

What happened was this:

The Congress did pass, in 1935, an act in which it is required that those who undertake to build a dam upon a stream shall come up here to Washington and get a license, and get just such a license as the Federal authorities may choose to give. I did not know the name of the company until this moment. I said the other day it was the Aluminum Co. of America. The Senator has just said it was the Carolina Aluminum Co. The Carolina Aluminum Co. is a subsidiary of the Aluminum Co. of America.

Here are the facts: The Yadkin River never has been navigable. The Yadkin never will be navigable. The Yadkin River is a rocky river which runs from up in Wilkes County, in the northwestern part of the State of North Carolina, in a southeasterly direction, flowing into South Carolina at our southern boundary, I think, in Richmond County. The river flows through a great deal of territory in our State. By reason of the rapid descent from the elevation of the mountain country to the plain it is capable of a great deal of water-power development.

On that river now are five great concrete dams. Three or four of the concrete dams are below the Tuckertown site and one is above it. It may be possible to navigate that river with an airplane, but it never will be navigated with a boat. Yet it is said in Washington that the river is a navigable river.

What is the consequence? The Carolina Aluminum Co. would like to spend $6,000,000 there to develop power. The $6,000,000 would buy a great deal of concrete, would employ a great many people, would create a great deal of water power. But the Carolina Aluminum Co. cannot develop that power, cannot spend that money, cannot buy that concrete, cannot employ those people, because the Congress enacted a law and the Power Commission took jurisdiction upon the petition for license that had to be filed, not of the will of the corporation proposing to invest the money, but because the corporation dared not run into this complication with the Federal law.

The people of North Carolina are very greatly concerned about that. They would like to know if the Federal Government is going to prevent the development of enterprises of that kind in our State. We were building dams and developing power in North Carolina long before the Federal Government ever entered upon such a policy. We are prepared to go ahead with that kind of work if the Federal Government will make it feasible for us to do so. The whole point of my contention is that the policy of the Federal Government is such as to handicap and deter the investment of funds which are ready for investment, which would employ people and develop enterprise. That is the whole contention.

So what the Senator from Indiana had to say today does not affect at all any of the facts which I stated and does not affect any conclusion which I gave then and which I am giving now.

I do protest against a public policy which studiously prevents men who have capital from investing capital. I do protest that the Federal Government can never rise to the necessities of employing the American people who want employment or keeping in employment the American people who now are employed, by investing its own borrowed funds. As I understand the situation at this moment, I think we all bear witness to the fact that that sort of thing has come to a practical end in this country today. The feebleness of public spending is now manifest to all the American people. I fear there are millions who are going out of employment. What we need today is to frame a public policy which would encourage those who have money to put it in enterprise, and that would employ in the great enterprises our people who are crying for employment. That would arrest this adverse tide which has come so suddenly upon us.

I am glad the Senator gave me an occasion to reiterate my views. Now that we have reached this period of transition, I should like to have the Congress of the United States set up a policy which would encourage the investment of funds in private enterprise, not for the sake of those who have the funds but for the sake of the Government, for the sake of those who are now employed and about to lose their jobs, and then for the sake of the millions who are unemployed.

Mr. BARKLEY. Mr. President, I call for the regular order.

The PRESIDENT pro tempore. The regular order is called for.

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The PRESIDENT pro tempore. The clerk will state the first amendment passed over.

The CHIEF CLERK. The first amendment passed over is on page 26, line 20, passed over at the request of the Senator from Iowa [Mr. GILLETTE], where the committee proposed, after the word "through", to insert "the State, county, and", and in line 21, after the word "farmers", to insert "hereinafter provided", so as to make the sentence read:

(e) The Secretary shall provide, through the State, county, and local committees of farmers hereinafter provided, for farm marketing quotas which shall fix the quantity of the commodity which may be marketed from the farm. Such farm marketing quotas shall be established for each farm on which the farmer (whether or not a cooperator) is engaged in producing the commodity for market.

Mr. GILLETTE. Mr. President, at the time this amendment was called for consideration it seemed advisable to some of us that it should be amended to conform to an amendment which we had previously adopted retaining in the local committees as large a portion of the administrative powers as possible. But the other amendment pertained to the soil-depletion base acreage. This particular amendment applies to the assignment of marketing quotas. In view of the fact that on the previous page, page 25, it is provided that the Secretary, in determining the national amount of marketing quota, must also in his proclamation determine for each farm the percentage of the soil-depleting base acreage which is fixed by the local committee, it does not seem to me necessary to amend the committee amendment at this time as I had previously contemplated. I have no objection to the adoption of the committee amendment.

The PRESIDENT pro tempore. The question is on the adoption of the committee amendment on page 26, lines 20 and 21.

The amendment was agreed to.

The PRESIDENT pro tempore. The next amendment passed over will be stated.

The CHIEF CLERK. On page 27, beginning in line 1, after the word "market" and the period, the committee proposes to strike out:

The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less, first, the normal yield of the acreage on the farm devoted to the production of such commodity in excess of that percentage of his soil-depleting base acreage therefor which is equal to the percentage of the national soil-depleting base acreage specified in the proclamation of the Secretary, and, second, any amount of such crop placed under seal pursuant to the provisions of section 4.

And to insert in lieu thereof the following:

The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less the normal yield of the farm acreage planted to such crop in excess of the percentage, as proclaimed under this section, of the farm's soil-depleting base acreage for such crop.

Mr. POPE. Mr. President, this amendment was passed over at my request. It was my intention at the time to offer an amendment to the committee amendment, but I have decided not to do so. The substance of the amendment which I have in mind will appear elsewhere in the bill.

Mr. McNARY. Mr. President, does the Senator have reference to the so-called dairy amendment?

Mr. POPE. Yes.

Mr. McNARY. I think properly it should come on page 82. I have an amendment which I have reason to believe should be inserted at that point, if adopted, and I hope the Senator will share my views.

Mr. POPE. I see that I was mistaken. I desire to amend the committee amendment, as it appears on page 27, lines 10 to 15. After the word "farm" in line 12, I propose to insert the words "less the amount used on the farm and used for seed, and." I am not considering the amendment of this amendment with reference to any dairy matter, but in calculating the farm portion it seems advisable to permit the farmer to keep out this portion as seed which he might desire to use on his farm. The only effect the proposed amendment to the amendment would have would be to permit him to keep out his seed. The dairying amendment should appear at another point in the bill rather than at this point.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. O'MAHONEY. At this point in the bill is it the purpose of the Senator to have considered the amendment which he discussed with us previously for protection of the livestock industry?

Mr. POPE. No. I just made the statement that the amendment relating in the dairy industry and the livestock industry should appear elsewhere in the bill. I have prepared an amendment for that purpose and shall present it at another time. I had intended at one time to attach one of the amendments to this part of the bill.

Mr. O'MAHONEY. There has been no change in the Senator's purpose to present that livestock amendment?

Mr. POPE. No. The amendment to the amendment on page 27, which I desire to offer now, is in line 12, after the word "farm." I ask that it may be stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 27, line 12, after the word "farm", it is proposed to insert "less the amount consumed on the farm and used for seed and", so as to make the sentence read:

The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less the amount consumed on the farm and used for seed and less the normal yield of the farm acreage planted to such crop in excess of the percentage, as proclaimed under this section, of the farm's soil depleting base acreage for such crop.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The PRESIDENT pro tempore. The next amendment passed over will be stated.

The CHIEF CLERK. On page 34, after line 23, it is proposed to insert:

(c) The amount of the national marketing quota allotted to each State shall be apportioned by the Secretary among the several counties or subdivisions thereof in such State upon the following basis:

(1) The proportion that the land devoted to tilled lands on cotton farms in the county is of the land devoted to tilled lands on all cotton farms in the State.

(2) The proportion that the normal production of cotton for the county is of the State marketing quota.

(3) The number of families composed of two or more persons actually residing annually on and actually engaged in the production or growing of cotton, together with other farm crops on the tilled lands of the county.

The PRESIDENT pro tempore. The amendment was passed over at the request of the junior Senator from Mississippi [Mr. BILBO].

Mr. McKELLAR. Mr. President, I wish to invite the attention of the Senator from Mississippi [Mr. BILBO] and the attention of other Senators to some figures which have been prepared by the Department which would indicate what the adoption of the amendment would do. I have the figures only for the States of Mississippi and Arkansas, but proportionately they will apply in a general way to other States as well.

The amendment would rearrange the cotton-raising business in our part of the country. For instance, in Mississippi the following counties are involved: Marshall, De Soto, Tunica, Winston, Coahoma, Tallahatchie, Sunflower, Oliver, Leflore, Washington, Humphreys, Sharkey, Yazoo, Hinds, and a number of other counties; and over in the eastern

part of the State, Noxubee, Monroe, and Lee Counties. It would decrease to quite an extent the cotton acreage in those counties, while in the other counties which I have not named, being a majority of the counties of the State, the increase in cotton acreage would be very great.

For instance, in the southern part of the State, in Jackson County, where there were only 374 bales raised last year, the increase in percentage would be 30.2 percent; in Harrison County, where 353 bales were raised last year, the increase would be 51.6 percent; and in Hancock County, where only 416 bales were raised last year, the increase would be 400 percent. In other words, the effect of the amendment will be to tremendously increase the cotton acreage in some counties and quite largely decrease it in other counties. If that would be the result in Mississippi, I think it would have the same effect in Tennessee, and, so far as I am concerned, I think it would be very unfair.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. MILLER. I should like to call the attention of the able Senator from Tennessee to the fact that the figures for Arkansas and Mississippi were compiled without taking into consideration the Overton amendment, which was adopted to line 5, on page 35, and also to line 6, on page 36.

Mr. McKELLAR. Is the Senator sure of that? I make the inquiry because I called Mr. White on Friday, I think it was, and read to him over the telephone the Overton amendment, and asked him for the figures under the committee amendment with the Overton amendment added, and I assume the Department has sent me the figures as they would be under the committee amendment with the Overton amendment included.

Mr. MILLER. I assumed the same thing, but this morning a young man representing Mr. White called at my office and furnished me the same information the Senator has. Upon my asking him the pointed question whether in compiling those figures consideration was given to the Overton amendment he said the figures were not made with the Overton amendment in mind, and he said further that when the Overton amendment was considered, the figures would be all wrong.

Mr. McKELLAR. Then why send them to us, after being specifically requested to take into consideration the Overton amendment?

Mr. MILLER. It just adds a little more mystery to the bill.

Mr. McKELLAR. It seems to me to add very great unfairness.

Mr. MILLER. It does.

Mr. McKELLAR. For instance, if we take the counties in Mississippi, it appears that no cotton is raised in Hancock, Harrison, and Jackson Counties, or practically none, but it will give them a tremendous increase, one of the counties 400 percent, another 511.6 percent, and another 330.2 percent.

I am just wondering what is going to happen in Tennessee. In Tennessee most of the cotton produced is raised in the western part of the State and in the southern part of middle Tennessee. If this amendment will reduce the acreage in west Tennessee, where cotton is planted, and give enormous increases to counties where a few bales only are raised, and allow the counties which do not raise cotton now at all to raise cotton, it would be a tremendous mistake. We would be doing something by the pending bill that we ought not to do. We should not undertake to change the natural raising of cotton in the various counties of the several States, and I think the amendment ought not to be agreed to; that it ought to be stricken out.

Mr. MILLER. I agree most heartily with what the Senator says. The point I was making was that the figures the Senator has are misleading; they are not reliable and do nothing more than just confuse us. For instance, consider Arkansas. The increase in Arkansas County is 76.3 percent. That is one of the rice counties in Arkansas. Very frankly, I interrogated the officials to determine what action should be taken on the amendment now under consideration, and made the statement that if those figures were based upon the Overton amendment something had to be done.

Mr. McKELLAR. Has the Senator undertaken to find out what the effect of the committee amendment would be even with the Overton amendment added? If there is any doubt about it, if the effect of the Overton amendment would be to make these wholesale changes in the production of cotton in the various counties in the several States, we would be doing something we would all very much regret.

Mr. MILLER. I merely made the statement to the representative of Mr. White that I should like to see a compilation of figures taking into consideration the Overton amendment, because in my opinion the Overton amendment will solve our troubles and leave the situation about as it is.

Mr. McKELLAR. Does not the Senator think it would be better for us to have this matter go over until we can interview Mr. White, or the author of these figures, and see just what the situation is? We should not vote for a cat in the bag.

Mr. MILLER. I do not want to vote for it; that is the reason why I was asking the question.

Mr. McKELLAR. Under those circumstances, after I yield to Senators who have indicated they wish to interrogate me, I will request that the amendment go over.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. OVERTON. I wish to observe that certainly the figures which have been furnished the Senator from Tennessee did not apply to the Overton amendment.

Mr. McKELLAR. My reason for saying they did apply to the amendment was that a few days ago, when the amendment came up, I went to the telephone in the cloak room and called Mr. White, who I understood was preparing these figures, and asked him if he would not get the figures together. I came in and got a copy of the Overton amendment and read it to his stenographer, had it taken down, and asked Mr. White to send me the names of the counties and figures as to the increases in each when he prepared his figures, just as he has done.

I did not see the young man who came this morning, but surely Mr. White had the Overton amendment before him, because I gave it to him. There cannot be any question of that. I gave the amendment to him over the telephone, and he took it down, and I told him just exactly what we wanted; that we wanted to know what effect the Overton amendment would have on the original amendment.

Mr. OVERTON. I think he had better refigure it.

Mr. McKELLAR. I think so, too.

Mr. OVERTON. The Overton amendment bases the allocations on cotton production alone as a market crop. The only market crop that will be considered in the allocation under the Overton amendment is cotton. The original provision, according to which the figures were furnished to the Senator from Tennessee, took into consideration all crops, and therefore there was considerable discrepancy between the original allocation made under the A. A. A. and the bill as presented by the committee. The Overton amendment excludes all market crops except cotton.

Mr. McKELLAR. I understood the Overton amendment fully, and had thought that perhaps that corrected the situation brought about by the original amendment; but the officer at the Department said otherwise.

Mr. OVERTON. The advantage of the Overton amendment over the old method of allocation is that they will take into consideration in the allocation production for home consumption.

Mr. McKELLAR. Yes. I will be very glad to ask to have the amendment go over until we can ascertain from Mr. White whether he took into consideration the Overton amendment in sending out these figures.

Mr. BILBO. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield to the Senator from Mississippi.

Mr. BILBO. Mr. President, at this juncture I wish to make one observation about the purpose of the formula upon

which the county allotment is to be made. The Senator from Tennessee objects to any change being made in the new allocation. The purpose of the new formula was to bring about changes in order to correct some inequities which have obtained under the old control program.

I have before me the same map from which the Senator has been speaking, from which he shows that the counties in the alluvial section of the State of Mississippi, or in the prairie section and the Delta section of Mississippi, will lose under the formula set out in the bill. The purpose of the new formula was to take away from this part of the State a portion of their production, and distribute it among the hill sections of the State, for the reason that beginning with the Bankhead Control Act, under which acreage bases were set up for allotments, the hill sections of the State were literally robbed of their equitable share of the crop to be planted. The purpose of this formula is to bring about a readjustment so as to restore to these people the acreage which has been taken away from them in the cotton-control program, and it is so drawn that there will not be such a shift of production as to disturb the economic conditions in the alluvial section of the State.

The Senator makes reference to the southern part of Mississippi receiving the largest percentage under this formula. The Senator does not know that territory, and I may state for his information that within recent years, the last 4 or 5 years, this great cut-over section of Mississippi was covered with pine. The timber has been removed. The country is being settled, and the people there are just now beginning to put this land into cotton. That is the only cash crop in that section at this time, the only thing the people there can grow profitably at this time.

While this map shows there is an increase, if the Senator will look at the figures above, as to percentages, he will find they had practically no acreage before. For instance, in Jackson County, with 374 acres, under the new allotment there would be only about 400 acres. In Hancock County, with 416 acres, they would have 1,600 acres. Pray tell me, would the Senator object to a county having 1,600 acres in cotton there, which would be the only money crop the people could have?

Mr. McKELLAR. I am not objecting at all. I am merely calling attention to the inequality of the matter, and I am not undertaking to transfer the production of cotton from one part of the State to another, from one county to another. I suppose that in the great majority of counties in Tennessee no cotton at all is raised, and I do not think we should undertake by legislation to see to it that in those counties where cotton is not raised cotton should be raised, and deprive the counties where cotton now is raised of their acreage which could be planted.

Mr. BILBO. No one else wants that done, and it was the purpose of the Overton amendment to correct that kind of a shift.

Mr. McKELLAR. Mr. President, if the Senator will permit me, I will ask unanimous consent that for the present the amendment go over, until I can talk to the man at the department about the figures.

Mr. BILBO. Very well.

The PRESIDENT pro tempore. Without objection, the amendment will be passed over.

Mr. McKELLAR. Mr. President, I ask unanimous consent to have inserted in the RECORD the figures appearing on the two maps of Arkansas and Mississippi, referred to in the debate. The maps themselves cannot be printed in the RECORD, but the figures as to acreage by counties and as to the percentages, with the explanations shown, can be printed, and I ask unanimous consent that that be done in connection with my remarks as to the amendments on pages 34 and 35 of the bill. I ask to have the figures printed following my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Percentage change from 1937 county cotton quota by allotting acreage on basis of cropland on cotton farms, normal production, and number of families on cotton farms

ARKANSAS

[Plus (+) indicates increase; minus (—) indicates decrease]

	1937 county cotton quota	Percent of 1937 county cotton quota
Arkansas	+27,222	176.3
Ashley	−65,759	87.4
Baxter	+7,048	167.4
Boone	+1,634	162.4
Bradley	−32,619	84.1
Calhoun	−27,043	81.6
Chicot	−72,346	95.1
Clark	+47,769	106.5
Clay	+56,533	148.6
Cleburne	+26,464	119.4
Cleveland	−41,748	74.8
Columbia	−93,625	81.6
Conway	−72,077	83.6
Craighead	+98,408	122.9
Crawford	−17,653	58.7
Crittenden	−177,473	90.7
Cross	−73,671	96.5
Dallas	+20,189	100.3
Desha	−61,502	99.0
Drew	−48,587	93.9
Faulkner	−83,689	91.9
Franklin	+21,592	109.0
Fulton	+14,630	161.6
Garland	+6,780	151.0
Grant	+17,852	109.0
Greene	+46,969	153.4
Hempstead	−76,097	92.8
Hot Spring	+17,711	141.1
Howard	+37,819	104.2
Independence	+45,354	115.0
Izard	+27,585	126.8
Jackson	−95,026	77.3
Jefferson	−151,431	84.9
Johnson	+19,650	109.7
Lafayette	−60,127	84.2
Lawrence	+55,227	112.0
Lee	−92,983	96.5
Lincoln	−81,802	86.5
Little River	−48,638	80.6
Logan	+43,658	110.7
Lonoke	−123,492	80.9
Marion	+6,800	210.7
Miller	−68,966	82.9
Mississippi	+251,965	116.0
Monroe	−69,856	81.8
Montgomery	+13,155	146.4
Nevada	−55,631	93.5
Newton	+1,693	179.3
Ouachita	−33,397	88.9
Perry	+19,345	106.7
Phillips	−115,909	94.5
Pike	+20,048	117.4
Poinsett	+77,937	120.4
Polk	+13,451	152.8
Pope	−61,300	88.6
Prairie	+31,322	120.6
Pulaski	−73,980	77.6
Randolph	+35,265	129.1
St. Francis	−126,830	93.0
Saline	+8,694	173.2
Scott	+18,340	117.6
Searcy	+4,773	173.2
Sebastian	+27,769	104.0
Sevier	+20,850	121.1
Sharp	+25,418	125.1
Stone	+6,981	164.8
Union	−46,470	97.8
Van Buren	+24,403	117.8
White	−95,384	92.8
Woodruff	−73,151	84.9
Yell	−60,933	98.6

MISSISSIPPI

Adams	+19,846	115.7
Alcorn	+37,318	109.6
Amite	+43,560	100.4
Attala	+41,810	127.7
Benton	+22,325	117.2
Bolivar	−289,328	83.8
Calhoun	+29,019	138.2
Caroll	+40,111	113.3
Chickasaw	+42,854	107.3
Choctaw	+17,451	125.7
Claiborne	+22,814	117.4
Clarke	+23,795	120.7
Clay	−33,636	90.9
Coahoma	−177,094	84.9
Copiah	+30,407	120.8
Covington	+39,639	103.4
De Soto	−82,797	98.2
Forrest	+9,391	130.6
Franklin	+17,202	119.3
George	+7,037	136.7
Greene	+5,647	145.1
Grenada	+29,889	108.9
Hancock	+416	400.0

Percentage change from 1937 county cotton quota by allotting acreage on basis of cropland on cotton farms, normal production, and number of families on cotton farms—Continued

MISSISSIPPI—continued

	1937 county cotton quota	Percent of 1937 county cotton quota
Harrison	+353	511.6
Hinds	−89,623	96.5
Holmes	+94,870	105.6
Humphreys	−92,224	88.2
Issaquena	−26,774	98.0
Itawamba	+34,804	113.8
Jackson	+374	330.2
Jasper	+34,325	109.2
Jefferson	+24,065	126.9
Jefferson Davis	+43,209	102.7
Jones	+40,684	118.7
Kemper	+42,454	110.6
Lafayette	+36,563	121.3
Lamar	+13,736	126.9
Lauderdale	+34,696	114.7
Lawrence	+30,901	101.8
Leake	+45,349	111.0
Lee	−73,208	97.4
Leflore	−170,300	83.5
Lincoln	+41,801	107.8
Lowndes	−49,234	92.8
Madison	−96,236	91.6
Marion	+38,236	107.3
Marshall	−66,915	96.5
Monroe	−80,231	91.6
Montgomery	+26,112	120.3
Neshoba	+58,182	101.1
Newton	+44,888	110.2
Noxubee	−59,527	94.3
Oktibbeha	+24,238	115.6
Panola	+90,047	100.4
Pearl River	+4,076	191.5
Perry	+7,945	124.0
Pike	+38,346	100.3
Pontotoc	+49,172	113.7
Prentiss	+40,478	107.0
Quitman	−98,955	91.8
Rankin	+31,307	119.1
Scott	+34,650	115.9
Sharkey	−56,402	98.5
Simpson	+39,061	108.4
Smith	+37,923	106.8
Stone	+1,677	181.0
Sunflower	−280,505	83.9
Tallahatchie	−117,175	87.4
Tate	+52,608	110.4
Tippah	+43,901	102.0
Tishomingo	+26,788	125.9
Tunica	−101,302	87.2
Union	+43,035	114.4
Walthall	+43,310	106.7
Warren	+20,891	107.6
Washington	−168,405	97.1
Wayne	+22,496	120.6
Webster	+28,325	100.8
Wilkinson	+18,180	129.5
Winston	+38,604	107.9
Yalobusha	+26,340	131.9
Yazoo	−105,025	97.7

Mr. BILBO. Mr. President, in connection with the charts introduced by the Senator from Tennessee, I think it is but fair to state in that connection that the percentages furnished by the Department on these charts are not in conformity to the amendment in the Senate bill as now existing. I will ask the Senator from Tennessee to state if that is true.

Mr. McKELLAR. Mr. President, it will be remembered that today, after those charts were offered, the amendment went over, and thereupon I called up Mr. White and asked him what effect the amendment of the Senator from Louisiana [Mr. OVERTON], which he had before him, had upon those figures. He replied that in some States it might have some effect, but generally it would not have the effect it was contended it would have. There seems to be quite a difference of opinion as to what Mr. White does believe about it, but he indicated to me that the figures would be changed very little, if at all, under the Overton amendment.

Mr. BILBO. Mr. President, since the conversation which the Senator from Tennessee has had with the departmental employee another Senator has conferred with him, and he admitted that there would be changes. I merely wanted those who read these charts to know that they are inaccurate and not dependable under the amendments proposed in the Senate bill.

Mr. McKELLAR. I think the Senator had better ask unanimous consent that this colloquy be put in the RECORD immediately after what was said a while ago.

Mr. BILBO. Mr. President, I ask unanimous consent that the colloquy between the Senator from Tennessee and myself be placed immediately following the introduction of the charts.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the next amendment passed over.

Mr. LEE. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LEE. Have we perfected the cotton title, which ends on page 40, so that the substitute I desire to offer to that title would be in order?

The PRESIDENT pro tempore. That is in the cotton title, which went over. The proposed substitute would be an amendment to the cotton title, which has gone over.

The next amendment passed over is an amendment offered by the Senator from North Carolina [Mr. BAILEY], which will be stated.

The CHIEF CLERK. On page 47, after line 2, it is proposed to insert the following:

(e) In making allotments hereunder with respect to bright (flue-cured) tobacco the officers administering this act shall not reduce the quota of a farmer living on his farm and deriving his livelihood therefrom more than 10 percent of his 5-year average if such average is less than 10,000 pounds and more than 5,000 pounds, and if his 5-year average is 5,000 pounds or less his quota shall not be reduced more than 5 percent, provided in either case such farmer shall comply with the soil-conservation policy.

Mr. BAILEY. Mr. President——

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from North Carolina [Mr. BAILEY].

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment.

The CHIEF CLERK. On page 72, Mr. COPELAND has proposed an amendment——

Mr. COPELAND. Mr. President, may I ask first——

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BARKLEY. I thought the amendment offered by the Senator from North Carolina [Mr. BAILEY] was to be debated. I did not know that it was to be put through without any argument. I understood that the Senator from Louisiana and the Senator from Florida [Mr. PEPPER] wanted to say something about it, and I certainly wish to say something about it. I thought the Senator from North Carolina was going to argue his own amendment.

Mr. President, I ask that the vote by which the amendment of the Senator from North Carolina was agreed to be reconsidered.

The PRESIDENT pro tempore. Without objection, the vote by which the amendment of the Senator from North Carolina [Mr. BAILEY] was agreed to is reconsidered.

Mr. BAILEY. Mr. President, if I may have the attention of the Senate I shall read the amendment. I am reading the amendment first in order that it may be clearly understood, and, second, that I may show the changes from the amendment as originally introduced. The amendment reads as follows:

(e) In making allotments hereunder with respect to bright (flue-cured) tobacco the officers administering this act shall not reduce the quota of a farmer living on his farm and deriving his livelihood therefrom more than 10 percent of his 5-year average if such average is less than 10,000 pounds and more than 5,000 pounds, and if his 5-year average is 5,000 pounds or less his quota shall not be reduced more than 5 percent, provided in either case such farmer shall comply with the soil-conservation policy.

The changes are three. I define tobacco with the words "bright (flue-cured)", so as to confine it to Virginia, North Carolina, South Carolina, and Georgia, bright (flue-cured)

tobacco, which is used very largely in the making of cigarettes.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. PEPPER. Did I understand the Senator correctly to include flue-cured tobacco in his statement?

Mr. BAILEY. Yes; that is what it does include.

Mr. PEPPER. Then did I understand the Senator correctly to exclude the State of Florida as a producer of that kind of tobacco?

Mr. BAILEY. I will agree to including Florida. I beg the Senator's pardon. Florida has 13,000 acres, and we made special provision the other day by which those Florida acres would not be cut. Florida, in the matter of the State allotments, is precisely where I want to put the small farmer. If it was just to do what we did for Florida the other day, then it is exactly just to do the same thing for the small farmer.

I had placed the figure at 15,000 pounds. I have cut it to 10,000 pounds. Then where first I had placed the second figure at 10,000 pounds I have now cut it to 5,000 pounds. So the bill relates only to those farmers who in the first case produced not more than 10,000 pounds of tobacco a year. In the second case it relates in the 5-percent bracket only to those farmers producing 5,000 pounds and less per year.

Why do I do this Mr. President? I do it because I think it is essentially unfair, unjust, and unwise to place a horizontal cut on the quotas of all the farmers, and treat the little fellow on the same percentage basis that we treat the big fellow. That is, on the basis that a man with 50,000 pounds allotment, or a man with 100,000 pounds allotment can stand a 20-percent cut, but a farmer with 5,000 pounds cannot stand a 20-percent cut. I put the latter in the 5-percent bracket. The farmer in the 10,000-pound class cannot stand a cut of 2,000 pounds. I put him in the 10-percent bracket so he will take a cut of only a thousand pounds.

I submit that to the Senate in the first place as a matter of ordinary, merciful, just consideration for the small farmers.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. SMITH. Those not familiar with this character of tobacco perhaps do not realize that to grow 10,000 pounds would only take about 10 acres. A barn will cure about 5 acres of tobacco. So that whenever the farmer's quota is reduced below a barn it has been made entirely unprofitable for that farmer to plant and cure tobacco. I wish those Senators who are not familiar with the flue-cured process to know that a barn will take a maximum of 5 acres, and the average is around about from 800 to 1,000 pounds.

Mr. BAILEY. And a 20-percent cut on a farmer producing 10,000 pounds is a cut to the bone.

Mr. SMITH. That is correct.

Mr. BAILEY. A 20-percent cut on the farmer producing 100,000 pounds is not a cut to the bone. I have confined the amendment to farmers living on the farm and making their living thereby. I ask the Senate: Is it right for some man to live in a city with a 100,000-pound allotment and be cut, let us say, 20 percent, while here is a little man out in the woods who is making a living and trying to take care of his wife and children, and he has to be cut in the same way? As the bill stands that is exactly what happens.

Mr. PEPPER. Mr. President, will the Senator yield to me for a question?

Mr. BAILEY. I yield.

Mr. PEPPER. To go back just a moment. I ask the Senator, did the Senator from South Carolina state that a barn was about 5 acres of flue-cured tobacco?

Mr. BAILEY. I understand what a barn is. About 700 or 800 pounds of tobacco can be cured in one barn at one time. That process can be repeated three or four times a year. Four times 800 is 3,200 pounds to the barn, if the farmer cures tobacco four times in a year. If he cures tobacco three times a barn is 2,400 pounds. But I will say to the Senator that we put the limitation of 3,200 pounds in the bill on the theory that a farmer with 5 acres and one barn, or 4 acres and one barn, would have his barn occupied. That would give him full play to his little capital investment. So the 3,200 pounds is the standard fixed in the bill.

Mr. PEPPER. And perhaps 4 acres to a barn. Will the Senator yield for another question?

Mr. BAILEY. I yield.

Mr. PEPPER. The amendment which the Senator proposes is designed, as he states, to take care of the little farmer who must live on the farm and make his living from it. Does the Senator mean that he is trying to protect the class which with its own hands produces this tobacco, or is it merely the proprietor of the farm which is to this extent——

Mr. BAILEY. Mr. President, if the Senator will read the amendment he will find that it says "Of a farmer living on his farm and deriving his livelihood therefrom."

Mr. PEPPER. Does the Senator refer to a proprietor of a farm?

Mr. BAILEY. No; but to a farmer living on his farm. Whether he is a proprietor or not, he is a farmer living on his farm.

Mr. PEPPER. I am trying to get at the question, as the Senator may surmise, whether he is covering the fellow who is a proprietor——

Mr. BAILEY. No; I am not having the proprietor——

Mr. PEPPER. I beg the Senator's pardon. Will the Senator permit me to state the question?

Mr. BAILEY. I do not see how the Senator can be under any misapprehension. The language is clear, "A farmer living on his farm."

He does not have to own the land he is living on, but he must be cultivating it for a living.

Mr. PEPPER. The Senator will know the purpose for which I am injecting the question. What I am referring to is the position of the tenant farmer.

Mr. BAILEY. I am trying to protect the tenant farmer.

Mr. PEPPER. Mr. President, that is the reason I propounded the inquiry because I, too, am vitally interested in the tenant farmer, and I wonder if the Senator appreciates the effect that his amendment will have on the tenant farmer?

Mr. BAILEY. I take it I appreciate it. I think it will give him a chance.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from North Carolina yield to the Senator from Kentucky?

Mr. BAILEY. I yield.

Mr. BARKLEY. The average farmer cannot produce by his own labor more than four or five acres of tobacco. He cannot cultivate it or go through the process which is necessary, all of which is hand work practically; so that if a man owned a farm on which he had 10 acres and which he wished to be cultivated in tobacco, and rented out one-half of it to a tenant——

Mr. BAILEY. Mr. President, let me say a word, please. I do not want to deprive the leader of the chance to speak, but I do not want my 15 minutes to be used up. Go right ahead. I will answer.

Mr. BARKLEY. I do not want to consume the Senator's 15 minutes. But what effect would the Senator's amendment have on a tenant who had rented 5 acres of land from the owner, and the owner himself cultivated another 5 acres?

Mr. BAILEY. What effect would it have on the tenant?

Mr. BARKLEY. On the tenant; yes.

Mr. BAILEY. If the tenant produced 10,000 pounds he would be cut 10 percent. If he produced 5,000 pounds he would be cut 5 percent.

Mr. BARKLEY. He would not be living on his own farm under the terms of this amendment?

Mr. BAILEY. I said, "living on his farm," and who earned his livelihood therefrom. I do not mean living by way of possession. He lives on the farm. If it is desired to strike out the word "his" and put the word "the" in there, very well, if that would make it clearer. But I do not

see any trouble about that language, "A farmer living on his farm."

There is the possession of the farm rather than the property.

Mr. PEPPER. Mr. President——

Mr. BAILEY. I am going to yield when I make my next point, Mr. President. I am sorry, but I do not want to have my time expire before I shall have concluded.

Here is the next point, and I am going to make this in all the solemnity of understanding that time will show that I am either right or wrong. When this bill passes it is going to cost the tobacco farmers of North Carolina next year about $25,000,000. Their income will be $25,000,000 less. The facts are very simple. We produced this year 569,000,000 pounds of tobacco, and we got 25 and a fraction cents a pound for that tobacco. It is in contemplation that the quota shall be based on the 5-year average. If it is based on the 5-year average North Carolina's quota would be 507,000,000 pounds. The quota for the United States is 723,000,000 pounds. North Carolina's quota would be 507,000,000 pounds. There would be a reduction there alone of 62,000,000 pounds of tobacco. Count that at 25 cents a pound. It is about $15,000,000. If that loss takes place, who shall foot the bill? Shall it be placed on the little fellow, or shall it be placed on the man able to pay it?

Let us go further. If we have the 20-percent cut contemplated in this bill and provided as a possibility in the discretion of the people who make the allotments, the allotment to North Carolina would be on the 80-percent base; it would be 468,000,000. There is a difference of 100,000,000 pounds of tobacco. And the 100,000,000 pounds of tobacco, at 25 cents a pound, is $25,000,000.

Are we going to put the burden of that $25,000,000 equally on the little fellow with 5,000 pounds and the big fellow with a million pounds? There is at least one man in North Carolina who has a million pounds allotment. I know many of them who have 50,000, 60,000, 70,000, 100,000, and 200,000 and 300,000 pound allotments.

When we come to that there is an element of justice and also an element of preserving the people. Suppose we cut the allotment——

The PRESIDING OFFICER. The Senator's time on the amendment has expired.

Mr. BAILEY. I will take my time on the bill. Suppose we cut the allotment and then the price goes down. What has happened to the little man?

The price is much higher than it has been. Tobacco did sell at 8, 9, 10, 11, and 12 cents. This year it is selling for 26, 25 and a fraction. We do not know about the price next year; I cannot tell about it. There are those who think the price depends on the domestic market. I am telling you that North Carolina ships abroad 60 percent of her production. We cannot control that foreign market. They are buying our seed; they are trying to duplicate our tobacco; and when they do not duplicate the tobacco, they undertake to produce substitutes for it. Now draw your picture of your Democratic Party going back to North Carolina next year and answering to 125,000 tobacco farmers whose allotment has been cut, and whose prices have gone down, and whose income has been reduced by from twelve to thirty or forty million dollars in the year.

The same thing is true of cotton. Under this bill North Carolina will not be allowed to produce exceeding 450,000 bales of cotton. She produced this year 700,000 bales. Take that at the present price, 250,000 bales of cotton, at $40 a bale, is $10,000,000. That is what we have before us in this legislation.

I was very much taken just now with the colloquy between the junior Senator from Arkansas [Mr. MILLER] and the senior Senator from Tennessee [Mr. MCKELLAR]. Something was said about an amendment. The junior Senator from Arkansas said, "Well, that just adds a little more to the mystery of this bill—a little more to the general mystery." Then the senior Senator from Tennessee said, "I was just wondering what would happen to Tennessee."

I think those two statements perfectly describe my position. I stand in the presence of a very mysterious bill. I do not know what its consequences are going to be. I do not imagine it is going to put the price of tobacco above 26 cents. I know that it provides for reducing the crop by from 60,000,000 to 100,000,000 pounds. I do not want that burden to be pressed down upon the little farmers of my State; and I will say, above that, that I know the big farmers are influential. I know that we can hear them. I know that they can come to Washington. I know that they can sit in the galleries. I know that they can call on Senators. I also know that down in that part of the country are hundreds of thousands of poor fellows who live the life of tenants on the farms. They are not often heard from, but they will be heard from. They will not be crushed to earth forever. They will be heard from, and they will throw out of power a Congress that disregards their right to live.

So I say, Mr. President, they are the considerations here. I do not think the bill is constitutional, but I am afraid it will stay in effect a year, and that is all I am afraid of. I think the men who drew this bill, with all due respect to them, disregarded every opinion of the Supreme Court from its foundation to the present hour. Before this debate is over I expect to read some of those opinions. I am not afraid about the ultimate economic consequences of this bill. It will go the way of the Bankhead Act. It has everything in it that the Bankhead Act had in it too.

The idea of our undertaking to control agriculture by penalties upon interstate commerce. I am not troubled about that. This bill will last a year. While it is lasting that year, I am simply asking the Senate to adopt an amendment that will prevent hardship from being wrought on the 10,000-pound tobacco farmer and the 5,000-pound tobacco farmer.

Mr. President, I did not intend to take my full time today. My time was taken up by an effort to answer questions. I am ready now to answer any questions, because I do have 45 minutes; and if the Senator from Florida [Mr. PEPPER] wishes to ask me a question now, I shall be glad to respond.

Mr. PEPPER. Mr. President, the Senator from North Carolina referred to the proprietor of a large plantation in his State who had a large allotment of tobacco. I am interested to know the means by which he cultivated that tobacco.

Mr. BAILEY. I will tell the Senator. I was down here at the Agricultural Department 2 years ago discussing the A. A. A., and there was a gentleman there who was taking a great hand in the discussion. His hands were as soft as a Senator's. There was not a line on his face. He had on a tailor-made suit and a bright necktie. I asked him a very simple question. I said, "You are very much interested in this control, are you not?" He said, "Yes." I said, "What is your allotment?" He said, "My allotment is a million pounds." Tobacco sold that year at about 27 to 28 cents. I said, "You must have got $275,000." He said, "I got $300,000 out of it, and then I got some benefit payments besides."

That man never plowed. He never bought any land. His father was a time merchant, and he had sold out 96 North Carolina farms and handed them down to his children. I am saying that that sort of man ought not to write this legislation. I have nothing on earth against him. I would tell anybody he was a good fellow, and all that; but I am standing here, Mr. President, and asking that Congress adopt a policy in this coercive and control legislation—and we all know it is coercive, and we all know it is control—a policy that will show a little mercy for hundreds of thousands of persons who cannot speak for themselves.

Mr. PEPPER. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina further yield to the Senator from Florida?

Mr. BAILEY. I do.

Mr. PEPPER. I am afraid I did not make myself clear to the Senator.

Mr. BAILEY. I understood the Senator.

Mr. PEPPER. I am still talking about the tenant farmer. I want to know whether or not the man with soft hands the Senator had in mind used sharecroppers.

Mr. BAILEY. Some are sharecroppers, some are fixed-rent tenants; but I do not think I have made the Senator see my point. If you let the landlord get over 10,000 pounds from 40 tenants, he will take the big cut. If you let the little tenant make only 5,000 pounds, he takes the 5-percent cut. If you let him make 10,000 pounds, he takes the 10-percent cut. There is not any question about that.

Mr. PEPPER. One more question. If tobacco is a crop which is produced by farm families—that is to say, frequently by sharecroppers—and if we reduce the quantity of the plantation yield, does it not inevitably follow that the yield and the quota of the little sharecropper will be diminished?

Mr. BAILEY. I do not think so.

Mr. PEPPER. Then my premise is not correct.

Mr. BAILEY. Under this bill, if a man has been producing less than 3,200 pounds, he is not allowed to produce up to 3,200 pounds. If he has been producing only a thousand pounds, he is not allowed to produce 1,100 pounds. That is what we are dealing with; but I am saying that if, by some favor of Nature, the poor fellow does manage to produce 5,000 pounds, the penalty of the law imposed by the Congress should not be put upon him by way of taking the "pound of flesh."

Mr. PEPPER. Mr. President, will the Senator yield for one further question?

Mr. BAILEY. Yes.

Mr. PEPPER. The amendment of the Senator from North Carolina would benefit only those who have been engaged in tobacco production for a 10-year period, would it not?

Mr. BAILEY. Whatever the bill says about that. I know the bill says nobody else may produce tobacco; but I am dealing with the folks who, by the merciful providence of the United States Government, are permitted to produce tobacco. If I could have it the other way I would have it the other way, if that is what the Senator is driving at.

Mr. PEPPER. The bill, of course, now contains a provision for 5 percent of the national quota being apportioned to new producers.

Mr. BAILEY. Five percent; and all of that will go to Florida under the bill.

Mr. PEPPER. There is no such assurance given to the new producer as this amendment gives to the old producer that his quota shall be reduced only 10 or 5 percent; but the fellow who has been producing tobacco for 10 years, and has a 10-year average, is the fellow the Senator from North Carolina is protecting.

Mr. BAILEY. I am trying to protect the fellow who does not produce more than 5,000 pounds in the matter of 5 percent, and the man who produces only 10,000 pounds in the matter of 10 percent; and no amount of questioning or confusing can obscure that fact. I know it is said that that will ruin the program, and I also know who is saying it. It does not ruin the program and it will not ruin the program for the big ones, but it probably will impose upon the larger farmers a 20-percent cut, and that is all. I am just saying that as between 20-percent cut on the big farmer, and 5 percent on the little one, and 10 percent on the 10,000-pound farmer, the gradation is fair.

Mr. PEPPER. Mr. President, will the Senator further yield?

Mr. BAILEY. I yield.

Mr. PEPPER. If the Senator is interested only in the class of the farmer—that is to say, the big one and the little one—and his sympathies are with the little one, would the Senator be willing to delete the 10-year average and let the year 1937 be the criterion?

Mr. BAILEY. No; I am unwilling to do that, and I am unwilling to have it said that I am in sympathy only with the little farmer. I think the Senator will bear witness that I have not indulged in any demagogic talk in the 6 years I have been a Member of the Senate. I never got up here and made pleas for the great masses of people in order to get votes. I have at times voted contrary to what I knew they were demanding. I am not putting this argument on the basis of the little farmer by way of any sentimental or any political appeal. I would not do that. I know very well that when the news gets down to them tomorrow of what I say today it will be carried by people who will tell them that "BAILEY was up here ruining them." I do not think I will get any votes by it. If I wanted to cultivate favor in this matter, I would probably take the other side, but I am not after favors. I am demanding justice. I, of course, see what is going to happen. I am not going to argue the matter on political grounds either, but I could argue it on political grounds.

Mr. President, that is all I care to say at this time about this matter. When we come to the period of unlimited debate, I do hope to explain to the Senate my reasons for saying that this bill is unconstitutional, and flies in the face of every decision of the Supreme Court of the United States from the day when George Washington made the first appointment until the last one was made.

Mr. ANDREWS. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Florida?

Mr. BAILEY. I do.

Mr. ANDREWS. In order to make the language perfectly clear as to the tenant, the sharecropper, and the owner, would the Senator object to amending his amendment——

Mr. BAILEY. I shall not object to any amendment on earth that will save the 10,000-pound farmer who lives on his land and the 5,000-pound farmer who lives on his land. I am not caring about the words. What is the amendment?

Mr. ANDREWS. In line 4, after the word "farm", to insert the following:

Either as a tenant, sharecropper, or as owner.

Mr. BAILEY. I will gladly accept it.

Mr. GEORGE. Mr. President, I desire to remind the Senator from North Carolina, and the other Senators who seem to be interested in this particular question, that the Department takes ample care of the farmer—whether he is a tenant, a sharecropper, a renter, or whatever his status is—in the distribution of all payments and in all allocations or allotments. In my judgment there is no necessity for the amendment which the distinguished Senator from Florida has suggested, because that matter is covered by regulations, and the Department has worked it our certainly to the point where there can be no complaint so far as the tenant or sharecropper is concerned.

Mr. BAILEY. That is all right, but I am willing to accept it. Now let me go ahead.

Mr. ANDREWS. Mr. President, just a moment.

Mr. BAILEY. All right; I yield.

Mr. ANDREWS. This bill has been amended and reamended so many times that I, for one, should like to see it in print before it is voted upon, because I certainly should like to know what I am voting upon; and if this provision is not in some other portion of the bill I should like to see it put right in here if this amendment is to be adopted.

Mr. BAILEY. Mr. President, I did not intend to go into any speech on the bill, but I wish to do so now, in the interest of fairness. I want to use the time I have on the bill. How much time have I taken?

The PRESIDING OFFICER. The Senator has 15 minutes more.

Mr. BAILEY. I am going to ask the Senate to hear me while I read what a man wrote down in the Agricultural Department about the farmers. It is from a book by the man who is known in the press as Mr. Jay Franklin. I think his real name is Jay Franklin Carter. Let us see what he was saying about the farmer and what is his attitude about the

farmer, as shown in his book entitled "What We Are About to Receive."

Ten million votes—

Wrote Mr. Franklin, on page 141—

await the man who tells the American farmer that he is the salt of the earth, the backbone of the Nation, and the chief object of political agitation. Fifteen million votes await the man who has the nerve to tell the American farmer to go to hell.

Remember, that man was employed in the Department of Agriculture and was Director of Information in 1932 and in the Rural Resettlement Administration under Mr. Tugwell.

Mr. BARKLEY. Mr. President, if it was in 1932 it was not under Mr. Tugwell nor under the Resettlement Administration.

Mr. BAILEY. I got the date wrong. He was under Mr. Tugwell in 1935–36, but he wrote this book in 1932. Let me read further what he said:

If there was ever an individual who has been inflated monstrously out of proportion to his real importance, it is the man with the hoe who has been flattered by the politician with the hokum. * * * He has made an unmade president in the image of Main Street, he has exhausted our soil as he will exhaust our Treasury if given half a chance. He is the great obstacle to human progress, the great threat to political stability. Sooner or later, we shall discover—as the Roman Church discovered, as England discovered, as Soviet Russia discovered—that the pagan, the landed proprietor, the kulak, is simply so much mud in the path of progress and must be swept aside if society is to advance.

That is from a man who was employed in the Department of Agriculture in 1935–36. That is from a man who writes a column which is published in the newspapers every day and who is a great evangel and defender of the New Deal.

Mr. BORAH. Mr. President, I did not understand from whom the Senator is quoting?

Mr. BAILEY. Jay Franklin. The Senator perhaps sees his name in the paper every day. This occurs in Mr. Walter Lippmann's column in the Citizen, of Asheville, N. C., on December 2, and anybody who wishes to know about the book should get and read it. That is the kind of man with whom we are dealing.

I wish to say to the farmers that they are wrong in their thought that they can have this kind of legislation and stop with it. It is an effort to control production, so that penalties can be put upon the shipment of agriculture produced and sent in commerce or in competition with such produce, and thereby determine quotas, what may be planted and what may not be planted, and under that same power to restrict and fix, under a fair application of it, the wages paid on every farm in America, and also the hours of work.

Of course, that can be done. The regulation of one is the regulation of the other. If the commerce clause authorizes dividing the farms of America into little plots, saying to the farmer, "You can plant tobacco but you cannot plant wheat; you can raise 3,000 pounds and this other man can raise 25,000 pounds," that same power will run right into the power to say "You must pay your workers this wage and that wage." If Senators think that is not in view let me read precisely what the Secretary of Agriculture stated in his report in 1937, at page 40:

Marketing agreements sponsored by the Department afford a chance to improve the conditions of agricultural labor. There appears to be legal authority for including in such agreements minimum standards affecting pay and working hours. Such provisions may make the agreements more difficult to administer. They provide a means, however, of eliminating serious evils, such as child labor and excessively long hours, not only in processing and packing plants but in certain agricultural operations. Also, they may touch the question of sanitation in working conditions.

I am not saying there is not room for infinite improvement in all these matters, but I am notifying the Congress and the farmers of America that the power invoked in this bill, if upheld by the Supreme Court of the United States, will run precisely into the regulation which the Secretary of Agriculture has pictured for us. He said further:

It may be possible to include certain requirements in adjustment and agricultural conservation programs as a condition to the payment of benefits by the Federal Government. Such requirements might advance materially the welfare of agricultural laborers simultaneously with that of employing farmers. When farmers generally establish certain conditions favorable to their employed workers the whole industry benefits and no competitive disadvantage falls on any of its members. Another possibility presents itself in connection with the loans that the Farm Security Administration makes through agricultural cooperatives. These loans require certain minimum standards covering employment and the application of the principle might be extended.

All I am saying is that when this door of control of agricultural operations is opened by such an application of the interstate-commerce clause and the imposition of penalties upon shipments, which constitute the sale, of agricultural products, because the bill relates to intrastate as well as interstate shipments—when that door is opened the farmers of America are going to be confronted with the next step, unless the Supreme Court of the United States saves us, of a wage and hour bill involving entire and complete regulation.

But as long as the Supreme Court stands—God defend us against the day when it fails—God defend us against the day when it takes on anything like the color of a kloncillium—as long as the Supreme Court is what it always has been, legislation like this will be returned to the Congress with the words on it, "No power."

I am looking forward to the time when the farmers themselves, instead of protesting, will be thanking heaven that there is a tribunal of justice which can say to the Federal bureaus and to the Federal Government, "You shall not interfere with our rights."

Mr. PEPPER. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Florida?

Mr. BAILEY. I yield.

Mr. PEPPER. Are the powers which the Senator fears in the statement just made already vested in the several States?

Mr. BAILEY. I think so.

Mr. PEPPER. And have they been exercised to the ruin of such States?

Mr. BAILEY. They have not, and they never will be.

Mr. PEPPER. Does it follow inevitably, therefore, that if this power ever comes to be recognized in the Congress, that that of itself will ruin the country?

Mr. BAILEY. The matter of the people of North Carolina controlling the Congress of the United States is a very far-fetched matter. North Carolina has in the Congress 13 Members out of 535. However, the matter of the people of North Carolina controlling the Legislature of North Carolina is a very simple matter. We have one member from each county, elected every 2 years, living amongst the people and answering to them. That is the heart of American democracy.

I am perfectly willing to put the whole welfare power in the States, knowing very well that the people themselves control it according to their needs. I am unwilling to put the welfare power or the great police power, as it is called, in the Federal Government, knowing very well that it cannot be controlled. We know it is not being controlled now. We have a perfect illustration of that statement.

I should like to get that matter straightened out. That is the thing that has saved this Republic these 150 years. The Republic would have gone on the rocks 75 or perhaps 100 years ago but for that great principle of local self-government represented in the words we call "State rights," home rule in America and not congressional rule; home rule in America by members of the legislature answering to their people every 2 years, and not by a Congress in which North Carolina has only the feeble voices of 2 Senators and 11 Members of the House.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. PEPPER. Home rule, as the Senator defines it, is restricted to what category and what cases?

Mr. BAILEY. Does the Senator ask that question? The whole police power of America is under the category of home rule. Many people do not know what police power is. The

police power is not the power of a policeman. The police power is the welfare power. The police power is the great operation of the people themselves through their sovereignty for their welfare.

Mr. ASHURST rose.

Mr. BAILEY. Let me finish this definition before I yield to the Senator from Arizona. That police power, from the foundation of this Government, was committed to the States because the fathers wanted the people who were to be governed by it to control it. Transfer it to the Congress, and I will tell the people of North Carolina and I will tell the people of every State in the Union that their control is gone, and gone forever.

I now yield to the Senator from Arizona.

Mr. ASHURST. Whoever first used the term "police power" was unfortunate. "Police power" means sovereign power in the law.

Mr. BAILEY. I just said so in other words. It is the welfare power, the power to control the activities of the people with a view to their health, their dealings with one another, their contractual rights, their operations in business. All of that is the welfare power and it is the sovereign power, and was reposed from the beginning in the States, the wisest thing the fathers of the country ever did. It was retained in the States in the first place, and when there arose some question as to the express powers in the Constitution, the enumeration of powers in the Constitution, the tenth amendment was adopted in order to give assurance that the powers reserved to the States would not be taken away.

My State of North Carolina did not ratify the Constitution the first time it was submitted. They did not ratify the Constitution until the Congress had submitted the tenth amendment. Then we came in because we knew our rights were secured. Yet we have arrived at a time when the Federal Government would lay its hands upon those rights, day after day and night after night.

That is my objection to this legislation. That is the ground of its unconstitutionality. Let Senators read the cases.

I say to the Senate that the dissenting opinion in the A. A. A. case denounces this legislation. I mean by that that Mr. Justice Stone, Mr. Justice Cardozo, and Mr. Justice Brandeis uttered words in it which indicated that this sort of legislation would be held unconstitutional. There is only one man on the Court, according to the record—and that is all I can go by—who might sustain legislation of this sort, and I need not mention his name.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PEPPER. Mr. President, I cannot resist the opportunity to say merely that it was not a Democrat, it was John Marshall, who made this one Central Government and one sovereignty throughout the limits of territorial United States; and from the day he assumed that point of view the inevitable objection of the Senator from North Carolina was constantly to arise. It was not the constitutional forefathers who wrote the language of the American Constitution but those who have criticized and who have interpreted that language, who have defined the reservation of power in the several States to which the Senator so vaguely and generally refers.

If those reservations were defined in one generation, they would have a given content; if they were defined in a succeeding generation, they would have a different content, because changing conditions and changing circumstances face governmental responsibility with new obligations. The same argument now being made about the farm bill might have been made about the Interstate Commerce Commission, about the Federal Trade Commission, about the exercise of any other general power necessary to accomplish the general good and to promote the general welfare.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. PEPPER. I yield.

Mr. KING. As I interpret the observation of the Senator from Florida, I reach the conclusion that he believes that all the police powers, the sovereign powers, to use the expression of my friend from Arizona, are vested in the Federal Government, and that the States are mere parasitic growths attached to the Federal Government, doing only what the Federal Government, under this plenary power which the Senator is contending for, if I understand him, allows them to do.

Mr. PEPPER. Mr. President, I am glad the able Senator from Utah gives me an opportunity to erase any possible misunderstanding from any Senator's mind. I approach the matter exactly from the other direction, that the keystone of the governmental arch is the State, but that there has of necessity come about such an amalgamation of our population, such an entity of our people, that we have come to face the necessity of dealing with certain things from a national point of view; that there are certain things in our life, economic, social, and political, which have a national and not a purely local significance, and that the local power is incapable of serving the public good in all those categories.

Senators speak about the police power. Why do we have a Federal Bureau of Investigation? Let us suppose that in a county in my State a kidnaping may occur.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. PEPPER. Why not leave it to the chief of police of the little town or the sheriff of the county to go to Chicago and break up the gang of kidnapers, and bring back, if prayers and diligence can do it, the kidnaped child?

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. PEPPER. In just a moment. We came to the conclusion that the local authority was no longer capable of dealing with that national problem, that it had to be dealt with by the only power that was capable of dealing with it, the national power, and that is what I mean when I refer to the expansion of the police power, and vesting a degree of it in the Federal Government.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from North Carolina?

Mr. PEPPER. I gladly yield.

Mr. BAILEY. The Senator has fallen into just the confusion against which I undertook to warn him. The Federal Bureau of Investigation is the power of the police; it is not the police power. It is possible to bring the power of the police into the execution and administration of any Federal law, but the words "police power" relate to welfare.

Let us get the Senator's theory. All legislation must relate to welfare. Kidnaping legislation relates to welfare. It brings in the exercise of the power of the police, and it may be called the police power. But follow very carefully. The kidnaping law is based upon interstate commerce, by having it apply to kidnapers when they take a kidnaped person across the line, and then, in order to give the law more far-reaching effect, it is provided that if a kidnaped person shall not have been found within 10 days, it shall be presumed that he has been carried across a State line, and the Federal police power, or power of the police, goes out to find him. There is a plain application of the commerce clause and the power over commerce between the States. That is far removed from the proposed legislation, as far as the North Pole is from the South.

Mr. PEPPER. The Senator is equally familiar with the Minnesota Rate case, which was a case where the intrastate rates of carriers were affected by the national power, because their effect is so intimately related to the national right and duty to regulate those carriers.

Mr. BAILEY. Mr. President, let me get the facts straight. A rate case relates to the means of transportation in the country, and the court has been holding for 20 or 30 years that the means of transportation are so interlocked that even an intrastate rate is controllable by the Federal Government in the interest of commerce between the States. That is very familiar. But that does not raise any presumption of the power to control the farmer down in Wake County because cotton is sold across the sea or in Maine.

Mr. PEPPER. Mr. President, the Constitution vests in the Congress the power to regulate interstate commerce,

which means even to prohibit it, if the literal content of the word is properly given.

But to proceed to the particular amendment now pending. The Senator has carefully underemphasized the fact that the amendment gives protection, not to the little fellow, but to the fellow who has been producing tobacco for 10 years, and has a 10-year average. Therefore he is not speaking for the little fellow in Florida, who does not have a 10-year average.

Mr. BAILEY. Mr. President, will the Senator let me interrupt him at that point?

Mr. PEPPER. I am glad to.

Mr. BAILEY. I was inadvertent to the fact that Florida had come into the field so recently. If the Senator will adopt the principle of my amendment for his State, he can make it apply to the last year. I do not raise any question about that. If that meets the objection of the Senator, I will be happy to do that. Just let the Senator write his amendment, and say "And with regard to Florida, it shall be the average for 1936."

Mr. PEPPER. I thought the Senator from North Carolina was just a few days ago refusing to mention any particular State, Florida, particularly, when mentioned in my amendment.

Mr. BAILEY. If I agree to that, will not the Senator support the amendment?

Mr. PEPPER. I will not, unless some other objections to the amendment may also be met.

Mr. BAILEY. Then why did the Senator raise the objection? The Senator raised the objection, not in the interest of Florida, but only in the interest of making a little trouble here about the bill.

Mr. PEPPER. If the Senator will meet the other points of objection to the amendment as well as that point of objection, I will be glad to support the amendment.

The second point of objection is that the statistics show that 55 percent of the farms are those upon which 10,000 pounds of tobacco per year, or less, are produced in this country. The Senator did not seem to be anxious to go into the question of the tenant farmer.

Mr. BAILEY. Mr. President, will the Senator yield? The Senator interrupted me, and will he yield?

Mr. PEPPER. I yield.

Mr. BAILEY. I am perfectly willing to go into the tenant farmer matter, and I thought I went into it at some length, but I will go just as far as the Senator will to protect the tenant.

While I am on my feet, let me ask, since the Senator mentioned kidnaping, how does the Senator stand on the antilynching bill?

Mr. PEPPER. I remain opposed to the antilynching bill.

Mr. BAILEY. The Senator does not think it is unconstitutional?

Mr. PEPPER. I am speaking about the exercise of the Federal power, and how it should be exercised.

Mr. BAILEY. The Senator will argue that the antilynching bill is a constitutional measure because the Federal Government does have the power?

Mr. PEPPER. Mr. President, I do not see that there is anything in the antilynching bill about crossing State lines that comes clearly within the terms of the commerce clause, or any Federal power which is defined in the Constitution. If so, where is it? That is not analogous to the situation under the farm bill. The produce from the farm goes into the channels of interstate commerce, and the Congress, legislating for the national power, tries to purify and to perfect the channels of interstate commerce by proper legislation. That is a different situation from going entirely within the confines of a given State and attempting to take jurisdiction of a given act of a local nature.

I was speaking about the tenant farmer, about whom the Senator from North Carolina is still not particular in his interest. I suggest that if he admitted, as a premise, that tobacco is produced on about 4 acres by the individual farmer, the Senator is not talking about the little farmer who produces a crop of tobacco with his own hands. If he were, he would be satisfied with the amendments already in the bill, because there is already in the bill a provision that the individual farmer who has been producing as much as 3,200 pounds a year, which means a 4-acre crop, which means one barn, shall not have his quota diminished at all. So that if the Senator is trying to protect the little fellow, he will let the bill alone.

The inevitable consequence of the amendment, therefore, will be to provide that the tenant farmers of this country will have their quotas reduced to a figure to which the proprietor will not have his quota reduced.

The gentlemen with soft hands, about whom the Senator speaks, does not produce a million pounds of tobacco with those soft hands of his. He has his sharecroppers, who live with their families and who till the 4-acre crops of tobacco, and the Senator knows that the inevitable effect of his amendment would be either one of two things, either to defeat the whole principle of the bill, and to have no reduction in quota at all, or else to take the reduction in quota factually and actually from the tenant farms of the tobacco-producing sections of this country; or, in the third place, he will make it a matter of impossibility for the new producers in Alabama and Florida and the other States who want to go into tobacco production to be able to get the 5 percent of the national quota which we have, by my amendment, provided for them so that they may embark anew upon tobacco production.

Mr. President, these are the facts. If the Senator will explain to us how we may still accomplish the purpose of the bill, namely, make it possible to reduce production to a point practically equivalent to the market, and if he will assure us that his amendment will not diminish the quantity the bill now carries for new producers the country over, whether in a State that has the tobacco quota or not, and if he will show us how the tenant farmer would not be adversely affected by the amendment, and if he will not restrict the benefits of his amendment to the man who has a 10-year history, but will bring it down to 1937, I will gladly favor the amendment.

Mr. BARKLEY. Mr. President——

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield the floor.

Mr. BAILEY. I have no right to speak, having exhausted my time, but the Senator challenged me to explain, and I have no time of my own.

Mr. BARKLEY. If the Senator from Florida has any additional time, I would be glad to let the Senator from North Carolina use it if the Senator from Florida is willing to yield.

The PRESIDING OFFICER. The Senator from Florida has 1 minute left.

Mr. BAILEY. May I not take that 1 minute to answer the Senator's question?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from North Carolina so that he may answer the question?

Mr. PEPPER. I am glad to yield the time.

Mr. BAILEY. The Senator asked me whether the amendment would not destroy the bill. The amendment provides that if there is a desire to cut the production of bright tobacco, for a 20-percent cut all through the ranges above 10,000 pounds, a 10-percent cut under the 10,000, and then a 5-percent cut. Under my amendment it will be possible very readily to reduce the quotas of tobacco for the people in the bright belt by an average of 16 or 17 percent, I should say, and that is abundant.

My amendment would not defeat the purpose of the bill at all, it would not adversely affect the bill. My amendment does say to the man who is getting fifty, sixty, seventy, or a hundred thousand pound allotment, "If a reduction is to be had, you must stand for 20 percent of it," and then it says to the little man, "If a reduction must be had and you produce 10,000 pounds, or over 5,000, you take a reduction of 10 percent," and then to the other man, with 5,000, only 5 percent.

Mr. President, that sort of consideration is not going to harm the bill, it is going to help it, and it is going to help the Congress if we pass it.

I thank the Senator for giving me the opportunity to make this final statement.

Mr. BARKLEY. Mr. President, during the 15 minutes allowed me on this amendment I shall not discuss either the constitutionality of the bill, the antilynching bill, or any other bill or proposal except the amendment offered by the Senator from North Carolina [Mr. BAILEY], because I do not wish to make any remarks whatever on the bill itself at this time.

Mr. President, I am opposed to this amendment because I think any program of crop regulation in order to be effective, in order to be of any benefit to those who are a part of it, must, by and large, apply to all producers of the same product in the same manner.

I know nothing about a million pound tobacco grower. I never saw one, and we do not have any of them in my part of the country. If there is a million pound grower of tobacco anywhere he becomes a million pound grower either because he is able to hire hands who can on the average cultivate about 4 acres of tobacco, or he rents out his land to tenant farmers who can cultivate it in about the same proportion.

I know all about the production of tobacco. I was reared in a community of little farmers; and, as I said the other day, my own father all his life was a producer of tobacco and a little farmer. When I became old enough or large enough to throw an ax over my shoulder I went out with him into the woods, helped to cut down the timber and lay the plank beds, as we call them, and burn them and sow them, and put the white canvas over them that is necessary to protect the young plants from insects. When it rained, and we had what we call a season, I helped to pull those plants one at a time from this bed, and with a peg sharpened at one end stooped over to replant that tobacco in the hills which had been made with the gooseneck hoe, which was our instrument of cultivation in that particular product. I know that no man by his own labor can produce more than 4 or at the outside more than 5 acres of tobacco; and if he has any other sort of crop that will divide his time, he has a hard time producing even 4 acres.

It may be that since a fluid has been invented which will kill the worms, a man can worm a little more than 4 acres—more than he could in my day when I was a boy on the farm—but when I was a boy on the farm we had to examine each leaf of the tobacco, after it had been primed by tearing the leaves from the bottom high enough above the ground so that the rain and dirt would not spoil them. Then we topped the tobacco, leaving some 10 or 12 leaves so that it would spread like an umbrella; and it was necessary for any one who cultivated it to look on the top and under the bottom of every individual leaf on the tobacco stalk to see if there was a worm there engaged in its destruction.

No one man can house 4 acres or 1 acre of tobacco by himself. It takes three or four men to put a barn full of tobacco, because a man has to climb up into the tiers, and the tobacco has to be passed up from the wagon and go through a procedure until it can be placed in every tier in the barn. So I am concerned here about the little farmer, for I know more about his problem than I do about the problems of the big farmer, especially in the production of tobacco; and I know that whatever tears down the price of tobacco in this country does more damage to the little farmer than it does to the big farmer.

Mr. President, there are only four large purchasers of tobacco in the United States: The American Tobacco Co., R. J. Reynolds & Co., Liggett & Myers, and Lorillard. They are the four great purchasers of tobacco in this country. I can remember the time when these and other purchasers divided the country, even divided a county, so that an agent of one would not cross the road to buy the tobacco of his neighbor. They did it by mutual agreement; and the result was that the price of tobacco was driven down so low that the farmer could not produce it and enjoy anything like a decent standard of living. Then the farmers tried to organize in Kentucky and in Tennessee and in North Carolina, but probably not so much in North Carolina, in order that they might curb production and hold back the surpluses from the market in order that they might maintain a decent price.

Mr. BAILEY and Mr. LOGAN rose.

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Kentucky yield, and, if so, to whom?

Mr. BARKLEY. I yield first to the Senator from North Carolina.

Mr. BAILEY. Mr. President, burley tobacco is to a very great extent domestically consumed.

Mr. BARKLEY. Yes; it is to a very great extent domestically consumed.

Mr. BAILEY. No great amount of it is sold for export. North Carolina, Virginia, South Carolina, and Georgia bright tobacco is sold in quite a considerable measure—I should say about 45 percent—for export. I do not intend to comment about this particular tobacco at this time; but I wish to get that statement in the RECORD, because the Senator from Kentucky is now addressing the Senate, and making a very fine argument upon the subject of burley tobacco.

Burley tobacco is not in this bill, but is very far removed from it. The Senator from Kentucky might have all knowledge about burley tobacco, but he would not understand bright tobacco.

Mr. BARKLEY. Mr. President, I yielded to the Senator for a question. I do not want him to take up too much of my 15 minutes.

Mr. BAILEY. I will take my seat, Mr. President, but I wish to remind the Senator from Kentucky that when I was speaking under a 15-minute limitation the Senator from Kentucky did not hesitate to make a speech in the midst of mine. The next time he tries to do that I shall have to decline to yield to him.

Mr. BARKLEY. I thought I asked the Senator a question; but if I went beyond the question, I apologize to the Senator from North Carolina.

Mr. BAILEY. But the Senator is not now yielding to me.

Mr. BARKLEY. The point is that while burley tobacco is not in the Senator's amendment—and I am not speaking for my own State, because we do not produce flue-cured tobacco—I think it is certainly in the interest of justice to all tobacco producers that no one State shall be taken out from the operation of the bill, because while 45 percent of flue-cured tobacco may be exported, the rest of it, even if not that which is exported, comes into competition with burley tobacco, which is used very largely for cigarettes; and the Senator from North Carolina in his remarks commented on the fact that flue-cured tobacco is largely used in the production of cigarettes.

I now yield to my colleague if he still wishes me to do so.

Mr. LOGAN. Mr. President, I simply wanted to call the attention of my colleague to the fact that an effort was made to reduce the production of tobacco before the big tobacco-buying organizations made that attempt. The Senator has not forgotten the old Night Rider days, when those who rode had for their objective the reduction of the production of tobacco.

Mr. BARKLEY. No; I have not forgotten them, but I have not the time to go into the causes and effects of that particular episode.

Mr. President, the point I am making is that the little farmer is the farmer who suffers if there is a low price on tobacco. Fifty-five percent of all tobacco produced is made by those who produce less than 10,000 pounds. No one man can produce 10,000 pounds by his own labor. If any man is producing 10,000 pounds of tobacco, he is either hiring tenants by the year or by the day or by the month in order to produce it, or he is letting out five acres or four acres in little patches in order that the sharecropper may produce the tobacco.

If the amendment of the Senator from North Carolina applies also to sharecroppers, then any man with a thousand acres of land could lift himself out from under the terms of the bill by renting all of his tobacco land to sharecroppers

and letting each of them produce 4 acres or 5 acres of tobacco, dividing it up in that way; and if the amendment does not apply to sharecroppers, it is even more unfair.

I will say that those in the Department of Agriculture who will have to do with the administration of the tobacco section of our program advised me that if this amendment is adopted it will be utterly impossible to put into effect a program on tobacco, and that we might as well strike the tobacco section from the bill.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BAILEY. I am sure the Senator will yield for a correction of a statment of facts.

My amendment will not enable anybody to be lifted out of this bill. The little fellow is in it to the extent of 5 percent; the 10,000-pound man is in it to the extent of the 10 percent cut, and those who divide with him are all in it to the limit of the bill.

Mr. BARKLEY. The Senator's amendment does not lift those to whom it applies out of this bill, but it puts them on an entirely different basis, and it gives to 55 percent of production a small reduction of their quota, whatever it gives to the other 45 percent. For that reason it is my contention—and I do not think the Senator from North Carolina would gainsay this—that if the producers of 55 percent of any crop, whether it be tobacco, or cotton, or wheat, or corn, or rice, are to be placed on a different basis, so that the law cannot be applied to them in a uniform manner, it would materially affect the success of the program and would operate to reduce the price of the product beyond that which would be possible if it applied to all the growers in the same way.

For that reason, Mr. President, if the section on tobacco is to be of any value whatever to the little farmer as well as the big farmer who produces tobacco, I do not believe there ought to be this exception, this lowering of the quota, or authority to reduce the quota.

Mr. ELLENDER. Mr. President, I am in thorough accord with the statement made by the Senator from Kentucky [Mr. BARKLEY], and I do not have much more to add to the remarks I made a few days ago with reference to a similar amendment. I believe that the committee amendment, as amended and adopted a few days ago, with reference to allocation of tobacco quotas, will go further toward helping the small grower than the amendment which has been proposed by the Senator from North Carolina. Under the amendment of the Senator from North Carolina, what is going to become of the quota of the small farmer who has been planting tobacco for only 2 or 3 years?

Mr. BAILEY rose.

Mr. ELLENDER. I wish to call to the attention of the Senate the fact that the amendment of the Senator from North Carolina takes a 10-year average, whereas the bill as it is now written, gives to the little farmer——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from North Carolina?

Mr. ELLENDER. I will yield in just a minute, Mr. President. The provision that is presently in the bill allots to the small grower who has been planting tobacco during the past 3 years the highest production that he has made in any of those 3 years, if it is smaller than the minimum fixed for flue-cured tobacco—3,200 pounds—or for other kinds of tobacco—2,400 pounds. In other words, the small grower who has grown as much as 3,200 pounds of flue-cured tobacco or 2,400 pounds of other tobacco in any year of the past 3 years, will be allotted said amount, irrespective of what his average in the past has been.

I now yield to the Senator from North Carolina.

Mr. BAILEY. Mr. President, will the Senator permit me to say that we have now a perfect illustration of Federal legislation in matters agricultural. The Senator from the rice State is talking about flue-cured bright tobacco, and the Senator from the prairie State is talking about how we work in North Carolina. That is a perfect illustration of the philosophy and the folly of the Federal attempt to run agriculture. But I will have to listen. I am going to vote for rice. But I am not going to put anything in there about rice. I do not know about rice. But the Senator from Louisiana knows all about bright tobacco—oh yes!

Mr. PEPPER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Florida?

Mr. ELLENDER. I do.

Mr. PEPPER. The Department of Agriculture is equally cognizant of conditions in the growing of flue-cured and burley tobacco; and, if I correctly understand the Senator from Louisiana, they are opposed to this amendment.

Mr. ELLENDER. They are.

In further answer to my good friend from North Carolina, if he will study the rice title of the bill he will find in that part of the bill that there is not as much opportunity for controlled production as there is in the case of tobacco.

Mr. BAILEY. Mr. President, let me ask the Senator a question.

Mr. ELLENDER. Just a minute. I wish to further say to the Senator from North Carolina that it was my privilege to attend each and every hearing that was held by the southern group of the Senate Agricultural Subcommittee last fall, and in addition thereto, I also attended a number of the hearings held by the western group of the subcommittee in the Middle West and on the Pacific coast. I made it my business to be present at all of those hearings because I was interested in agriculture and in the welfare of our farmers—because I sympathize with the farmers, and I wanted to hear from their own lips what they thought about crop legislation, and about Federal compulsory crop control. I may say to the Senator from North Carolina that a great number of tobacco farmers were present at all of the hearings we held in the tobacco States, and we had an excellent opportunity to sound out their views on crop control, and we did sound them out, and I can state positively, and I am sure, without fear of contradiction, that practically all of the tobacco farmers who appeared before our committee were in favor of controlled production—and when I say control, I mean control with teeth in it.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BAILEY. I have no doubt that in the 24 hours the Senator spent in North Carolina, he learned more than in all the balance of his life; but I just want to ask him a question. Is he opposed to controlling rice production?

Mr. ELLENDER. No, sir; I am not.

Mr. BAILEY. But the Senator did not put it in the bill.

Mr. ELLENDER. Maybe not as I would like it, but I am for what the people want if it is possible to do so. The rice title, as written, represents the views of most of the rice producers.

In further answer to the Senator from North Carolina I desire to say that I have not spent a mere 24 hours in his State, as he would insinuate. It has been my pleasure and good fortune to spend quite a number of days in his beautiful State. On every trip I have made through North Carolina—and there have been quite a few such trips—I have stopped and conversed with tobacco farmers. I may further state that since 1916 I spent much time in his State and other tobacco States and feel that I know something about the production of tobacco. On my way to Washington to attend this special session I spent over a day in North Carolina.

Mr. BAILEY. I hope the Senator will come often. He will be welcome.

Mr. ELLENDER. You have a fine State.

Mr. BAILEY. But the Senator says——

The PRESIDING OFFICER. Senators will please address the Chair before continuing their colloquies.

Mr. BAILEY. I beg the Chair's pardon.

Mr. ELLENDER. Mr. President, I again repeat what I have just said about the tobacco-control feature of the bill, the tobacco growers desire control, and I am confident that a mere reading of the hearings held at Winston-Salem, N. C., Columbia, S. C., and Louisville, Ky., will convince anybody that that is the case. Farmers from every portion of those States where tobacco is grown were heard at those

hearings; and I want to say that they desire a bill with control in it, and I feel that this bill gives them such control

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Kentucky.

Mr. BARKLEY. In any of the hearings in any of the tobacco States, did anybody ask to be exempted from the provisions of this bill, so far as tobacco was concerned? Did any of those advocating control ask that the control apply only to the other fellow, and not apply to them?

Mr. ELLENDER. No, sir.

Mr. BARKLEY. That is not the spirit of the tobacco growers.

Mr. ELLENDER. On the contrary, Mr. President, every tobacco grower with whom we came in contact said that prices were good this year, and what he wanted was to keep those prices where they were, and he felt the only way that could be done was by giving him a control program; and that, Mr. President, we have done.

To revert to the amendments that were inserted in the bill, in order not to disturb the small tobacco growers we have allotted to them the highest amount produced in any of the past 3 years, provided that the amount produced was less than 3,200 pounds of flue-cured tobacco and 2,400 pounds of other tobacco. The 3,200-pound and 2,400-pound levels were so fixed because those amounts represent all the tobacco that the average small farmer can grow, as was just explained by the Senator from Kentucky.

Mr. BAILEY. Mr. President, will the Senator explain something to me?

Mr. ELLENDER. Gladly, if I can.

Mr. BAILEY. Why is the exemption on burley tobacco only 2,400 pounds, and on flue-cured tobacco 3,200 pounds?

Mr. ELLENDER. The reason for that is that in the case of flue-cured tobacco the farmer has to build a tobacco-curing barn which has a capacity of 4 acres' production. That has been the custom throughout the tobacco region, I understand. The average production of flue-cured tobacco, I am informed, is 800 pounds to the acre. Four acres at 800 pounds to the acre makes 3,200 pounds, and that is why that figure was placed in the bill. In other words, 3,200 pounds of flue-cured tobacco is considered an economic small-farm unit set-up.

With reference to other kinds of tobacco, where we have placed the amount at 2,400 pounds, they do not require the special treatment of the flue-cured variety, and can be prepared for market at considerably less cost. The curing barns cost less to build and less to operate.

Mr. BAILEY. Now, will the Senator answer another question?

The PRESIDING OFFICER. Does the Senator from Louisiana further yield to the Senator from North Carolina?

Mr. ELLENDER. I do.

Mr. BAILEY. Why did the experts on the committee who wrote this legislation put the amount of flue-cured tobacco at 2,200 pounds if what the Senator now says is correct? Why did they write the amount at 2,200 pounds for our North Carolina flue-cured tobacco?

Mr. ELLENDER. The poundage of flue-cured tobacco as set forth in the bill, Mr. President, is 3,200 pounds.

Mr. BAILEY. I know; but it was originally written 2,200 pounds. I brought in an amendment and the Senator from Louisiana brought in one. The Senator from Louisiana is in charge of the tobacco part of the bill, having gone through our State a day or two and learned about it. I want to know why they put 2,200 pounds in the bill.

Mr. ELLENDER. The bill, as originally drafted, provided not for 2,200 pounds but for 2,400 pounds for all tobacco.

Mr. BAILEY. Very well; 2,400 pounds. Why was the figure of 2,400 pounds put in?

Mr. ELLENDER. I have given the reasons a few minutes ago. It was thought that a difference should be made in the case of flue-cured tobacco, and that is why we set the amount at 3,200 pounds.

Mr. BAILEY. I get that; "it was thought"; but I am inquiring how the amount was fixed at 2,400 pounds at the start. The Senator was in charge and passed it for 2,400 pounds in the committee.

Mr. ELLENDER. The Department might have had the Senator's amendment before it. His amendment may have prompted that change. The committee did the best it could and I, for one, will consider any reasonable suggestions. I understand that the Senator asked for 3,600 pounds; did he not?

Mr. BAILEY. Three thousand three hundred pounds. I would have asked for 3,600 pounds if I had thought I could have gotten it.

Mr. ELLENDER. What we did, then, was to allow just 100 pounds under what the Senator's amendment proposed. I think the Senator succeeded very well and should be commended by his people.

Mr. BAILEY. But the Senator did not learn that in his little trip to North Carolina, did he?

Mr. ELLENDER. No; not every detail, Mr. President. I try to learn something new every day. There may have been a great many things I did not learn in the Senator's State, but I believe I do know something about what the farmers in his State desire. There is no man in the Senate who wants to help the small farmer any more than I do; and I feel confident that the provisions of the tobacco and cotton titles will adequately take care of the small farmers of the South, insofar as production allotments are concerned. As to the three other commodities we are dealing with I feel equally certain that the small farmers will receive their just share of any acreage allotted. The bill may not result in perfect legislation, but I am willing to try something. I hope the amendment will be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina [Mr. BAILEY], as modified, to the amendment reported by the committee.

Mr. BAILEY. Mr. President, I ask for a roll call.

The PRESIDING OFFICER. The yeas and nays are demanded. Is the demand seconded?

The yeas and nays were ordered.

Mr. BAILEY and Mr. BARKLEY suggested the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Logan	Russell
Andrews	Copeland	Lonergan	Schwartz
Ashurst	Davis	Lundeen	Schwellenbach
Austin	Donahey	McAdoo	Sheppard
Bailey	Duffy	McCarran	Shipstead
Bankhead	Ellender	McGill	Smathers
Barkley	Frazier	McKellar	Smith
Berry	George	McNary	Steiwer
Bilbo	Gibson	Maloney	Thomas, Okla.
Borah	Gillette	Miller	Thomas, Utah
Bridges	Green	Minton	Townsend
Brown, Mich.	Hale	Murray	Truman
Brown, N. H.	Harrison	Neely	Tydings
Bulkley	Hatch	Norris	Vandenberg
Bulow	Hayden	O'Mahoney	Van Nuys
Burke	Holt	Overton	Wagner
Byrd	Johnson, Calif.	Pepper	Walsh
Byrnes	Johnson, Colo.	Pittman	Wheeler
Capper	La Follette	Pope	White
Caraway	Lee	Radcliffe	
Chavez	Lodge	Reynolds	

The PRESIDING OFFICER. Eighty-two Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from North Carolina [Mr. BAILEY], as modified, to the amendment reported by the committee. On that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SHIPSTEAD (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I am informed that if present that Senator would vote "yea." If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. MINTON. The senior Senator from Illinois [Mr. LEWIS] is unavoidably detained. I am authorized to state that if present he would vote "nay."

Mr. FRAZIER. My colleague the junior Senator from North Dakota [Mr. NYE] is necessarily absent. He is paired

on this vote with the Senator from Utah [Mr. KING]. If present, my colleague [Mr. NYE] would vote "nay," and I am advised the Senator from Utah [Mr. KING] would vote "yea."

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Rhode Island [Mr. GERRY], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from New Jersey [Mr. MOORE], the Senator from Nevada [Mr. PITTMAN], and the Senator from Maryland [Mr. TYDINGS] are unavoidably detained.

The Senator from Missouri [Mr. CLARK] and the Senator from Alabama [Mrs. GRAVES] are detained on important public business.

The Senator from Arizona [Mr. ASHURST], the Senator from Washington [Mr. BONE], the Senator from Illinois [Mr. DIETERICH], the Senator from Iowa [Mr. HERRING], and the Senator from South Dakota [Mr. HITCHCOCK] are detained on departmental matters.

The Senator from Pennsylvania [Mr. GUFFEY] is detained in a conference at the White House.

The Senator from Rhode Island [Mr. GERRY] is paired with the Senator from South Dakota [Mr. HITCHCOCK]. If present and voting, the Senator from Rhode Island would vote "yea", and the Senator from South Dakota would vote "nay."

The result was announced—yeas 35, nays 43, as follows:

YEAS—35

Adams	Capper	Holt	Smith
Andrews	Caraway	Johnson, Calif.	Stelwer
Austin	Copeland	Lodge	Townsend
Bailey	Davis	McAdoo	Vandenberg
Borah	Frazier	McNary	Van Nuys
Bridges	George	Maloney	Walsh
Bulkley	Gibson	Miller	Wheeler
Burke	Hale	O'Mahoney	White
Byrnes	Harrison	Russell	

NAYS—43

Bankhead	Duffy	Lundeen	Radcliffe
Barkley	Ellender	McCarran	Reynolds
Berry	Gillette	McGill	Schwartz
Bilbo	Green	McKellar	Schwellenbach
Brown, Mich.	Hatch	Minton	Sheppard
Brown, N. H.	Hayden	Murray	Smathers
Bulow	Johnson, Colo.	Neely	Thomas, Okla.
Byrd	La Follette	Norris	Thomas, Utah
Chavez	Lee	Overton	Truman
Connally	Logan	Pepper	Wagner
Donahey	Lonergan	Pope	

NOT VOTING—18

Ashurst	Glass	Hughes	Pittman
Bone	Graves	King	Shipstead
Clark	Guffey	Lewis	Tydings
Dieterich	Herring	Moore	
Gerry	Hitchcock	Nye	

So Mr. BAILEY'S amendment, as modified, to the amendment of the committee was rejected.

The PRESIDING OFFICER. The next amendment passed over will be stated.

The CHIEF CLERK. On page 72, in line 1——

Mr. COPELAND. Mr. President, it is my desire to offer an amendment to this paragraph. The first amendment I desire to offer in behalf of the Senator from Vermont [Mr. AUSTIN] and myself, is to the last line of page 71, after the word "corn", to insert "(except in the case of corn normally used as ensilage)."

The PRESIDING OFFICER. The Chair is advised that before the amendment which the Senator desires to offer is in order it will be necessary to go through the formality of having reconsideration of the vote by which the Senate committee amendment was adopted.

Mr. COPELAND. I know the Senator from Vermont [Mr. AUSTIN] wishes to speak, so I ask unanimous consent that the vote by which the amendment was adopted at the bottom of page 71, lines 23 and 24, may be reconsidered. The Senator from Idaho [Mr. POPE] and others in charge of the bill are agreeable to this action and accordingly I submit the request.

The PRESIDING OFFICER. Is there objection to the reconsideration of the vote by which the committee amendment was adopted? The Chair hears none, and it is so ordered.

Mr. COPELAND. I now offer my amendment, on page 21, line 24, after the word "corn", to insert "(except in the case of corn normally used for ensilage)."

Mr. AUSTIN. Mr. President, in order that we may understand what we are talking about, the amendment proposed by the Senator from New York [Mr. COPELAND] and myself relates to line 1, page 72, which I understand to be the pending question. The proposal is, on page 72, line 1, to strike out the words "poultry or" and insert after "livestock" the words "except dairy cattle." It is to that precise amendment that I wish to invite the attention of the Senate and particularly of the Senators who sponsor the measure, for I hope that they may see fit to accept it if the understanding of the bill which I have is correct.

Let me say that I often think of what Benjamin Franklin wrote to the son of Cotton Mather after Cotton Mather died. He said:

> I regret the passing of your distinguished father. We were not very friendly in his lifetime, but we visited each other; and on one occasion while he was taking me through a low passageway in his printing outfit I bumped my head on a beam. He turned to me and said, "Ben, stoop a little going through life. It will save you many a bump." I was grateful to him, but never thanked him, so I now acknowledge my debt.

I have no arrogance of opinion about the text of the bill, but I have certain views to which I am very firmly persuaded and to which I hope the Senators who sponsor the bill will listen, because I believe if my understanding is correct they will accept the amendment.

The amendment under consideration would cut out of the bill definite and certain hardships on the producers of milk and eggs. As written the bill brings feeders of corn and wheat under a ban—that is, a ban against payments and loans—and under the penalties of the bill. At the same time it cuts off their present rights under the soil-erosion contracts. Take the farmer who raises corn ensilage above the exemption and feeds it to his herd, and we have this strange result. If he fails to sign an adjustment contract, he cannot be paid soil-conservation payments. Understand, that is if he fails to sign. That is a direct prohibition to which I shall refer in a moment.

On the other hand, if he signs the contract he cannot be paid either soil-conservation payments or parity payments for the two following reasons: First, parity payments are to be substituted under the terms of the bill for soil-conservation payments. Second, the producer of silage corn fed to his cattle gets no parity payment at all. Parity payments are to be made on the price of corn and wheat, not on the price of milk and eggs. The bill therefore creates a dilemma for the milk and egg producer from which he cannot escape. Soil-conservation payments are entirely eliminated from him in the future with nothing whatever substituted therefor.

Let us turn to page 7 of the bill. It is there provided, in line 6, as follows:

> Soil Conservation Act payments shall, if the farmer is eligible to enter into an adjustment contract, be paid to him only if he has entered into such a contract.

Pause there. If he has not entered into an adjustment contract, the soil-conservation payments to which now he is entitled will not be paid to him.

This is the other horn of the dilemma:

> In lieu of the payments under such act, with respect to wheat and corn produced for market, cooperators shall receive the parity payments under adjustment contracts.

The producer of eggs and milk, by raising corn and feeding it to poultry and cattle, has no right to any parity payments at all. He feeds all of his corn. He sells none of it. It goes into his cattle, and this definition of "for market" sweeps him in.

Mr. President, I have no idea at all that the Senators who are so earnestly endeavoring to help agriculture in the country intended to do such a huge injustice to a great branch of agriculture. As I have heretofore pointed out, the volume and importance of dairy products compare with the

volume and importance of cotton, and I have not any idea the sponsors of the bill intended any such objective as this would accomplish.

Just a word more. If we take out of this definition the words "poultry or" and add to it the words "except dairy cattle", it would read as follows:

> The term "for market" in the case of wheat and corn means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to livestock (except dairy cattle) which, or the products of which, are to be sold, bartered, exchanged, or given away.

What I want to add to my urgent plea for the acceptance of the amendment is this: There is not apparent to me any possible injury to any person who is intended to be benefited by the bill if that amendment should be adopted. It is closely confined in its scope to precisely that class and only that class of agriculturists who are by the bill entirely deprived of their benefits under the Soil Conservation Act as well as under the provision of the pending bill because of the peculiar manner in which the definition of "marketing" sweeps them within the denunciations of the bill.

Mr. GILLETTE. Mr. President, may the amendment be stated?

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment, on page 71, line 24, after the word "corn", it is proposed to insert the words "except in the case of corn normally used for ensilage."

Mr. AUSTIN. Mr. President, there is evidently a misunderstanding of the situation. I made a parliamentary inquiry.

The PRESIDING OFFICER. The parliamentary situation is that the amendment to which the Senator from Vermont spoke, and the one which was passed over, is the next amendment among those passed over to be taken up for consideration; but the Senator from New York requested unanimous consent to return to the committee amendment at the bottom of page 71, which unanimous consent was granted, and thereupon the Senator from New York offered the amendment which the clerk has just reported.

Mr. COPELAND. Mr. President, in order that the matter suggested by the Senator from Vermont may be placed squarely before the Senate I withdraw the amendment which I offered in order that this particular amendment, which is on the table and which was presented jointly by the Senator from Vermont and myself, may be given consideration, because that is what the Senator from Vermont had in mind.

The PRESIDING OFFICER. The Senator from New York withdraws the amendment he has heretofore offered, and the question is now on the amendment offered by the Senator from New York and the Senator from Vermont, which will be stated.

The CHIEF CLERK. On page 72, line 1, it is proposed to strike out the words "poultry or" and insert after the word "livestock" the words "except dairy cattle."

Mr. POPE. Mr. President, since the Senator from Vermont addressed his remarks to the authors of the bill, indicating that he desired to have our views in reference to his amendment, I may say that I have already stated on the floor that, so far as I am concerned, and I believe the other sponsors of the bill are in agreement, I have no objection to striking out the words "or poultry." I realize that in certain instances considerable quantities of corn are fed to poultry; but it seems to me the matter as a whole is so small that it will make no material difference in the administration of the proposed law. Therefore I have no objection to that part of the Senator's amendment striking out the words "poultry or."

I do object to and shall oppose the portion of the amendment which attempts to strike out the dairy interests or to exempt dairy cattle from this provision, because it can readily be seen, as pointed out by the Senator from Iowa a few days ago, and I think by other Senators, that a farmer might very well raise a large amount of corn, feed it to livestock, feed it to his dairy cattle, and market the products, and it would have the same effect as raising corn and feeding it to hogs and marketing the hogs. It would tend to increase the raising of hogs, increase the production of dairy products, and make the competition keener than it is now. I make this statement on behalf of the dairy interests, because I am interested in dairying as much as in any other one thing. But to increase dairying, increase the number of dairy herds, to place no limit upon the amount of corn and feed that may be fed to dairy herds, would, it seems to me, be a detriment to the dairy industry, and would tend to defeat the purposes of the bill.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. MCKELLAR. About how much corn is fed to livestock a year?

Mr. POPE. I do not have the figures.

Mr. MCKELLAR. What proportion of the entire crop?

Mr. POPE. Perhaps the Senator from Iowa, who is quite familiar with the subject, could give some idea of that. The Senator from Tennessee asks what percentage of corn is fed to livestock each year.

Mr. GILLETTE. Mr. President, the estimate is that 85 percent is marketed on the hoof, as we say, in livestock, either cattle or hogs.

Mr. AUSTIN. Mr. President, in view of what the Senator from Idaho has stated, let me say that with the provisions on page 7 in effect, namely, that if such a corn producer as he describes should enter into a contract, then the following would take place, "and in lieu of the payments under such act with respect to wheat and corn produced for market cooperators shall receive the parity payments made under adjustment contracts."

Mr. President, I submit to the good sense of the Senate that if a man who increases his crop of corn and feeds it to his stock and gets his money out of the milk crop, this is a hindrance rather than a benefit, and that there is no economic reason to induce a man or to tempt him to increase his crop of corn for the purpose of producing milk. There is no benefit, but there is this disadvantage, that he is prohibited by the proposed law from enjoying the payments which he may now enjoy under the Soil Conservation Act, and he may not have any parity payments, because there are no parity payments on his money crop, namely, milk. It is purely a theoretical defense of regimentation of milk producers. There is no realism about it at all. Many milk producers are not in a position, if they are tempted by the provisions of the bill, to increase the quantity of their milk in that manner.

Mr. GILLETTE. Mr. President, I dislike very much to differ with my colleague, the Senator from Vermont. I greatly fear one of two things, and possibly both, would result from the adoption of the amendment as he has suggested it. The first is the complete break-down of the purposes of the bill in its administration because of the increased use of ensilage by feeding corn to livestock, thus coming within the exemptions he has provided in the amendment he has presented.

The second point is that it would develop, in my honest opinion, for the dairy interests of the country, the most destructive competition that could possibly be developed for them. I can conceive of no greater injustice to them than the adoption of this amendment, as I can conceive it would work out, having in mind as fully as the Senator has, and as has the eminent Senator from New York and also the eminent Senator from Wisconsin, representing dairy districts, the fear that they have expressed and the fear they feel for the dairy interests. I am convinced that the amendment to be later presented by the Senator from New York will, in better fashion, protect the dairy interests. As I understood the amendment as reported by the clerk, which was later withdrawn, it would exempt corn usually fed or normally fed in the form of ensilage. If that amendment is adopted it will prevent the diversion and the development of this competition which I feel would be a danger we can well anticipate. I believe that fear is shared by practically all

the sponsors of the bill, and I am sure it is shared by representatives of the Department of Agriculture.

I hope the pending amendment will be voted down and that the amendment which will be offered will be agreed to, and I think it will meet the situation.

Mr. AUSTIN. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. AUSTIN. Is it proper to accept the tender of the Senator from Idaho and modify the amendment so that it will refer only to the exception of poultry?

The PRESIDING OFFICER. The author of an amendment may modify it as he desires. If the Senator from Vermont desires to modify his amendment, he may do so.

Mr. NORRIS. Mr. President, I should like to suggest to the Senator from Vermont that if the proposition of the junior Senator from Idaho is accepted, it will be an amendment which is not in order at the present time. It proposes to insert something after "livestock." The insertion of livestock is not a committee amendment. In other words, it will not be an amendment to a committee amendment.

Mr. AUSTIN. Mr. President, I agree with the Senator from Nebraska, and am glad he called this to my attention. Under the circumstances, therefore, I should like to ask for a yea-and-nay vote on the amendment.

Mr. NORRIS. Mr. President, I should like to submit another proposal. As the Senator from Vermont has offered the amendment, it consists very distinctly of two propositions, but the subjects covered are not connected in the bill itself. It is an amendment to language appearing at two places in the bill. One part of the amendment is in order now, and the other is not. So it seems to me we would be in the dilemma of coupling up an amendment which was in order with an amendment which was not in order, and in order to reach a vote we would indirectly be violating the rule to which we have agreed. Technically speaking, although I myself do not care, it seems to me that the amendments thus coupled up, amending the bill in two places, one in order and one out of order, ought to be held not to be in order, if Senators insist on putting them together.

Mr. AUSTIN. Mr. President, assuming that to be correct, the real subject matters of the committee amendment and of the proposed amendment to the amendment are poultry and dairy cattle; and if it does require a waiver of the rule by unanimous consent, I would ask it rather than take the time to review the same matter once more. I venture to guess that the result would be the same at this instant as it might be any time hereafter. Therefore I ask the Senator from Nebraska if he does not agree that perhaps we had better take a vote on it now.

Mr. NORRIS. That may be. I certainly have no objection.

Mr. AUSTIN. Mr. President, I ask unanimous consent that we may act on this matter at this time and get it disposed of.

The PRESIDING OFFICER. The Senator from Vermont asks unanimous consent that the amendment in its entirety, whether it is in order or not, be acted upon at this time. Is there objection to the request? The Chair hears none, and it is so ordered.

Mr. AUSTIN. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. NORRIS. Mr. President, I submit a question to the Chair. There may be, and likely there is, a difference of opinion on this amendment. A Senator might be in favor of one-half of it and against the other half. I think I have a right to demand, and there ought to be, it seems to me, a division of the question.

The PRESIDING OFFICER. The present occupant of the chair is of the opinion that a division is in order. Does the Senator from Nebraska request a division?

Mr. NORRIS. I do. I think we ought to have a roll call first on striking out the words "poultry or." Then we could have a vote on the insertion proposed.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment on page 72, line, 1, it is proposed to strike out the words "poultry or."

The PRESIDING OFFICER. Does the Senator from Vermont request a roll call on this?

Mr. AUSTIN. I do not. I understand this amendment is substantially agreed to.

Mr. POPE. The committee amendment proposes to insert the words "poultry or." The proper thing would be to vote down the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. COPELAND. As I understand, it is entirely satisfactory to the committee to have the amendment rejected.

Mr. POPE. It is.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The committee amendment was rejected.

The PRESIDING OFFICER. The clerk will state the pending amendment.

The CHIEF CLERK. The pending amendment is the amendment of Mr. COPELAND and Mr. AUSTIN on page 72, line 1, after the word "livestock", to insert "excepting dairy cattle."

The PRESIDING OFFICER. It was on this amendment to the committee amendment that the yeas and nays were ordered. The yeas and nays have heretofore been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GLASS (when his name was called). Mr. President, I have a general pair with the Senator from Minnesota [Mr. SHIPSTEAD]. Not knowing how he would vote on this question, I withhold my vote.

Mr. FRAZIER (when Mr. NYE's name was called). My colleague [Mr. NYE] is necessarily absent from the Senate. On this vote he is paired with the senior Senator from Illinois [Mr. LEWIS]. If present and at liberty to vote, my colleague would vote "yea," and, I understand, the senior Senator from Illinois, if present and at liberty to vote, would vote "nay" on this question.

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the senior Senator from Arizona [Mr. ASHURST], the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Georgia [Mr. GEORGE], the junior Senator from Arizona [Mr. HAYDEN], the Senator from Iowa [Mr. HERRING], the Senator from South Dakota [Mr. HITCHCOCK], and the Senator from Nevada [Mr. MCCARRAN] are detained in Government departments.

The Senator from Tennessee [Mr. BERRY], the Senator from Rhode Island [Mr. GERRY], the Senator from Illinois [Mr. LEWIS], and the Senator from New Jersey [Mr. MOORE] are unavoidably detained.

The Senator from Missouri [Mr. CLARK] and the Senator from Alabama [Mrs. GRAVES] are detained on important public business.

The result was announced—yeas 30, nays 46, as follows:

YEAS—30

Adams	Copeland	King	Tydings
Austin	Davis	Lodge	Vandenberg
Bailey	Duffy	McAdoo	Van Nuys
Borah	Frazier	McNary	Wagner
Bridges	Gibson	Maloney	Walsh
Bulkley	Hale	Pittman	White
Burke	Holt	Steiwer	
Capper	Johnson, Colo.	Townsend	

NAYS—46

Bankhead	Ellender	McKellar	Russell
Barkley	Gillette	Miller	Schwartz
Bilbo	Green	Minton	Schwellenbach
Bone	Guffey	Murray	Sheppard
Brown, Mich.	Harrison	Neely	Smathers
Brown, N. H.	Hatch	Norris	Smith
Bulow	La Follette	O'Mahoney	Thomas, Okla.
Byrnes	Lee	Overton	Thomas, Utah
Caraway	Logan	Pepper	Truman
Connally	Lonergan	Pope	Wheeler
Dieterich	Lundeen	Radcliffe	
Donahey	McGill	Reynolds	

NOT VOTING—20

Andrews	Clark	Hayden	Lewis
Ashurst	George	Herring	McCarran
Berry	Gerry	Hitchcock	Moore
Byrd	Glass	Hughes	Nye
Chavez	Graves	Johnson, Calif.	Shipstead

So the amendment of Mr. COPELAND and Mr. AUSTIN on page 72, line 1, to the committee amendment was rejected.

Mr. COPELAND. Mr. President, I again offer my amendment at the bottom of page 71.

The PRESIDING OFFICER. The Senator from New York offers an amendment, which the clerk will state.

The CHIEF CLERK. On page 71, line 24, after the word "corn", it is proposed to insert the words "except the case of corn normally used for ensilage."

Mr. COPELAND. Mr. President, this amendment answers the objection of the Senator from Iowa [Mr. GILLETTE] and meets the approval of the committee. In my country corn used for feeding dairy cattle is largely in the form of ensilage, and therefore would not properly come under the terms of the bill. So I hope this amendment may be agreed to and inserted in the bill.

Mr. POPE. Mr. President, I agree to this amendment. I think it is helpful to the dairy interests.

Mr. FRAZIER. Mr. President, can any Senator tell me whether ensilage is covered in the bill? If not, what is the use of an amendment of this sort? I can see nothing in the bill which covers ensilage in any way.

Mr. COPELAND. The bill covers corn, and even though corn used as ensilage stays in the fodder-corn stage it is corn.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New York on page 71, line 24.

The amendment to the amendment was agreed to.

Mr. COPELAND. I offer a further amendment at the end of line 11, on page 72.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 72, line 11, after the word "household", it is proposed to insert "corn used as ensilage shall also be deemed consumed on the farm to the extent of the amount normally so used on the farm."

Mr. COPELAND. That amendment, as I understand, is acceptable to the committee.

Mr. POPE. That is acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York on page 72, line 11.

The amendment to the amendment was agreed to.

Mr. KING. Mr. President, perhaps it may be out of order, but I present an amendment which I ask to have read, and at a later time I shall ask for action to be taken upon it.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The Chief Clerk read as follows:

On page 26, lines 1 and 2, strike out "If more than one-third of the farmers voting in the referendum oppose such quotas for the commodity" and in lieu thereof insert the following: "Unless two-thirds of the farmers producing the commodity who would be subject to such farm marketing quotas vote in favor of the quotas in the referendum."

On page 34, in lines 4 to 6, strike out "If more than one-third of the farmers voting in the referendum oppose such quota" and in lieu thereof insert the following: "Unless two-thirds of the farmers who would be subject to such quota vote in favor of the quota in such referendum."

On page 42, line 25, and page 43, line 1, strike out "If more than one-third of the farmers voting in the referendum oppose such quota" and in lieu thereof insert the following: "Unless two-thirds of the farmers who would be subject to such quota vote in favor of the quota in such referendum."

On page 55, lines 24 and 25, strike out "If more than one-third of the farmers voting in the referendum oppose such quota" and in lieu thereof insert the following: "Unless two-thirds of the farmers who would be subject to such quota vote in favor of the quota in such referendum."

The PRESIDING OFFICER. The Chair understands that the Senator from Utah is not asking for a vote at this time on the amendment which has just been read.

Mr. KING. No, Mr. President. I understand that other amendments are pending.

Mr. SCHWELLENBACH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Washington will state it.

Mr. SCHWELLENBACH. May I ask what became of the committee amendment on the top of page 72, inserting the words "poultry or"?

The PRESIDING OFFICER. The committee amendment on the top of page 72 was rejected.

The question is on agreeing to the amendment of the committee, as amended, on page 71, line 24.

The amendment, as amended, was agreed to.

Mr. BARKLEY. Mr. President, while we have such a large attendance, I wish to make a statement.

In view of the suggestion I made late yesterday afternoon that we might have to resort to night sessions, I have been asked by a number of Senators today whether or not there will be a night session this evening.

Under all the circumstances, I have concluded not to insist on a night session tonight; but I serve notice that unless the consideration of the bill shall have been concluded before tomorrow night I shall ask the Senate to sit in a night session, beginning at 8 o'clock, after a recess from 5 to 8, in order that we may conclude the consideration of the bill.

Mr. SMITH. Mr. President, while our leader is discussing the prospect of completion of the bill, I desire to suggest that he ask that the bill be printed with all the amendments which have been made, so that those of us here who are trying to follow the bill may have it in such print that we can follow it consecutively.

Mr. BARKLEY. I intend to make that request when the amendments have all been agreed to; but it would be useless to have the bill printed with the amendments until we know what amendments are to go in the bill. I think the suggestion of the Senator is a good one, and it ought to be done as soon as we have completed action on the amendments; but we have not yet quite reached the place where we can do it with any advantage.

Mr. SMITH. The only idea I had was, as the Senator says, that when the amendments shall all have been offered and adopted there should be a print, so that we may know exactly what has been done in this very clear and explicit bill.

Mr. BARKLEY. I agree with the Senator.

Mr. SCHWELLENBACH. Mr. President, will the Senator from South Carolina yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Washington?

Mr. SMITH. I do.

Mr. SCHWELLENBACH. With reference to the suggestion which the Senator has made, I should like to say that a little while ago I happened to be presiding when the Senator from Florida [Mr. ANDREWS] made that suggestion. The experienced secretaries and clerks, who certainly know more about procedure than I do, were unanimous in their agreement that it would be an undesirable thing to do, because of the fact that the pages are different and the numbers are different; and they stated that when that procedure had been followed in the past, it had been very unsatisfactory.

I simply present that comment, which I heard from the experienced clerks of the Senate.

Mr. SMITH. Mr. President, I have had about as much experience as anyone else here, but I have not had any experience with this kind of a bill. When we shall have finished this huge mystery we should like to have a text with the amendments that have been agreed to, so that we may turn from page to page and find out just what has been added, and what great benefit has accrued by virtue of the amendments.

Mr. McNARY obtained the floor.

Mr. GEORGE. Mr. President——

Mr. McNARY. I yield to the Senator from Georgia.

Mr. GEORGE. A parliamentary inquiry. Is there an amendment pending?

The PRESIDING OFFICER. No amendment has yet been proposed.

Mr. GEORGE. Will the Senator from Oregon yield to me so that I may ask unanimous consent to reconsider one paragraph in the tobacco section of the bill, and offer an amendment to which there is no objection—that is, no objection by the Senators who are members of the committee who are familiar with tobacco?

The PRESIDING OFFICER. Does the Senator from Oregon yield for that purpose?

Mr. McNARY. Yes; I yield.

Mr. GEORGE. I ask unanimous consent to reconsider the vote by which section 42 (a) on page 43 was adopted.

The PRESIDING OFFICER. The Senator from Georgia asks unanimous consent for the reconsideration of the vote by which the committee amendment known as section 42 (a) on page 43 was adopted. Is there objection to the request of the Senator from Georgia? The Chair hears none, and the vote is reconsidered.

Mr. GEORGE. Now, Mr. President, after the word "production" on line 23, I offer the following amendment:

Giving due consideration to seedbed and other plant diseases.

I may say that that identical language is in the following section of the bill, where the allotment of tobacco is made to the individual farmer. This particular section deals with the division of the national quota between the States of producing areas, and there would seem to be no objection to the amendment from any source.

I ask that the amendment be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. GEORGE] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. McNARY. Mr. President, in the various discussions covering the subject matter which was presented by the Senator from Vermont [Mr. AUSTIN] and the Senator from New York [Mr. COPELAND] I stated that I desired to complete that matter which pertains to the dairy industry and what disposition shall be made of the diverted lands.

I think it is agreeable for the Senator from Idaho [Mr. POPE] to proceed now with that matter, as was rather tentatively agreed a few days ago. I understand that the Senator has an amendment which precedes mine in the order of the bill, and I shall be very happy to give way to him in order that he may present his amendment. I shall follow with mine, which I shall offer as an amendment in the nature of a substitute.

A few days ago the Senator stated that he wanted to offer his amendment, as I recall, on page 36. I stated that I had selected page 82. That may not make any difference, but I think the Senator has priority in the presentation of his amendment.

Mr. POPE. Mr. President, upon consideration of the matter, as announced this morning, the amendment I shall offer is not to be offered on page 36, but as an amendment to the original language of the bill appearing on page 6, following the word "commodity" in line 5.

I will read the amendment:

Provided, however, That field corn shall not be deemed to be produced for market whenever the amount thereof produced and consumed annually on the farm is more than 50 percent of the aggregate normal yield of the corn soil-depleting base acreage for the farm (1) in counties in which the average production of field corn does not exceed 400 bushels per farm and four bushels per acre of farm land, and (2) in counties containing no minor civil subdivision in which the acreage production of field corn exceeds 400 bushels per farm and four bushels per acre of farm land, which counties border on any county included under (1).

I will say to the Senator that he will note that the amendment is a great deal broader than the amendment which I intended to suggest the other day. It does bear indirectly upon the question of dairying, but it goes further, and provides that where a farmer produces 400 bushels of field corn in counties where the land does not exceed the average of four bushels per acre, it may also be exempt, or, in other words, be considered as not having been produced for market.

The Senator will note that it is attached to the provision of the bill which we have previously discussed, that where a farmer consumes 75 percent or more of the commodity, and sells 25 percent or less, then he is not producing for market. This amendment extends that so that one may consume only 50 percent of the corn under certain circumstances which are set out in the amendment and still not be producing for market. It does indirectly affect the dairy situation, but it is broader than that, and it is intended to enlarge the exemptions of corn growers outside of great corn-producing areas.

That is the amendment which I intended to offer, and the only amendment dealing with the dairy situation, and it does so only indirectly.

I agree with the Senator from New York with reference to the silage amendments, which I thought would protect the dairy interests in a very effective way; and I still have another amendment, which would be a separate section, dealing with the dairy situation.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. McNARY. It is the latter proposal to which I referred. I am not interested in the limitations the Senator is placing on corn production outside of what is known as the corn area, with which only we deal in this bill, and which do not touch the States where corn is produced, as we may call it, as an incidental crop; but it is the dairy amendment to which I now refer.

Mr. POPE. Mr. President, I send to the desk an amendment which I ask to have stated. It will be entitled "Section 66."

Mr. NORRIS. Mr. President, will the Senator yield at that point?

Mr. POPE. I yield.

Mr. NORRIS. I observe that the Senator has been discussing an amendment which is not in order at the present time. It is an amendment to the text of the bill.

Mr. POPE. That is true.

Mr. NORRIS. Why does not the Senator proceed and get rid of the committee amendments, and then take up those amendments?

Mr. POPE. As I understood, the Senator from Oregon obtained unanimous consent to proceed with the dairy amendments. Is that correct?

Mr. McNARY. No.

Mr. NORRIS. Has the Senator from Oregon an amendment to a committee amendment?

Mr. McNARY. Yes; my amendment is to a committee amendment on page 82.

Mr. NORRIS. So that is in order.

Mr. McNARY. But I said I was willing to defer to the Senator from Idaho in order that he might offer his amendment at the place he might choose, and I would follow and offer an amendment in the nature of a substitute.

Mr. President, I think the parliamentary situation is normal. I appreciate the suggestion of the Senator from Nebraska. My amendment is in order.

The PRESIDING OFFICER. The Senator from Idaho sends to the desk an amendment which he asks to have stated.

Mr. POPE. I will ask to have the amendment stated, and then, if objection is made to its consideration, it may go over. I ask, however, to have it stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert at the proper place in the bill the following new section:

SEC. 66. Whenever the Secretary has reason to believe that the income of producers of livestock or livestock products in any area from such sources is being adversely affected by increases in the acreage of conserving crops in that or any other area because of programs carried out under this act, or under sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, he shall make an investigation with respect to the existence of these facts. If upon investigation the Secretary finds that the income of producers of livestock and livestock products in any area from such sources is being so adversely affected, he shall as soon as practicable make such provisions as he determines may be required

with respect to the growing of conserving crops which he finds necessary to protect the interests of producers of livestock or livestock products in the affected area.

Mr. O'MAHONEY. Mr. President, the amendment which the Senator from Idaho [Mr. POPE] has presented and which has just been read has been the subject of consideration for several days by some of us who are interested in protecting the livestock industry. Just a few moments ago I discussed with the Senator from Idaho some modifications of the amendment which he is now offering. I desire to offer as a substitute for the amendment of the Senator from Idaho the modified form thereof which I send to the desk.

The PRESIDING OFFICER. Before the modification is offered, let the Chair state that he is not clear whether the Senator from Idaho is asking consideration of the amendment at this time.

Mr. BANKHEAD. Mr. President, I request that the matter go over until tomorrow. These matters have evidently been the subject of private conference among several Senators, but some of us who are interested in the program do not know anything about the proposed amendment.

Mr. NORRIS. Mr. President, I make the point that the amendment is not in order at this time.

The PRESIDING OFFICER. The Chair is of the opinion that the Senator from Nebraska is correct.

Mr. McNARY. Mr. President, if that be the case, I am sorry. Does the Senator from Nebraska challenge the right of the Senator from Idaho to offer his amendment at this time?

Mr. NORRIS. I simply call attention to our unanimous-consent agreement. We ought to carry it out unless there is some reason why it should be disregarded in some respect. If we are going to get away from it in one instance without any reason being given, why have the agreement? In other words, if there is any virtue in the proposition to consider committee amendments first, why not do it after we have agreed to do it?

Mr. O'MAHONEY. Mr. President, the amendment of the Senator from Idaho was apparently offered by unanimous consent. It was read by the clerk and therefore went into the RECORD of today's proceedings. That amendment is not altogether satisfactory to some of us. Thereupon I rose and offered a substitute or a modification of the amendment, not for the purpose of having it acted upon immediately but for the purpose of having it before the Senate. I agree with the Senator from Nebraska that it might be better procedure to dispose of committee amendments before changes in the text are made or personal amendments offered from the floor, but I do not understand that the Senator from Nebraska objects to the reading of my proposed substitute. It may be acted upon at the proper future time, but I feel that the Members of the Senate ought to have the contents of the substitute before them.

The PRESIDING OFFICER. The Chair has made no ruling as to the substitute offered by the Senator from Wyoming. The Senator from Wyoming requests that the substitute be read at this time for the information of the Senate. Is there objection to the request?

Mr. McNARY. Mr. President, may I inquire if the hand of the clock is running against me?

The PRESIDING OFFICER. Not on this request.

Mr. NORRIS. To what amendment is the Senator from Oregon addressing himself?

Mr. McNARY. I am speaking on the amendment offered by the Senator from Idaho.

The PRESIDING OFFICER. No amendment is pending at this time. The pending business is the request of the Senator from Wyoming.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COPELAND. We had an arrangement the other day, as I understood, that all the dairy amendments—I have particular reference to the amendment proposed by the Senator from Oregon—should be considered at the same time. I assume of course, if the amendment proposed by the Senator from Idaho and the substitute proposed by the Senator from Wyoming are related to the amendment which is to be submitted by the Senator from Oregon, they might be out of order at this moment. I am of opinion that the amendment the Senator from Oregon has in mind would be in order at the present time.

Mr. O'MAHONEY. The Senator misunderstands my purpose. I merely desire to have the Senate informed as to what it is proposed to ask to have done when the proper time comes to act.

The PRESIDING OFFICER. The request of the Senator from Wyoming was that the proposed substitute be read for the information of the Senate. Is there objection?

Mr. POPE. Mr. President, as I understand, the substitute constitutes the original amendment prepared by me——

Mr. O'MAHONEY. Yes; with alterations which I showed the Senator half an hour ago.

Mr. POPE. With that understanding, I agree to the perfecting of my amendment as the Senator from Wyoming has proposed.

Mr. McNARY. Mr. President, I think the Senator from Wyoming is not within his parliamentary rights when he suggests the substitute. It seems it is agreeable to the Senator from Idaho and, if accepted, we have only the amendment of the Senator from Idaho before us.

Mr. O'MAHONEY. Let me make the request for unanimous consent that the amendment as I have offered may be printed in the RECORD at this point without reading.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wyoming?

Mr. McNARY. I should like to know what it is all about. I am going to speak, if I may, on the amendment perfecting this very subject matter, and I should like to know what amendments are being proposed. I should like to have the amendment read.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none and the clerk will read as requested.

Mr. O'MAHONEY. Mr. President, may I express my gratitude to the Senator from Oregon for having induced the Senate to listen to the reading of an amendment which all Senators want to hear?

The PRESIDING OFFICER. The clerk will read as requested.

The CHIEF CLERK. In the amendment of the Senator from Idaho [Mr. POPE] it is proposed, on page 1 of the amendment, line 9, after the word "act", to insert "or whenever it appears from statistics available to the Bureau of Agricultural Economics that acreage diverted under this or any other act is being used to increase the supply of livestock or livestock products for market"; on page 2, line 3, after the word "being", to strike out the word "so"; in line 4, after the word "affected", to insert "by such increases"; in line 5, after the word "provisions", to insert "under adjustment contracts or other offers"; and, at the end of line 8, to strike out the period and insert "and the authority of the Secretary under this section shall be expressly reserved in all adjustment contracts or other offers", so as to make the amendment read:

SEC. 66. Whenever the Secretary has reason to believe that the income of producers of livestock or livestock products in any area from such sources is being adversely affected by increases in the acreage of conserving crops in that or any other area because of programs carried out under this act, or under sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, or whenever it appears from statistics available to the Bureau of Agricultural Economics that acreage delivered under this or any other act is being used to increase the supply of livestock or livestock products for market he shall make an investigation with respect to the existence of these facts. If upon investigation the Secretary finds that the income of producers of livestock and livestock products in any area from such sources is being so adversely affected by such increases he shall as soon as practicable make such provisions under adjustment contracts or other offers as he determines may be required with respect to the growing of conserving crops which he finds necessary to protect the interests of producers of livestock or livestock products in the affected area, and the authority of the Secretary under this section shall be expressly reserved in all adjustment contracts or other offers.

On page 83, line 2, strike out "66" and insert "67."

Mr. GEORGE. Mr. President, will the Senator from Oregon allow me to ask what is a "conserving crop"?

Mr. McNARY. A soil-conserving crop, I assume, would be any of the legumes that may be planted—soybeans and cowpeas in the South, vetch in the West, and clovers in the Plains States.

Mr. GEORGE. Would it include peanuts?

Mr. McNARY. No; I do not think it would.

Mr. GEORGE. I should like to ask the proponents of the bill if it would include peanuts, so that we could not plant, on our land to be taken out of cotton, any peanuts to feed to our hogs which are to be sold in the market, if somebody in the hog-producing country complained to the Secretary that he was being adversely affected in his income by virtue of that practice?

I merely want to get the facts straight. This is growing into a marvelous bill. This is growing more and more constitutional every moment, because things which are now being proposed relate so intimately and directly to the control and regulation of interstate commerce. It is becoming more and more clear as the days go by that it is an unmistakable regulation of interstate commerce only.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. CONNALLY. May I ask the Senator from Georgia if it is not likely to be held that any crop planted on the diverted acres will be held to be a soil-conserving crop, and that peanuts might come within the ban?

Mr. GEORGE. I am afraid so, if somebody got the impression or reached the conclusion that the growing of too many peanuts in the South, to be fed either to poultry or livestock, was adversely affecting interstate commerce in some other area in the country, not as such, but the income from livestock and livestock products of those who dwell in the other areas. The very clear effect of the influence on interstate commerce is obvious.

Mr. McNARY. Mr. President, I want to be courteous, but the splendid denunciation of the bill yesterday by the Senator from Georgia [Mr. GEORGE] reminds me that he probably knows more about the bill than I do. However, in answer to that one inquiry, we all know that soil-conserving and soil-building crops are those crops which restore nitrogen to the soil and hold the soil intact from erosion. There is a difference between soil-depleting crops and soil-conserving and soil-building crops. That is a natural line which everyone who has knowledge of the farm business understands, I am satisfied the able Senator from Georgia will have no difficulty, if he reads again the bill which he so beautifully denounced, in finding satisfaction in the remarks I have made.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. McNARY. I should be delighted to yield to my distinguished friend, who is always clever when addressing the Senate, but I have only a few minutes of time. I shall be glad to yield on another occasion.

The PRESIDING OFFICER. The Chair will state to the Senator from Oregon that the matter technically before the Senate is the committee amendment on page 78, and time would be counted against him on that amendment.

Mr. McNARY. Very well; but I have not yet reached page 78.

Let me review for a moment the situation, because it is based on good faith. Last week when we were considering various provisions of the bill it was understood, particularly as stated by the Senator from New York [Mr. COPELAND], that whenever we took up the dairy and poultry amendments applying to corn or to dairying we would consider them all at one time. We relied upon that understanding. The Senator from Idaho [Mr. POPE] relied upon it, the Senator from Oregon has relied upon it, and the Senators from New York, Vermont, and other States have relied upon it. We have to dispose of the matter sometime, and I ask unanimous consent that the Senator from Idaho [Mr. POPE] be permitted to offer his amendment and that it be considered at this time—and I refer to the amendment known as the dairying amendment.

The PRESIDING OFFICER. The Senator from Oregon asks unanimous consent that the Senate now consider the amendment offered by the Senator from Idaho. Is there objection?

Mr. BANKHEAD and Mr. RUSSELL. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. McNARY. Mr. President——

Mr. BARKLEY. Mr. President, a parliamentary inquiry. In order to keep the record straight, all who address the Senate now must be addressing it either on the bill or on some pending amendment. What is the pending amendment?

The PRESIDING OFFICER. No amendment has been reported. Any remarks will have to be on the bill at this time. The next amendment which would regularly come before the Senate for consideration would be the one on page 78, but the Chair is advised by the parliamentary clerk that the time of the Senator from Oregon would rightfully run against his time on the bill.

Mr. McNARY. On which bill?

The PRESIDING OFFICER. On the pending bill.

Mr. McNARY. In view of the fact that my distinguished friend the Senator from Alabama has objected to my unanimous-consent request, of course I cannot offer my amendment, because I promised the Senator from Idaho—and I shall keep my faith and my word—that I would not offer my amendment save as a substitute. Therefore I shall be content to have the bill proceeded with otherwise.

The PRESIDING OFFICER. The next amendment passed over was the amendment offered by the senior Senator from Michigan [Mr. VANDENBERG], which will be stated.

The CHIEF CLERK. On page 78, line 15, it is proposed to insert the words "not exceeding the sum of $500,000,000."

Mr. VANDENBERG. Mr. President, of course the amendment speaks for itself. When the bill was reported to the Senate no Member of the Senate was able to make an estimate of what it would cost. I made repeated efforts to get an estimate, and the estimates ran all the way from $650,000,000 upwards, with a ceiling which knew no limit.

As the bill was originally drawn, however, it was deemed adequate to authorize an appropriation of $400,000,000, and the Senator from Colorado [Mr. ADAMS] is proposing ultimately that we shall return to the figure which was originally written into the bill. Pending that ultimate action, I am endeavoring to perfect the committee amendment by at least introducing a ceiling of $500,000,000 in limitation upon the ultimate expenditures.

In the first place, I submit to the Senate that it is out of the question as a matter of fiscal sanity at this particular time to authorize an appropriation which has no other limitation than the amazingly broad language "such sums as are necessary."

The sums that are necessary for the bill as it was originally presented are unknown. The sums which are necessary for the bill as it stands today, after it has gone through the process of amendment during the last 2 weeks, is certainly a total and complete mystery, and I respectfully submit that Senators upon their responsibility cannot appropriate public money to a mystery.

In the second place, the President of the United States has something to say upon this subject. He has bluntly indicated that he will veto any bill which proposes an expenditure in excess of the revenues which are available. I doubt whether any member of the Senate believes that more revenues are available than $500,000,000, and I doubt whether any Senator believes that if another $500,000,000 were necessary it would be voted by the Congress. So that brings us to the point of good faith with the farmer himself, for whom the bill is presumably built.

It has been said that the bill promises parity prices to the farmer, and that if more than $500,000,000 is necessary by way of a subsidy to give him parity prices, it is unfair to him to have proposed parity and then denied the possibility of reaching it by limiting the necessary subsidy in that direction.

Mr. President, I submit that that is not half as unfair to the farmer as to offer him parity and then go still further and propose an unlimited appropriation, when the Senate knows that it is impossible ultimately to pass a bill with an appropriation seriously exceeding $500,000,000, because the revenues are not available, and the President has indicated that even he will not accept the legislation except as the revenues are available.

The Senator from Alabama has very frankly addressed himself to the same subject, and has indicated his belief that the course of honesty is to change the language with respect to the promise of parity so that it will be plainly understood that we are not seeking to jump to 100 percent of parity immediately, but that we are proposing to approach it as rapidly as possible.

Mr. President, I think that is about all I have to say on the subject. I respectfully submit that the Senate upon its responsibility is not entitled to authorize an appropriation at this time for such sums as are necessary for a wholly mysterious purpose which no one who sits in the Senate can limit or bound, and for which no living person can make a dependable estimate.

I respectfully submit that if the limitation exceeds by $100,000,000 the sum which was proposed in the original draft of the bill itself, it is within the bounds of reason.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. McNARY. I wish to call the attention of the able Senator to the language on page 78, line 12:

> There is hereby authorized to be appropriated for each fiscal year for the administration of this act.

If the Senator will turn to page 86, line 10, section 72, he will find that it reads:

> The Corporation shall have a capital stock of $100,000,000, subscribed by the United States of America, which sum is hereby authorized to be appropriated.

If the Senator limits the appropriation to $500,000,000, then, for the Soil Conservation Act payments and the payment of parity prices, it would mean a limit of $400,000,000, because we have a hundred million there in addition to the $500,000,000 which is specified in the Soil Conservation Act. So the question is, Does the Senator want to cut down the soil conservation to $500,000,000 and make the total $500,000,000, which applies to the adjustment contracts, and exclude the $400,000,000 for the so-called bank?

Mr. VANDENBERG. As I understand the situation, the $500,000,000, in the form in which my amendment is offered, would be a limitation upon the total expenditures under the bill. Is that the Senator's conception?

Mr. McNARY. Yes.

Mr. VANDENBERG. That is the purpose in offering the amendment.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The question is on agreeing to the amendment of the Senator from Michigan to the amendment of the committee.

Mr. ADAMS. Mr. President, on Saturday I took occasion to say a word or two on this subject. The line of my thought followed very closely that of the Senator from Michigan. It seems to me that we should act as the legislative body which is enacting farm legislation, and indicate clearly what we have in mind.

In various sections the bill indicates the intention to pay parity payments. Since the discussion on Saturday a change has been made, and instead of providing that parity payments shall be made, it has been made to read that parity payments may be made. Nevertheless, the same aggregate amount of payment from the Treasury would be available if the Secretary of Agriculture should determine to make the parity payments.

Parity payments, which to me mean full parity payments, can readily run, under the bill, to a billion and a half dollars. The Senators who are proposing the bill state clearly upon the floor that they have no intention, they have no expectation, that full parity payments shall be made; but the Senate should make that clear in the bill. It should not be left, as the committee amendment would leave it, that all sums may be appropriated which seem necessary, which, in my judgment, would impose upon the Committee on Appropriations and upon the Senate of the United States the necessity of following the intention of the Senate as expressed in the bill, and making appropriations available for not less than one and a half billion dollars.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BARKLEY. In this connection it ought to be stated that in addition to changing the word "shall" to "may", which does not carry with it the compulsion to give full parity payments, at another place in the bill it is provided that if Congress does not appropriate sufficient money to make full parity payments, the Secretary then shall allocate the payments pro rata.

Mr. ADAMS. That is the very reason why the Senate, acting as the Senate, and not as a committee, should impose a limitation in the bill as to the aggregate amount of appropriations so that the farmer of the land will be advised that full parity payments may not be made, but that there is a limit of $400,000,000 of the $500,000,000 available, so that he will not come to those who have voted for the bill and say to them, "You must pay me so much because the bill provided for parity payments, and 'parity' means the full amount of parity," while if we really do our duty, if we do not mean to pay full parity payments—which we do not—we should put in the bill a limit upon the amount of money which is to be available for parity payments.

Mr. BARKLEY. Will the Senator yield further?

Mr. ADAMS. I yield.

Mr. BARKLEY. I am one of the Members of the Senate who have great confidence in the Committee on Appropriations, and believe that it will not appropriate more than is necessary, no matter what the limit may be. If we impose a limitation of $500,000,000, and only $250,000,000 are necessary, of course, the Committee on Appropriations and Congress would not make a larger appropriation. But it seems to me that any committee and any Congress and any department would have difficulty knowing, in advance of the production of the crop of any given year, how much would be needed in the way of parity payments. We may have a fairly good idea about how much would be needed in the way of payments under the Soil Conservation Act, but if the regulatory provisions of the bill are to have any effect at all on the reduction of surpluses, we all hope that the amount of parity payments will be really very small, and the amount of them will fluctuate in proportion as the curtailment program becomes effective. For that reason, it seems to me that it will be very difficult, in advance of any crop, to know how much will have to be paid in the way of parity payments.

Mr. ADAMS. I wish to say to the Senator from Kentucky and to other Senators that, as I understand, the basic purpose of the bill is the establishment of what has been designated as the ever-normal granary; that is, that we shall restrict excess production so that we shall not be confronted with surpluses which will destroy the prices of agricultural products, but that we shall place limits so that in the good years we will lay aside for use in the poor years a reasonable supply. That is the first purpose.

In order that we may accomplish that, and in order that the farmer may be induced not to overproduce, we seek to offer him certain rewards, certain benefits. That is the purpose of these payments. We want to say to the farmer, "If you are willing to restrict your production within these limits, you will receive a reward in two forms—first, an increase in the price of your product due to the restriction of production; and, second, a cash payment as an added inducement."

If we make the payment adequate to induce the farmer to restrict his production, it ought not to be necessary to go, as in the case of cotton, to an artificial parity of 16½ or 17 cents a pound, for instance, which means at least 5 cents a pound above any price we have any reason to expect in view of the changes in the world marketing conditions. That is, it is not the object of the bill, as I see it, and it should not be the purpose of the Government, to pay excessive prices to the

farmer over and above the amount that is necessary to induce him to cooperate in the ever-normal-granary program.

That is, we want to provide an adequate supply of the necessities of life every year and to avoid excessive and destructive supplies in the overabundant years. It seems to me that when we speak of parity prices, unless in some way we redefine them, unless in some way we restrict the payments, we shall find ourselves confronted with the demand of the farmer that we pay him the parity price regardless of how much it may cost us.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. McGILL. Does the Senator from Colorado construe the bill, regardless of the amount appropriated, to guarantee at all times parity price to the farmer?

Mr. ADAMS. I will say to the Senator from Kansas that I am afraid that while the bill does not guarantee the parity price, it holds out that expectation to the farmer.

Mr. McGILL. I will say to the Senator from Colorado that it does not hold out anything of the kind. There are certain provisions of the bill, if we provide the necessary amount, which hold out the expectation of a parity payment and a certain reserve loan value. That reserve loan value and the amount of the parity payment are set forth in the schedule contained in the bill, which has been in the bill from the time of its introduction, and which clearly discloses that under certain circumstances the farmer would not receive a parity price and does not hold out that expectation.

Mr. ADAMS. I share with the Senator from Kansas the hope that if we restrict production upon wheat and upon corn—the two crops with which I have some familiarity—we will produce through normal economic prices the equivalent of a parity price; but I do not think that is possible in reference to some other crops included in the bill. In any event, if the operation of the restrictions on production will result in parity prices, or approximately parity prices, of course, we shall not need any great appropriations. That is, if we are going to produce parity prices for the farmer, the producer of these crops, there is no occasion for great appropriations. I am assuming that the bill will accomplish its purposes and, therefore, that there will be no occasion for authorizing vast appropriations in excess of what will be required if the results measure up to the expectations of those who are sponsoring the bill.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. McGILL. The point to which I am directing the Senator's attention is that as the price goes down the loan value depreciates, and parity payment becomes more under schedule A, but would not reach a parity price to the farmer. It is when the price is high that the farmer has the opportunity or hope of getting a parity price.

The Senator in his statement, as I understood him, contended that the bill held out the hope to the farmer that he would at all times receive parity prices. I contend that the bill does not contain any such provision as that.

Mr. ADAMS. In the very first paragraph of the bill it provides:

> It is hereby declared to be the policy of Congress to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide such adequate and balanced flow of such commodities as will, first, maintain both parity of prices paid to farmers for such commodities marketed by them for domestic consumption and export and parity of income for farmers marketing such commodities.

That is the declaration of the purposes of the bill in its opening sentence.

Mr. McGILL. If production is so adjusted as to bring supply to the amount which the markets, both domestic and foreign, will consume and take, and not above that, we shall arrive at that very end. The point I make is that so far as an appropriation is concerned and so far as parity payments are concerned the bill does not provide a guaranty of parity price.

Mr. ADAMS. How much does the Senator think will be required to meet the promises of the bill in money?

Mr. McGILL. How much production?

Mr. ADAMS. No; how much in money does the bill reasonably require to be appropriated?

Mr. McGILL. It depends entirely upon how much is produced, how much is placed in storage, and to what degree it is desired to bring up market prices. In other words, the lower the market price—if schedule A is carried out—the higher the appropriation would have to be.

In my judgment, if the bill is administered in the manner in which I indicated I thought it ought to be administered the first time I discussed the measure, it will cost less than the present soil-conservation program costs. However, I do not agree with the Senator from Colorado [Mr. ADAMS] or the the Senator from Michigan [Mr. VANDENBERG] that there should be a ceiling or a limitation or a sum fixed in this authorization for an appropriation, because it is authorizing an appropriation each year; not just this year; not just what the Government could bear this year; not just what might be the situation as to a Government appropriation this year, but each year this law remains in effect.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. ADAMS. Mr. President, I am speaking on the bill. I used up my time on the amendment the other day, so I am now speaking on the bill.

Mr. McGILL. I do not wish to take more than necessary of the Senator's time.

Mr. ADAMS. That is all right.

Mr. McGILL. In other words, my judgment is that the bill clearly provides that the Secretary shall prorate among the farmers, if the amount appropriated is not adequate to make full parity payments, the sums which may be due as parity payments; and it would seem to me entirely unfair to put in here a limitation or a fixed sum which would prevent the Appropriations Committee from recommending or the Congress from appropriating the necessary amount.

Mr. ADAMS. The Senator knows that the Appropriations Committee may not recommend a bill appropriating "such sum of money as may be necessary." The Appropriations Committee is forced to fix a definite appropriation. Why should not those who are familiar with the bill—as the members of the Appropriations Committee cannot be—tell us the amount, rather than to put that burden over on the Appropriations Committee? Because that amount must be fixed, and it must be fixed by the current Congress.

Mr. McGILL. At the time this matter was before the committee I was advised that there are a number of laws, general statutes, on the books in which language identical with this has been used, and which constitute the only authorization upon which the Appropriations Committee acts. I understand that that is true in the case of the T. V. A. and some other acts. I can see no reason to draw a distinction between this and other measures.

Mr. ADAMS. The Senator has an advantage over me, because he thoroughly understands the bill. I am forced to confess that I do not. He refers to schedule A, and I have not been able to master schedule A; so I confess that the Senator has that advantage. But there are other members of the Appropriations Committee who are laboring under the same lack of understanding; so what I am saying is that the Senators who know the bill, who have studied it, who have written it, ought to be able to tell the Appropriations Committee in figures how much money ought to be appropriated by that committee.

Mr. McGILL. As a member of the Appropriations Committee, the Senator, I think, should advise the Senator from Kansas, who is not quite as capable with regard to appropriation measures as the Senator from Colorado, how we make appropriations under other laws where the language is identical with this.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. NORRIS. The Senator has propounded a very proper question. Perhaps it cannot be answered, but it seems to me it is answerable, and, as I see it, rather simple.

The Senator asked the question, Why do not the Committee on Agriculture and Forestry fix the limit, and why

they put that burden on the Appropriations Committee? It is true that that is what the bill does; but I should like to say to the Senator that the reason therefor, as I see it, is that neither the Committee on Agriculture and Forestry nor the Senate at the present time can tell how much money is going to be necessary in any given year in the future; but the time when the Appropriations Committee will be called upon to appropriate will be at the close of the year, when they will have before them facts which will show exactly how much money it is going to take. I realize that it is logical to want a limitation.

I think what I have said answers the Senator's question, if it can be answered satisfactorily.

Mr. ADAMS. Mr. President, the Appropriations Committee will be forced to make its first appropriation before any more information is available than is available today.

Mr. NORRIS. I may be wrong about it, but I did not understand that to be the case.

Mr. ADAMS. The appropriation to cover this matter must be made before the beginning of the next fiscal year; that is, on or before the 1st of July. As to subsequent years, Congress will have adequate time. It seems to me we ought not to leave this provision without limitation.

Mr. NORRIS. How can we provide a limit when we do not know what it ought to be?

Mr. ADAMS. I say we ought to know how much money we are willing to spend for this purpose. We are offering inducements to the farmer to restrict his production. How much are we willing to give the farmer? That is the question. The President of the United States, as I understand, has indicated that we ought not to go beyond one-half billion dollars. The committee that drew the bill, after careful study and scrutiny, with the aid of the Department of Agriculture, put a limit of $400,000,000 upon the bill.

We must recognize, Mr. President, that of every dollar we appropriate for this purpose, at least 50 cents means added debt. We are approaching the time when taxes will become more and more serious, when debts will become more and more serious; and it seems to me that, as the Senate of the United States, with the aid and advice of the gentlemen who have lived with this bill for months, we should be able to say how much money we propose to ask the Appropriations Committee to recommend.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. NORRIS. How is the Committee on Agriculture and Forestry or the Senate going to tell now how much money will be necessary to carry out this program 2 years from now? It may not require a single penny in 2 years, and it may require an enormous sum.

Mr. ADAMS. I will say to the Senator from Nebraska that if we take care of the first year we shall have a considerable amount of information to enable us to take care of the second year. We should not leave the roof off the first year because we do not know what is going to be needed the second year. It seems to me that the burden of the responsibility for fixing the amount rests upon the Senate.

I say to those who are interested in the bill that they will be terribly disappointed if the Appropriations Committee, without any indication from them as to what is needed, puts the limitation so low that they think it is inadequate. It is not fair to evade this responsibility. It is a question that ought to be answered, and that ought to be answered on the floor of the Senate by those who are sponsoring the bill.

It has been answered at times. The Senator from Kansas [Mr. McGILL] but a moment ago said that in his judgment it would not take any more than the amount appropriated for soil-conservation purposes. A few days ago the Senator from Washington said that in addition to the soil-conservation money, in his judgment $209,000,000 would be adequate, based upon a study of 8 years of crop averages.

So we do have some information, and all the information we have would indicate that the limit which was put in the bill by the gentlemen who drew the bill, and who then seemed to have the necessary information, was adequate. All I am asking is that the amendment which was put in the bill be rejected and that we put the bill back in the form in which it was when the Senator from Kansas and the Senator from Idaho introduced the bill.

Mr. BARKLEY and other Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. ADAMS. I yield first to the Senator from Kentucky.

Mr. BARKLEY. I understand that the soil-conservation appropriation of $500,000,000 for the coming year—that is, up to the beginning of July—has already been made, so we do not have to worry about that. That is already available.

Mr. ADAMS. The Senator is correct.

Mr. BARKLEY. But if we put on this ceiling for the first year, of course it will apply to all future years.

What I am concerned about is this: I am as anxious as it is possible for anybody to be to hold down the appropriations and the amount of these payments; yet at the same time I can realize that in some years we may not need more than two hundred million or three hundred million dollars, while the following year, or 2 years later, we may need $600,000,000. Although we might get along with two or three hundred million dollars in some years, because of the more successful operation of this measure, does the Senator feel that no matter how much we might need in a subsequent year, we ought not to be allowed to appropriate more than $500,000,000.

Mr. ADAMS. Of course not. The Senator from Kentucky is familiar with the processes of this body. He knows that the next Congress may change the limitations. Every Congress is the master of its own appropriations. It may authorize additional appropriations without limit. The Senator from Kentucky knows, and it has been my experience, that practically every effort that has ever been made on the floor of this body to reduce appropriations has been defeated. I do not think there is any occasion to worry about the liberality of the Senate of the United States in the matter of appropriations, particularly if they are in aid of the farmer.

Mr. BARKLEY. At the same time, if the Senator will permit me, while of course it is true that Congress may each year change the limitation by substantive acts, it has to be done by an authorization. Otherwise, an appropriation exceeding the amount of the limit asked for in the amendment of the Senator from Michigan [Mr. VANDENBERG] would be subject to a point of order; and the Senator from Colorado realizes that. So before we could appropriate any more than that for any year, although $100,000,000 more might be needed, it would be necessary for Congress to enact a bill increasing the authorization.

Mr. ADAMS. Let me say to the Senator from Kentucky that he and I are anxious to have this program effective if it is enacted. If it is effective, as is hoped, the amount of money needed next year will be less than the amount needed this year. Instead of having the appropriations increased, if the program carries out the hopes of those who are back of it, we shall need less money rather than more. Our difficult year is the first year.

Mr. BARKLEY. Not necessarily. It is a difficult year, but there are multiple conditions. In any given year in the future which we cannot now foresee, however effective this measure may be in normal years, it is possible that we may have a combination of seasons, weather, fertility of soil, and all that which may make it necessary to pay out more in soil-conservation and in parity payments, say, in 1940 or 1942 or 1939.

Mr. ADAMS. Let me appeal to the leader of the Democratic majority not to take off the bridle. He, more than any other man save one, is going to be responsible if the Congress goes beyond its proper scope in making appropriations. Let me urge that we err, if we do, along the line of being a little careful with our appropriation, rather than leaving it utterly limitless, as the bill now does.

Mr. BARKLEY. I am not uneasy about that. I appreciate the suggestion of the Senator, and his caution to me in the assignment I temporarily occupy.

Mr. ADAMS. I did not mean it as a caution to the Senator from Kentucky.

Mr. BARKLEY. But I have faith that any Congress which is called on to appropriate money to carry out the provisions of this bill will be just as anxious and just as meticulous as we are now in making the appropriations.

I do not want Congress to leave the thing without some sort of limitation. I do not want to take off the bridle, but I do want the law so adjustable that we may consider a period of years, and not have to consider a limitation each year as being necessary, for fear that Congress itself may run away without a bridle and without a limitation.

I desire to state frankly that if in any year we should need only $250,000,000 or $300,000,000 to carry out this program, I should be willing in any following year to go to an amount larger than the $500,000,000 limitation sought in the amendment now pending if it were necessary to level off and even up this process of maintained prices in conjunction with the ever-normal granary which is provided as a part of the bill.

While I admit, with the Senator, that the ever-normal granary is one of the basic considerations of the bill, if it were not for the fact that we are trying to maintain farm prices the ever-normal-granary part of the bill would not be here.

Mr. ADAMS. That is true; but, Mr. President, this is the most difficult bill to understand that has ever been on my desk. There are a few men here who understand the bill. There are many of us who do not.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. ADAMS. In just a second. It does seem as if the men who have drawn the bill, and who come here as the sponsors of the bill, ought to know how much the taxpayers of the United States are going to be called upon to pay under the complicated bill which they have drawn, at least within some limits; and they ought to be willing to have a limit put upon the appropriation which is within the amount that they themselves admit is all they think will be called for.

I now yield to the Senator from Wyoming, if I may say that my time is about up.

Mr. O'MAHONEY. I shall not take the Senator's time. When he has finished I shall ask him the question I intended to ask, and then he may answer it in my time.

Mr. ADAMS. I thank the Senator.

Mr. President, we are confronted in this country with a fiscal situation which demands that we give some consideration to economy in our national administration. If we begin the special session of this Congress with a wide-open appropriation authorization without any limit, I say that we are not doing our duty. I think we should put on the limit which the gentlemen who drew the bill said was enough when they introduced the bill. I think it is enough; and one other thing:

In the bill, we are not limiting the money to come out of the Treasury to the $400,000,000 which was authorized by the bill; but—and I desire the attention of the Senator from Oregon—the $100,000,000 which is to be subscribed to the capital stock of the loan organization is in addition to the $400,000,000. It is not a part of it. In addition to that, there is an authorization for the issuance of obligations to the amount of $500,000,000 more. In other words, the bill as it came into the Senate from the draftsmen authorized liabilities and appropriations of $1,000,000,000—$400,000,000 of appropriations, and $600,000,000 to be loaned. Of course we all hope that the $600,000,000 will come back; but $100,000,000 must be appropriated in addition to the $400,000,000. Therefore I am hoping and I am urging that the amendment of the Senator from Michigan, which limits the appropriation to $500,000,000, be put on the committee amendment, and then that the committee amendment, as so amended, be rejected, and that the bill be allowed to stand with the $400,000,000 limitation originally in the bill.

The PRESIDING OFFICER. The time of the Senator from Colorado on the bill has expired.

Mr. O'MAHONEY. Mr. President, the question I was about to propound to the Senator from Colorado is based upon the language of the committee amendment which appears on pages 80 and 81 of the bill. I wish to ask the Senator if, upon reading that amendment, he does not regard it as a complete confession of the validity of the argument he has just made.

The committee has recommended an amendment which provides, in effect—and the Senator from Kentucky [Mr. BARKLEY] called attention to this—that if, in any marketing year, the payments estimated to be made under the bill shall exceed the amount appropriated, then the Secretary shall reduce the payments pro rata. That is an explicit statement by the Committee on Agriculture and Forestry that there ought to be a limit upon the expenditures under the bill; and yet the language to which the Senator from Colorado [Mr. ADAMS] takes exception is an authorization for an annual appropriation of so much as may be necessary. So if that language stays in the bill as it is written now by the committee, this other committee amendment never can come into effect, and the full payment will be made just exactly as the Senator from Colorado has argued.

Mr. ADAMS. Inevitably, I will say to the Senator from Wyoming, or the Senate or its committees will be accused of bad faith and not living up to their solemn promises. In addition, I recall the Senator's attention to page 3, line 19, where the bill provides that—

> Under adjustment contracts there shall be made available to contracting farmers * * * first, Soil Conservation Act payments hereinafter specified; second, surplus reserve loans; and, third, parity payments.

The bill provides that they shall be made available; and if a limit is not put on, as suggested in the section called to my attention by the Senator from Wyoming, we shall be accused of bad faith.

Mr. O'MAHONEY. Furthermore, Mr. President, it is a fact which every Member of the Senate knows, particularly every member of the Appropriations Committee, that the appropriations are made for a succeeding fiscal year. The estimates will come to the Appropriations Committee from the Budget Bureau, based upon the directions contained in the bill, for the payments which the Secretary must make. Therefore, if there is no limitation upon the amount of the authorization, the committee will be accused, just exactly as the Senator from Colorado says, of breaking faith with the beneficiaries under the bill if the entire appropriation on which there is no limit is not made.

Mr. ADAMS. I may say to the Senator that I think the Director of the Budget, when he is confronted with the bill if it should be enacted as the committee recommends it, would have some problem to decide what recommendation he should make other than full parity payments. It seems to me he would feel obligated to send up a recommendation of full parity payments according to the statistics he could get from the Agricultural Department; and he could not say "Well, I think perhaps we ought to pay only part of the parity payments," because he would be promptly told, "Your duty is to make Budget recommendations in accordance with the law as it stands on the statute books."

Mr. O'MAHONEY. And let me add just one other word, Mr. President. Since it would——

Mr. POPE. Mr. President——

Mr. O'MAHONEY. May I just finish the sentence? Since it would appear, from the arguments advanced on behalf of the committee, that it is the hope of the committee that the bill will operate to raise the price of the affected commodities in the market, and thereby increase the income of farmers, and thereby make it unnecessary for the Government to make huge appropriations to meet parity payments, it seems to me there can be no logical reason why the committee should be unwilling to make an outside estimate beyond which expenditures are not likely to go, and be content to receive a limited annual appropriation of that amount.

I now yield to the Senator from Idaho.

Mr. POPE. Mr. President, I desire to ask the Senator from Wyoming if he agrees with the Senator from Colorado that certainly a limitation should not be placed in the bill for a longer time than 1 year.

In the amendment offered by the Senator from Michigan, the expression appears "for each fiscal year for the administration of this act." That means that if the act is in existence for 20 years, the amount that we might now estimate would prevail year after year during that period of time, absolutely "frozen" for that period, regardless of whether or not the House may adopt processing taxes for the very purpose of making these payments; still, they could not be used. Any tax that the House might desire to originate, under the suggestion of the President that additional revenue be made available, would still be limited to the amount which is now to be fixed, although the bill may be permanent legislation, and is expected to operate at least for a number of years.

Mr. O'MAHONEY. Will the Senator be good enough to call my attention to the particular language he has in mind?

Mr. POPE. Yes.

Mr. O'MAHONEY. My attention was diverted for a moment, and I did not quite get the Senator's argument.

Mr. POPE. On page 78 of the bill the Senator will see this language, beginning in line 11:

> Beginning with the fiscal year commencing July 1, 1938, there is hereby authorized to be appropriated, for each fiscal year for the administration of this act and for the making of Soil Conservation Act payments—

And so forth. If the amendment should be made as suggested by the Senator from Michigan, it would mean that for all time in the future, at least for the next 20 years, we would freeze that amount, although additional revenues might be raised as suggested by the President. The Senator well knows processing taxes are discussed. Processing taxes may be imposed by the Congress to go to the benefit of the farmer, and yet they could not be utilized because we would have disposed of the amount for all time in the future. Does that seem reasonable and fair to the Senator?

Mr. O'MAHONEY. I confess I do not quite follow the argument of the Senator. I should like to get clear in my mind what he has in his mind. The language under discussion provides:

> Beginning with the fiscal year commencing July 1, 1938, there is hereby authorized to be appropriated, for each fiscal year for the administration of this act and for the making of Soil Conservation Act payments and parity payments under this act, such sums as are necessary.

Mr. POPE. I ask the Senator to consider that if the amendment offered by the Senator from Michigan should be adopted, incorporating the words "not to exceed $500,000,000," and if that phraseology should be frozen into the bill for all time to come, regardless of whether the Government needs to pay a dollar of parity payments or not, or whether it may be necessary to have more than $500,000,000, our hands would be tied.

Mr. O'MAHONEY. If the Senator from Idaho and the Senator from Kansas [Mr. McGILL] would indicate to me what, in their judgment, would be the normal expectation of expenditures during the fiscal year, I should be very glad to offer a substitute for the amendment which is pending, in order to write that figure in the bill and make it apply for the fiscal year.

Mr. GLASS. Mr. President, why does the distinguished Senator from Idaho [Mr. POPE] persist in saying that whatever figures may be placed in the bill will be there for all time? Does he not realize that succeeding Congresses can change the enactment? Does he not know there is such a thing as a deficiency appropriation bill which may authorize the Congress to appropriate in excess of a previous authorization?

Mr. POPE. Certainly. Would the Senator feel it advisable, if a War Department were created for the first time which would require operating expenditures from year to year, to pass a bill creating the department and fixing the authorization of funds for 20 years in advance?

Mr. GLASS. I do not conceive it is fixed for 20 years in advance because each succeeding Congress may alter the authorization.

Mr. ADAMS. Mr. President, may I invite attention to the unfortunate reference to the War Department? The Constitution limits the appropriations for the War Department to 1 year at a time.

Mr. McKELLAR. Mr. President, I desire to offer an amendment to the amendment of the Senator from Michigan. At the end of his amendment I move to add the words "for the first year."

Mr. VANDENBERG. Mr. President, is that in order?

The PRESIDING OFFICER. It is an amendment in the second degree and is in order.

Mr. GILLETTE. Mr. President, I desire to invite attention to the situation as it would be if the amendment of the Senator from Michigan should be adopted and the amendment proposed by the committee should be adopted as amended.

The original language of the section provides for the appropriation of $400,000,000, an authorized appropriation; then $250,000,000 from the Soil Conservation Appropriation Act, section 15, and an additional $50,000,000 from section 32 of the A. A. A., making a total of $700,000,000.

The original section provided then for $700,000,000. The committee in the amendment reported struck out these definite appropriations and provided that for the purpose of making soil-conservation payments, parity payments, and administrative needs, "such sums as are necessary" are authorized, and in addition we added the language found at the bottom of page 78 that there should be made available from the soil-conservation appropriation every year 55 percent thereof.

If the amendment submitted by the Senator from Michigan should be adopted and the committee amendment should be adopted as amended, there would be available $775,000,000 rather than the $500,000,000 which the Senator stated he wishes to impose as a limitation. There would be available under the authorization a limit of $500,000,000 and in addition the $275,000,000 made available under the annual appropriation carried in the Soil Conservation Act.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield

Mr. BARKLEY. The Senator is discussing the situation, as I understand, as it would be if the committee amendment should be defeated. Is that correct?

Mr. GILLETTE. No.

Mr. BARKLEY. The committee amendment would strike out the $400,000,000 and $250,000,000 and $50,000,000, but if adopted that would not be the total made available. The total made available would be the $500,000,000 carried in the amendment of the Senator from Michigan. How does the Senator from Iowa figure that we would still have $400,000,000, $250,000,000, and $50,000,000?

Mr. GILLETTE. May I say to the majority leader that I believe he misunderstands me, and it is my neglect in making myself clear.

Mr. BARKLEY. Not at all. It is my inability to understand.

Mr. GILLETTE. The original section provided for $400,000,000, $250,000,000, and $50,000,000, or a total of $700,000,000. The committee struck that out and proposed that we should make available 55 percent of the soil-conservation appropriation and in addition the authorization of such additional sums as may be necessary. That is the committee amendment now pending.

The Senator from Michigan proposes to amend that by changing the language "such sums as are necessary" to a limitation of $500,000,000, but the availability clause at the bottom of the page would leave available an additional $275,000,000.

Mr. VANDENBERG. Provided the appropriation should be made.

Mr. GILLETTE. It would be available by virtue of the language contained in the text of the bill as reported by the committee. If the Senator's amendment should be adopted, placing a ceiling of $500,000,000 on the authorization, and the committee amendment should be adopted as amended, there would be available and authorized the $500,000,000 and the $275,000,000 which is made available directly by the provisions of the amendment, or a total of $775,000,000.

Mr. McKELLAR. Mr. President, I desire to offer a substitute for the entire amendment.

The PRESIDING OFFICER. The substitute will be stated.

The CHIEF CLERK. In lieu of the amendment heretofore offered by the Senator from Michigan, it is proposed to insert:

Not exceeding $450,000,000 for the fiscal year beginning July 1, 1938.

Mr. VANDENBERG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. VANDENBERG. Is not the substitute in the third degree?

The PRESIDING OFFICER. Does the Senator from Tennessee submit that in place of the other amendment?

Mr. McKELLAR. I withdraw my first amendment, and in lieu of the amendment offered by the Senator from Michigan I offer this language as a substitute.

The PRESIDING OFFICER. That is in order.

Mr. BANKHEAD. Mr. President, does that contemplate an increase in the $500,000,000 appropriation authorized by the Soil Conservation Act?

Mr. McKELLAR. No; it does not.

Mr. BANKHEAD. Does it contemplate a reduction?

Mr. McKELLAR. It constitutes a limitation of $450,000,000 on the amount to be used under the bill this year.

Mr. BANKHEAD. That would include the $275,000,000 made available on the 55-percent basis. Would it also include the $100,000,000 included for the Loan Reserve Corporation?

Mr. McKELLAR. It would limit the amount to be used this year.

Mr. BANKHEAD. Within the limitation is there included the $100,000,000 provided under the loan clause? There is $275,000,000 made available. The Senator from Tennessee proposes a limitation of $450,000,000. Does that contemplate an increase over the $275,000,000?

Mr. McKELLAR. In my judgment it does not affect the $100,000,000 loan, and I am advised, by those who know more about it than I do, that that is correct.

Mr. BANKHEAD. The Senator would increase the amount from $275,000,000 to $450,000,000 for the purpose of carrying out the provisions of the bill?

Mr. McKELLAR. There would be a limitation of $450,000,000.

Mr. BARKLEY. Mr. President, inasmuch as the Senator's amendment would not take effect until July 1, 1938, which would be the beginning of the next fiscal year, the 55 percent appropriated for soil-conservation payments would depend on the amount of the appropriation for that fiscal year. It so happens it is $500,000,000 up to July 1, 1938, and 55 percent of that is $275,000,000; but Congress will have to make an appropriation for the fiscal year beginning July 1, 1938, in order to know how much the 55 percent would be.

Mr. McNARY. Mr. President, I am not sure that the Senator from Tennessee [Mr. McKELLAR] has properly analyzed his amendment. He proposes a limitation of $450,000,000 for the administration of the bill if it should become an act. It must be remembered that 55 percent of this amount of money must go to parity payments, leaving $225,000,000 for soil-conservation payments. Then if we deduct therefrom $100,000,000, of which he takes no account, for capital stock of the Loan Corporation, we have not very much money available for soil conservation. I only suggest that to the Senator from Tennessee in order that he may further analyze his proposal.

Mr. SMITH. Mr. President, this bill and its forerunner and the Soil Conservation Act were all predicated upon parity payments to the farmer when he should have subscribed to certain conditions. We went to great length to determine what were parity payments. That term was understood to mean that the purchasing power of the dollar which the farmer would receive for his products should be equal in its effect in the market with the dollar received by the industrialist. We went back and got the statistics for prior years when, according to the statisticians, these two factors were about 100 percent each. We have so announced in this bill, that the farmer, if he subscribes to certain conditions, shall be given parity payments under the definition that his dollar, when he gets it, shall be equal in purchasing power to the dollar of the industrialist. The wheat grower, the corn grower, the cotton grower, the growers of all the articles contemplated in the bill, are assured by the terms of the bill that they will get parity payments.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CONNALLY. Has the Senator consulted the committee amendment on page——

Mr. SMITH. I am not talking about any committee amendment; I am leading up to that now.

Mr. CONNALLY. The payments will have to be prorated if a sufficient amount of money is not available to pay them all in full.

Mr. SMITH. Exactly. You have educated the farmer to look for parity payments. Now you have come to the sorry pass of telling him, "Whatever you subscribe to and whatever regulations we may subject you to, all you will get will be the amount that is appropriated."

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. VANDENBERG. I do not see how the Senator can escape the question submitted to him by the Senator from Texas. That is absolutely what the Senator's own bill says on page 80.

Mr. SMITH. Whose bill? [Laughter.]

Mr. VANDENBERG. I apologize to the Senator. He is only the chairman of the committee.

Mr. SMITH. The Senator is a part of the Senate of the United States, and this is a matter which ought to receive the earnest and honest effort of every American citizen. This is not a partisan matter; there should be a real, honest-to-God effort on the part of every man here to benefit the farmer, who can look only to his State and his Nation for fair treatment under the law.

Mr. VANDENBERG. Mr. President, the best proof that my question was not partisan is the fact that the Senator from Texas and I join.

Mr. SMITH. Mr. President, we started out with a very brave program, saying that we were going to lift the purchasing power of the farmers up to that of the industrialist's dollar. Now we are spending a whole afternoon trying to prove that we can give the farmer only the amount the Appropriations Committee will recommend, or the amount that we can possibly spare. After we have been disgustingly and foolishly liberal along nonconstructive and nonproductive lines, we say to the farmer, "You have to cut all of your hopes within $500,000,000, for all purposes, soil conservation, and parity payments, and $100,000,000 to be put into the loan organization."

Mr. BORAH. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BORAH. If we limit this amount to $500,000,000, what will the effect be on the soil-conservation program?

Mr. SMITH. It will just be cut down to whatever amount is left, after it is decided what pittance will be appropriated for parity payments. That is what it will amount to.

Mr. BORAH. I am interested in the soil-conservation program. As I understand the limitation here, it will necessarily limit the amount of money paid below $500,000,000 that we are to utilize for soil conservation.

Mr. SMITH. Certainly. If $275,000,000 is taken out for parity payments and $100,000,000 taken out for stock in the loan organization, the balance will be the amount available for soil conservation. We make great promises and hold out hope to the agricultural people, to the farmers, and then say, "Well, now, for some reason or other we have to reduce all your hopes and all your prospects within the limitation of the prescribed amount."

When this matter came before the committee we employed the language that was used in the establishment of the T. V. A. and other prospective enterprises of the Government. There is not a man here who can tell what it will cost if we are to carry out the provisions of the bill. He cannot come within two hundred million or $300,000,000 of it. You have made the farmer a promise, and then denied it in the application.

Some have consulted with me as to what would be the proper language, and we provided that as much is authorized as is necessary to carry out the provisions of the bill. And what were the provisions? It was provided that if he subscribed to certain things he would get parity, and parity was defined as being 100 percent of the purchasing power of the industrialist's dollar.

Now we have come to where it means a small parity payment for this year and perhaps for next year without regard to what the farmer has to pay for what he buys. There has been no attempt here to limit the price he has to pay if he is to live at all, but there is a disposition to run in to limit the amount he receives with which to buy the things he has to buy. You have not laid your hand to the task of attempting to bring about a condition that would lower the prices of the things the farmer has to buy, but now you have taken off the veil, the camouflage, and said to him, "The Treasury cannot stand any more, the taxpayers cannot stand any more. You furnish the food they eat and the material out of which the clothes and the shoes they wear are made, but you will not be any better off than you were before, because we cannot afford it."

Mr. President, that is the logical sequence to which we have come with the limitation of appropriations. Who says otherwise? What limitation did we impose when we voted in this body to relieve the unemployed? $4,800,000,000! What did Congress do when it came to the question of building $1,000-room houses for the slum dwellers? Congress appropriated $770,000,000, and $20,000,000 a year for 60 years.

What did Congress do when it came to the question of appropriating for the idle and unemployed? Gave a blank check for $1,500,000,000. And now, for the men who produce the food for the whole Nation, and the material out of which the whole Nation is clothed, and the material out of which the shoes we wear are made, we reduced the payments to within the pitiful scope of $500,000,000.

Mr. President, I have been here working with all the power I have to try to bring about some element of equity and justice so that I could go and confront my people and say to them, "Yes, I voted to relieve the idle; Congress voted $770,000,000 to build $1,000-room houses for those who never produced a bushel of wheat, a pound of cotton, or anything the people have to wear or eat." It is not fair for us to state the reason why, oh, no. But we know why that money has been poured out ad libitum.

Mr. President, I belong to the great class of farmers in my country. I wish to God they could be organized as compactly as labor is organized. If they were, the result here would be different. There is not a man here who dares deny that. If they were organized as completely as certain organizations are today, the picture would be reversed. There would be several billion dollars appropriated for them, and less for these others.

We have the miserable spectacle of the United States Senate standing here, with a knowledge of the destitution of the farmers of this country, men burdened by debts, burdened by mortgages, and we here shedding great gobs of brine about the terrible condition of the tenant farmer. Why is the tenant farmer in the terrible condition in which we find him? It is because the landowner himself is in like condition.

We hear the argument, "What are you going to say? Are you going to fix something here because you ought not to pass the buck to the Committee on Appropriations? State here how much it should be."

Who knows how much the farmer will need in the fluctuation of his market place? The price of the shoes I buy is fixed by the organization which manufactures them. We pay the price or go barefooted. The price of the shirt I wear is fixed by the manufacturer, under the infernal tariff law, and we pay the price of the shirt or go without a shirt. The price of every single thing the farmer buys is fixed by the man who sells it.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. BARKLEY. Mr. President, have I occupied any time on the amendment?

The PRESIDING OFFICER. Not on the amendment now pending before the Senate.

Mr. SMITH. Mr. President, I merely wish to say that on every amendment I will remind the Senate what it is doing. I give notice that I will do that.

Mr. BARKLEY. Mr. President, I desire to read the House provision in order that the Senate may understand what the House has done on this subject. The House provision reads as follows:

> Beginning with the fiscal year ending June 30, 1938, there is hereby authorized to be appropriated for each fiscal year for the administration of this act and for the making of soil conservation and other payments such sums as Congress may determine, in addition to any amount made available pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended.

That language is very simple; and, as I interpret it, it means that in addition to the $500,000,000 now available under the Soil Conservation Act, or any amount from year to year made available under that act, Congress is authorized to appropriate such sums as it may determine to be necessary. I think the language "such sums as are necessary" is better than the language used in the amendment of the Senate committee.

While it means the same thing, it does somewhat place on Congress a sort of moral obligation to appropriate whatever amount may be found necessary to carry out full parity payments if they should amount to more than $500,000,000.

It seems to me this matter must be worked out in conference anyway on account of the House language; and if we could clarify the language of the Senate bill so as to leave the matter in conference, it would be better than to have it involved in the manner it now is.

Mr. McKELLAR. Mr. President, after consultation with the Senator from Alabama [Mr. BANKHEAD], who is in charge of the cotton part of the bill, I am going to ask leave to withdraw my substitute, and offer in its place another amendment which has been agreed upon by those who are in charge of the bill.

The PRESIDING OFFICER. The pending amendment is withdrawn. The clerk will state the amendment now offered by the Senator from Tennessee.

The LEGISLATIVE CLERK. On page 78, line 16, after the word "necessary", it is proposed to insert the following:

> *Provided*, That for the fiscal year 1938–39 not more than $275,000,000 shall be spent for carrying out the parity payment provisions of this act, and not more than $225,000,000 shall be spent for carrying out the provisions of the Soil Conservation and Domestic Allotment Act.

Mr. McKELLAR. Mr. President, I now yield to the Senator from Alabama [Mr. BANKHEAD] to make an explanation, if he so desires.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska desire to make a point of order?

Mr. NORRIS. I should like to have the floor.

Mr. BANKHEAD. Mr. President, I will defer to the Senator from Nebraska, if he desires the floor.

The PRESIDING OFFICER. The Senator from Michigan [Mr. VANDENBERG] proposed an amendment after the words

"such sum", in line 16, on page 78. The amendment offered by the Senator from Tennessee does not affect the amendment proposed by the Senator from Michigan, as his amendment comes in after the words "as are necessary." Therefore the amendment of the Senator from Tennessee is out of order. Does the Senator from Tennessee propose that his amendment shall come in after the place at which the Senator from Michigan proposed his amendment?

Mr. McKELLAR. I thought it came in at exactly the same place.

The PRESIDING OFFICER. The Chair will permit the Senator from Tennessee to ask that his amendment be inserted at the same place, so that the parliamentary situation will not be mixed up.

Mr. McKELLAR. I make that request, and I shall make the change while the Senator from Nebraska is speaking.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

Mr. NORRIS. Mr. President, I realize the desirability of limiting the appropriation if we can consistently do so, and I sympathize with those who feel that way. Under ordinary circumstances I should not have any hesitancy in supporting the amendment offered by the Senator from Michigan, but I think we ought to take into consideration the recognized facts.

We have indicated by language contained in the bill that we want to place provisions in the law which will bring parity to the farmer; but no one can now tell how much is going to be necessary in any year to do that. So, as I see the matter, we cannot with intelligence limit the appropriation to any specified sum. Farmers will be in danger of having to face the situation that we may not be able to redeem the promise that the bill holds out to them.

That comes about in a perfectly natural way. Whether or not we are going to need any appropriation after this year is not known. Whether or not we are going to need a much larger appropriation is not known, and cannot be known until the crop is harvested.

Mr. ADAMS. Mr. President, the Senator says we cannot have knowledge of the things to which he refers. I do not believe the Senator heard what was said by one of the recent speakers. The senior Senator from South Carolina [Mr. SMITH] told us very recently that he will keep us advised as to these matters; that he will keep us posted.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. SMITH. I did not promise to advise Senators. I promised to notify Senators as to what fools we are making of ourselves in connection with some matters.

Mr. NORRIS. Mr. President, on the one hand we are holding out a promise to the farmer for parity, and on the other hand we cannot tell in advance how much money it is going to take. We are confronted with a situation which I concede is a very difficult one, upon which honest men may disagree; but if we limit the provision, then we ought to put in the bill at the proper place a fair statement, so that any one who runs may read, that any intimation that we are going to give the farmer parity above a certain amount is nullified; that we are not going to do it.

The theory of the bill is that through the limitation of production, unless some extraordinary natural phenomena should happen, we are going to be able to put the farmer on parity without any money. That will occur when a small crop is raised, but it will not occur this year or next year if we have an extraordinary production of the commodities with which we are dealing. We have to take that chance. We have to take one course or the other. It is possible that we shall be put in the position of having to make an enormous appropriation to carry out the program. On the other hand we are striving to get in the position and put the farmer in the position where but little, if any, money will be required. If we limit the acreage sufficiently, and the production of crop is diminished, the amount of parity that we shall have to pay will likewise be diminished, and may be nothing.

I think we must take one of those chances. If we are going to try to bring the farmer to parity, then we ought to let the language alone as we have it, or probably modify it as I heard the language in the House bill read. It would not change the conditions very much. But we shall be in danger on one side or the other of running into a very difficult position. I believe, under the circumstances, we can afford to take the chances. The chances are just as good that prices will go down as that they will go up, and I do not believe it will take $500,000,000 to do the trick. As we limit the production, the chances of being in danger in that direction diminish almost to nothing.

The Senator from Colorado [Mr. ADAMS] very properly, I think, calls attention to the fact that the Appropriations Committee want to know what to do, and he wonders why the Committee on Agriculture and Forestry do not fix the limitation. That committee and the Senate do not claim any attributes of divinity, as I understand, and I do not know that even God knows what the weather is going to be 2 or 3 years from now. He probably does not keep track of it that long. We have no knowledge, no information, and cannot get it from any source that I know of, that will enable us properly to fix a limitation. The Appropriations Committee, however, when they take up the matter, will be in possession of information which the Senate now does not have. These payments are to be made, I understand, at the close of the working year when the crop is harvested. The payments are to be made at a time when everyone can know just what the production has been. It will be a very easy matter to fix the amount of the appropriation. I think we are safe in going on the theory that on the average, from one year to another, we shall not need to exceed $500,000,000, although we must admit that in some years we shall have to exceed $500,000,000, especially in the early stages of the working out of this bill if it becomes a law.

Some of those who are objecting to this bill—I can see a good many reasons why they may object to the bill, and I am not finding fault with them at all—complain that we are not going to give parity, and still on the other hand they are in favor of limiting the money and tying our hands so we cannot give parity in a given case. We cannot take both of those positions. Either we will provide in the bill for parity, or we will limit the appropriation, and thus make it impossible to get parity any time when an overproduction is had.

Mr. OVERTON. Mr. President, I find myself very much in harmony with the position taken by the Senator from Nebraska. I do not think there ought to be any limitation upon the appropriation. I do not see very well how we at this time can undertake to fix any specific amount to be appropriated in order to carry out the provisions of the bill, because the amount of the appropriation will depend upon market prices and other circumstances as they exist from year to year.

I am opposed to the amendment suggested by the Senator from Michigan. That amendment would limit the entire appropriation to $500,000,000. The authority for the appropriation covers three items. One is the administration of the act. The other is soil-conservation payments. And the third is parity payments under this act. We are today spending under the item of soil conservation approximately the sum of $500,000,000. If, therefore, the amendment of the Senator from Michigan is agreed to, and there is a limitation of $500,000,000 upon the appropriation, there will be a sum authorized to be appropriated that will cover at the most only conservation payments.

There will be nothing left for the expenses of the administration of the act. There will be absolutely nothing toward parity payments under the provisions of the act. In other words if we adopt the amendment suggested by the Senator from Michigan we shall be saying to the farmer "All that you can expect under this act is to get soil-conservation payments." It is my understanding that the overwhelming majority of the farmers have been in favor of this bill because there is a provision in it either that they will get parity or they will get something aproximating parity, or at least some contribution will be made toward parity. But if we are to say to them, "After you have complied with all of the drastic

provisions of this bill, after you have entered upon a curtailment program, after you have reduced production, after you have complied with all of the burdens and obligations imposed upon you by this bill, then all that you can expect is what you have been getting heretofore, and what you are getting today, and that is the soil-conservation payments"; then, Mr. President, we offer to the farmers no incentive to vote for a curtailment program, or to comply with the stringent requirements of this bill.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. OVERTON. I yield.

Mr. KING. I ask the Senator, if there are any burdens imposed in the bill, as he says there are, who imposes the burdens upon the farmer? As I understand, the farmers themselves are called upon to vote, and they are the ones who will impose the burdens upon themselves.

Mr. OVERTON. The burdens are the burdens provided for in the bill. They are certain requirements which are imposed upon the farmer in order that he may come under the benefits of the bill. What would be the benefits of the bill, so far as the monetary consideration to the farmer is concerned, if the amendment proposed by the Senator from Michigan should be adopted? Absolutely nothing. The farmer then would have everything to lose and nothing to gain if the bill should become a law. If there is a national-quota provision in reference to cotton, for instance, and he should not comply with the quota provision, then under the terms of the bill he would forfeit his conservation payments and would get no parity payments. Under the amendment proposed by the Senator from Michigan the best he could hope for, even under a strict compliance with the bill, would be to get the $500,000,000 which he is already getting as conservation payments.

Mr. President, during the discussion of this bill we have been talking about parity of income. I want to make an application of the philosophy of the bill in that respect to the cotton farmer. The 5-year average income of the cotton farmers during the base period of 1909–14 was $783,000,000, in round figures. During that base period the average cash income of the cotton farmer from the sale of lint cotton was $783,000,000. The price the farmer today has to pay for the things he buys is 30 percent higher than it was during the base period. Therefore the parity income of the cotton farmer today should be something in the neighborhood of $1,000,000,000.

But over and beyond that there has been an increase in the population of our cotton farms. During the base period the average population on our cotton farms was 9,388,000. Today it is 10,300,000. There has been, therefore, an increase in population on the cotton farms of approximately 1,000,000. Therefore the total income of the cotton farmer should be more than $1,000,000,000 in order to provide the income necessary to take care of the extra million people residing upon the cotton farms.

Let us look at it from another standpoint. Today the total national annual income is $63,799,000,000. The population on our cotton farms represents 8 percent of the total population of the United States. If the cotton farmers should get their proportion of the national income, they would be entitled to and would receive an income of over $5,000,000,000.

Under the administration of the bill it is proposed that there shall be a reduction program during the next year so far as cotton production is concerned. It has been stated often upon the floor of the Senate that it is proposed that the total production during the next year, and probably the year following, shall be curtailed to 10,000,000 bales. We cannot hope next year, I believe, to get more than 10 cents a pound for cotton. Ten cents a pound would be $50 a bale, and 10,000,000 bales would mean a total income to the cotton farmer from the sale of lint cotton of $500,000,000. If to that we add the $100,000,000 of conservation payments, which I hope he will continue to get, his total income will be $600,000,000.

Let us compare that with what is going on this year. This is supposed to be a bad year for the cotton farmer, and it has been a bad year for him. We had a production of 18,500,000 bales. The cotton farmers are receiving for marketing their cotton this season an average price of approximately 8 cents a pound, or $40 a bale. That amounts to $740,000,000 cash income from the sale of lint cotton by the cotton farmers during the present year. To that we add the $100,000,000 that they get from conservation payments, and they have a total of $840,000,000 income from this year's crop.

But what is the inducement held out to him under the bill if there should be a limitation of appropriation such as suggested by the amendment of the Senator from Michigan? What inducement would there be to the cotton farmer to enter upon any curtailment program? If he entered upon a curtailment program, he could not hope for an income probably in excess of $600,000,000, including Government payments.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from North Carolina?

Mr. OVERTON. I yield.

Mr. BAILEY. The Senator makes it clear that the proposed legislation predicates a loss to the cotton farmers next year of $200,000,000.

Mr. OVERTON. It does if the amendment of the Senator from Michigan should be adopted and if the appropriation should be limited to $500,000,000 for conservation payments, administration of the act, and so-called parity payments.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. BANKHEAD. Suppose we have another crop without limitation, and we produce approximately what we have produced this year or even 16,000,000 bales; does the Senator think it would bring more than 5 cents a pound?

Mr. OVERTON. I would not undertake to predict what the price would be.

Mr. BANKHEAD. The Senator has had experience enough to know it would go right to the bottom.

Mr. OVERTON. I think the price would go down, but how much it would go down I do not know and would not undertake to prophesy.

I do not think it is fair or just to the farmer to say to him, "Because we consider it to be a good national policy that there should be a curtailment of the production of your commodity, we shall ask you to do it, but we are not going to give you anything at all for doing it. We are calling upon you to conserve and build up the fertility of the soil of the United States, and we are paying you approximately $500,000,000 a year to do that job, and you are doing a good job of it, but now we do not propose to give you one red cent over and above that amount even though you should curtail your production."

What do we offer him? We offer only that which has been suggested by the Senator from Alabama. We offer only the hope that by reducing the volume of his commodity, by reducing what he has to sell upon the domestic and world markets, he will perchance get a higher price. That is all.

It is built entirely upon the philosophy of scarcity, without any compensation on the part of the Government to the farmer. So far as I am concerned, I am willing to curtail under a control program; but I am unwilling that the invitation should be given to the cotton farmer or the corn farmer or the wheat farmer to curtail his production and that he should get nothing for it over and above the soil-conservation payments which are now being distributed. If we are going to adopt it as a national policy, if we are going to call upon the farmers to curtail their production because we hope by doing so they would aid the economy of the United States, they would aid interstate and foreign commerce, then I say they are entitled to a just and fair compensation.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. OVERTON. Mr. President, I will take my time on the bill. I wish to make this further observation: That beginning in 1909 and coming to this year, the average annual income of the cotton farmer from the sale of lint has been over a billion dollars; but during the period from 1933 to 1937 the cash income to the cotton farmer from the sale of lint cotton, plus all Government payments, has been $787,354,000.

Mr. NORRIS. That is the average?

Mr. OVERTON. That is the average. Certainly the production of cotton is in a deplorable state, and has been for the last 3 or 4 years. It has for the last 3 or 4 years been in a much worse state than it has been during the 28-year period to which I just referred.

Mr. President, what does the Government say to the cotton farmers under this proposed amendment limiting the appropriation to $500,000,000? It says to them, "We are going to let you have your conservation payments, and that is all we are going to let you have. But we are going to call upon you to curtail your production, because we think it is a better policy on the part of everybody, the Nation as a whole, that there should be a curtailment of production; but we are not going to pay you anything for that at all."

I am opposed to an amendment which would undertake to limit the amount to be appropriated under the bill. I think we have to start with the fact that we have to keep inviolate the amount necessary to meet the soil-conservation payments, and that is approximately $500,000,000. Then we have to have some additional sum for the administration of the proposed act, and, over and above that, we ought in the name of justice and of fair dealing to the farmers, make some contribution toward parity payments if they cooperate with us by reducing their acreage and the volume of their production.

Mr. President, I ask to have printed in the RECORD at the conclusion of my remarks some tables furnished by the Department of Agriculture, to which I referred in the course of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Price per pound of lint cotton required to bring income from sale of lint to $1,000,000,000, $800,000,000, $750,000,000, and $700,000,000, with varying size crops

Crop	$1,000,000,000 income	$800,000,000 income	$750,000,000 income	$700,000,000 income
	Price per pound	*Price per pound*	*Price per pound*	*Price per pound*
17,000,000 bales	11.76	9.40	8.82	8.23
16,500,000 bales	12.12	9.69	9.09	8.48
16,000,000 bales	12.50	10.00	9.37	8.75
15,500,000 bales	12.90	10.32	9.67	9.03
15,000,000 bales	13.33	10.66	10.00	9.33
14,500,000 bales	13.79	11.03	10.34	9.65
14,000,000 bales	14.28	11.42	10.71	10.00
13,500,000 bales	14.81	11.84	11.11	10.37
13,000,000 bales	15.38	12.30	11.54	10.77
12,500,000 bales	16.00	12.80	12.00	11.20
12,000,000 bales	16.66	13.32	12.50	11.66
11,500,000 bales	17.39	13.91	13.04	12.17
11,000,000 bales	18.18	14.54	13.64	12.73
10,500,000 bales	19.04	15.23	14.28	13.33
10,000,000 bales	20.00	16.00	15.00	14.00
9,500,000 bales	21.05	16.84	15.79	14.74
9,000,000 bales	22.22	17.77	16.66	15.55
8,500,000 bales	23.52	18.81	17.64	16.46
8,000,000 bales	25.00	20.00	18.75	17.50
7,500,000 bales	26.66	21.32	20.00	18.66
7,000,000 bales	28.57	22.85	21.43	20.00

Income on 7,000,000 to 15,000,000 bales at price levels from 7 to 17 cents per pound

Production		Cents per pound									
		17.0	16.5	16.0	15.5	15.0	14.5	14.0	13.5	13.0	12.5	12.0
Million bales	Billion pounds	Billions of dollars										
15.0	7,500	1,275	1,238	1,200	1,162	1,125	1,088	1,050	1,012	975	938	900
14.5	7,250	1,232	1,196	1,160	1,124	1,088	1,051	1,015	979	942	906	870
14.0	7,000	1,190	1,155	1,120	1,085	1,050	1,015	980	945	910	875	840
13.5	6,750	1,148	1,114	1,080	1,046	1,012	979	945	911	877	844	810
13.0	6,500	1,105	1,072	1,040	1,008	975	942	910	878	845	812	780
12.5	6,250	1,062	1,031	1,000	969	938	906	875	844	812	781	750
12.0	6,000	1,020	990	960	930	900	870	840	810	780	750	720
11.5	5,750	978	949	920	891	862	834	805	776	748	719	690
11.0	5,500	935	908	880	852	825	798	770	742	715	688	660
10.5	5,250	892	866	840	814	788	761	735	709	683	656	630
10.0	5,000	850	825	800	775	750	725	700	675	650	625	600
9.5	4,750	808	784	760	736	712	689	665	641	618	594	570
9.0	4,500	765	742	720	698	675	652	630	608	585	562	540
8.5	4,250	722	701	680	659	638	616	595	574	552	531	510
8.0	4,000	680	660	640	620	600	580	560	540	520	500	480
7.5	3,750	638	619	600	581	562	544	525	506	488	469	450
7.0	3,500	595	578	560	542	525	508	490	472	455	438	420

Production		Cents per pound									
		11.5	11.0	10.5	10.0	9.5	9.0	8.5	8.0	7.5	7.0
Million bales	Billion pounds	Billions of dollars									
15.0	7,500	862	825	788	750	712	675	638	600	562	525
14.5	7,250	834	798	761	725	689	652	616	580	544	508
14.0	7,000	805	770	735	700	665	630	595	560	525	490
13.5	6,750	776	742	709	675	641	607	574	540	506	472
13.0	6,500	748	715	682	650	618	585	552	520	488	455
12.5	6,250	719	688	656	625	594	562	531	500	469	438
12.0	6,000	690	660	630	600	570	540	510	480	450	420
11.5	5,750	661	632	604	575	546	518	489	460	431	402
11.0	5,500	632	605	578	550	522	495	468	440	412	385
10.5	5,250	604	572	551	525	499	472	446	420	394	368
10.0	5,000	575	550	525	500	475	450	425	400	375	350
9.5	4,750	546	522	499	475	451	428	404	380	356	332
9.0	4,500	518	495	472	450	428	405	382	360	338	315
8.5	4,250	489	468	446	425	404	383	361	340	319	298
8.0	4,000	460	440	420	400	380	360	340	320	300	280
7.5	3,750	431	412	394	375	356	338	319	300	281	262
7.0	3,500	402	385	367	350	332	315	298	280	262	245

Income from cotton

Year	Cash income from lint [1]	Index of cash income from lint (1909–13=100) [2]	Index of prices farmers pay (1909–13=100)	Purchasing power of lint [3]	Population on cotton farms [4]	Per capita income	Index of cash income from lint on per capita basis [5]	Purchasing power of lint on per capita basis [6]
1909–10	680,246,000	86.9	98	88.7	9,205,000	73.90	88.6	90.4
1910–11	809,724,000	103.4	101	102.4	9,304,000	87.03	104.3	103.3
1911–12	752,925,000	96.2	100	96.2	9,395,000	80.14	96.1	96.1
1912–13	787,232,000	100.5	101	99.5	9,477,000	83.07	99.6	98.6
1913–14	884,926,000	113.0	100	113.0	9,560,000	92.57	111.0	111.0
5-year average, 1909–10 to 1913–14	783,011,000	100.0	100	100.0	9,388,000	83.41	99.9	99.9
1914–15	592,830,000	75.7	105	72.1	9,633,000	61.54	73.8	70.3
1915–16	626,774,000	80.0	124	64.5	9,704,000	64.59	77.4	62.4
1916–17	992,304,000	126.7	149	85.0	9,792,000	101.34	121.5	81.5
1917–18	1,529,862,000	195.4	176	111.0	9,854,000	155.25	186.1	105.7
1918–19	1,738,071,000	222.0	202	109.9	9,932,000	175.00	209.8	103.9
1919–20	2,020,398,000	258.0	201	128.4	9,987,000	202.30	242.5	120.6
1920–21	1,069,257,000	136.6	152	89.9	10,157,000	105.27	126.2	83.0
1921–22	675,773,000	86.3	149	57.9	10,370,000	65.17	78.1	52.4
1922–23	1,115,578,000	142.5	152	93.8	10,282,000	108.50	130.1	85.6
1923–24	1,454,320,000	185.7	151	123.0	10,314,000	141.00	169.0	111.9
1924–25	1,561,022,000	199.4	155	128.6	10,429,000	149.68	179.4	115.7
1925–26	1,577,091,000	201.4	156	129.1	10,307,000	153.01	183.4	117.6
1926–27	1,121,185,000	143.2	154	93.0	10,052,000	111.54	133.7	86.8
1927–28	1,308,088,000	167.1	154	108.5	10,043,000	130.25	156.2	101.4
1928–29	1,302,036,000	166.3	154	108.0	10,029,000	129.83	155.7	101.1
1929–30	1,244,846,000	159.0	154	103.2	9,939,000	125.25	150.2	97.5
10-year average, 1920–21 to 1929–30	1,242,920,000	158.7	153	103.7	10,192,000	121.95	146.2	95.6
1930–31	659,041,000	84.2	135	62.4	9,951,000	66.23	79.4	58.8
1931–32	483,627,000	61.8	115	53.7	10,041,000	48.17	57.8	50.3
1932–33	424,006,000	54.2	103	52.6	10,219,000	41.49	49.7	48.2
1933–34	663,507,000	84.7	118	71.8	10,178,000	65.19	78.2	66.3
1934–35	595,615,000	76.1	126	60.4	10,174,000	58.54	70.2	55.7
1935–36	590,136,000	75.4	122	61.8	10,255,000	57.55	69.0	56.6
1936–37	762,145,000	97.3	130	74.8	10,300,000	73.99	88.7	68.2
28-year average, 1909–10 to 1936–37	1,000,806,000	127.8	137	90.8	9,960,000	100.26	120.2	85.7

[1] Does not include rental and benefit payments.
[2] Cash income from lint for each crop year expressed as a ratio of the 1909–13 average.
[3] The purchasing power of lint is obtained by dividing the index of cash income from lint by the index of prices farmers pay.
[4] Estimated from census reports on farm population in the principal cotton-growing States, also Bureau of Agricultural Economics estimates of farm population in the geographic divisions which include the Cotton Belt for noncensus years and the ratio of farms reporting cotton to all farms in those States. Estimates of population on farms growing cotton in these 10 States were raised slightly (2 to 3 percent) to allow for population on farms growing cotton in the minor cotton-growing States. Census data were used as a basis for those adjustments.
[5] Ratio of per capita income for each year to the 1909–13 average.
[6] The purchasing power of cash income per capita is obtained by dividing the index of cash income from lint per capita by the index of prices farmers pay.

Income from cotton, including payments

Year	Cash income from lint [1]	Rental and benefit payments and cotton options	Total	Index of cash income from lint plus payments 1909–1913=100 [2]	Index of prices farmers pay 1909–1913=100	Purchasing power of lint plus payments [3]	Population on cotton farms [4]	Per capita income including payments	Index of cash income from lint plus payments on per capita basis [5]	Purchasing power of lint plus payments on per capita basis [6]
							Thousands	*Dollars*		
1933–34	663,507	179,758	843,265	107.7	118	91.3	10,178	82.85	99.3	84.2
1934–35	595,615	115,824	711,439	90.9	126	72.1	10,174	69.93	83.8	66.5
1935–36	590,136	[7] 160,129	750,265	95.8	122	78.5	10,255	73.16	87.7	71.9
1936–37	762,145	82,300	844,445	107.8	130	82.9	10,300	81.98	98.3	75.6
4-year average, 1933–34, 1936–37	652,851	134,503	787,354	100.6	124	81.2	10,227	76.98	92.3	74.6
28-year average, 1909–10, 1936–37	1,000,806	----------	1,020,128	130.3	137	92.8	9,960	102.14	122.5	87.6

[1] Does not include rental and benefit payments.
[2] Cash income from lint for each crop year expressed as a ratio of the 1909–13 average.
[3] The purchasing power of lint is obtained by dividing the index of cash income from lint by the index of prices farmers pay.
[4] Estimated from census reports on farm population in the principal cotton-growing States, also Bureau of Agricultural Economics estimates of farm population in the geographic divisions which include the Cotton Belt for noncensus years, and the ratio of farms reporting cotton to all farms in those States. Estimates of population on farms growing cotton in these 10 States were raised slightly (2 to 3 percent) to allow for population on farms growing cotton in the minor cotton-growing States. Census data were used as a basis for these adjustments.
[5] Ratio of per capita income for each year to the 1909–13 average.
[6] The purchasing power of cash income per capita is obtained by dividing the index of cash income from lint per capita by the index of prices farmers pay.
[7] Includes $39,744,000 cotton-price-adjustment payments.

Mr. BORAH. Mr. President, I will detain the Senate just a moment. I could very readily vote for a limitation of appropriations for the purposes of the pending bill if there were not behind the proposition the question of reducing the amount to be used for soil-conservation payments. The amendment offered by the Senator from Tennessee discloses that the effect would be to reduce the amount for soil conservation to $225,000,000.

Mr. McKELLAR. Mr. President, my amendment has been withdrawn.

Mr. BORAH. I am pleased.

Mr. McKELLAR. It has been withdrawn for the reason the Senator has stated.

The PRESIDING OFFICER. The pending amendment is the amendment proposed by the Senator from Michigan.

Mr. BORAH. The effect of the amendment of the Senator from Michigan would tend toward the same result. It would necessarily reduce the amount which we could use for soil conservation, and that, in my judgment, is the most important thing connected with the whole program of farm legislation. I regard soil conservation as of such moment that I cannot vote for any amendment which might curtail in any way that program.

I have a little volume before me, just published, written by a Mr. Johnson, of only a hundred pages, but it is most significant and at the same time the greatest warning I have read in many a day. The title of the book is "Wasted Land." It deals entirely with the subject of wasted land in the South, although the same principle and the same facts in large measure might be gathered from other parts of the country.

The book discloses that there are a hundred million acres of eroded land now in the South, unfit for use. This book should be read by everyone interested in the national problem of soil conservation. Read it and you will understand the peril of soil erosion. To take any step which would discourage or curtail the soil-conservation program, in my judgment, would be a stupendous blunder. Under these circumstances, I feel I must vote against the amendment.

Mr. ADAMS. Mr. President, I should like to ask the Senator from Idaho, if I may, whether he said that the amendment of the Senator from Michigan would reduce the amount of money available for soil-conservation payments beyond the reduction that would be made if the committee amendment were adopted.

Mr. BORAH. I said that in my opinion the result of the amendment of the Senator from Michigan would be to curtail the use of the $500,000,000 for soil conservation.

Mr. ADAMS. I desire to call the attention of the Senator from Idaho to the committee amendment at the bottom of page 78, where it is provided that of this $500,000,000, 55 percent is diverted from soil conservation to parity payments; that is, there is that definite deduction in the committee amendment. I do not know whether it has been adopted or not. I doubt very much whether the insertion of the amendment of the Senator from Michigan would reduce the amount. I merely suggest that perhaps a study of that question might result in showing that there would be an increase in soil-conservation payments.

Mr. BORAH. The committee amendment has not fixed any limitation on the appropriation at all.

Mr. ADAMS. There is a committee amendment which specifically seeks to divert part of the money.

Mr. BORAH. I will vote against any amendment which would divert any part of the soil-conservation fund. I am not concerned about this bill, but I am concerned about keeping intact the Soil Conservation Act.

Mr. CONNALLY. Mr. President, it seems to me that the amendment offered by the Senator from Michigan should not be agreed to. The proposed legislation is naturally somewhat experimental. We do not yet know the various factors which will have to be considered, and which will all work together to bring about results under the legislation. There is the question of the reduction of acreage; there is the question of soil conservation, of weather, sunshine, rain, market demand, the normal granary, and the carry-over loans. It is naturally experimental, but it is an experiment, after all.

While the farmer is interested in getting a better price for his crop, the only justification the Congress has in enacting this type of law is that it affects the national economy, and, as suggested by the Senator from Idaho, the preservation of the soil and the rebuilding of the soil reach deeper than the question of what the farmer will get for his crop next year. It will affect our children, and all of the generations yet to come.

The only justification for the Congress undertaking to deal with the agricultural problem is that it is a national problem. It affects our foreign markets, our exports, the maintenance of an orderly flow of the products covered in the bill, all of which are essential for human life and human convenience. We are undertaking now in this legislative laboratory to work out some sort of formula which will more or less stabilize these conditions.

How do we know now what it will cost 3 years from now? We do not know. It may take more than $500,000,000, or it may take less than $500,000,000.

As was well pointed out by the Senator from Colorado [Mr. ADAMS], each Congress is the master of its own rules; each Congress is the master of its own action. So why should we now, years in advance, undertake to say that we are going to make it a matter of law that before the Committee on Appropriations can appropriate an amount exceeding $500,000,000, we would have to pass another law undoing a law on the statute books? Why should we select this particular kind of an appropriation to put a limitation on the appropriation?

We do not know how much the Appropriations Committee is going to bring in next year for the Navy Department. We do not know how much the Appropriations Committee is going to bring in for the War Department, or the State Department, or any other Department. Some little legislative salaries are fixed by law, but the great questions of policy which relates to these Departments are each year determined by the Appropriations Committee by means of the amounts of money that the committee sets apart for those activities.

Finally, of course, the responsibility must be met here on the floor of the Senate as to whether the Senate will approve the judgment of the committee or reject it. So why should we now forego our freedom and our own liberty when the time and the occasion arises, to decide whether we shall appropriate $250,000,000, or whether we shall appropriate $600,000,000 or $700,000,000? Sufficient unto the day ought to be our wisdom and our courage. Why should we now admit that we are afraid and why should the Committee on Appropriations now admit that it is afraid to assume this responsibility?

Mr. BURKE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BURKE. I can see very easily the force of the Senator's argument, and should be inclined to agree with it fully, provided he will lead a movement to strike from the bill everything that might be an encouragement to the farmers of the country to believe that Congress is now pledging itself to give them parity prices for their products.

Will the Senator agree to vote to strike from the bill all such promises that are contained in the bill?

Mr. CONNALLY. Mr. President, the Senator from Texas will say to the Senator from Nebraska that there is no occasion to strike out from the bill anything of the kind.

Mr. BANKHEAD. There is no such promise in it.

Mr. CONNALLY. I will read it.

Mr. BURKE. Is the Senator now going to read the bill?

Mr. CONNALLY. No; I shall read only enough so that the Senator from Nebraska will know what the Senator from Texas is talking about. I read from page 80, subsection (f):

> Notwithstanding any other provision of this act, if the aggregate parity payments payable under schedule A of title I of this act for any marketing year—

Not over a period of years, but for any year, leaving it to the Congress to say, when it is in session and when the facts are known and when the year is here—

> are estimated by the Secretary to exceed the sum appropriated—

"Exceed the sum appropriated"—

> for such payments for such year, all such payments—

Not some of them; not a part of them—

> all such payments shall be reduced pro rata that the estimated aggregate amount of such payments shall not exceed the funds available for such payments.

Mr. BURKE. Mr. President, will the Senator yield to me again at that point?

Mr. CONNALLY. I yield.

Mr. BURKE. I think the farmers of the country would be justified in looking at the declaration of policy in the bill. The bill opens with this express declaration or promise:

> It is hereby declared to be the policy of Congress to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide such adequate and balanced flow of such commodities as will, first, maintain both parity of prices paid to farmers for such commodities marketed by them—

And so forth. If any farmer in Nebraska should read that and form any other conclusion than that it was the policy of Congress to provide for the parity payments, I think I would suggest that he move down to Texas.

Mr. CONNALLY. If the farmers of Nebraska are going to read only the first paragraph of this bill and then stop, why,

fine! But the farmers of my State are able to read and they are going to read all of this bill [laughter] before they decide whether they want to come under the bill or whether they do not. Of course, there is nothing inconsistent in the first paragraph and the clause cited by the Senator from Texas. It is the purpose of Congress, and that is what the first paragraph says:

It is hereby declared to be the policy of Congress—

To do these things; to lift this price to parity. That is our policy, and if that is not our policy there would be no excuse for the bill. It is provided by the bill that it shall be done if it can be done with the available revenues which the Government feels it can devote to this purpose. It does not mean that we are to cease all the other activities of the Government in order to bring the price up to parity; of course not.

The farmers of America do not want to stop all other activities of the Government and divert all of the revenues to their benefit; so there is no inconsistency in the general declaration that this is to be the policy of the Congress. Then in the form of an amendment to meet the very fears which Senators are now expressing, we are saying to the farmer, "Mr. Farmer, that is our policy. We hope to do it; but we can only tell you now that you will get that proportion of parity which the resources of the Government are able to stand in the year when we are estimating our Budget, in the year when we are counting the money in our pocket, in the year when we are finding out how much is coming into this pocket in the form of revenue, and how much is in this other pocket over here available for expenditures. That is the time to determine it."

But Senators now would say that no matter how much revenue we get, no matter how difficult the situation that the farmer may be in, no matter what the effect of these courses and these factors in the situation may be, we are going to limit the payments so that we cannot pay over $500,000,000. They do not even say that we shall pay $500,000,000. It would be safer to create a sinking fund and put $500,000,000 in it every year, and if we should not need all of it we should have a surplus. But that is not the purpose of the amendment. The purpose is that if we can get along with $200,000,000, we shall not carry the $300,000,000 over into the next year. In any case the payments will not exceed $500,000,000.

Mr. ADAMS. Mr. President, the Senator's interpretation of the bill is that it obligates the Government to pay the full parity price to the farmers. The reason why I asked the question is that upon the floor this afternoon one distinguished Senator has interpreted the bill as requiring full parity payments. Another distinguished Senator has stated that it does not anticipate full parity payments. A part of the problem of those who are going to be confronted with the appropriation matter is as to what the bill does require in the way of appropriation. If it requires full parity payments, it requires one sum of money. If it does not call for full parity payments, it is a different problem. I am anxious to get the judgment of the Senator from Texas, who has studied the bill.

Mr. CONNALLY. Mr. President, I thank the Senator from Colorado for his attributing to the Senator from Texas a greater study of the measure probably than he is entitled to. Of course, the bill does not pledge or obligate the Government to pay full parity. What it says to the farmer is, "We are adopting this plan, Mr. Farmer. We hope it is going to bring you parity without any payment. We hope so. We do not know. The Senator from Colorado does not know, and the Senator from Texas does not know."

Mr. ADAMS. Mr. President——

Mr. CONNALLY. Just a moment, Mr. President. Let me answer this question before we have another one.

"Now, Mr. Farmer, that is our plan. We hope it is going to bring you parity. But if it does not bring you parity of its own accord, we are going to undertake, if the revenues of the Government justify it, to pay you a sum out of the Treasury. This plan is going to make you some money, we hope; this economic control is going to produce some added revenue for you; but if the plan does not produce sufficient revenue to bring you up to parity, then if the Government has the resources and if Congress is willing, if the Appropriations Committee is willing, if the Senator from Colorado is willing, we are going to appropriate some more money. It depends upon whatever our wishes may be and our ability may be at that time to supplement what the economic forces that this bill sets in motion accomplish and we hope they will bring your income up to parity. But we want to be fair with you, Mr. Farmer. We are going to tell you right here and now that if the bill does not bring you up to parity, the Government is not obligated except to pay you such amount as it may see fit, and on the basis of that amount the benefits shall be prorated."

If anything could be any plainer than that, I would not know how to write the language. This is the action of the Senate committee. If there is any member of the committee who disputes that meaning, I should like to have him rise and say so. Does the Senator from Colorado dispute that that is all the bill provides?

Mr. ADAMS. Mr. President, the Senator from Texas says it is not anticipated that full parity shall be required to be paid. I am wondering when we shall have to determine how far below parity we shall go?

Mr. CONNALLY. Here is the whole bill. I have not the time to read the whole bill to the Senator, but the principle runs all through the bill.

Mr. ADAMS. I thought perhaps the Senator had that standard in his mind and would know just what it is.

Mr. CONNALLY. I will say to the Senator very frankly that according to the bill we set up certain standards and policies; but suppose some unusual situation should arise? Suppose the snow should not come to Colorado and there should be a great drought creep over Colorado, Wyoming, Kansas, and Nebraska. Congress would say, "On account of these unusual conditions——"

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. CONNALLY. Can I divide my time on the bill?

The PRESIDING OFFICER. The Senator can speak only once on the bill and not longer than 30 minutes.

Mr. CONNALLY. There will be other amendments, I have no doubt. I shall speak on some of the other amendments.

Mr. O'MAHONEY. Mr. President——

Mr. CONNALLY. I shall be through in a very few minutes. I move to amend the amendment of the Senator from Michigan by striking out the numerals "$500,000,000."

The PRESIDING OFFICER. The Chair recognizes the right of the Senator to speak on the amendment which he now offers to the amendment of the Senator from Michigan.

Mr. CONNALLY. I thank the Chair and I thank the parliamentarian for his advice to the Chair.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from North Carolina.

Mr. BAILEY. I rise to call the attention of the Senator to the language on page 10, which seems to me to indicate that the amount is fixed in definite terms.

Mr. CONNALLY. Parity is fixed but not the payments.

Mr. BAILEY. The language is:

The Secretary shall make parity payments to farmers engaged in the production of such commodity for market during such marketing year, provided, in case of wheat and corn, the farmer is a cooperator. Such payments shall be computed at the parity-payment rates prescribed in schedule A of this title.

Mr. BANKHEAD. The word "shall" was changed to "may."

Mr. CONNALLY. I thank the Senator from Alabama. He informs me that the word "shall" has been changed to "may."

Mr. BAILEY. Even so, it provides that he shall pay——

Mr. CONNALLY. Oh, no; he may pay. If he has the money in his pocket he must pay, but if he does not have it then he does not have to pay.

Mr. BAILEY. Then the argument is that we put a schedule in the bill and hold it out to the farmer, but we do not have to pay him. That is what happened to the cotton farmer under the old A. A. A.

Mr. CONNALLY. When I used to be flourishing in my practice in the justice of the peace courts, we were told we had to construe all of a statute together, and harmonize and give force and effect to every part of it, and not take up a little sentence here and say, "It is against the law to do this" and stop there. So in reading this bill we have to read it all, and when we read it all we see that the Government makes no pledge to pay a thin dime unless the Government wants to do so and appropriates the money to do it.

Mr. KING. Mr. President——

Mr. CONNALLY. I yield to the Senator from Utah [Mr. KING].

Mr. KING. May I first express my dissent from the position taken by the Senator—and that does not mean I am right.

Mr. CONNALLY. That is very painful to the Senator from Texas.

Mr. KING. I know it. Suppose the Senator from Texas were President of the United States——

Mr. CONNALLY. That is a supposition which the Senator from Texas will not entertain.

Mr. KING. I entertain it and hope he may be. Suppose he were President of the United States and that he were preparing the Budget to submit to Congress. He would be bound by the authorizations which Congress had made, to include in his recommendations for the Budget a sufficient amount to meet the authorizations. It seems to me that any reasonable construction of all the provisions of the bill which are pari materia, would require the Senator, as President, or anybody who happened to be President, to include in his recommendations for the Budget the full amount which the Department of Agriculture had said would be required in order to meet parity payments, whether $1,000,000,000 or $10,000,000,000, and the President would be required to submit in his Budget that entire amount. Whether Congress would appropriate it is a different thing.

Mr. CONNALLY. It is not necessary to speculate on what some imaginary President might do. Let us consider what the present President did. He told Congress frankly he did not want more than $500,000,000 spent for agriculture in the next fiscal year unless—unless! He was not like the Senator from Michigan who would say we could not spend another nickel above $500,000,000, just that much and no more. He said, "No more than $500,000,000 unless Congress should provide other revenue to take care of those things."

Congress may decide to put on a processing tax, and so far as the Senator from Texas is concerned a processing tax is a fair tax because it makes the consumer of the commodity pay the added cost if we raise the price of the commodity. That is fair; that is just. It is just as fair and, perhaps, more fair than reaching into the General Treasury and making those payments out of the taxpayers' money. If the price of tobacco is thereby increased, it means that every man who chews tobacco or smokes a cigarette or a pipe shall pay a little more for his tobacco. Why should he not if the purpose is to give the money back to the man who raised the tobacco? Why should not the man who gets the enjoyment and pleasure out of it help to enrich the State of North Carolina by paying something in the way of an added tax?

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MALONEY. Does the Senator really believe that the man who wears a cotton shirt should pay a tax while the man who wears a silk shirt should be exempt?

Mr. CONNALLY. Oh, no; not at all. I would put a processing tax on all articles that compete with cotton. I would put such a tax on silk and another on rayon, and I would put a processing tax on paper pulp, if we make any clothes out of paper pulp, as I understand the Germans are doing. I would put a tax on all those things that compete with cotton in order to keep them from coming in and taking away the cotton market. Of course, the man who wears the shirt ought to pay for his shirt, whether it is cotton or silk.

Mr. MALONEY. Followed to its probable logical conclusion, the Senator would wind up with a sales tax, would he not?

Mr. CONNALLY. No; I am not in favor of a sales tax. I am in favor of letting the man pay what the article costs, but I would not then add another tax on top of that in the form of a sales tax to maintain the Government out of the necessities of the poor.

Mr. POPE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. POPE. Suppose a processing tax were levied and additional funds provided, as suggested by the President; then under the amendment proposed by the Senator from Michigan the additional funds could not be used, could they?

Mr. CONNALLY. Why, certainly not. That is what the Senator from Texas is undertaking to point out—that under the amendment offered by the Senator from Michigan, even if Congress should decide to put on $200,000,000 in the form of processing taxes, not one red copper of it could be appropriated for the purpose of carrying out the policies of this bill.

The bill may be all wrong. I do not think it is. We may be proceeding on the wrong philosophy, but if we are going to adopt this philosophy and these policies, let us not in the very beginning make impossible a fair opportunity to work them out, a fair experiment, by saying that we cannot do so-and-so, and we cannot do the other.

Mr. O'MAHONEY. Mr. President——

Mr. CONNALLY. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. Am I to understand the Senator from Texas to suggest that the language on page 81 to which he alluded a few moments ago constitutes in any degree at all a limitation upon the amount of money which may be expended?

Mr. CONNALLY. It means that we cannot spend more than we appropriate. That is all it means.

Mr. O'MAHONEY. Does the Senator believe that would be a limitation upon the amount of appropriations?

Mr. CONNALLY. Oh, no; that is not any limitation, as we ordinarily refer to limitations. It is, however, a frank statement to the farmer, "If your parity payments exceed what Congress appropriates, then you may expect only a pro rata of what Congress appropriates." Is not that clear to the Senator?

Mr. O'MAHONEY. Does not the Senator from Texas understand that the appropriations which are made by Congress are for the year succeeding that in which the appropriation bills are passed?

Mr. CONNALLY. Oh, yes; as a rule; but if Congress is here, there is no reason why we should not appropriate for the current year.

Mr. O'MAHONEY. As a matter of practice, however, that is not what is done.

Mr. CONNALLY. As a matter of practice, we appropriate in one session of Congress for the fiscal year beginning the following July 1, and ending the next succeeding June 30.

Mr. O'MAHONEY. Then does it not follow that under this bill as it now stands, the Congress would be under a moral obligation to make an appropriation of whatever amount the Secretary of Agriculture should estimate would be necessary to make these payments?

Mr. CONNALLY. Oh, no; oh, no!

Mr. O'MAHONEY. I am unable to understand how the Senator can explain the bill otherwise, and I should like to have him enlighten the Senate upon that point.

Mr. CONNALLY. The Senator from Texas never undertakes to enlighten the Senate. He undertakes only to express his own humble opinions about these things; but this is perfectly apparent to anybody who wants to see. Anybody with eyes, who wants to read, can read this bill and understand it. Anybody with ears, whose intellectual and moral tympanums are operating, can hear what this bill says and understand it. A man with cotton in his ears which is put there deliberately will not hear, and one who obscures his vision with some artificial instrument will not see; but it is perfectly apparent here that those who want to see can see, and those who want to hear can hear.

Some of the Senators just cannot get it through their heads that this bill is not going to do something to the Appropriations Committee. I have very high respect for the Appropriations Committee; but, frankly, this is the first time in my experience in the Senate that the Appropriations Committee have not wanted all the authority and all the jurisdiction that an elephantine appetite would consume. They are always wanting to let the Appropriations Committee decide these things; but this is one time when the Appropriations Committee have tucked tail and run. They do not want the authority, and they do not want the jurisdiction.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield; and let me add that I say what I have just said in all kindness. I am for the Appropriations Committee. I am going before them sometime soon. [Laughter.]

Mr. McKELLAR. I was just going to say that I remember that one of these elephantine appetities was expended in reference to a very important appropriation to the State of Texas, from which the Senator comes; and we were glad to do it.

Mr. CONNALLY. I thank the Senator.

Mr. McKELLAR. I do not think the Senator from Texas ought to jump on the Appropriations Committee.

Mr. CONNALLY. Oh, no; I am not doing so; but it is rather significant that the most active proponents of this Republican amendment should be Democratic members of the Appropriations Committee.

Mr. McKELLAR. The Senator is mistaken about that, I think. There may be some one on the Appropriations Committee who is in favor of this amendment. I am not sure.

Mr. CONNALLY. I am not against the Appropriations Committee. I am willing to trust them. The Senator from Tennessee is not willing to trust them.

Mr. McKELLAR. Oh, yes, I am!

Mr. CONNALLY. I am willing to put this power in the hands of the Appropriations Committee, and to say that on account of their judgment, on account of their knowledge of the financial affairs of the Government, on account of their knowledge of the amount of revenues that are coming in, and on account of their knowledge of the other demands on the Treasury of the United States, I am willing to trust the Appropriations Committee. Then they rise up as if they were going to receive the benediction and say, "No; we do not want that. We want Congress to decide it."

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Minnesota?

Mr. CONNALLY. I do.

Mr. SHIPSTEAD. Am I to understand the Senator to say that there is a limitation on the authorization which is sufficient to carry out the purposes of the bill?

Mr. CONNALLY. No.

Mr. SHIPSTEAD. There is no limitation?

Mr. CONNALLY. No; and I am trying to prevent one being put on.

Mr. SHIPSTEAD. And is it the Senator's idea that the amount will be limited later, if necessary, by the Appropriations Committee?

Mr. CONNALLY. Exactly.

Mr. SHIPSTEAD. In other words, we have a good bill——

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. SHIPSTEAD. Are we to understand that we have a good bill which promises the farmer parity of prices, and we promise him more than that in the bill; we promise him parity income; we authorize somebody to pay it to him, and then we make a reservation that he shall be paid this parity income only if we can afford it?

Mr. CONNALLY. That is in the bill. I was only discussing what is in the bill. The Senator is for the bill, I am sure. On page 81 of the bill it provides that if we do not have enough money to pay complete parity, we will pro rate the payments; that is all. Is the Senator supporting the amendment?

Mr. SHIPSTEAD. No: I am not.

Mr. CONNALLY. Does the Senator mean to say that the farmers shall not have over $500,000,000 if they earn it?

Mr. SHIPSTEAD. I do not, sir; but I am trying to find out what is the purpose of the bill. I have read it, but it seems to me there is a great deal of misunderstanding about the bill. I have read it. I have not been able to sit here and listen to the debates. There seems to be a great deal of earnestness in the discussion; but it is a little confusing to find eminent Senators, far more eminent than I, who disagree so radically about the provisions of the bill.

A great deal has been said about parity prices. That, to me, is not important. There is another thing in the bill which is very much more important than that. If I understand the bill, it promises parity income based on the relative share of the national income that the farmer had in the base period. That is an entirely different matter than parity payments; but, due to the lateness of the hour, I shall not discuss that subject now. I expect to do so at some other time. I should like to do so on this amendment, but I do not wish to impose upon the Senate.

The PRESIDING OFFICER. The question is on agreeing to the pro forma amendment offered by the Senator from Texas.

The amendment was rejected.

The PRESIDING OFFICER. The question now is upon the amendment proposed by the Senator from Michigan [Mr. VANDENBERG] to the amendment reported by the committee.

Mr. VANDENBERG. Upon that I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HALE (when his name was called). I have a general pair with the Senator from South Carolina [Mr. BYRNES]. Not being able to effect a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. BYRD. My colleague the senior Senator from Virginia [Mr. GLASS] is necessarily detained. If present, he would vote "yea."

Mr. MINTON. I announce that the Senator from Utah [Mr. KING], who is necessarily absent, has a pair with the Senator from New Hampshire [Mr. BROWN]. If present and voting, the Senator from Utah [Mr. KING] would vote "yea," and the Senator from New Hampshire [Mr. BROWN] would vote "nay."

The Senator from Delaware [Mr. HUGHES] is detained by illness.

The Senator from Florida [Mr. ANDREWS], the Senator from Arizona [Mr. ASHURST], the Senator from Tennessee [Mr. BERRY], the Senator from New Hampshire [Mr. BROWN], the Senator from South Carolina [Mr. BYRNES], the Senator from Missouri [Mr. CLARK], the Senator from Illinois [Mr. DIETERICH], the Senator from Ohio [Mr. DONAHEY], the Senator from Georgia [Mr. GEORGE], the Senator from West Virginia [Mr. HOLT], the Senator from Connecticut [Mr. LONERGAN], the Senator from Nevada [Mr. MCCARRAN], the

Senator from New Jersey [Mr. MOORE], and the Senator from Maryland [Mr. TYDINGS] are necessarily detained.

Mr. AUSTIN. The Senator from North Dakota [Mr. NYE] is paired on this question with the Senator from Rhode Island [Mr. GERRY]. If present the Senator from North Dakota [Mr. NYE] would vote "nay," and the Senator from Rhode Island [Mr. GERRY] would vote "yea."

Mr. SHIPSTEAD. I have a pair on this vote with the senior Senator from Virginia [Mr. GLASS]. I transfer my pair to the senior Senator from North Dakota [Mr. FRAZIER], and vote "nay." I am advised that if present and voting the senior Senator from North Dakota [Mr. FRAZIER] would vote "nay."

Mr. BARKLEY. My colleague, the junior Senator from Kentucky [Mr. LOGAN], is unavoidably absent. If present he would vote "nay."

Mr. MINTON. The senior Senator from Illinois [Mr. LEWIS] is unavoidably detained. If he were present he would vote "nay."

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I am informed that if present he would vote "nay," and I therefore withdraw my vote.

Mr. BAILEY. The senior Senator from Rhode Island [Mr. GERRY] is unavoidably absent. If he were present he would vote "yea."

The result was announced—yeas 23, nays 49, as follows:

YEAS—23

Adams	Burke	Lodge	Townsend
Austin	Byrd	McNary	Vandenberg
Bailey	Capper	Maloney	Wagner
Bridges	Copeland	O'Mahoney	Walsh
Brown, Mich.	Gibson	Radcliffe	White
Bulkley	Johnson, Calif.	Steiwer	

NAYS—49

Bankhead	Green	McKellar	Schwellenbach
Barkley	Guffey	Miller	Sheppard
Bilbo	Harrison	Minton	Shipstead
Bone	Hatch	Murray	Smathers
Borah	Hayden	Neely	Smith
Bulow	Herring	Norris	Thomas, Okla.
Caraway	Hitchcock	Overton	Thomas, Utah
Chavez	Johnson, Colo.	Pepper	Truman
Connally	La Follette	Pittman	Van Nuys
Duffy	Lee	Pope	Wheeler
Ellender	Lundeen	Reynolds	
Gillette	McAdoo	Russell	
Graves	McGill	Schwartz	

NOT VOTING—24

Andrews	Davis	Glass	Logan
Ashurst	Dieterich	Hale	Lonergan
Berry	Donahey	Holt	McCarran
Brown, N. H.	Frazier	Hughes	Moore
Byrnes	George	King	Nye
Clark	Gerry	Lewis	Tydings

So Mr. VANDENBERG's amendment to the amendment of the committee was rejected.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The practice was started yesterday, and followed today on two occasions, of Senators offering pro forma amendments. The Chair feels that is absolutely a violation of the spirit of the unanimous-consent agreement which has been heretofore entered into, but is advised by the parliamentarian that it is within the letter of the agreement. The present occupant of the Chair would be inclined, if such a motion were made in the future while he was occupying the chair, either to refuse to entertain the motion, or at least to submit the question to the Senate, because it is apparent that there would be no limitation if such practice were further indulged in.

SINKING OF THE U. S. GUNBOAT "PANAY"

Mr. REYNOLDS. Mr. President, I ask to have printed in the RECORD an editorial from the Wilmington (N. C.) News of December 13, and three telegrams I have received, dealing with the remarks I made on yesterday relative to the sinking of the U. S. gunboat *Panay* in the Yangtze River.

There being no objection, the editorial and telegrams were ordered to be printed in the RECORD, as follows:

BITTER PILL

Senator ROBERT R. REYNOLDS is entitled to an "I told you so" as the result of last night's dispatches telling of the sinking of a United States gunboat by Japanese on the Yangtze River.

Only Saturday Mr. REYNOLDS demanded in the Senate that United States forces be withdrawn from the Far Eastern theater of conflict. He expressed fear of just such an incident as has now occurred. The Morning Star of today, commenting on his proposal, made the sensible point that nothing we have in China is worth fighting for, and supported his contention that our ships and troops should be called home.

As it stands, however, the incident has occurred, and the question now is, What shall we do about it? Our opinion is that we should accept the Japanese apologies and do nothing. It is doubtful if the Japanese meant to sink our warboat. Even if they did intend it, their profuse apologies have covered up the insult so that we have no choice except to swallow it with a show of sternness.

We can gain nothing by a display of force toward Japan. There is little real cause—thus far—for fighting her. Japan will take away our trade with China when the latter nation is brought under her control, but we have the much more considerable trade with Japan to weigh in the balance before getting angry about it. Japan can have, for the present, no territorial designs that might cause real affront to the United States.

Perhaps, in the general interest of world peace, it would be desirable to stop the Japanese advance in China, but the direct interest of no nation is sufficiently involved to permit of a declaration of war to achieve this purpose. Certainly this applies to the United States, which does not even have important territorial concessions in China.

It's a bitter bill, perhaps, to swallow an attack on a ship bearing our flag, but swallow it we must. We should be honest with ourselves and admit that if we hadn't been where we had no business being, we would have escaped the whole business.

JACKSONVILLE, N. C.

Congratulations on your speech yesterday. Stick it out.

W. T. BRYAN.

WEAVERVILLE, N. C., *December 14, 1937.*

ROBERT R. REYNOLDS,
United States Senate:

Congratulations; courageous practical sense.

A. G. BETTS.

BOONE, N. C., *December 14, 1937.*

Hon. ROBERT R. REYNOLDS,
United States Senate:

Have read account of your speech in United States Senate yesterday. Wish to congratulate you upon your stand in this crisis. United States should withdraw from China at earliest possible moment. Use every opportunity to impress the American people with the very great importance of our withdrawal.

CLYDE R. GREENE.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. WAGNER, from the Committee on Banking and Currency, reported favorably the following nominations:

Jerome N. Frank, of New York, for appointment as a member of the Securities and Exchange Commission for a term expiring June 5, 1942, vice James M. Landis, resigned; and

John W. Hanes, of North Carolina, for appointment as a member of the Securities and Exchange Commission for a term expiring June 5, 1940, vice J. D. Ross, resigned.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the Executive Calendar is in order. The clerk will state the nominations on the calendar in order.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters on the calendar are confirmed en bloc.

That completes the Executive Calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 6 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, December 15, 1937, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 14 (legislative day of November 16), 1937

POSTMASTERS

ARKANSAS

Clarence G. Cooper, Fouke.
Erma M. Odom, Fulton.

KANSAS

Harold A. Rohrer, Junction City.
Elizabeth Brackman, Scranton.

MAINE

Paul J. Cody, South Poland.

NEVADA

Pete Petersen, Reno.

VERMONT

Edward Patrick Kelley, Danby.

HOUSE OF REPRESENTATIVES

TUESDAY, DECEMBER 14, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our merciful Heavenly Father, it is out of the fullness of the divine heart that we receive the divine gifts; it is from Thy bountiful hand all our necessities come. We praise Thee with grateful hearts and with all the redeemed say: "Blessing and honor, glory and power be unto Him who sitteth upon the throne and unto the lamb forever and ever." We pray Thee, dear Lord, to bless all churches and institutions of learning. May their light be diffused throughout our land. By Thy providence Thou hast been merciful unto us. Take away, O Lord God, all distemperature of passion and pride and bring all together in the bonds of mutual respect and understanding. O let the pure light shine out of heaven and the impure light die out of the earth. Through Christ, our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed a joint resolution of the House of the following title:

On December 8, 1937:

H. J. Res. 525. Joint resolution to make the existing appropriations for mileage of Senators and Representatives immediately available for payment.

EXTENSION OF REMARKS

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein an address delivered by the Honorable James A. Farley, Postmaster General of the United States, at the Letter Carriers' Convention in Kansas City last summer. This is a very brief address.

Mr. RICH. Reserving the right to object, Mr. Speaker, I want to call the attention of the Members of the House of Representatives and the people of this country generally to the fact that Mr. James A. Farley has had more speeches in the CONGRESSIONAL RECORD than any man outside of Congress. If you are going to put in all his speeches, you will fill up the RECORD.

Mr. FISH. Reserving the right to object, Mr. Speaker, I should like to know if this address is on the subject of the civil service?

Mr. SHANNON. There is nothing in this speech about the civil service.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a speech I delivered at the Buffalo town hall meeting of the air recently.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address I delivered in Atlanta last Friday on the wage and hour bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. WARREN. Mr. Speaker, I ask unanimous consent to address the House for 10 seconds.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. WARREN. Mr. Speaker, on yesterday I was at home to attend a funeral in my family. Had I been present I would have voted against discharging the Committee on Rules from further consideration of the resolution to consider the wage and hour bill.

Mr. McGRANERY. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McGRANERY. Mr. Speaker, I was detained on official business during roll call No. 17 on yesterday. Had I been present I would have voted to discharge the Committee on Rules from the further consideration of the resolution to consider the wage and hour bill.

EXTENSION OF REMARKS

Mr. PEARSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter received from a constituent with respect to the wage and hour bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. DEMUTH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein two radio addresses on the subject of amendments to the Federal Housing Act.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ANDERSON of Missouri asked and was given permission to extend his own remarks in the RECORD.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, briefly, on two separate subjects.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a radio address delivered by Secretary Hull on December 12, 1937, on the occasion of the observance of Universal Bible Sunday.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds for the purpose of making a statement with respect to the Washington-Hoover Airport.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

WASHINGTON-HOOVER AIRPORT—A PUBLIC MENACE, A NATIONAL DISGRACE

Mr. PLUMLEY. Mr. Speaker, if I am correctly informed, when the Airport Commission, comprising Members of Congress, made its report, it discharged the duties and obligations resting upon it.

Now, Mr. Speaker, at this time I have nothing to say with respect to the recommendations made by the committee, either for or against them, but again I wish to call the attention of the Members of the House to the fact that the present facilities afforded by the existing Washington-Hoover Airport are so inadequate, so unsafe and dangerous that the airline pilots using the Washington-Hoover Airport have filed a petition with the Bureau of Air Commerce in which they state that they are of the opinion that in the interests of safety all operations should be transferred to the New Bolling Field, until a safe airport is constructed for the District of Columbia, and that in the interim no airline operations should be permitted at the Washington-Hoover Airport.

Now, Mr. Speaker, the petitions were of date October 27 and October 29, 1937. They are informative; they advise the general public as to just what the men whose business it is to transport the public and safely land them at the Washington-Hoover Airport believe the hazards to be.

So far as I know no action has been taken. How long are these pilots going to be compelled to endanger their lives and our own? We are going to wake up some morning to learn that one of the greatest air catastrophes in the annals of aerial navigation has occurred right here at the Capital of the Nation. I call it about as near criminal negligence as anything of the kind could be, not to do something in response to the petition of the men above all others who know what the situation is, and what ought to be done.

But that is not all, Mr. Speaker, this airport situation has got to be cleaned up and straightened up and something done about it anyway, and right away. You know that the Glenn Martin Co. is alleged to be constructing an airplane which will have a wing span of 188 feet, and will carry 100 passengers by day or 66 by night, and will be able to fly the Pacific in a single hop, or make a round trip, nonstop flight to Europe, and will be nearly three times the size of the Pan American clippers. A ship with the greatest wing spread of any airplane ever built in this country. Well, those who ought to know, tell me it is so, and neither it nor the clipper ships could ever land at Washington in the District of Columbia, the Capital of the United States of America because we do not have an airport. We ought to be ashamed.

It is about time that some of you people took hold and helped straighten out this situation. It is about time that the fear of God was put in the hearts and minds of some people, who either are now too dumb to appreciate the hazards to which they are subjecting the traveling public, or do not care. That is pretty strong, but I am going to let it stand. You can fool along when only dollars and cents are involved, and get away with it, but when human life is at stake it is no time for dilly-dallying, nor further unjustifiable delay. The Washington-Hoover Airport, as is, is both a public menace and a national disgrace.

AIR LINE PILOTS ASSOCIATION,
Chicago, November 18, 1937.

Mr. FRED D. FAGG, JR.,
Director, Bureau of Air Commerce, Washington, D. C.

DEAR MR. FAGG: Enclosed herewith are copies of petitions signed by the pilots using the Washington-Hoover Airport.

We are opposed to the amendments recently instituted which alter the original restrictions with regard to the use of the Washington-Hoover Airport. The enclosed petitions request that the original restrictions be adhered to if safe operations are to be conducted at this airport.

Please note that councils 6 and 22 have special recommendations with regard to the use of the long-runway area.

Very truly yours,

AIR LINE PILOTS ASSOCIATION,
DAVID L. BEHNCKE, *President.*

OCTOBER 27, 1937.

To: Air Line Pilots Association, International (to be submitted to the Bureau of Air Commerce).
From: Local Council No. 22.
Subject: Washington-Hoover Airport restrictions.

We, the undersigned, pilots of American Air Lines, Inc., who comprise the membership of Local Council No. 22, resolve that safety restrictions in connection with the use of Washington-Hoover Airport are justifiable and necessary, and that the restrictions originally placed into effect by the Bureau of Air Commerce, with the following stipulations and amendments, shall govern and be properly enforced:

1. No DC–3 nor DC–2 equipment shall be allowed to land or take off at the Washington-Hoover Airport when the cross-wind component is greater than 10 miles per hour.

2. In landing, when the cross-wind component is less than 10 miles per hour and when wind direction does not parallel direction of the long runway, the pilot shall be allowed to utilize a space (the width of which shall be designated by the Bureau of Air Commerce) on either side of the long runway so that he may "angle" his landing sufficiently to take full advantage of the entire long runway area of the field, thereby enabling him to bring his craft more directly into the wind.

3. All take-offs shall be from the long runway and within the same space paralleling the long runway as designated by the Bureau of Air Commerce for landings.

4. Indicated on the following diagram [not printed] is the number of feet which, in the opinion of the members of this council, should be allowed on either side of the long runway for landing or take-off area to be utilized when cross-wind component does not exceed 10 miles per hour.

5. When indications are that the cross wind component is greater than 10 miles per hour, the pilots and all others should be warned sufficiently ahead of time so that a landing can be made at Bolling Field and arrangements made to pick up passengers and mail without causing confusion and delay.

Further, we are of the opinion that in the interests of safety all operations should be transferred to the new Bolling Field until a safe airport is constructed for the District of Columbia, and in the interim no air-line operations should be permitted at Washington-Hoover Airport.

P. C. Reynolds, Dean Smith, Marvin J. Parks, W. H. Dum, Fred Clarke, W. H. Talbot, W. A. Brooke, Alfred L. Hill, L. H. Bidwell, A. E. Hamer, D. I. Cooper, Arthur L. Caperton, R. C. Dodson, W. S. Shannon, J. G. Schneider, D. M. Machlin, S. T. Shoff, J. G. Town, S. R. Ross, William E. Hinton, T. L. Boyd, V. R. Evans, J. G. Adams, H. E. Clark, V. Irwin, O. J. Brown, H. P. Luna, F. M. Herdrich, D. S. Shipley, A. S. Keim, Jr., E. A. Cutrell, D. W. Smith, R. D. Wonsey, D. L. Boone, R. V. Kent, R. C. Maguire, G. W. Apitz.

This is a true copy.

BERNICE BERGENDER,
Stenographer.

Subscribed and sworn to before me this 18th day of November 1937.

EVELYN PREVIS DORAN,
Notary Public.

OCTOBER 29, 1937.

To: Air Line Pilots Association, International (to be submitted to the Bureau of Air Commerce).
From: Local Council No. 6.
Subject: Washington-Hoover Airport restrictions.

We the undersigned pilots of American Airlines, Inc., who comprise the membership of Local Council No. 6, resolve that: Safety restrictions in connection with the use of Washington-Hoover Airport are justifiable and necessary, and that the restrictions originally placed into effect by the Bureau of Air Commerce, with the following stipulations and amendments, shall govern and be properly enforced.

1. No DC–3 nor DC–2 equipment shall be allowed to land or take off at the Washington-Hoover Airport when the cross-wind component is greater than 10 miles per hour.

2. In landing, when the cross-wind component is less than 10 miles per hour and when wind direction does not parallel direction of the long runway, the pilot shall be allowed to utilize a space (the width of which shall be designated by the Bureau of Air Commerce) on either side of the long runway so that he may "angle" his landing sufficiently to take full advantage of the entire long-runway area of the field, thereby enabling him to bring his craft more directly into the wind.

3. All take-offs shall be from the long runway and within the same space paralleling the long runway as designated by the Bureau of Air Commerce for landings.

4. Indicated on the following diagram [not printed] is the number of feet which, in the opinion of the members of this council, should be allowed on either side of the long runway for landing or take-off area to be utilized when cross-wind component does not exceed 10 miles per hour.

5. When indications are that the cross-wind component is greater than 10 miles per hour, the pilots and all other should be warned sufficiently ahead of time so that a landing can be made at Bolling Field and arrangements made to pick up passengers and mail without causing confusion and delay.

Further, we are of the opinion that, in the interests of safety, all operations should be transferred to the new Bolling Field until a safe airport is constructed for the District of Columbia, and in the interim no air-line operations should be permitted at Washington-Hoover Airport.

Owen J. O'Connor, A. V. R. Marsh, R. S. Jones, H. W. Fanning, A. E. Tappan, C. Harmon, W. G. Hughen, G. L. Govoni, H. C. Smith, Randolph E. Churchill.

This is a true copy.

BERNICE BERGUNDER,
Stenographer.

Subscribed and sworn to before me this 18th day of November 1937.

[SEAL] EVELYN PREVIS DORAN,
Notary Public.

To: Air Line Pilots Association, international (to be submitted to the Bureau of Air Commerce).
From: Local Council No. 39.
Subject: Washington-Hoover Airport restrictions.

We, the undersigned pilots of American Airlines, who comprise the membership of Local Council No. 39, resolve that: Safety restrictions in connection with the use of Washington-Hoover Airport are justifiable and necessary, and that the original restrictions, placed into effect by the Bureau of Air Commerce, with the following stipulations and amendments, shall govern and be properly enforced:

1. No DC–3 nor DC–2 equipment shall be allowed to land or take off at the Washington-Hoover Airport when the cross-wind component is greater than 10 miles per hour.

2. When indications are that the cross-wind component is greater than 10 miles per hour, the pilots and all others should be warned sufficiently ahead of time so that a landing can be made at Bolling Field and arrangements made to pick up passengers and mail without causing confusion and delay.

Further, we are of the opinion that, in the interests of safety, all operations should be transferred to the new Bolling Field until a safe airport is constructed for the District of Columbia, and, in the interim, no air-line operations should be permitted at Washington-Hoover Airport.

Usher Rousch, L. W. Bryant, C. W. Allen, Ed. Coates, F. R. Bailey, L. Stephan, W. M. Keasler, M. D. Ator, L. B. Van Meter, H. W. Susott, W. R. Hunt, G H. Woolweaver, Frank J. Waddell, Lawrence Claude, J. A. Hammer, E. C. Floyd, John J. O'Connell, Ted E. Jonson, D. F. Dryer, B. C. Pettigrew, David C. Barrow, Jr., P. Marvin Althaus, Larry Harris, E. A. Rohl, C. C. Mitchell, D. E. Lindsey, E. M. Carson, E. S. Swanson, S. P. Gerding, E. H. Schlanser, W. H. Records, David T. Harris, J. T. Winstead, Jr., J. G. Deater, W. P. Steiner, R. E. Pickering, E. A. Austen, C. G. Jordan, Stanley J. Young, L. Blomgren, C. D. Young, M. C. Hack, B. G. O'Hara, H. D. Bowyer, M. J. Griggs, Lee Williams, H. E. Pielemeier, Hiram W. Sheridan.

This is a true copy.

BERNICE BERGUNDER,
Stenographer.

Subscribed and sworn to before me this 18th day of November 1937.

EVELYN PREVIS DORAN,
Notary Public.

To: Air Line Pilots' Association, international (to be submitted to the Bureau of Air Commerce).
From: Local Council, No. 50.
Subject: Washington-Hoover Airport restrictions.

We, the undersigned pilots of American Airlines, Inc., who comprise the membership of Local Council No. 50, resolve that: Safety restrictions in connection with the use of Washington-Hoover Airport are justifiable and necessary, and that the original restrictions placed into effect by the Bureau of Air Commerce, with the following stipulations and amendments, shall govern and be properly enforced:

1. No DC–3 nor DC–2 equipment shall be allowed to land or take off at the Washington-Hoover Airport when the cross-wind component is greater than 10 miles per hour.

2. When indications are that the cross-wind component is greater than 10 miles per hour the pilots and all others should be warned sufficiently ahead of time so that a landing can be made at Bolling Field and arrangements made to pick up passengers and mail without causing confusion and delay.

Further we are of the opinion that, in the interests of safety, all operations should be transferred to the new Bolling Field until a safe airport is constructed for the District of Columbia, and in the interim no air-line operations should be permitted at Washington-Hoover Airport.

T. J. Lee; H. E. Matheny; D. W. Ledbetter; W. H. Moore; W. N. Pharr, second pilot; R. McInnis, second pilot; G. C. Nye, second pilot; J. E. Stroud.

This is a true copy.

BERNICE BERGUNDER,
Stenographer.

Subscribed and sworn to before me this 18th day of November 1937.

EVELYN PREVIS DORAN,
Notary Public.

To: Air Line Pilots Association, international (to be submitted to the Bureau of Air Commerce).
From: Local Council No. 35.
Subject: Washington-Hoover Airport restrictions.

We, the undersigned pilots of American Airlines, who comprise the membership of Local Council No. 35, resolve that: Safety restrictions in connection with the use of Washington-Hoover Airport are justifiable and necessary, and that the original restrictions, placed into effect by the Bureau of Air Commerce, with the following stipulations and amendments, shall govern and be properly enforced:

1. No DC–3 nor DC–2 equipment shall be allowed to land or take off at the Washington-Hoover Airport when the cross-wind component is greater than 10 miles per hour.

2. When indications are that the cross-wind component is greater than 10 miles per hour, the pilots and all others should be warned sufficiently ahead of time so that a landing can be made at Bolling Field and arrangements made to pick up passengers and mail without causing confusion and delay.

Further, we are of the opinion that, in the interests of safety, all operations should be transferred to the new Bolling Field until a safe airport is constructed for the District of Columbia, and in the interim no air-line operations should be permitted at Washington-Hoover Airport.

B. Payne, B. A. Carpenter, W. A. McDonald, W. P. McFail, Jno. S. Pricer, M. M. Kay, J. W. Johannpeter, R. H. Jewell, W. J. Hunter, L. P. Hudson.

This is a true copy.

BERNICE BERGUNDER,
Stenographer.

Subscribed and sworn to before me this 18th day of November 1937.

EVELYN PREVIS DORAN,
Notary Public.

NEWARK, N. J., *October 3, 1937.*

We, the undersigned Eastern Air Line pilots, resolve that the recent safety restriction of Washington Airport is justified and necessary, and we agree that in the interest of safety all operations should be transferred to the new Bolling Field until a safe airport is constructed for the District of Columbia, and in the interim no air-line operation should be permitted for Washington Airport.

It has become evident that if the pilots force the issue of moving to the new Bolling Field, that several pilots will lose their run due to the fact the management of Eastern Air Lines has stated that they (the company) would be forced to curtail schedules. The pilots are therefore placed in a position of being forced to use an unsafe airport to prevent curtailment of service.

E. W. Chandler, F. A. Jones, J. H. Brown, F. L. Dorset, H. O. Aigeltinger, G. W. Youngerman, 3d, Charles J. Schuster, Jr., W. M. Hampson, R. C. Young, M. A. C. Johnson, E. A. Barber, L. C. Cloney, George C. Diggs, Cecil C. Foxworth, C. W. Fitts, M. L. Sater, James W. Williams, C. E. Potts, Eugene R. Brown, Douglas Worthen (L. C. C.), R. P. Hewitt, H. O. Hudgins, J. B. Armstrong, W. F. Phillippi, J. M. Farmer, F. B. Jaster, C. M. Robertson, R. W. Tucker, W. B. Inman, Jr., Ralph K. Smith, Sam H. Hale.

This is a true copy.

BERNICE BERGUNDER,
Stenographer.

Subscribed and sworn to before me this 18th day of November 1937.

EVELYN PREVIS DORAN,
Notary Public.

EXTENSION OF REMARKS

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and include therein a petition signed by the air-line pilots who land at this port.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a telegram received from the Non-Partisan League of Illinois, together with my answer thereto.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. EATON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a brief editorial from the New York Times on the subject of the wage and hour bill.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CALL OF THE HOUSE

Mr. SNELL. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mrs. NORTON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 18]

Atkinson	Costello	McGroarty	Towey
Boylan, N. Y.	Eckert	Mahon, Tex.	Wigglesworth
Brooks	Englebright	Mosier, Ohio	Weaver
Buckley, N. Y.	Flannagan	Palmisano	Whelchel
Burdick	Gasque	Reilly	White, Ohio
Cannon, Wis.	Hill, Wash.	Richards	Wadsworth
Coffee, Wash.	Izac	Sacks	Wolfenden
Cole, Md.	Kleberg	Somers, N. Y.	

The SPEAKER. On this call 400 Members have answered to their names, a quorum.

On motion of Mrs. NORTON, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address by the Commissioner of the Bureau of Reclamation.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

ADJOURNMENT OVER

Mr. KRAMER. Mr. Speaker, I understand that at the conclusion of three hours and a half of further general debate today it is the intention that the Committee will rise and the House will then adjourn until tomorrow, when the reading of the bill for amendment will be commenced. I understand that on tomorrow the committee will support a new bill, which is now in the hands of the printer. How on earth are we going to know what is in this new bill when we have not had an opportunity to have it presented to us?

The SPEAKER. Does the gentleman submit a parliamentary inquiry? If so, the gentleman will state it.

Mr. KRAMER. May I ask the Speaker if we could have some time tomorrow to consider this new bill before we begin the reading of the measure for amendment?

The SPEAKER. In answer to the parliamentary inquiry of the gentleman from California, the Chair may state that this is a matter entirely within the control of the House on tomorrow. The Chair cannot venture any prediction as to what action the House may take.

EXTENSION OF REMARKS

Mr. CURLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by me over the radio Saturday night.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a memorandum by me on the subject of harbors of refuge for small craft.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE WAGE AND HOUR BILL

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 2475) to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2475, with Mr. MCCORMACK in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Chair will advise those in control of the time, as well as other members of the Committee, that at the present time the gentlewoman from New Jersey has consumed 1 hour and 33 minutes and has 1 hour and 27 minutes remaining. The gentleman from California [Mr. WELCH] has consumed 1 hour and 17 minutes and has 1 hour and 43 minutes remaining. The total time consumed is 2 hours and 50 minutes with 3 hours and 10 minutes remaining.

Mrs. NORTON. Mr. Chairman, I yield myself 1 minute to make a statement to the Committee.

Yesterday I promised to have in the hands of the Committee today a clean bill containing all amendments adopted by the committee. Due to a mistake in the Printing Office, three sections of the bill were left out and two others transposed. Therefore we were obliged to send the bills back for correction. I regret this error and the delay resulting from it. We shall have the corrected copy tomorrow morning to present to the committee.

Mr. O'MALLEY and Mr. KRAMER rose.

Mrs. NORTON. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Is it the intention of the gentlewoman from New Jersey to withhold offering amendments until such time as the membership may have the new copy of the bill in their hands?

Mrs. NORTON. Yes.

Mr. O'MALLEY. And it is the intention just to have debate today?

Mrs. NORTON. Yes.

Mr. KRAMER. Mr. Chairman, will the gentlewoman from New Jersey yield?

Mrs. NORTON. I yield.

Mr. KRAMER. I understand the gentlewoman from New Jersey to say she expects to have the copy of the new bill in the hands of the Members of the Committee tonight——

Mrs. NORTON. Tomorrow morning.

Mr. KRAMER. I understand that there will be in the hands of the Committee tomorrow a clean bill. I do not know what the gentlewoman from New Jersey means by a clean bill——

Mrs. NORTON. I will explain to the gentleman, if he will yield to me.

Mr. KRAMER. Just a minute, please. I will say this, Mr. Chairman. We should have time enough after we receive this clean bill to find out whether it is clean [applause], and it is high time we had more time to discuss this matter than just a few moments before we go back into the House.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield myself one-half minute to answer a question of the majority leader.

Mr. RAYBURN. May I ask the gentlewoman from New Jersey this question? Is it not true that the bill she will have

tomorrow coming back from the Printing Office is exactly the bill on the desks of the Members now?

Mrs. NORTON. Exactly.

Mr. RAYBURN. Therefore, there is nothing new about it and no one need be surprised.

Mr. KRAMER. Mr. Chairman, will the gentlewoman from New Jersey yield for another question?

Mrs. NORTON. I yield.

Mr. KRAMER. I want to know whether that bill has a provision in it to take care of the agricultural situation.

Mrs. NORTON. It is exactly the same as the other bill.

Mr. KRAMER. That bill has no such provision to take care of our fruit crops, and so forth.

Mrs. NORTON. There is no difference in the bills.

Mr. SNELL. Mr. Chairman, will the gentlewoman from New Jersey yield?

Mrs. NORTON. I yield to the gentleman from New York.

Mr. SNELL. If the new bill is exactly the same as the one we have at the present time, why can we not start reading the present bill?

Mr. RAYBURN. I will say to the gentleman from New York it is exactly the same in substance——

Mr. SNELL. Oh, that is different.

Mr. RAYBURN. Just a moment, I had not finished my statement. I say it is exactly the same, word for word, except the italics are not in the bill as reported out by the committee. It is exactly the same bill without all of the marking out and the printing in italics, and so forth. It is the same word for word as the bill the committee reported.

Mr. KRAMER. As the gentleman knows, at the present time there is not a single, solitary word in the bill to take care of the agricultural situation.

Mr. RAYBURN. I do not know about that.

Mr. KRAMER. I do, because I have read the bill.

Mr. WELCH. Mr. Chairman, I yield 9 minutes to the gentleman from Kansas [Mr. LAMBERTSON].

Mr. LAMBERTSON. Mr. Chairman, there has been about everything else in this bill rather than wages and hours. This bill has not been pushed forward by labor. It has come from the President of the United States. When his message on this subject came to Congress in May it was in his mind, I think, to make this his second N. R. A. At that time the Senate was in the throes of the Court debate. The President is most determined, refusing to take defeat or admit defeat. He held a grudge against the Supreme Court for throwing out the A. A. A. and the N. R. A. He was determined to pass them both again under a slightly revamped Supreme Court and at the same time arrogate to himself more power in the executive department with the reorganization bill. He planned to jam these three things through the special session without the usual consideration. In his first inaugural he quoted Theodore Roosevelt about being content to bat 75 percent. Franklin has not admitted yet in 4½ years that he has fanned or even fouled the ball.

The joint hearings then came about. In those hearings John L. Lewis and William Green were reluctant to acquiesce in the power given this board. It has been my contention from the beginning of these hearings that the power to fix minimum wages by a board, giving them the power to vary them wherever they please, is giving them the power to fix wages. This, under the original bill, would make the President with his political board a dictator over industry.

John Lewis' own words, summed up in the hearing, are as follows:

> • • • I do not think that under section 5 of this act the Congress can afford to set up an instrumentality here and vest it with all of the broad powers that may be necessary to confirm wage fixing as such in the country and then go through a struggle of some years with our Federal judiciary to determine whether, after all, American workmen are freemen or indentured servants.

It was not the urge of labor that put the signers on the petition. It was the Democratic whip and the pressure from the organization on the majority side that did it. When William Green, about 3 weeks ago, finally came out against the bill, the administration leaders in connection with this bill said, "We'll show him who the real labor leader of the United States is." They set about desperately to get these signers. The Labor Committee met and instructed their chairwoman to announce to the House that the objectionable board would be done away with should it be allowed to come to the floor and the Department of Labor substituted. This was done to help get signatures after the Green statement. Then, too, a "pork barrel" was entered into by the southern farm leaders, whose cotton bill was in distress. I say cotton bill because a majority of the Agricultural Committee from the North voted against the farm bill on final passage.

My colleague on the committee from Connecticut said, in substance, yesterday that a lot of the majority had ridden into office on the coattail of the President and they had better stand by him. This all goes to show whose bill this is. The C. I. O. is for the bill now because Mr. Green is against it. You will remember that the threatening letter that was read yesterday was from Homer Martin, not John L. Lewis. It came second-handed.

Some Members are saying they are going to stand by the committee. The committee has three bills—the one that is directly before us which provides for the board, one that I opposed when it was reported out, then the substitute, giving it to an independent administrator in the Department of Labor, which the gentle chairwoman is ready to offer as an amendment, and actually the committee today favors the Green proposal and a poll of them this hour will indicate it. So it is uncertain when you speak about this, what the committee is for.

Permit me to go back to the hearings to say that Gen. Hugh Johnson, who was the first administrator of the N. R. A., was not called to testify, neither was Donald Richberg, but Mr. Richberg sent a statement which I placed in the CONGRESSIONAL RECORD, opposing the bill. Johnson has opposed it vigorously.

Wages and hours are enticing in title. Shorter hours and more pay, aside from better working conditions are perpetual slogans of labor, and properly should be. So the title is one that no one can oppose. The whole thing might properly be left with the several States, most of whom have already gone a long way on this subject, but to put all wages and hours under the Federal Government, and that is what this bill aims at, is not mature in any bill before this House. It needs to be recommitted for further study.

I want to draw a contrast between the progressiveness of Theodore Roosevelt and the new dealism of Franklin. Progressive Republicans 30 years ago were fighting against intrenched special privilege. In my State, and that was when I went to my first legislature, the progressives had just passed the antipass bill. State utility commissions were just being created to regulate rates. The people were demanding the primary, doing away with the boss-ridden manipulated convention. They were beginning to protest against high tariffs whose equal benefits did not trickle into the Middle and Central West. Teddy was wielding a big stick against monopoly. This was the progressivism of 30 years ago. The New Deal has not hinted at trust busting. The one forgotten Department in the Cabinet is the Attorney General. Has anybody inquired in the last few years into why a 16-hole wheat drill should cost $250? Has anybody looked any further into why cement is all one price?—two things farmers use. Instead of making onslaughts on injustices, the New Deal seeks to jack up the delinquent by artificial means, and almost every New Deal measure is a spending measure primarily, which creates a big overhead set-up with thousands of employees with little regard to the civil service. This is the difference between the two Roosevelts.

One thing that would be delightfully received today by all poor people—farmers and laborers—would be cheaper in-

terest rates. The farmers would rather have the Frazier-Lemke bill than the Jones farm bill. The home owner would rather have cheaper interest rates than a political wage and hour bill. Yet last spring the President vetoed it and we passed it over his objection, holding down interest rates on Federal land-bank loans to where they were. The President and Mr. Myers wanted to raise them.

This subject of nationalizing and standardizing wages and hours is too big to trifle with or play politics with. Let us recommit this bill for further study. Let us leave it in the committee then until we have determined in this country for sure whether or not we are going to have a dictator. Let us settle that question first. Let us not settle it over the broken bodies of labor in a political way.

My colleague from Connecticut asked the question yesterday, "Why should not labor have these desired wages and hours?" My answer is, "Why did you defeat parity price for the farmers the other day? You said that parity for farmers would bankrupt the Nation."

My ranking colleague on the minority side said this was one of the objectives of the special session—to pass this legislation. It was the President's object, but there was no emergency in this legislation and it had no business to be brought up in a special session. It was done so it would dramatize it before the country as an emergency and to pass it with curtailed debate, and it is taking a "pork barrel" to do it.

By the way, the "pork barrel" is one of the dignified attributes of the New Deal. Do you remember the closing days of the last session when the Big Thompson, which had not been authorized, was hooked up with the Grand Coulee, the Casper-Alcova, the Central Valley, the Hila, the Natchez Trace, and Skyline Drive, all in one grand "pork barrel," and it met Presidential approval?

Let us swat the "pork barrel!" Let us swat the dictator! Let us stop throwing money to the wind! Let us use our own heads! [Applause.]

The CHAIRMAN. The gentlewoman from New Jersey yielded 20 minutes to the gentleman from Tennessee [Mr. McREYNOLDS], which action was accepted by the Committee, and the gentleman from Tennessee yielded 10 of those minutes to the gentleman from Florida [Mr. WILCOX]. The gentleman from Tennessee still has 10 minutes remaining.

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. McREYNOLDS].

The CHAIRMAN. The Chair understands that in consuming 10 minutes at this time the gentleman from Tennessee consumes the remaining portion of the 20 minutes the gentlewoman yielded to him?

Mrs. NORTON. That is correct.

Mr. McREYNOLDS. Mr. Chairman, I ask the House not to interrupt me during this short time. We were unable to get more than 20 minutes out of this liberal time when we procured 2 hours additional time for general debate—20 minutes for the opposition.

I aided in getting this 2 hours additional time with the understanding that we Democrats representing the opposition should have a fair division, and yet notwithstanding that they have only given me 20 minutes to be divided. This rather indicates to me that they are afraid of proper discussion. It is hard to know what bill we are discussing, because it has been announced that the bill has not yet been printed which it is intended the House shall consider.

This bill deals with the greatest economic question with which this country has ever been faced, and it is the most far reaching, and I am advised that the bill which is scheduled to come in here tomorrow will probably have 60 different changes from the committee, and yet they expect us to take it up and give it proper consideration. The committee itself time and again has changed the bill and there are very few, if any, people on this floor, unless it be a few of the members, have any knowledge of what the specific bill will contain when it comes before us for consideration tomorrow. The gentlewoman from New Jersey [Mrs. NORTON] yesterday said that this baby had been dumped on her doorstep some time last summer and she was asking the House to father it. We are trying to find out who its daddy is. Mr. Green, of the American Federation of Labor, says that he had nothing to do with it. Mr. Lewis, at that time, did not insist on or claim any parentage.

The American Farm Bureau is against it, the National Grange is against it. One then is forced to but one conclusion, and that is that this child, born out of wedlock, in impractical idealism, has been abandoned by its repenting parents, and left upon the doorstep of the kindly and gracious gentlewoman from New Jersey, and she, not being satisfied with it, has kept on changing it in an effort to curry favor from labor, proven indifferent to the child, and its self-appointed nursemaids have so mishandled the diapers and safety pins until from too frequent changing the poor child is now suffering from a pernicious skin rash. [Applause and laughter.] The result is that its identity would not be recognized by its own parents, if indeed it has any. This trying to find the father of the bill reminds me of that great evangelist, Sam Jones, known throughout the United States, and especially in the South, years ago. He was in my town onetime, speaking nightly to five or six thousand people in a great auditorium. He was in a controversy with the editor of the paper there. The editor would shoot him one day and Sam would shoot the editor the next night. Finally the editor of the paper wrote an article in which he denied writing those editorials, and Sam's reply was this:

> Whenever you shoot into a hole, something comes out. We cannot find out who is the daddy of the editorials, and it reminds me of the little girl who had a little kitty in her lap. She said, "Poor little kitty, poor little fellow, I know who your mamma is, but I don't know your papa; he must be a traveling man."

[Laughter and applause.]

Mr. Chairman, what is the bill that we are to discuss? We discovered a few minutes ago that this great organization in this House, that would hardly listen to me to make a parliamentary inquiry, had not yet printed the bill that it is proposed to have here as a substitute tomorrow. Do you think that is proper consideration? I charge now that if you pass any bill of the nature of that committee print, you are going to put the life and death struggle of industry in this country in the hands of Mme. Perkins, of the Labor Department, and I shall prove it. They are undertaking to create a dictator in this new bill, who will have more authority than the President of the United States. If there is any tenure on his term of office, I do not know it and no power of removal. He will have authority to send to your businessmen and to my businessmen and demand their books. The procedure is for the commissioner, or otherwise dictator, to appoint a committee consisting of so many representing industry, and so many representing labor, and he appoints a chairman to make investigations and report to him. They have the authority to go into your private books and publish them if they so desire, and if they make a report to the commissioner and he is not satisfied with this report he has the right to fire them and appoint someone else.

Of course, we are guessing at what is going to be in the bill, and we have to do the best we can, but under section 14 it is provided that the Administrator shall utilize the Department of Labor for all the investigations and inspections necessary under this section.

Now, who will make these investigations? That devolves upon the present Commissioner of Labor, Mme. Perkins, who is reported to have said that women and children did not wear shoes in the South. I have seen no denial of that. It is going to devolve upon her, who says that there is no differential between the North and the South. Yet when Harry Hopkins paid our southern people, under P. W. A.,

$19 per month he paid workers doing the same jobs in New York $52 per month. Is that not a differential?

In wages we are entitled to a differential in the South. The standard of living is cheaper; we are discriminated against relative to railroad rates. As an illustration, it costs us almost twice as much to ship from the town I live in—Chattanooga—to Chicago as it does from Chicago to Chattanooga. It is further to our market and costs us more railroad transportation. For instance, a manufacturer of lime in my district, and one of my friends, told me that his average market was 400 miles away from his plant, whereas in the East it does not exceed 150 miles. They are more thickly populated in the East than we are.

You can put all you please in this bill to make people pay 40 cents an hour—and that is the policy of the bill—but industry will not work those people who are not worth it. My friends from the South, you know that this bill, if passed, will discriminate against you.

You well know that some northern writers have denounced this as a tariff against the South, and you further knew that the South has been the victim these many years of the foreign tariff established by the northern Republicans, and now the Democratic leadership is asking that this additional burden be placed upon us.

You men from the South who vote for this bill, when you go back home and see your factories closed and women and children put out of employment, you cannot plead successfully the alibi that you did not even dream of this condition.

You go back home and try to defend the fact that some of the leaders of this House were for this bill, and they will immediately tell you that those leaders were in a different position; that they would like to know how those leaders would have voted had they not been occupying official positions. That is the way I feel about it.

Do not you people in the North know that modern communications and transportation are such that if you destroy one part of our country you destroy the entire Nation's prosperity? We are great feeders to you people in New York. You are the reservoirs. If you dry up the streams that flow from the South, where will you be? You people from Chicago, we in Tennessee do a great deal of business with you. If you kill the goose that lays the eggs, no gosling will be hatched for you in Chicago.

But they say this bill is so drawn that they can grant differentials. Perhaps this is true, but at the same time it is absolutely an impossibility for it to be done. There are tens of thousands of different occupations and tens of thousands of the same occupations, and you cannot work them out separately; they have to be worked out in groups. For instance: They may appoint a committee for the hosiery business; another for the mercerizing business; another for the overalls business, and so on. This is the way that it will have to be done; it is an absolute impossibility to do it otherwise. So you people in the South, or in any other section, cannot expect to be dealt with except by groups. This question arose in the Senate and the question was propounded to Mr. Black, at that time Senator Black, now Justice Black, and he gave the following answer, which I quote:

> I will say to the Senator that it is my judgment this board would not have the power to fix one wage scale for one unit or units and another wage scale for another unit or units, because there are tens of thousands of such units and the bill does not contemplate any such action.

My friends, I am as good a Democrat as anybody on this floor. There is nobody on this floor that has a better record for standing by the administration than I have, unless it be my old friend, BOB DOUGHTON, of North Carolina, and he is with me in this fight. But I am remembering what is at home. I do not want the South crucified. I would like to improve wages and I would like to shorten hours, but you cannot do it this way. There are manufacturers all over my country who say that if you pass this bill they will have to close up and go into bankruptcy. Take the sawmills of your State. What would happen to them? Take the sugar industry in your State, my dear sir. This is the first time I have ever known the business interests of this country to be glad Congress is in session, and they are expecting some aid from Congress. It is no time for reform measures. You know the conditions. It was said the other day that there are more people demanding relief now than ever before. The people of the United States are looking to Congress to do something. So, boys, do not fall down on the job. Do your duty. Do what you think is right. Follow the dictates of your own conscience and your own people. Let me say we need legislation for the business interests instead of trying to have reformation at this time. [Applause.] That is what we need. You Democrats cannot discount the fact that we are in a dreadful shape. You might just as well walk up like men and face it. This will put thousands of people out of employment. I ask you southern men to remember your own districts first. There is no sectionalism in my bosom, but I do not want to see any legislation passed that will affect my section differently, and you know it, and you cannot have any alibi for it when you go home if you vote differently on this legislation.

Now, my friends, I appeal to you. I want to appeal to your reason. I want to appeal to your sense of fairness. I say that this is too great a question for us to consider in this way. You see that the opposition has been handicapped; that they had no opportunity to even make a logical discussion.

If a given industry does not obey the mandates of this bill, where do they take the alleged offender? They take him before the district court. But if he has anything he wants to file in court, they send him to the circuit court of appeals, away from his home. With me, it would be over 300 miles that one of my people would have to travel to Cincinnati before they could go to the circuit court of appeals, and there the court will only consider legal matters. The dictator is the whole judge of the facts.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. MCREYNOLDS. No; I have not the time. That is the trouble. I appeal to you boys from the South. Open your eyes. Remember the effect it would have on you. You will remember that the Republican Senator from Massachusetts [Mr. LODGE] voted for this bill because he thought the State of Massachusetts was getting an advantage. That is the reason. I thank God there are some men in this House from that State who are patriotic enough that they will not do it, because they believe in a fair deal for all people. [Applause.]

So, my friends, I owe as much allegiance to my President as any of you, and nobody has been closer to him than I have. But who knows the President is for this measure? I venture to say he has never read this bill. There is a difference between the time when he sent that measure in here in May and this time. We thought we were going in high at that time. Business was good; but now it is different. The President has recognized this fact. Have you heard a word from him? I imagine Mme. Perkins has read the bill, but I venture to say the President of the United States has not even read this bill, and no Democratic platform would ever endorse a bill of this character.

You can put whatever you want to in the Democratic platform, but we have some rights when it comes to construing the character of legislation that is to be passed.

Mr. Chairman, I believe I have taken about all the time that was allotted to me. I wonder if the gentlemen on the Republican side can give me any extra time? They are silent.

Mr. Chairman, I want to ask what bill are we considering? They are asking us to substitute tomorrow a bill that has not yet been printed. This bill should be recommitted to the committee. In conclusion I appeal to the men from the North, my friends from the East, West, and South not to sacrifice labor, organized and unorganized labor, not to sacrifice industry; and I pray you not to sacrifice the interests of the people of the Nation and in particular the people of the South. [Applause.]

[Here the gavel fell.]

Mr. DEEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state the parliamentary inquiry.

Mr. DEEN. Mr. Chairman, the gentleman from Tennessee has suggested a parliamentary situation which prompts this inquiry. Does a committee have the right under the rules of the House to report a bill which bears the names of two persons, neither of whom are Members of the Congress at the time the bill is under consideration? In this connection, Mr. Chairman, I call attention to line 3 in the bill which states that this act may be cited as the Black-Connery Act. And further in connection with the parliamentary inquiry, Mr. Chairman, may I state that neither Mr. Black nor Mr. Connery, the original authors of the bill, are Members of Congress at the present time.

The CHAIRMAN (Mr. McCORMACK). The Chair will state that while the Chair does not feel that the gentleman's inquiry constitutes a parliamentary inquiry; yet, for the information of the gentleman, it is the opinion of the Chair that whatever consideration the gentleman has on the matter he has mentioned would have to be met by way of amendment rather than by any other action. The Chair does not feel that the gentleman has submitted a parliamentary inquiry, but the Chair is of the opinion that if the gentleman has any objection to the references contained in the bill, that they could be corrected by amendment.

Mr. RANKIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. RANKIN. Is it not the probability that they had to go outside of Congress to get somebody after whom to name the bill, somebody who could not be here to protest? [Laughter.]

The CHAIRMAN. The Chair does not consider that a parliamentary inquiry.

Mr. GREEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state the parliamentary inquiry.

Mr. GREEN. What percentage of the time has been used by the proponents of this bill and by the opponents of the bill?

The CHAIRMAN. The Chair is unable to state that. The Chair does not consider that the gentleman has submitted a parliamentary inquiry. Were the Chair able to furnish the gentleman the answer, the Chair would be very glad to do so. All the Chair can recognize is that the gentlewoman from New Jersey and the gentleman from California control the time. How much time has been used by speakers for the measure and by speakers against the measure the Chair is unable to advise the gentleman.

Mr. GREEN. A further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GREEN. Has it not been the custom of the House that on highly controversial measures the opposition may have as much as one-third of the time on general debate?

The CHAIRMAN. The Chair feels that the gentleman is sufficiently acquainted with the customs of the House to answer the question himself.

Mr. WELCH. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, in the remarks I am about to make I sincerely hope that I may still be recognized, considering my many former statements on the floor of this House.

On May 24, 1937, the President informed us that the time had arrived to take further action to extend the frontiers of social progress. He wrote:

> We propose that only goods which have been produced under conditions which meet the minimum standards of free labor shall be admitted to interstate commerce.

The bill before us seems to be the answer of Congress to that message.

Is this purely another socialistic experiment? What a madhouse structure we have erected during the last 5 years. At what a cost to future generations. In this construction the constituency which I represent have heretofore been assigned to the cellar, where the storehouse is generally placed, the storehouse which provides sustenance for those who occupy the upper floors of the structure. This bill purports to provide for the preparation of another room, which we may possibly occupy.

My constituents believe that we had best help in the building of this room, in the hope that they may then enjoy a little of the sunshine and be freed from the darkness to which they have been subjected. Personally, I have extreme fear that the indefinite conditions described in this bill will not greatly alleviate our condition.

I doubt that a sympathetic architect, or architects, will be placed in charge. Carefully and fully have I explained to my people the differentials contemplated in this bill. The occupants of the other rooms will probably refuse to pay for proper living conditions in ours. They will probably still be allowed to produce goods at lower cost, if the architect is to be sympathetic toward their protestations regarding climate, economic conditions, locations, willingness to work for small wages and other great variety of reasons advanced. But my constituents, after careful consideration, telegraphed and telephoned me to sign the petition to get a wage-and-hour bill up for consideration. I have not been able to recognize myself since I signed that petition. [Laughter and applause.] Some others of my friends seem to have difficulty in recognition also. I represent a constituency, however, now in an extremity of industrial inactivity, which is willing to grasp at any hope-inspiring proffer of aid from the Government. I should see that they are properly represented. They send me here to speak for them.

It is disconcerting, however, to those who wish to help labor to find it so hopelessly divided and the two factions waging such relentless battle for supremacy. Difficult is the task to help people who are unable to make decisions as to what they themselves desire for their own good. Perhaps you noticed this jingle:

> I have witnessed many wonders,
> But I fear this won't be seen:
> The merging of John Lewis
> With Mr. William Green.

It looks like an improbability at the moment.

Long have I pleaded for sympathetic consideration for the northern textile industry. After many years of cheap labor competition from the South, a devastating processing tax was placed upon that industry, to pay the benefits granted to agriculture.

The invalidation of the A. A. A. saved us from complete annihilation. The leaders of industry marched upon Washington, and the President merely assigned Cabinet members to hear their protests. But the Supreme Court came to our rescue. Our southern Members taunted us in those days on our inability to meet that competition. I shall not now take your time, but I will insert in the RECORD an excerpt from a speech I made in 1935 in answer to the rebuke handed to us by that very able leader, the gentleman from North Carolina [Mr. WARREN]:

> At no time have we claimed that this tax was even the main trouble, but we do claim that this is the one thing left to this Congress where we as a legislative body can effect relief and perhaps remove this last straw which has had the effect of creating a tremendous sales resistance to the products of this industry. So do not say that we have laid too much stress on this one thing. Far from it. At these various meetings to which the gentleman referred, many other matters were freely and frankly discussed as creating serious difficulties in the carrying on of this industry.
>
> The gentleman demanded to know why we have been unable to keep our mills in New England. He threw that question at us with great emphasis and apparently in ridicule and with personal enjoyment. Every schoolboy knows the answer to that question. As far back as we can remember his section has enjoyed the benefits of cheap labor. Of late years, and even today under the code, it still manages to enjoy that tremendous advantage. With proper pride New England can say that it has for many years been able to meet and overcome this disadvantage through sheer efficiency. It is, however, a matter of shame to us that in this great fight for equal opportunity much northern capital has gone into the South, lending additional strength to that competition, and many New England textile operators have also moved their plants there, in order to take advantage of these labor conditions. And to make

our fight still more difficult, it is feared that there will be those who will secretly endeavor to retain such conditions in the code for their own profit.

How does the gentleman from North Carolina dare to taunt New England, which has so long paid much higher wages to labor and, in addition, enacted many humanitarian laws to make life for the employees more bearable and the expense of which fell upon the employer? Is he, indeed, proud that his State could bait away our industries by the low wages paid to women and children? Is he, indeed, proud of the system of tenantry so largely obtaining in his own section?

Compare the situation of the textile employee of his locality with what has, at least, been that of those in New England, where labor has been able to own their own dwelling houses without fear of eviction and have the happiness that comes from the enjoyment of a home free from the dictates and whims of an employer. To taunt New England in this matter, to suggest that labor conditions in the South have been and are what they should be, and by implication to suggest that we ought to go backward to similar conditions in order to retain our mills is not an argument such as should win the plaudits of his hearers.

New England has given much to the entire country, not only men of the pioneer type but of her wealth, taking great risks to build up your various industries all over this country. She has paid enormous taxes by comparison with most other States. You know that men of thrift and industry live there. Our people have always worked and saved. They have not had other people to wait upon them. They have not had cheap labor. The young men in our section were not brought up to be gentlemen to be waited upon. Our whalers went to the farthest corners of the earth and made a little money, and when that industry ended they were willing to experiment and invest in the textile industry. In those days how happy the South was that New England did it! Yesterday the speech of the gentleman from North Carolina [Mr. WARREN] was carefully prepared and skillfully read. Seemingly it met with the approbation of a great political party, but to me it gave evidence of too much satisfaction over the thought that New England's mills could not compete with the conditions existing in other parts of the country. So I have now taken my turn to rise here to plead and to protest with all the power I possess, to the end that greatly needed relief may be afforded to this great but stricken industry, whether located in the North or in the South.

Today the shoe is on the other foot. They are now fearful that they cannot meet fair competition. You people of the South who have been competing against us under such substandard conditions believe that this legislation will prove injurious to you, and, conversely, of great benefit to my part of the country. You who have taken the floor and talked against bureaucratic control and centralization today must fail to recognize yourselves in the looking glass of the recent past.

As I say, you have erected this madhouse. You have exhausted our credit and largely wasted the savings of our people. Now we must occupy the crazy structure which you have built. If we can have but one room in which there may be a little sunlight, my people are urging me to think very carefully before rejecting even such poor quarters.

Our worry this afternoon is not only about present conditions. There is the matter of the trade agreement with Great Britain, by which she may possibly buy more of your raw cotton. But when that trade agreement is consummated we are fearful, indeed, of the result to the whole cotton and textile industry of the United States.

Our protests seemingly have not received much attention when other trade agreements have been under consideration.

I want to remind the Members of the House that the Democrats have 80 percent of this body. It was hard for me, one of the little 20-percent minority, to help bail out a measure by signing a petition on an administration proposition.

I sympathize with you Democrats of the South who, in the victory of your party, have been forced to embrace the Democrats of the North. You had more consideration given you in connection with the antilynching and other matters vital to you under the Republicans when that party was in power.

However, if it were not for the plum tree, I think there would be still greater differences. The tree is still shaken for your benefit. You have my sincere sympathy in the predicament in which you find yourselves. The northern Democrat must be sympathetic and responsive to what his own constituents demand of him and he will be unable to accept your point of view.

Mr. CRAWFORD. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The gentleman has mentioned the proposed trade agreement with Great Britain that is being talked so much about. Would the gentleman mind giving us his opinion on the amazing and to me most startling statement issued by Mr. Joseph Kennedy last night?

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I am very sorry to have to be compelled to listen to our esteemed colleague, the gentleman from Tennessee, in opposition to this bill. In fairness to him I must say he is rather enthusiastically misguided. I usually follow him, and am always happy to do so. I admire his fine work as chairman of our Foreign Affairs Committee. But this bill marks a cleavage in our views.

Mr. Chairman, it is primarily on account of the untoward and sometimes wretched labor conditions that exist in some of our States in the South, and unfortunately in some—thank goodness only a few—of our Northern States, that we are compelled to bring in the instant bill. It is because of the "chiseled" wages paid to the employees and laboring men of those sections of the country that we are compelled to bring into this House a bill of the character we are considering today. I have no desire to be sectional. I deplore arousing sectional feelings. Conditions on both sides of the Mason and Dixon's line cause the instant bill. It is primarily on account of some of the labor conditions that exist in the State of Tennessee and kindred States that the President of the United States came forth with his message and said:

> All but the hopelessly reactionary will agree that to conserve our primary resources of manpower, government must have some control over maximum hours, minimum wages, the evil of child labor, and the exploitation of unorganized labor.

I say beyond peradventure of doubt that any man or woman who opposes the principle enunciated in this bill is, in the language of the President, just a "hopeless reactionary," and I apply that epithet to the gentleman from Tennessee and to anyone else who offers opposition to the bill's underlying tenets. I do not like the bill in its entirety. I disagree with some of its provisions. I shall try to amend the bill. But with its purposes I am in thorough accord.

The President also said:

> But there are a few rudmentary standards of which we may properly ask general and widespread observance. Failure to observe them—

Namely, these rudimentary standards—

> must be regarded as socially and economically oppressive and unwarranted under almost any circumstance.

I ask the gentleman from Tennessee to read again the message of the President. I say that not only is he a hoplessly reactionary, if he opposes this bill's intended purpose, but he is blind to progress. I brand all those not in sympathy with the general purposes of this bill—namely, to lift up labor and blot out exploitation of workingmen as to wages and hours and kill child labor—as illiberal obstructionists.

THE BILL IS NOT PERFECT

The bill has lots of flaws. It could be revised in many ways. It will create dislocation in some industries. It will mean severe jolts in certain sections. It will cause difficulties in some plants. That is unfortunate. You cannot satisfy all factions and all sections. You cannot even attempt to placate all schisms in labor's ranks. I am a believer in the pragmatic theory of the greatest good for the greatest number. This bill, with perfecting amendments, will bring about the greatest good for the greatest number. We do have shocking hours of labor. We have unspeakable conditions. We have wretched payment of wages. There are thousands of employers who must be chastened and taught to recognize the rights of labor. We would indeed be cruel and inhuman if we did not harken to the pleas of labor.

These pleas must be answered. This bill is a fairly decent answer.

THERE ARE PROBABLY ONLY 4,000,000 INVOLVED

Frankly, what is all the shooting for? This bill excludes agricultural workers, domestic workers, those engaged in dairy farming, cotton processors, as well as those in the canning industries; salesmen, both on the inside as well as those working on the outside, are excluded; and all workers involved in seasonal industries are outside of the provisions of the bill. Just 4,000,000 employees, I am informed, come under the jurisdiction of the bill. Frankly, that is hardly a drop in the bucket.

WE SHOULD FOLLOW THE PRESIDENT'S LEAD

The President suggested that Congress set certain rudimentary standards in the manufacture of products of goods that enter into interstate commerce. These standards involve minimum wages, maximum hours, and the elimination of child labor. Those enlightened States that have been fair to labor in this regard have nothing to fear. Those States that have not been fair to labor in this regard do have something to fear. In a word, all the bill does is to take off the edge of exploitation. In States like New York, standards will be far higher than any that could be set by this bill. If the jurisdiction of the labor authorities cannot go beyond 40 cents per hour and cannot go below 40 hours per week, our people in New York have nothing to fear. Wages in New York are usually above 40 cents per hour, and the hours of labor are rarely above 40 per week.

OBJECTIONS VOICED DO NOT HOLD WATER

The first objection voiced against this bill is that we might be making the same mistakes as we did under the N. R. A. But it should be remembered that the labor standards of the N. R. A. were interwoven with fair trade practices. They were included under one roof in the same code. This was a mistake. It resulted in workers bargaining away their interests as consumers and allowing high monopoly prices to be set and a high price structure to become rigid, in return for wage and hour concessions. Under the instant bill, however, there is no such possibility for such bargaining.

The second objection is that the bill paves the way for Government wage fixing, and that the wage structure will thus become frozen. Some labor leaders believe that any Government action with respect to labor is hostile and will interfere with trade-union activity. There are other labor leaders who believe that the Government has a useful function and can help labor in providing the machinery for collective bargaining, guaranteeing civil liberties for labor, and setting minimum standards. Regardless of these conflicting views, I believe that this bill can be of great help to labor. Labor can go hand in hand with Government. The Government will only step in when it is absolutely necessary. Where labor can take care of itself, the Government can and will step aside. Where labor is weak and tottering, labor has no other recourse but to ask the Government to step in and help.

The third objection is that the bill might put marginal firms out of business and therefore the depression will be made greater. I believe an adequate answer to that is that we can never rescue business from a depression by exploiting labor, by cutting wages, and by having a market which labor cannot utilize. On the other hand, by increasing wages and by making the conditions of labor livable and fair, we can bring about an increase of purchasing power and thereby rescue business from the depression.

As regards the fourth objection, that this bill will do away with collective bargaining: The greatest weapon that labor has is collective bargaining. This bill will not interfere with this weapon; it will simply supplement collective bargaining where necessary. In all cases where collective bargaining does not exist, this bill, like the Wagner Labor Relations Act, comes forward to supplement it. In other words, this bill does not take the place of collective bargaining but simply supplements it. No labor board, no labor administrative group can replace or should replace labor unions. More can be secured by labor through collective bargaining than by law. I repeat: collective bargaining is not interfered with by this bill.

CHILD LABOR

Let us consider the child-labor provision of this bill. Let us consider the roster of States which have rejected the child-labor amendment. Very significantly, we find that many of the Members who have appeared or will appear in this rostrum in opposition to the pending bill come from States which have rejected the child-labor amendment. Herewith set forth is a list of the States which have actually rejected the child-labor amendment, together with the method and date of rejection, as well as the date on which notification of rejection was received by the Secretary of State:

State rejections

State	Method and date of rejection	Date received by Secretary of State
Connecticut	Joint resolution of Congress proposing the amendment rejected in Senate and House of Representatives of Connecticut, Feb. 3, 1925, and Feb. 11, 1925, respectively.	Feb. 18, 1925
Delaware	Resolution proposing ratification rejected by House of Representatives and Senate of Delaware, Jan. 28, 1925, and Feb. 2, 1925, respectively.	Feb. 5, 1925
Florida	Resolution of May 14, 1925	Mar. 19, 1926
Georgia	Resolution of Aug. 6, 1924	Dec. 15, 1924
Kansas [1]	Resolution of Jan. 27, 1925 (approved Jan. 30, 1925).	Feb. 2, 1925
Louisiana	Resolution proposing ratification rejected by House of Representatives of Louisiana, June 27, 1924.	Feb. 12, 1925
Maryland	Resolution of rejection approved Mar. 18, 1927.	Mar. 21, 1927
Massachusetts	Proposed amendment rejected by Senate of Massachusetts, Feb. 16, 1925, and House of Representatives adopted resolution rejecting the proposed amendment, Feb. 19, 1925.	Nov. 10, 1933
Missouri	Resolution of Mar. 20, 1925	Mar. 26, 1925
North Carolina	Resolution of Aug. 23, 1924	Nov. 22, 1924
South Carolina	Resolution of Jan. 27, 1925	Feb. 21, 1925
South Dakota	Resolution of ratification rejected Feb. 11, 1937.	Mar. 15, 1937
Tennessee	Resolution of Feb. 4, 1925	Feb. 11, 1925
Texas	Resolution of Jan. 27, 1925, approved Feb. 2, 1925.	Mar. 2, 1925
Vermont	Resolution of Feb. 26, 1925	Feb. 28, 1925
Virginia	Resolution of Jan. 22, 1926	Mar. 3, 1926

[1] A resolution proposing ratification was voted upon by the Kansas Senate Feb. 15, 1937, the deciding vote in favor of the resolution being cast by the Lieutenant Governor (as presiding officer) to break a 20-20 tie. 10 days later the house of representatives passed the resolution. Judicial proceedings were undertaken challenging the vote of the Lieutenant Governor, and pending settlement of this controversy the Secretary of State of the United States has not been notified of ratification. (See the Topeka Daily Capital, Feb. 27, 1937.)

Very likely many of these States, in rejecting the child-labor amendment, wish to continue child labor within their borders. This is, indeed, a dreadful blot on their escutcheon. They certainly cannot come forward under the guise of hackneyed State rights and say, "You cannot come into our borders and say what we shall or shall not do with reference to the foul child labor within our borders." They cannot, and should not, remain impervious to our importunings. Child labor cannot be justified on any grounds.

Mr. LAMBETH. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from North Carolina.

Mr. LAMBETH. What did the gentleman's own State do with reference to the child-labor amendment?

Mr. CELLER. I will tell you that the people of New York want the child-labor amendment. New York neither rejected or accepted the amendment. One branch of our legislature adopted the amendment; the other branch rejected it. It was adopted by that branch of the legislature controlled by the Democrats and was rejected by that branch controlled by the Republicans. The so-called up-State Republicans have stood in the way of the child-labor amendment, be it said to their shame. We, the Democrats of New York, want the amendment. We, the Democrats of New York, will always stand in the way of child labor. [Applause.]

In addition to New York, the States of Alabama, Mississippi, Nebraska, and Rhode Island have not as yet taken final action on the child-labor amendment. All the other States not heretofore mentioned have ratified the same.

In justice to some of the States that have rejected the amendment I will say the following: New York has an excellent labor law, and in the main these laws prohibit child labor. North Carolina, the State whence comes our distinguished colleague [Mr. LAMBETH], for whom I have a high and affectionate regard, is making impressive strides in its labor laws.

There appeared in the June 9, 1937, issue of the Washington Daily News an interesting article by Thomas L. Stokes, wherein he states that a number of southern legislatures have taken steps recently to improve their State labor statutes, which in many cases have been weakened and riddled with loopholes, and which have been a contributing factor in the southward migration of low-wage industries. He draws attention to impressive improvements in the laws in certain of the Southern States, but, as one reads of these changes, the conclusion is inescapable that the standards are still low and that a Federal statute is imperative.

Mr. WELCH. Mr. Chairman, I yield 10 minutes to the gentleman from New Hampshire [Mr. JENKS].

Mr. JENKS of New Hampshire. Mr. Chairman, before this House there has been no legislation of greater national importance or more humane significance than this wage-and-hour bill. Its provisions, in the main, affect that large group of semiskilled and unskilled workers scattered over the width and breadth of this land, and indirectly affect the interests of every man, woman, and child throughout the entire country. For that reason this legislation deserves and should have the unstinted attention and consideration of every Member of this body.

Let us hastily construct a mental chart of the labor groups in this country. On the basis of the 1930 census—I have been unable to secure any later figures—we had 6,282,687 skilled workers, 7,977,572 semiskilled workers, and 14,008,869 unskilled workers. It is with the latter two groups, minus the farm and other exempted classes of workers, that this bill is concerned. On the basis of the 1930 figures, it could be roughly estimated there are somewhere between twelve and fourteen million semiskilled and unskilled workers. The purpose of this wage and hour legislation is to stabilize employment and raise the general standard of living for this group of workers.

At the outset, I want to say that I most heartily favor the basic principles of this measure—that is, the establishment of a decent minimum wage, the setting of reasonable maximum working hours, and the abolishment of child labor. I believe that the adoption of these principles would be a step in the right direction.

In the course of my lifetime I have stood on both sides of the reservation. In my early years I was a worker, receiving a pay envelope on Saturday nights, after working 10 hours every day, and for many years I was an employer who had to find ways and means to meet a pay roll each week. During my thirty-odd years as an employer of labor not one of my employees ever lost a single day's work on account of strike, lock-out, or any difference with the management. Because of my personal experience as employee and employer, I believe I am in a position to view this issue from both angles, and I have no hesitancy in saying that I am convinced beyond any shadow of doubt that until such time as there is brought about a more equitable distribution of the profits between industry and labor, so as to enable the mass consuming public to absorb on a larger scale the products of industry and agriculture, the necessary balance between supply and demand, which is so vital to national prosperity, cannot be attained. In other words, the purchasing power must be put into the pockets of the rank and file of the consuming public if the products of industry and agriculture are to be absorbed.

I am fully aware that the administration of this act will present certain problems that only time and experience can solve. I concede the administrative imperfections of the measure as it now stands, which, by inference, are recognized in the bill itself in that it makes specific provision that the administrator shall from time to time make recommendations for further legislation in connection with the matters covered by the act. I am even hopeful that through the numerous amendments to be offered and discussed on the floor of the House before final action is taken on the bill that the measure will be further clarified and improved. I very frankly admit that I am somewhat dubious regarding the administration of this act. I opposed from the beginning the establishment of a board to administer this act, because I seriously question the feasibility of creating a huge Federal agency here in Washington vested with practically unlimited power over industry and labor throughout the entire country. In my opinion, the appointment of an administrator to supervise the enforcement of the provisions of the act in conjunction with the State labor divisions, thus localizing and giving each State a voice in the administration of the act, is preferable.

Unlike many issues that come before us, the division of opinion over this legislation appears to be engendered not so much by partisanship as by sectionalism. Strangely enough it is from the sections where the enforcement of this act would do the most to improve the standard of living that the greatest opposition is coming and the greatest doubt exists as to the wisdom of passing it.

Quite naturally it follows that a heterogeneous population such as ours, spread over an area the size of this country, is bound to develop varying standards and conditions that in due time become stabilized, static, and habitually accepted. Because it is easier to settle in a groove and move along in it as best we can, we are not prone to exert ourselves to change until we reach an impasse that literally forces us to bestir ourselves to meet changed conditions and circumstances that can no longer adequately and efficiently fit or move in the old groove.

But, however, that may be and from whatever section we may come, each and every one of us is confronted with a condition that is universal and that must be adjusted—from the border to the Gulf and from the Atlantic to the Pacific—before we can hope to make any further progress and begin to hit on all 12 cylinders again. It has long been a recognized fact that the rapid strides that have been made in mechanical labor-saving devices, plus high-powered scientific management, has brought about a displacement of labor that is one of the root-causes of the backfire in our economic machinery. We all know that there are more workers than there are jobs; that there are not enough jobs to go around—that labor-saving mechanical devices now do the work that formerly kept many hands occupied, with the result that many hands are now idle.

What is the remedy? Shorter hours, which will mean the employment of more workers, thus dividing up the existing or available jobs and spreading employment. The curtailment of working hours to 40 hours a week, as provided in this bill, makes a step in the right direction.

It is my understanding that the first 30-hour week bill was introduced sometime about 1930, so that this question of shortening work hours with a view to spreading employment has been before the Congress for some 7 years. In that time the unemployment situation has not automatically remedied itself, nor will it. Something must be done to adjust it. We may defer action again, but the issue will not down. Sooner or later we must face and solve this unemployment problem that is draining not only the financial resources of the Treasury but sapping the morale of a people able and willing to work but for whom not enough work exists.

Let us pass this bill in the hope of destroying sweatshop labor and banishing it at least from interstate commerce, curbing the power of the chiseler over the honest employer, and benefiting children by giving them a chance to have a normal childhood in which to properly grow and develop. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD of California. Mr. Chairman, may I say, first, I am in full accord with the objectives of this bill and expect to support the committee throughout in its attempt to get the bill through.

Secondly, in answer to some of the arguments which have been made against this measure, I believe any industry, big or little, which cannot pay or will not pay a living wage, has no right to exist in this country. [Applause.]

Being in accord with the bill's primary objectives, I want to state my belief that this bill, whether you call it the Black-Connery bill, the fair labor standards bill, or the wage and hour bill, seeks to afford relief to that great group of inarticulate, because unorganized, workers, numbering between twelve and fifteen millions in all.

The members of this group are confined to no one section of the Nation and for that reason it seems unfair to me to have advocates of this measure charged with sectional prejudice.

The measure should enlist the support of every member of this House because it attempts to mitigate, if not to completely eliminate, child labor in certain classes of industry.

The bill seeks to restrict the operations of the sweatshop and the chiseler, whose operations are identical in producing shocking social and economic conditions.

The shorter workweek will, I believe, provide more jobs. The minimum wage will provide a broader market for the products of the mill, the mine, and the farm by increasing and spreading purchasing power. I am sure no member of this House will quarrel with these objections.

It is to be noted that almost every man who has risen in opposition to this bill has at some stage of his remarks professed his approval of the bill's broad objectives, provided, however, that it be amended in this or that particular. In other words, practically all admit the excellence of its purposes, but object to the methods employed to attain the end sought.

I for one am willing to credit the Labor Committee with attempting to do an honest job. It is a big job in a new field. Let's give the bill a chance. If experience proves that the bill is weak in spots, these weaknesses can later be cured by amendment.

This bill is, I honestly believe, a step in the right direction. As such it is entitled to the support of every Member who believes that an honest day's work is entitled to at least a fair days' pay.

Mr. Chairman, I yield back the balance of my time.

Mr. WELCH. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, a good deal has been said during the general debate on this bill with reference to the parentage of this particular proposal. I do not believe anyone need be ashamed of its parentage. As far as I am concerned, the principle involved in this measure has parentage of which each and everyone of us should well be proud. I know organized labor in this country has for several years been sponsoring legislation designed to reduce the hours of labor in industry and fix a minimum wage for those employed in industry. Organized labor time after time in its national conventions has endorsed the so-called 30-hour-week bill. This is the principle involved in the pending bill. Although there have been various amendments offered, and althqugh the committee has accepted certain amendments, nevertheless, the fundamental principle of reducing the hours of labor in industry and fixing a minimum wage for employees in industry has been sponsored by the American Federation of Labor for many, many years, and in recent years it has had the support of the C. I. O.

As far as the particular sponsorship of this bill is concerned, may I say that in my judgment the man who sponsored this measure in this body will go down in history as one of the greatest friends of the workingman and as one of the clearest thinkers in this country. He was a man with vision, a man with a heart, a man whose devotion to his country was second to none in his day and generation—the distinguished former Member of this body, the late William P. Connery, of Massachusetts. [Applause.] This is sponsorship of a high type for this bill. He fought for this bill year after year, yes, years ago, before the N. R. A. was even thought of. Many of us have had the great honor and the great privilege of working on with him in the ranks, supporting him year after year, working for this legislation, until today we have this proposal before us for consideration.

I am not in entire accord with some of the provisions of the committee bill. I am in accord with its principal objectives. There is one proposal, however, that has been offered which in my judgment comes nearer to attaining the desired objectives than any other. This is the proposal contained in the bill introduced by the gentleman from California [Mr. DOCKWEILER], which is in many respects similar to the original Connery bill, and which I understand has the support of the American Federation of Labor. I believe in that proposal, because it actually fixes maximum hours of labor and minimum wages in industry. The so-called Dockweiler bill, as I understand, will be offered as a substitute, and undoubtedly will be offered after we read the first section of the pending bill. I hope the Members of this body will give serious consideration to the proposal.

There has been considerable criticism of the committee's proposal on the ground that of necessity a board will be established or an administrator provided for, which board or administrator will have certain powers to fix wage differentials. Members who are opposed to this bill and to all legislation along this line have criticized the committee's proposal because it provides for appointment of an administrator. The distinguished gentleman from Tennessee criticized it because he did not want the Secretary of Labor, or an administrator appointed to work under the Secretary of Labor, to have authority to fix such wage differentials. If you from the sections of the country from which most of the opposition comes do not want this kind of a board or administrative agency established to fix differentials, I assure you I do not want it, and, for one, I shall vote for the so-called American Federation of Labor bill, which does not provide for wage differentials.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a short question?

Mr. BOILEAU. Yes; I yield to the gentleman from Oregon.

Mr. MOTT. Has the gentleman any idea the Dockweiler amendment will be held to be germane?

Mr. BOILEAU. I have no doubt in my own mind it will be held to be germane.

Mr. MOTT. I hope the gentleman is right, but I do not think it will be so held.

Mr. BOILEAU. I cannot conceive of a ruling being made in this instance to the effect that the Dockweiler bill is not germane.

The Dockweiler bill fixes the maximum number of hours at 40 per week, 8 hours per day, at a minimum wage of 40 cents an hour throughout the entire country, with certain exceptions, particularly of agriculture. The bill therefore provides for a uniform minimum wage for American workers of $16 a week. I submit that wages, whether in the North, the South, the East, or the West, if we are to be proud of the American standard of living, should not be less than $16 a week to provide for a decent standard of living. I cannot conceive of any man, living in any section of the

country, being able to support a family in decency on the so-called American standard of living at a weekly wage of less than $16.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from New York.

Mr. FISH. I should like to know from the gentleman, who is in touch with the American Federation of Labor, if the proposal to which he refers has the unanimous recommendation of the American Federation of Labor?

Mr. BOILEAU. I do not know, but I assure the gentleman that it is entitled to such endorsement. For several years I have been doing my little bit to promote the proposals contained in the Dockweiler or the so-called American Federation of Labor bill. These principles appeal to me.

I have been advocating these principles for many years and whether this proposed measure has the endorsement of a small or a large group within the American Federation of Labor or any other organization, is not the only question involved. I believe these principles are right. These principles are what I have been advocating, and so far as my own vote is concerned, I shall vote to substitute that bill for the committee proposal. I submit to the Members of the House that if any group of laborers or any organization purporting to represent American labor opposes this bill, they are inconsistent, because this bill is drawn upon principles that their organization has gone on record in favor of, upon numerous occasions.

When the American people talk about minimum wages and maximum hours of employment, they really mean a bill that fixes a minimum wage, and I do not believe anyone can seriously argue that $16 a week is too high a minimum wage for any section of the country, or for any worker, if he is to maintain his family in health and in decency. [Applause.]

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, in considering this type of legislation we should have in mind a general principle that is of the utmost importance to my mind, and that is that advances in standards of living have come as a result of a speeding up of the wheels of industry and a demand for goods. No substantial advance in wages or in living conditions can be accomplished by legislation passed to create such advances unless you have at the same time an absolute speeding up of the processes of industry.

Now, what has happened? We are considering a bill designed to turn over to an administrator in the Department of Labor the right to fix minimum wages and maximum hours. This is one of the things that is acting at the present time as a deterrent against the employment of our people. Its passage will destroy any opportunity for the employment of our people. Its advocates say that it is up to industry to provide the employment. How can industry provide such employment when industry, the greatest employers of labor, consisting of small industries absolutely dependent upon the banking credit of this country, and under the rulings of F. D. I. C. and the Comptroller General these banks have been obliged to deny credit time after time to these small institutions throughout the country, and this bill creates a situation where our Government authorities will more and more close down these plants as a result of the passage of this kind of legislation.

Mr. KITCHENS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I must decline to yield, as I have not the time.

This bill has other vicious features and those of you who are pretending to be interested in labor must get its meaning through your heads.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I must decline to yield.

It provides a measure whereby an officer of the Government fixes wages and begins a process which will grow until it covers the entire labor field, including every operation in it. You are starting a process which can do nothing but destroy the freedom of labor and its right to bargain. Do not fool yourselves on this. There is absolutely and positively no escape from such a conclusion. You are paving the way for the absolute enslavement of labor by the fixing of the wages of labor from the top of the Government, and under such a situation no such thing as freedom of labor or its right to bargain or the operation of private industry is possible. You are starting reactionary, destructive processes in the direction of the destruction of our liberties.

Let us defeat this legislation and preserve the rights of the American workingman. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by including certain charts from the Department of Labor.

The CHAIRMAN. The Chair feels that the rule laid down by the late Speaker Byrns with reference to the inclusion of extraneous matter in the CONGRESSIONAL RECORD should be adhered to, and suggests to the gentleman that he seek that privilege when we get into the House.

Mr. HEALEY. Mr. Chairman, we are at the present time considering this bill, termed "the wage and hour bill," by reason of an extraordinary action that was forced upon the House of Representatives, in the discharge of the Rules Committee so that we might have the opportunity to debate and consider this most vital question. Two hundred and eighteen Members of this House were required to sign a petition because a select committee, a sort of iron ring of irreconcilables, usurped unto themselves power and jurisdiction inconsistent with the long-established traditions of this House, and thereby kept this question away from the House during the last session of the House and up to the present time. Let us not be deceived. I am satisfied that no bill dealing with hours and wages would have come before the House at all through that channel unless that extraordinary action was taken. This arbitrary and arrogant attitude was not confined only to the Democratic members who belong to that committee.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I cannot yield; I have only a very short time. We now have before us a measure considered important enough to be placed on the agenda of those things that were expected by the President of the United States to be enacted by the Congress during this special and extraordinary session. This bill has been greatly misrepresented. Opponents have tried to accomplish its death by flooding the country from one end to the other with misleading propaganda. This is not a bill to regiment labor or industry. This bill merely proposes to take out of the field of interstate commerce those concerns which refuse to pay subsistence wages to their workers and employ them excessively long hours.

The maintenance of numerous low-wage areas in our country has caused economic dislocations in other established industrial sections, which continue to imperil the standards of decently paid workers throughout the Nation. Moreover, the maintenance of low-wage areas has conferred little benefit upon the persons who reside in those areas, because they cannot possibly subsist as decent American citizens, nor can they furnish to their families the bare necessaries of life on the scale of wages that is being paid to them. Meanwhile the natural resources of these areas are being exhausted by such exploitation.

What does the bill do? The administrative agency which is finally set up to administer this act may only fix as the ultimate wage 40 cents an hour. Forty cents an hour, with 40 hours a week, 50 weeks in the year, will yield the sum of $800. A survey conducted by the Department of Labor within the last year and one conducted by the Works Progress Administration in the last year established beyond peradventure that a family composed of a man and his wife with even only one child cannot hope to exist on the most

frugal scale on $800 a year. Yet that is all the authority we are asked to confer on the administrative agency by the terms of the bill, and even that is only a maximum. Yet some members denounce so moderate a reform as this.

The gentleman from New York [Mr. TABER], who just preceded me, talked about this measure, starting the ball rolling for the regulation of all industry and wages. In his State for some years now forward-looking people, represented by a progressive legislature, have established a minimum-wage law relating to the employment of women and children in industry.

That particular Minimum Wage Act is considered one of the model minimum wage acts of the country, and many minimum wage acts—there are 26 of them in 26 different States—had been patterned after the New York one. The people of his State knew that women and children were being exploited and realized that the exploitation of those women and children in industry was detrimental to their morals, health, and efficiency. Who is there that will deny that the enactment of the New York law was a humane act on the part of that legislature and of the legislatures of every State that enacted similar measures. We have now been brought to a realization that not only women and children are being exploited in industry, but that men are also the victims of unfair labor practices which, if permitted to continue, will destroy the stability of our economic system.

My own State of Massachusetts, a State long preeminent in the manufacture of shoes and textiles, known throughout the world because of the efficiency of its workers and the quality of its products, has seen its commanding position swept away by the corrosive competition of sweated industries. Between the years 1923 and 1933 the textile industry in New England lost nearly 120,000 jobs. One hundred and twenty thousand jobs were taken out of that prosperous industrial region because of the establishment of low wages elsewhere, leaving thousands of families to their own resources or the resources of overburdened local public-welfare departments.

During the 10-year period between 1923 and 1933 Massachusetts, the largest industrial State in this section, saw its annual pay roll in manufacturing industries decrease from $799,363,111 to $354,523,624. In other words, according to these figures of the United States Bureau of the Census, more than $400,000,000 in annual wages in factory pay rolls was lost by Massachusetts wage earners in this 10-year period, an average drop of $40,000,000 each year. During this same period the average number of wage earners fell off from 667,443 to 398,592. The decline was most pronounced in the cotton-goods industry where pay rolls fell off from $115,080,841 in 1923 to $31,110,036 in 1933. In this same period, woolens slumped from $76,189,812 in yearly wages to $33,072,129; boots and shoes from $82,916,416 to $36,559,127.

These figures regarding Massachusetts are typical of what has also been going on in New Hampshire, Rhode Island, and other industrial New England States. During this period the New England Council and various New England manufacturing associations were organized to stem this exodus of industry. State legislatures tried to solve the problem by interstate compacts. Yet the relentless decline of New England's industrial preeminence continued.

In my opinion the failure of these methods points only to one conclusion. Labor costs in the competing interstate industries through the United States must be made uniform. The only way this can be done is through Federal legislation. The wage and hour bill is a noteworthy start in this direction, and its speedy enactment may ultimately prove the solution of the national problem of industrial insecurity.

That I have not been exaggerating this industrial picture is vividly illustrated by the table which I am inserting in the RECORD at this point illustrating the number of wage earners by States employed in the New England cotton-textile industry for the census years 1923–35, inclusive.

	Wage earners	Wages	Value of product
1923:			
Maine	13,828	$13,975,870	
New Hampshire	18,804	17,486,894	
Massachusetts	116,773	118,044,894	
Connecticut	18,780	19,264,901	
Rhode Island	39,484	42,393,180	
1925:			
Maine	11,851	10,517,727	
New Hampshire	14,987	13,865,229	
Massachusetts	98,939	94,394,091	
Connecticut	14,773	15,189,558	
Rhode Island	34,420	34,686,196	
1927:			
Maine	10,195	9,781,130	
New Hampshire	14,974	15,383,216	
Massachusetts	93,413	90,574,225	
Connecticut	15,831	16,639,492	
Rhode Island	31,240	32,665,044	
1929:			
Maine	9,862	8,576,229	
New Hampshire	13,769	12,418,241	
Massachusetts	70,788	65,556,859	
Connecticut	10,789	10,723,851	
Rhode Island	21,833	21,778,173	
1931:			
Maine	9,220	7,414,788	
New Hampshire	10,663	9,253,409	
Massachusetts	46,990	38,868,889	
Connecticut	10,165	8,768,767	
Rhode Island	13,089	12,175,630	
1933:			
Maine	11,446	7,770,529	
New Hampshire	10,988	7,102,649	
Massachusetts	45,418	31,110,036	
Connecticut	9,667	7,023,626	
Rhode Island	13,077	9,455,523	
1935:			
New Hampshire	8,039	6,085,108	
Massachusetts	39,267	29,488,118	
Connecticut	9,582	7,501,434	
Total for New England:			
1923	208,685	212,246,030	$775,209,092
1933	91,566	63,182,658	210,042,964
1935	75,024	57,345,057	201,221,125

I have said that the principal inducement for the exodus of this industry was the existence of major disparities of wages between New England and South Atlantic States. I now draw your attention to a chart published by the Bureau of Labor Statistics showing differentials ranging from 20 to 65 percent in each trade or occupation in the textile industry.

TABLE 1.—*Average hourly earnings in cotton-goods manufacturing in New England and South Atlantic States, 1924–34, by occupations*

Occupation	New England							
	1924	1926	1928	1930	1932	July 1933	August 1933	August 1934
Males	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
Loom fixers	69.1	62.4	60.0	58.5	49.6	46.3	63.1	64.9
Slasher tenders	64.7	53.9	51.2	49.7	43.1	(1)	(1)	(1)
Warp-tying machine tenders	58.5	53.0	49.8	49.0	40.1	35.9	48.0	50.1
Card grinders	56.9	50.7	49.4	47.8	38.5	34.2	48.3	50.4
Weavers	53.8	46.7	44.7	46.2	35.3	29.9	43.9	44.2
Slubber tenders	55.5	49.8	46.8	46.6	37.5	30.8	46.6	49.1
Speeder tenders	51.4	46.5	44.5	45.2	35.0	29.6	43.6	45.5
Card tenders	46.5	41.6	40.5	40.2	32.8	28.8	40.7	41.7
Doffers	45.3	39.9	39.3	38.6	31.8	27.0	41.7	43.8
Picker tenders	43.6	38.4	37.2	36.2	30.4	28.6	40.6	41.0
Drawing-frame tenders	39.6	35.5	35.1	35.1	29.3	25.9	38.3	39.2
Females								
Weavers	48.6	42.8	41.8	42.6	33.1	28.0	42.6	43.5
Drawers-in, hand	44.5	42.3	40.3	40.6	32.0	33.6	43.6	43.1
Speeder tenders	44.2	39.3	38.0	36.3	32.1	24.9	39.8	40.4
Warpers	44.3	40.4	37.7	36.0	29.8	28.4	39.2	40.0
Spinners, frame	42.5	37.0	35.9	34.9	27.7	23.6	37.3	37.8
Drawing-frame tenders	35.1	31.7	31.3	32.4	25.6	24.0	35.6	35.4
Creelers	32.9	29.1	28.6	29.0	24.9	24.6	33.6	34.6
Spooler tenders	39.0	31.8	30.7	29.2	25.2	22.3	36.4	38.0
Trimmers or inspectors	31.9	27.9	27.0	27.9	22.3	21.4	33.3	33.5
	South Atlantic and Alabama							
Males								
Loom fixers	41.6	39.5	39.9	42.0	35.5	32.3	49.8	50.7
Slasher tenders	33.4	31.7	32.3	32.4	27.9	(1)	(1)	(1)
Warp-tying machine tenders	37.5	36.1	35.9	37.1	31.0	24.9	42.4	43.4
Card grinders	37.8	35.4	35.8	36.2	31.4	27.1	44.2	44.4
Weavers	35.9	33.2	34.1	34.9	28.9	23.8	39.6	40.3

[1] Included under "Weavers."

TABLE 1.—*Average hourly earnings in cotton-goods manufacturing in New England and South Atlantic States, 1924–34, by occupations*—Continued

Occupation	South Atlantic and Alabama							
	1924	1926	1928	1930	1932	July 1933	August 1933	August 1934
Males—Continued	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
Slubber tenders	33.1	31.2	31.7	32.1	26.4	21.1	37.2	37.4
Speeder tenders	33.9	31.3	31.7	32.0	26.0	21.5	36.5	36.7
Card tenders	26.8	25.3	26.0	26.4	21.8	19.1	32.4	32.5
Doffers	28.4	27.4	28.0	28.7	23.5	19.6	34.5	35.0
Picker tenders	24.4	24.4	23.2	23.9	20.5	17.1	30.9	31.3
Drawing-frame tenders	26.8	25.8	26.2	26.1	21.5	19.2	32.7	33.7
Females								
Weavers	31.3	29.8	30.8	31.9	27.3	21.5	38.6	38.4
Drawers-in, hand	28.1	27.7	29.7	29.8	24.0	23.0	38.3	39.4
Speeder tenders	29.6	27.5	28.5	28.3	24.2	19.6	34.5	35.3
Warpers	29.8	27.3	27.1	28.6	22.9	19.4	29.0	33.3
Spinners, frame	23.4	22.2	22.8	22.5	18.5	16.2	32.2	32.0
Drawing frame tenders	20.2	19.8	20.4	21.3	17.4	15.4	31.2	30.8
Creelers	23.0	22.7	22.1	23.3	19.2	15.8	31.6	31.0
Spooler tenders	22.1	20.6	20.9	22.7	18.8	16.1	32.7	33.3
Trimmers or inspectors	20.3	20.2	20.8	20.9	18.2	15.9	31.0	31.0

TABLE 1.—*Average hourly earnings in cotton-goods manufacturing in New England and South Atlantic States, 1924–34, by occupations*—Continued

In 1919 Massachusetts manufactured some 40 percent of all of the shoes made in the country. By 1935 that had been reduced to 21 percent, and in every instance, as I shall offer evidence to show by a chart from the Department of Labor analyzing the Bureau of Census figures that the diminution was caused by low-wage areas elsewhere.

Number of wage earners and average annual earnings in selected States of the boot and shoe industry, 1919, 1929, 1935

[Source: U. S. Census of Manufactures]

State	Average number of wage earners			Percent of total wage earners in the industry			Average annual earnings		
	1919	1929	1935	1919	1929	1935	1919	1929	1935
Massachusetts	80,166	55,093	43,958	38.0	26.8	21.8	$1,116	$1,165	$874
Missouri	17,458	24,903	24,366	8.3	12.1	12.1	790	934	784
New Hampshire	12,336	14,544	15,035	5.8	7.1	7.4	906	1,027	874
Maine	9,919	9,967	14,147	4.7	4.8	7.0	930	932	786
Other States	91,170	101,133	104,607	43.2	49.2	51.7	966	1,096	857
Total industry	211,049	205,640	202,113	100.0	100.0	100.0	999	1,087	853

It must be remembered that in the thickly populated cities and towns of New England, industrial pay rolls are the lifeblood of the people. The whole economy of this region has for generations depended upon manufactures.

I cite these facts, not to raise any sectional issue or with a desire to foster legislation discriminating against other portions of the country, but to show that migrating industry causes a blight upon the economic life of our whole Nation. The wage tables I have mentioned show conclusively that these runaway industries do not bring prosperity into the communities to which they escape. They simply impose upon those communities the poverty and wretched standard of living which are the usual incidents of substandard wages and sweatshop conditions. In other words, these industries lower purchasing power in one region without conferring any compensatory benefit in other areas to balance this loss.

I think all of us realize today that only by the establishment of high purchasing power among the workers can we banish the threat of overproduction which continually overhangs American industry. We cannot permit the standard of American living to be continually undermined by antisocial employers.

We now have a golden opportunity to eliminate some of the practices which are drying up the wells of interstate commerce. Most of us are in full accord with the objectives and philosophy of the legislation now before us. There are, however, serious differences of opinion with regard to the machinery which the Government should establish to achieve them. We should, however, cause sad disappointment to the people who put their faith in us if we permitted this opportunity to slip in a protracted dispute over technical differences and fail to accomplish one of the primary purposes for which we convened in special session. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WELCH. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, I cannot let the opportunity go by to express my views on such an important matter as we have before us at the present time. It seems to me there is a very grave responsibility resting upon the Members of this House to give most considerate attention to a piece of legislation that so vitally affects the economic conditions of this country, and especially the future economic conditions.

In the first place, before passing a regulatory measure of this kind it seems to me we should take into consideration the conditions existing throughout the country as far as business and employment of labor are concerned. If there is one thing that practically all of our people are agreed upon in every part of the country, it is that there should be less regulation of business, and that we should remove some of the burden, rather than adding more restringent legislation. That being the condition, and the fact that today we are in the midst of a real serious depression, I cannot see how anyone can justify the passing of any more legislation that places more restrictions on business and makes it still harder for industry to put men back at work.

Mr. BARRY. Will the gentleman yield?

Mr. SNELL. I do not yield at the present time..

Perhaps you can pass legislation raising wages, but you cannot force people to hire them. Today there are more people in the United States who are wishing they could find a job, regardless of what the wages are or the length of the hours, than there are men seeking jobs at 40 cents an hour and 40 hours per week. Now, that is a serious proposition. There may be a time when it would be all right to pass legislation increasing the wages of the country, but with the economic condition as it is today, it is certainly not the proper time.

Right along that line, as proof of this, let me read a short statement from the Standard Statistics of the present issue:

> As we have pointed out previously, the standard index of industrial production will probably reach this month the level of 30 percent under a year ago. With steel production now fluctuating between 25 and 30 percent of its full capacity, the automobile output nearly 50 percent lower than December last year, textile and shoe operations off 30 to 35 percent from a year ago, and most other lines declining equally fast—

With that definite statement staring you in the face, is it a good proposition for the American Congress to place more

restrictions on business and make it harder to employ labor? That is a serious question that I want to call to your attention at this time. Fundamentally, and back of all this confusion about the bill, is the undisputed fact that intelligent leadership of union labor knows that however desirable it may be to have legislation of this character, this is not the proper time to press it. As far as I am concerned, I want all labor to have its share of the profits of industry, and to be justly and honestly treated by every industry in every part of the country.

Now, there has been a rather anomolous position in connection with this legislation. Some of the people have been telling the manufacturers of the North, "If we can force a wage and hour bill on the South, it is going to restore you to your previous position in the industrial world." Another group of people are telling the industrialists down South, "If we pass a bill of this kind, we will put a differential in that will take care of you."

As a matter of fact, they are fooling both of them. If there is any industrialist in New England or the northern part of this country who thinks they can force southern industrialists to pay the less efficient, colored laborer of the South 40 cents an hour, you are just as much mistaken as you can be, and you ought to know it. There is no more chance of enforcing regulations of this kind on the industrial South than there is of enforcing the fourteenth and fifteenth amendments. That is a fact, and every man who stops and thinks, knows you could not enforce such a measure any more than we could enforce prohibition.

There is a friend of mine, who is a Republican, who lives down South. I do not know how he can still hold to the faith and live where he does, but he has so far. He says:

> We are not very much disturbed about the wage matter, because we know how to take care of that; but there is another situation in regard to the moral aspect of this bill that we do not like.

As a matter of fact, we have been running around in circles for the last 4 years, and here is another definite example of that. We were called into special session to pass, among other bills, a bill to raise the prices of the products of the farm, so that the farmer could get nearer a parity price for his production. Having passed that bill, now this one is presented that will again raise the price of everything he buys, so he will not receive any benefit. Before that bill was out of the way the President sent in another recommendation, that in order to encourage construction and to set loose from twelve to fifteen billion dollars of private capital into that outlet we must reduce the cost of materials and the cost of labor. Before you have started to consider that recommendation you have another recommendation of the President, which, if it has any object whatever in this world, is to increase the cost of materials and the cost of labor and directly opposed to his message of the week before. How can anyone be expected to follow such a vacilating policy? In other words, the President's policy is just like a merry-go-round. You keep going round and round and get off just where you started, and the only thing different is that you have lost your fare and somebody has picked your pocket while you have been going around. [Laughter and applause.]

No one claims sponsorship for this bill, and it is opposed by the farm organizations, business, and even labor itself as represented by William Green, president of the American Federation of Labor.

I want to call the attention of the House to what Mr. William Green says about this bill. I think he is about as high an authority and is about as stable an authority as we have on matters pertaining to labor.

Mr. Green charges in connection with the amended bill:

> The amended bill would set up a labor czar with the life and death powers over industrial organizations, communities, labor unions, and collective bargaining.

In a letter to Mrs. NORTON, chairman of the Committee on Labor, Mr. Green wrote:

> If the Board such as proposed in the original bill was dangerous and unacceptable, certainly the Administrator provision in the present bill is even more dangerous and unacceptable.

I entirely agree with him in opposing legislation setting up a czar over the economic conditions of this country, a man who can say what labor conditions shall be, what shall be the wages and hours in any industry in any part of the country. This is going further than we have ever gone before even under the New Deal in giving power to one individual man. Furthermore, that man will be an appointee of the administration in power. If this is not one of the greatest political advantages that was ever given any administration at any time I want somebody to tell me what is.

Another consideration I want to bring to the attention of the House and another appeal I want to make to the Members, especially my Republican friends, is based on the fact that if there is one thing on which the extreme radical, the liberal, the conservative, the reactionary have always agreed, it is an opposition to increasing autocratic, bureaucratic control here in Washington. This is one thing upon which we have not only been in agreement, but also a great many of the Members on the other side of the aisle have said in their speeches that they were opposed to this kind of movement. This bill goes further in this direction than any one piece of legislation that I remember that has come before this House in recent years. If you meant what you said to your people back home, that you were opposed to increasing this bureaucratic control here in Washington, that you were opposed to concentrating all the powers possible here, but that you were in favor of leaving something to the States and to the communities back home, you will vote against this piece of legislation. Above all, to me it is untimely. It certainly is against some of the recent recommendations of your own President; and I trust that you will not allow the people to say as the New York Times editorial said yesterday—and I would refer to it further but it has already been placed in the RECORD today—that they are disappointed in the irresponsible leadership of the Democratic side of this House evidenced in the presenting and passing of this bill at this time. I trust that you will not do anything more to give the impression to the country that you do not think and act for yourselves, but that you are a rubber stamp for the President. The only sensible thing for the true friends of labor to do now is to vote to send this bill back to the committee for further study and consideration. By so doing you will give some encouragement to business, and every man here knows business must be encouraged if we are going to put the unemployed back to work. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. BARDEN].

Mr. BARDEN. Mr. Chairman, I do not intend to discuss the whole bill at this time. In this respect, however, I am somewhat in line with many who have preceded me. [Laughter.]

It is my desire to discuss for just a few minutes one of the amendments which I propose to offer; and may I say right here in this connection that any act affecting as large a percentage of the American people as this act necessarily will must be based upon justice, reason, and practical common sense. In his message to Congress on November 15 the President said:

> We should provide flexible machinery which will enable industry throughout the country to adjust itself progressively to better labor conditions.

Following that lead, I prepared this amendment:

> In case of an order declaring the existence of substandard wages, said order shall not require the increase in wages to be in excess of 1 cent per hour each 30 days, beginning from the effective date of said order and continuing until the standard wage prescribed in said order is reached.

Everyone, be he Democrat, Republican, Socialist, or a member of any other party, is bound to admit that prices are on a downward grade, regrettable as this may be. Should we permit or force the cost of production of any commodity to go beyond and exceed the consumer or buying market, there is only one of two things for the producer to do—either shut down and wait a rise in the market price or continue to produce at a loss. If he shuts down, unemployment

results; if he continues to produce, then his problems increase. Small concerns which carry on a majority of the business of this country but which have not accumulated surpluses or reserves are forced to borrow from the banks, and the minute a bank sees that a concern's production cost is exceeding the buying market price they call in their loans to that concern. This, of course, results in closing down business and increased unemployment. This, in my opinion, can be prevented by a gradual approach. I would certainly like to see the very delicate problem of unemployment given proper consideration and dealt with in such way that those whom we attempt to befriend will not be thrown out of employment completely.

Living costs are up, wages paid labor should go up; but it is no simple problem to solve, for it has taken us approximately 150 years to get into the condition we now find ourselves, and we cannot hope to get out of it in 30 days.

Much has been said of a mythical sectional feeling about this matter. This does not appeal to me, and I say in no uncertain terms that I will not be a party to any punitive legislation directed at any section of the United States. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 2 additional minutes to the gentleman from North Carolina.

Mr. BARDEN. Should I discover such a desire on the part of the proponents of this bill, or any other bill, or that attitude reflected in its terms, you will find me in the ranks of the opposition; and though we may be in the minority, I propose to stand by my people and go down with them, if necessary. [Applause.] I think we could well afford to leave all this aside, for there is enough in the merits and demerits of this bill to occupy our time without going back to 1865 and starting that over again. I wish we could forget that and spend our time in working out reasonable provisions such as the one I propose to offer.

Remember, the South affords a great market for the rest of the country. Thirty-four percent of the population reside there, and 31 percent of the area of the United States is encompassed in the South. Let me call your attention further to the fact that from 1930 to 1935 the population of this country increased by 4,746,000; 2,750,000 of these people were born in the South. So we are providing a future market. One of our big troubles at this time is the selling price on supplies we buy is fixed mostly in New York, and at the same time they fix the price they propose to pay for our products. Let us then forget sectional feeling and see if we cannot tackle this problem and correct the condition under which a man spills his honest sweat for 8 or 10 hours a day only to go home with not enough to feed his family. This is the real problem and by no means confined to any one section. All of us are in favor of the principle involved; all of us favor the results that the authors of this bill seek to bring about, the differences being over the method of treating the problem.

I hope, however, that the amendment I have suggested will be adopted, for it will enable the country to go ahead and industry to approach an increased wage gradually. One cent per hour per month is about as rapid as the small industry can stand it. When you choke them and shut them down, as the gentleman from California said, what have you on your hands? Unemployment. Certain natural and unnatural barriers exist which must be removed before the leveling process will work. A fair example of this is discriminatory freight rates.

Mr. Chairman, I almost shuddered a minute ago when I heard the gentleman from New York [Mr. CELLER] read North Carolina on the dishonorable roll. Just in this connection, I pray God that the gentleman's career at the end of his life may compare at least favorably to the glowing record of North Carolina. I wish he knew more about North Carolina. We have traveled a long way. Only a generation ago we had to start all over again. Help us with our problems. We are not antagonistic toward any section. You cannot hurt us without hurting yourselves. We call for a cooperative attitude rather than one prompted by cynical criticism or an ugly feeling. [Applause.]

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Chairman, I am in general sympathy with the purposes of this bill; however, I desire to call the attention of the House to the fact that you are now pioneering what is more or less virgin legislative soil. It is true that to some of the sweated industries State laws have been applied but nowhere in any law has it ever been suggested that the processes of agriculture were subject to this type of legislation.

The farmer is a seasonal worker. His job is subject to the changes in season and to changes in weather. He works longer hours during some seasons than he does in others. To write into this bill, even remotely, any qualification on that process is doing violence to our whole economic structure. This bill purports to exempt agriculture, but it does not exempt it in fact. The dairy group was exempted by the Senate.

Then the bill came to the House and the House committee took it out. Then this committee put it back. I am advised now that the House committee will offer an amendment on the floor putting it out again. This is at the capricious and extraordinary demands of certain urban groups.

May I say that the cow cannot be regulated by any law you may pass here. She gives down her milk at 6 o'clock in the morning. You can pass laws until hell freezes over and you cannot change that. Again, in the afternoon, more than 8 hours later, she goes through another donation process to the cause of man. You cannot change that. That milk has to be taken to market. It is a perishable product and has to be handled quickly in order to escape an increased bacteriological count. So I say, for God's sake, Mr. Chairman, do not attempt to invade the God-given province of the cow by this legislation. I am sure this kindly committee is in sympathy with the cow and her duly ordained processes. They must know that she is the foster mother of the human races. Leave the cow alone and allow the amendment to remain that the Senate adopted and the House threw out and then put in again. When the amendment is offered by the gentleman from New York [Mr. CURLEY] to strike out this section, just see that it is relegated to the realm of dead suggestions.

The gentleman from Nebraska [Mr. MCLAUGHLIN] has a rather more sweeping amendment on this proposition. He would include not only producer-owned cooperatives within the scope of the bill but would include privately owned creameries. I am in sympathy with that. The gentleman from Iowa has a still more inclusive amendment covering agriculture. I am in sympathy with that.

Do not permit yourselves to believe or to be inveigled into the belief by the demands of unthinking, autocratic, and stupid minorities that you can change or regiment Nature's processes. Write a sane bill—a bill that has a basis in sound national philosophy and economics—and in so doing let the cow function as God intended. [Applause.]

[Here the gavel fell.]

Mr. RUTHERFORD. Mr. Chairman, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The CHAIRMAN (Mr. O'CONNOR of Montana). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RUTHERFORD. Mr. Chairman, the bill under discussion is without doubt the most important bill that has been before this body in many years. If it is passed in its present form, no one in this body can foretell its effect upon labor and industry in the years to follow. Viewing the actions which forced this bill to the floor of the House at this time, considering, also, how many times the Labor Committee has changed its mind as to what a wage and hour

bill should contain, and, after reading the bill itself, it seems to me that the proponents of this bill do not care what will happen to labor and industry in the years to come. The whole thing appears to be simply a "face saving" device. The President promised a wage and hour bill and a number of Members who profess to be the friends of labor also promised a wage and hour bill, and they are going to attempt to deliver a wage and hour bill no matter of what kind or nature and without knowing or seemingly caring what its future effect will be upon the country. They simply want to be on record as voting for a wage and hour bill. When and if the bill is passed, they can say to labor, "We passed a wage and hour bill and if it does not work out the way you thought it would, that is your funeral; we did as we promised." The proponents of this bill say, "You have to raise wages and shorten hours, so as to put more men to work and give them greater purchasing power." If that theory is correct, why stop at 40 cents an hour and 40 hours a week? Why not make it a dollar an hour and 30 or 25 hours a week? That, according to the theory of the proponents, would give the worker more money to spend and put more men to work and prosperity would be assured.

The trouble is, however, that the theory of the proponents has never worked out that way and never will work out that way. The great majority of the workers in this country, and they are the ones who must pay for any increase of wages to others, do not come under the protection of this bill nor under the protection of any labor union, so they never get the benefit of any forced wage increase. When goods are dear they cease to buy. When they cease to buy the merchant curtails his buying. When the merchant curtails his buying the manufacturer ceases to make goods. When the manufacturer ceases to make goods he has no more need for his help and he lays them off and that makes unemployment worse and adds to the relief rolls. To my way of thinking this bill will have just that effect.

Shorter hours and higher pay will raise the price of goods to the consumer. The consumer, who happens to be the great majority of the workers, does not now have sufficient money with which to supply his needs, and if prices are raised he certainly cannot buy more. In fact, he will buy a less number of articles used for human consumption. When he buys less the merchant buys less, the manufacturer makes less, and a small number of employees will be needed to supply the demand and those not needed will be laid off. So it seems to me that this bill will have just the opposite effect to that which the proponents of this bill desire. Before a bill of this nature is passed Congress should give it a great deal of time and careful study. There are many things that we should know about matters pertaining to the bill. We should know how many workers will be affected by the bill. How many workers receive 40 cents an hour and in what industries. How many workers, if any, this bill will throw out of employment. What effect will it have upon industry? How will it affect our foreign trade? How has it worked wherever tried? The probable number of agents and employees that will be added to our ever-growing bureaucracy. What the added expense to the present high governmental expenses will be. These and many other questions just as important should be known and understood by Congress before it passes this bill. We know what effect the N. R. A. had on labor and industry in this country. We know the effect the 40-hour week had on labor and industry in France. Are we going to profit by these examples and experiments, or will we simply ignore them? Before Congress passes a bill of this nature it should have a research made by the best economists in the country. After they have made a complete study of the matter let them bring the result of their findings to Congress. Then, and not until then, will we Members be in a position to give this matter intelligent consideration. Yet here we are attempting to do something with a matter of greatest importance to our economic life with only 6 hours' debate and without knowing anything about the measure, because those in charge of the bill know very little about it themselves. This bill is of so great importance and its ramifications are so many and of such great extent that Congress could spend a whole session in its consideration, and even then it would not have the complete answer. But we have got to have a wage and hour bill passed this session, so we go along merrily ignoring previous experiences and without sufficient knowledge as to what effects the bill will have upon labor and industry and seemingly caring less. We go through the motions of spirited debate for 6 hours and pass something that nobody seems to actually want and would like to avoid, if possible, simply to save the face of the administration.

This administration has given the country some severe jolts during the past 5 years, the effects of which will take years to overcome, but when it hands out to the country the present wage and hour bill, the country will receive such a jolt as will send it into into a tail spin. The proponents of the bill may make good their promise to pass a wage and hour bill, but if they pass the present monstrosity, with its five-man control over industry, or a one-man control of industry, with its right—

To establish minimum wage and maximum hour standards, at levels consistent with health, efficiency, and general well-being of the workers and the profitable operation of American business so far as and as rapidly as is economically feasible and without interfering with, impeding, or diminishing in any way the right of employees to bargain collectively in order to obtain a wage in excess of the applicable minimum under the act—

whatever that may mean, they will have made good their promise by enacting the most vicious and death-dealing blow to labor and industry that this Nation has ever seen and one from the effects of which will take years to recover. The National Grange has carefully considered the provisions of this bill and gives very convincing reasons why the proposed measure is objectionable. The reasons suggested are as follow:

1. Because it would increase the price of commodities that farmers must buy, without containing any provision for placing farm products on the same price level; thereby destroying any possibility of achieving price parity as between agriculture and industry.
2. Because its enactment would make it virtually impossible for the farmer to secure hired help on wages within his reach.
3. Because it would encourage employers to install more labor-saving machinery in their efforts to keep down cost of production, thereby throwing more people out of employment.
4. Because it would be manifestly useless for us to fix a minimum wage of 40 cents an hour, with a maximum of 40 hours a week, while permitting imports from countries where the going wage is as low in some cases as from 3 to 5 cents an hour.
5. Because those who would be thrown out of employment, when any particular industry could not meet the requirements imposed by the proposed Labor Standards Board, would become a burden upon the public relief rolls.
6. Because it would be unwise to give an appointive board of five men so great a power over all the industries affecting interstate commerce.

The reasons set forth by the National Grange apply with the same force to those workers who do not come under the protection of this bill or are protected by labor unions as they do to the farm population of our country. If by some magic waving of a fairy wand we could raise the wages of all of the workers of the country at one and the same time to the point where they would receive a wage sufficient to maintain the present so-called standard of American living, then a general increase of wages in industry might be absorbed, but under the present existing conditions a general increase of wages in industry cannot be absorbed by the other workers of the country. When prices get high they will refuse to buy, and that does not apply only to the poorer paid workers of the country, but also to those who receive real wages. Recall how the automobile workers attempted to boycott meat because they thought it too high in price. And these same well-paid workers will kick and howl when they have to pay more for rayon dresses, underwear, and stockings and a hundred other articles made by the workers earning under $16 per week and in many instances they will refuse to buy while the goods are high. Human nature has not changed much in 2,000 years, and we are not going to change it by simply passing a wage and hour bill. Mr. Chairman, this measure now before us is one of tremendous importance to the whole country and is of such a nature that its many

ramifications and effects cannot be fully inquired into in 6 hours' debate. It, therefore, seems to me that the wisest and best thing that this Congress can do is to recommit the bill and let the committee give the matter further and better consideration and get the necessary facts and then lay the matter before Congress. It is always good policy to look before you leap. Congress appears to be on the verge of leaping without knowing where it is going to land. This bill is another piece of "We don't know where we're going, but we're on our way" legislation. It should be defeated, or the bill be recommitted at this time.

Mrs. NORTON. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. DORSEY].

Mr. DORSEY. Mr. Chairman, it is not my intention to discuss the mechanics of the wage and hour bill, that is, the administrative procedure inculcated in its provisions to carry out the will of Congress. Rather, on the basis of practical experience in industry in the enforcement of the labor provisions of seven codes under the N. R. A., in the time allotted to me I intend to make some observations on the underlying principles of such legislation, particularly as it affects the purchasing power of our people.

Much has been said and more will be said during this debate about the N. R. A., using the weaknesses and failures in the administration of the National Recovery Act as a criterion on which to base criticism of this legislation.

PROSPERITY DEPENDENT UPON PURCHASING POWER

If there is one lesson that we have learned from the depression it is that national prosperity, involving contentment of the masses of our people and security of business, depends upon the purchasing power of the people. While the regulation of wages and hours will not in itself definitely solve the manifold economic problems facing us, while it is not a cure-all for unemployment, yet it is a step in the right direction and is an approach to one of the factors that is upsetting our economy—purchasing power. President Roosevelt in his message of May 24, 1937, said:

> We know that overwork and underpay do not increase the national income when a large portion of our workers remain unemployed. Reasonable and flexible use of the long-established right of government to set and to change working hours can, I hope, decrease unemployment in those groups in which unemployment today principally exists.

Reasonable and flexible use of the powers granted in this legislation to responsible administrative authorities should result in increased purchasing power and reemployment. Despite all the talk about lack of confidence in business and all the remedies offered to inject new life into a drowsy patient, the fact remains that what business lacks today is customers, and customers can only be secured through increased purchasing power. That, in substance, is the answer, and a responsible Congress cannot shirk its duty through failure to approach it fearlessly in the enactment of legislation having this as its objective.

N. R. A. EXPERIENCE SIMPLIFIES WAGE AND HOUR ENFORCEMENT

Since enforcement of N. R. A. codes are cited in discussions upon this legislation, let me remind you that there is a vast difference in conditions as they existed then and now. The constitutionality of N. R. A. was always questioned, and the chiseler, who was more interested in immediate profits than national welfare, took advantage of this to advance his nefarious schemes against its administration.

The wage and hour bill has more definitely and clearly defined constitutional support.

Furthermore, the N. R. A. endeavored to cover the whole range of business and industrial life, including collective bargaining, wages, hours, trade practices, price regulation, and conditions of employment. This bill is more simplified. It deals mainly with hours and wages and certain conditions of employment, particularly child labor. In its administration there will not be the same conflict in objectives as existed under the N. R. A. when some of the enforcement authorities played more upon the raising of the price level than upon reemployment.

The N. R. A. was an experiment in a wide field of business relationships. For the first time in American industrial life business was required to adjust itself to wage and hour standards. This was no easy task, but it should be realized that in a great majority of cases it was accomplished. While the problems then were new, yet the approach to their solution under N. R. A. gives the foundation for the adjustments required under the legislation now being considered. Then, with hours of work limited, working and production schedules had to be adjusted. Floods of protests reached the code authorities that it was impossible to definitely regulate the hours per day or per week, because each protestant said the conditions in their plant were different. But it was done nevertheless. I am familiar with a case bearing directly on this point. Engineers and firemen were working in this plant up to a maximum of 84 hours per week. It seemed to be impossible to adjust the working schedule to a 40- or even 48-hour basis because of the type of equipment and conditions of employment. But through a readjustment in the working schedule and the addition of more engineers and firemen, it was done.

Today business has the benefit of that experience. To the credit of some of our industries, they are still operating under N. R. A. conditions, both as to hours and wages. But that is not true of a great number of industries that have, since the sick chicken brought sleeping sickness to business, increased working hours, and reduced wages. The results of a recent study released by the Bureau of Labor Statistics give evidence of this. That study shows that whereas only 3 percent of the employees in the steel industry were working more than 40 hours per week during the last month of N. R. A., 67 percent worked more than 40 hours per week during the corresponding month 1 year later. In 177 identical cotton garment establishments studied, the total number of man-hours worked increased 14 percent between May 1935 and May 1936, while the number of employees increased only 2.5 percent. At the same time hourly earnings were reduced and, despite the increase in man-hours worked, the total pay roll was reduced a little over 1 percent.

This study shows that employers who desired to adhere to a 40-hour week and maintain the wage level were forced to increase hours and reduce the hourly rate in order to meet the competition of the chiselers, who were, in most cases, taking advantage of labor in substandard localities. The facts developed in this study show conclusively the necessity for Federal regulation of wages and hours. An analysis of conditions underlying these changes in hours and wages to the detriment of the workingman shows definitely that it is a national and not a local problem. By providing an economic wage, not a so-called living wage which only keeps body and soul together, can purchasing power be increased and customers brought to business. Consequently, through increased consumption unemployment will be reduced through increased production. But increased production brought about by a lengthening of hours, sweatshop conditions, unfair trade practices, and reduction in hourly and weekly earnings will not solve the problem. It will only make a bad condition worse.

MIGRATION OF INDUSTRY CAUSED BY UNFAIR TRADE PRACTICES

I represent one of the great manufacturing districts of the United States, including one of the largest textile centers. Having lived in the district all my life, and having worked there, rubbing shoulders with both employers and employees in almost daily contact, discussing with them their problems, I think I am somewhat familiar with conditions in industry. In the last 15 years there has been a steady migration of the textile business from Philadelphia. If this were a local condition solely, its remedy would not be in Federal legislation. But it is national in scope by its very nature. Low wage standards, stepping up of production, other conditions affecting labor, and unfair trade practices have driven the industry into competitive situations resulting in the migration of business, closing of factories, loss of employment, labor unrest, and the loss of homes and the savings of those who were forced out of employment.

If the migration of industry from any section of the country, the so-called decentralization of industry, was based

on social factors only, and was for the benefit of both employer and employee, it could not be objected to with much logic. However, that has not been the case. I have seen factories move from my city leaving behind them hundreds and thousands of skilled workers, some who had spent the best part of their working life with the industry, leaving them stranded to work out their existence. These factories migrated to take advantage of the inducements involving taxation, free land, even the construction of plants to be amortized in the form of rental over a period of years, and a low-standard labor market. To show the effect of this migration from Philadelphia, in the hosiery industry, at one time one of the largest employers of labor in that city, 1,365 full-fashioned machines were lost from 1930 to 1936. The loss of these machines to the Philadelphia labor market represents employment for approximately 6,000 workers.

During the N. R. A. conditions in the textile industry became somewhat stabilized despite the chiseling that was rampant in some sections of the business. This provides a fair test of the necessity for national legislation to revitalize and rehabilitate this, one of the four leading divisions of American industry. But the "sick chicken" case made a sick industry out of textiles. A comparison of 100 textile mills for the last 6 months under N. R. A. with the last 6 months of 1935, after N. R. A. was declared unconstitutional, shows production increased 30 percent, sales only 9 percent, prices were reduced 5 to 7 percent, hours of operation increased 13 percent, and wages were reduced 5 percent. With practices such as these carried throughout industry, increasing hours and reducing wages, is there any wonder that very little progress has been made in the solution of the unemployment problem?

If the solution of these problems could be found in State or local government, then there would be no need for Federal legislation. But the loss of employment and consequently purchasing power of the workers in my district affects every section of this country. Substandard labor conditions are not confined solely to any section of the Nation nor to any one industry. They are to be found in every section, north, east, south, and west. So, in considering this wage and hour program, it must be realized that we Americans play on the same economic team in war and peace. Sectionalism and group allegiance can take on artificial dignity at times when we should be thinking in terms of all of us. That is the most practical way of promoting the welfare of each of us in the peacetime America of today. Every year as we move away from 1787 we can see that less and less can America be partitioned. More and more, out of sheer economic expediency, are we compelled to embrace the attitude "all for one and one for all." The extension of transportation began with 13 States and welded them together as nothing else could. It put us all on the same economic team, and we have become as interdependent as the members of a well-coached football eleven. There is no place for prima donna groups in this scheme. We rise or fall together, as the last depression has taught us, because our prosperity hangs upon the purchasing power of the masses without regard to geography or occupation.

PROSPERITY OF FARMER AND INDUSTRIAL WORKER INTERTWINED

The A. A. A. opened the eyes of my people as to what purchasing power of the farmer means to our workers in industry. When farm products were selling at less than cost of production during the Hoover regime, the smoke ceased to pour from the stacks along Allegheny Avenue, Lehigh Avenue, and the Delaware River front back home. We learned in adversity the relationship that exists between farm prices and busy factories. These constituents of the Fifth Pennsylvania District know that I was representing them well and faithfully when I voted for every farm assistance measure that came before this body. We need a prosperous farmer and he requires us, with cash in hand, if his success is to endure.

Because we are selling goods to each other we have a stake in each other. So I have voted, and will continue to vote for legislation that is designed to promote the farmer's welfare. In doing so I have looked at the economic picture as a whole and now ask that Congressmen from the great agricultural districts do likewise. Unfair wages in industry and excessively long hours lead to cutthroat competition and demoralizes purchasing power which destroys customers for people in your district. Unfair hours mean less employment, and hence a reduced consumption of things your district sells. Manufacturers are people like you and me. They come from the same kind of home atmosphere, have attended the same schools, love their families, see the same shows and movies, and are touched by the same ideals that move most Americans. But just as society at large is afflicted with Capones and Dillingers, so do industry and business suffer from parasitic racketeers within their ranks. But the chiseler within an industry—the operator who will not respect decent standards unless compelled to—drags down the other members of that industry. He may represent only 5 percent of his calling, but the 95 percent are compelled, ever so reluctantly, to adopt the low standards he thrusts upon them. With child labor, subsubsistence wages, and overlong hours he tears at the most vital thing to American prosperity—our purchasing power.

At this very moment men are working in a thousand factories of my district. Of course they are my first concern, but they should be yours, too, for their wives can buy at the corner store the products of the farming districts. The market basket they carry away has a tremendous lot to do with the contentment of your people. We can lay aside ethics, religion, and common humanity from these deliberations if we care to, but we cannot escape the simple fact that a prosperous America is dependent upon prosperous farmers and prosperous industrial workers alike. You can leave your idealism at home, and bring nothing but a dollars and cents attitude to your vote on this wage and hour bill, and you can come to only one conclusion—that we have grown utterly interdependent. Sheer expediency dictates that we follow the course of "all for one and one for all."

The passage of the Wagner Labor Relations Act eliminates from this legislation some of the hurdles faced by the N. R. A. The Wagner Act established the machinery for collective bargaining in industry. It will assure those workers who belong to unions that they will get decent wages and hours. Our present discussion concerns that vast army whose employment does not readily yield to organization and representation. Collective bargaining will put into industry that democracy the founding fathers injected into government. Of course, they could not foresee the coming of tremendous corporations that could become so mighty and tyrannical as any George III. We could not expect them to anticipate a nation stretching from ocean to ocean, and commerce flowing over thousands of miles. It is my notion that we will never thwart the growth of big business in certain lines because it has in these cases many reasons to commend it. If it must endure, let us hold tight to its public virtues while we regulate its harmful features. Where unions are operating we do not require the application of this wage-hour regulation. However, there is a relationship between the provisions of the Wagner Act and what we are now considering. Both are concerned with widely diffused purchasing power and industrial democracy.

With big business growing bigger, the men at the bench are getting more remote from the desk where policy is shaped. Smart executives with labor turn-over in mind have been as cognizant of this as anybody, and have intelligently faced the inevitable. I know some of them who welcome unionism and the regulation of minimum wage and maximum hours. It has spelled easier employee relations and one less serious problem.

And speaking of the inevitable, it is interesting to read columnist Jay Franklin's review of a book written by Samuel E. Morison and Henry S. Commager, entitled "The Growth of the American Republic." The authors are respectively educators at Harvard University and New York University. Morison was exchange professor of history at Oxford and comes from a long line of conservative New Englanders. He is of undoubted orthodox background.

But this conservative has no love for the old order, nor does he consider the New Deal as a revolution in any sense. Rather he views it as something as typically American as corn on a cob. He states that we are never going back to rugged individualism, and that Hoover represented the last stand of that order; that Coolidge economy was typically New England, but his lack of ideals was not. He shows we evolved into the F. D. R. philosophies. Speaking of the New Deal, this new book says:

> It will be easy to see how deep rooted in the American tradition was Roosevelt philosophy and how familiar the Roosevelt methods. It was an attempt to catch up with the political lag of well-nigh 20 years and articulate government to economy. * * * In one form or another it was inevitable. It was directed toward preserving capitalistic economy rather than substituting another system, and the methods employed were in the American tradition.

Reviewer Franklin adds that it contained nothing that had not been accepted by conservative Englishmen, Germans, and Scandinavians for a generation, and nothing that had not been foreshadowed by generations of American legislation.

Step by step this world is getting more reasonable despite the chaos we see in many places. We can trace the trend from the Magna Carta, through our separation from the mother country, and up to this very Wagner Labor Relations Act and wage and hour legislation. All are milestones. We will find the pathway strewn with reactionaries and obstructionists. Every improvement has produced its crop of opponents who fought progress or suggested that we should do our reforming tomorrow instead of today. It is the story of the winning of our political freedom; you will find it in the battles for universal suffrage and public education, and in the abolition of debtors' prisons, slavery, and child labor. In one guise or another progressive advancement of our people has been impeded by opposition that resents change. These citizens revere the founding fathers who dared to sever the bond with the mother country and vest new and unheard-of powers in the common men. These well-meaning enemies of progress worship the courage of yesterday's statesmen while they refuse to emulate them in handling today's problems.

DICTATORSHIP—HAS DEMOCRACY FAILED?

They tell us that regulatory powers in the hands of five men is too great for any such group to wield. If we are to accept this reasoning, it is an open admission to the world that democracy is a failure. Meanwhile our form of government is on trial, and let us not forget that fascism has crept into our western world by way of Brazil. Dictatorship will smile approvingly at any of these gentlemen who look askance at the delegation of power to five chosen citizens. If we share their fears, we will be paving the way for the corporate state with that kind of talk. I do not believe that any Member of this Congress wishes to alter our fundamental ideas of democracy. Rather, I cling to the conviction that by casting doubts about its administration, opponents are hoping to obstruct and defer wage and hour legislation. With them tomorrow is always the day to do the job, not today. They would never have us take a bold stride; just a wee step forward.

What is so dangerous about Congress committing the administration of a wage and hour act to a board of five men? Some of these obstructionists were not so greatly perturbed when nine judges—or six, to be exact—erased legislation which we took the pains to draw up, investigate, debate, and vote upon. And did not Congress delegate similar powers to a board when it created the Interstate Commerce Commission? Did we not hear the same arguments then—that too much power was being placed in the hands of a few men? Has it turned out that way in practice? Is this Nation of 130,000,000 people so devoid of intelligent and honest human material that we cannot find five men who can administer this act with wisdom and impartiality? If that is so, we had better shop for a Hitler and set up the Fascist state at once. Why tarry if democracy has failed?

Ask any lawyer or doctor if he has ever heard a client or patient say: "You see, my case is different; it's peculiar." Usually such a person has an ordinary disease or a very common legal problem. But he believes that it is new to the world because it is new to him. Some businesses that have paid substandard wages for years believe their whole structure will collapse if they adjust their pay rolls to the ideas that prevail today. Congressmen have received all kinds of form letters about wage and hour legislation. Some of these letters are a little careless with facts. One of them encloses a story that wage and hour regulation all but ruined France. Considering the monetary problems of France, and other factors, which do not enter into the American situation, the enclosure is not very convincing. The accompanying letter states that France is "scarcely larger than one of the middle-sized States." I take it that it refers to population, because area has no particular bearing on wage and hour regulation. The French Census Bureau will be as surprised as you are to learn that their nation is so sparsely populated.

The same old cry, "our conditions are different", has ever been made when a forward-looking step has been proposed. The same arguments were offered when efforts were made to reduce hours in the steel industry from the old established 12-hour shifts. It was then claimed that the steel industry was "different", that when furnaces were charged or ingots heated for rolling to finished sizes it was impossible to control the time element; that hours could not be definitely reduced without ruining the steel business. But hours were reduced, and it has not apparently seriously affected the profits of the steel industry.

Every manufacturing concern to a degree is faced with seasonal production. One of the greatest problems of industry has been and still is that of seasonal output. Employment and consequently long hours are at their height during production peaks, and then with seasonal lulls we have the resultant unemployment through lay-offs, furloughs, and short time, decreasing purchasing power. Efforts to correct this have been made in many industries through a diversification of product, manufacturing in the off-season articles that are not considered the main product of the factory but in the production of which the equipment of the plant can be used through minor changes. Business itself has seen the advantage of this policy, because continual hiring and firing through lay-offs caused by the disruption in manufacturing routine have paid their toll in financial returns. A contented, stable, and efficient working personnel brings its rewards on the favorable side of the balance sheet.

There has always been opposition on the part of some industries to the reduction of working hours. Too often in the spirit of individualism have they taken the position that the employee is a hireling to be worked as long and paid only as much as they concluded was necessary. If the employee did not like it, he could quit. But when changes were forced upon them through union organization or legislation, or in many cases through voluntary action on the part of the employer, they soon adjusted their manufacturing and business routine to the new conditions.

It is estimated that industries employing about 12,000,000 people would be affected by the wage and hour bill and that about 3,000,000 of these employees are now receiving less than 40 cents per hour. Dr. Leon Henderson, a noted economist, for whose opinion I have the highest respect, estimates that at least 6,000,000 are now working more than 40 hours per week, basing his estimates on the study of the Bureau of Labor Statistics to which I previously referred. Considering these estimates, the passage of this bill will affect about 6,000,000 workers, reducing their hours of employment, increasing their income through time and half time for employment in excess of 40 hours, and making it possible for many others to obtain employment.

When we pass this wage and hour bill we will have ceased talking about the third of our people who are at the bottom of the economic scheme, and put the Nation in a position to do something about it. We will be accomplishing it for the submerged third, and for ourselves, our markets, and our national prosperity. We will be taking this step so that the

purchasing power can go round and round. For the velocity of our dollars is something that makes for loaded farm trucks headed for profitable markets and factory stacks that belch forth smoke. An interdependent people have learned through depression that national prosperity hinges upon the wide distribution of purchasing power. There can be no submerged groups and no underprivileged geographical areas if America is to thrive. We will soon vote upon one of the most important measures that ever came before a Congress. You are about to move American civilization up another notch. You can then view the long road our country has traveled in labor relations, and get some satisfaction in pondering over where we were and where we are headed.

DEMOCRACY IN INDUSTRY

It has been a continuous fight to put some of the democracy in industry that we enjoy in government. Too often the battle has been bloody because we have refused to act like human beings. Women and children under 10 years of age worked a 73½-hour week in Philadelphia during the early day of our nationhood. The prevailing workday was from sunup to sundown. The Lord only knows how long they would have been forced to work if Mazda lamps had been invented in the latter days of the eighteenth century. The debtors' prisons always loomed for the person who would contemplate a strike to better his sorry lot. When universal suffrage came the working man had his first real participation in government and the common people elevated their choice—Andrew Jackson—to the Presidency. Gone were the debtors' prisons. The first regulations of child labor and women's hours came into being. Labor had organized from colonial days, and Carpenters' Hall in Philadelphia, where the first Continental Congress met, still stands to testify to the existence of the craft unions of that day.

But these early craftsmen were interested not one whit in the welfare of any but their own group. They had no concern with the national economy as a whole. Life was so simple in that day that we can understand their position. It has become so complex that we can, by the same token, comprehend the sound reasoning behind the powerful labor organizations of today, and their view of the labor situation at large, and what it means to all of us. Early attempts at unionization are chiefly of historical interest. The mutual suspicions, which we expect to dissipate with collective bargaining, persisted through the decades. Homestead, the Pullman Co. strike, the coal and iron police, the ever-ready injunction, and the use of the National Guard come marching down the years to meet today in the Chicago Memorial Day massacre, and Tom Girdler's high and mighty remarks in subcommittee. A little of yesterday's bloodiness and some of its czaristic attitudes remain as the Old Guard fights its last battles against the forces of conciliation and reason. We are ascending to high ground at last, and my frank belief is that we have not made the climb so much from grand humanitarian impulses or deep religious convictions. We have come to the stern realization that the average man has to have more than a mere existence if mass production is to continue as part of our economic scheme. Wide distribution of income is so essential to our national well-being that it is impelling us to pass this legislation. I believe we are thinking more in those terms than that we are our brother's keeper. And that observation is less flattering than accurate.

Some Republicans joined Democrats in the emergency legislation that was passed in 1933 and since. They came to see that a crisis is no time to play partisan politics. The effective palliatives were administered with their help, but they should join us in our efforts to effect some permanent cures. We can sometimes understand what they are about when they brand legislation like the Social Security Act and the Wagner Labor Disputes Act as "experimentation." Particularly when we know it is criticism for political purposes. They utter it with tongue in cheek. Some irreconcilables on the other side of the aisle will yell "experimentation" at the legislation we are now considering. I have always maintained that President Roosevelt is no trail blazer—that he has shopped around the world and for the most part has taken proved measures, properly revised, before he applied them into our country. That was my contention when we voted on the Social Security bill. It is interesting to note that the great biographer, Emil Ludwig, concurs in this thought. Ludwig has written splendid biographies of Napoleon, Abraham Lincoln, and Goethe. Now his life story of Franklin D. Roosevelt has begun in a popular magazine. Ludwig, a German, has lived and smarted under dictatorship. He is a keen writing man who is in no way interested in either American political party or how it fares in national elections. He is about as capable and as thoroughly impartial an observer as we can quote. In respect to all this talk of Roosevelt "experimentation" he says:

We—

Meaning Europeans—

do not in any way believe he—

Roosevelt—

has discovered new ideas; what he is doing here in this country we have all had long ago in nearly all the European countries. It is how he does it that is significant for us. That impulse which he imparted to the country in the time of the crisis does not become a loss even if some of his enactments become repealed.

Here, from the historic point of view, is perhaps the last attempt to carry out the social revolution without resorting to force. The sons of those Americans who are opposing Roosevelt today will perhaps some day erect a monument to him as the last of those who fought to preserve their system. One thing certain is that the sons of the poor, for whom he took up the fight, will not forget him. For, at the bottom, what is at issue here is nothing other than rich and poor.

That there should be so many to hate him disturbs me as little as it does him. Did not Lincoln in his later years have half the country against him, and that by no means only in the South? I have met Roosevelt's opponents throughout the whole country in all classes. When I put the question to them, they all began by admitting that in 1933 he had saved the country, but added that today he was playing the dictator. Only those can speak thus who have never had the misfortune to breathe the air of an unfree country.

And still I can imagine how this enmity grew up slowly in the souls of these men. It is the resentment of a proud people against the fact that it once made the gift of the highest powers to an individual, just as a proud woman can never quite forgive the man whom she once permitted to sweep her off her feet.

To those who still cry "dictator" and "experimentation" I commend these words from the pen of one who knows dictatorship only too intimately, and who laughs when we view Roosevelt policies as new and untried theories. For Ludwig knows they have been tested in the laboratory of the world and so does Roosevelt. [Applause.]

Mr. RANKIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. Mr. Chairman, how much more time remains in general debate?

The CHAIRMAN. The gentlewoman from New Jersey has 49½ minutes and the gentleman from California has 43 minutes remaining.

Mr. RANKIN. Is that all?

The CHAIRMAN. That is all.

Mr. WELCH. Mr. Chairman, I yield to the gentleman from Kansas [Mr. CARLSON] such time as he may desire to use.

Mr. CARLSON. Mr. Chairman, it is not my intention at this time to discuss the merits or demerits of the pending wage-hour bill, but in the few moments allotted me, I want to express my regret and resentment at the letter that I and a number of other Members of Congress received from Homer Martin, international president of the United Automobile Workers of America. This letter was written from Detroit, Mich., under date of December 8 in regard to pending legislation. A portion of the letter reads as follows:

That an unfavorable vote on this bill, or failure to vote or pair in favor will not be forgotten next year when Representatives ask their constituents to reelect them, as this will be the acid test of a Representative's real position.

That this is not a political threat, but a frank expression of conviction, and fair notice that Representatives who do not represent cannot expect support.

Who is this Mr. Martin? He is at the head of one of the affiliates of John L. Lewis and his Committee for Industrial Organization. A number of Members have spoken on the pending legislation, and several have mentioned this particular letter, but I have yet to hear anyone who came to the defense of this indiscreet and insolent letter. As far as I am personally concerned, I wish to state that my vote on the pending bill or any other legislation will not be influenced by threats and intimidations from Mr. Martin or anyone else. If I recall correctly, this is the same gentleman who, some weeks ago, wrote a letter to the United Automobile Workers of the United States and suggested that they boycott beef and meat products because they were abnormally high. He wrote this letter at a time when meat products were high, but even then the farmers were receiving only 47 percent of the retail price of this commodity. The remaining 53 percent was the spread between the producer and consumer and was used largely for wages in processing, transportation, and retailing of this commodity.

The pending legislation is of tremendous interest to the farmers of the United States. I was glad to note that a number of farm organizations and citizens generally condemn Mr. Martin's attitude.

It is my intention to discuss various amendments to this bill under the 5-minute rule, and therefore will not take further time from the House now except to state that my personal sympathy is now and always has been with the wage earner. Much legislation has been enacted in behalf of the wage earner and worker, and no doubt we will continue to enact beneficial legislation for them, but I hope it will not be because of threats of reprisals from labor leaders. [Applause.]

Mr. WELCH. Mr. Chairman, I yield to the gentleman from New York [Mr. HANCOCK] such time as he may desire to use.

Mr. HANCOCK of New York. Mr. Chairman, all decent citizens wish to improve the condition of the poor and the oppressed, of that marginal one-third the President frequently talks about. I am sure every Member of this body is decent, despite the unintentionally amusing letter all of us received in yesterday's mail written by a crabbed old man and beginning with the rather immoderate language:

> It is time the story was told of how the 531 mental derelicts spoken of as numskulls and known as Members of Congress are wrecking our country.

None of us can complacently watch the exploitation of labor by greedy employers, because no one loves a hog except another hog—of the opposite sex. However, in our efforts to improve the lot of the lower one-third among us—if that is the correct fraction, let us be quite sure we do not inflict irreparable harm on the other two-thirds, without benefiting the one-third.

According to my observations, those most interested in the welfare of labor are divided into two principal schools of thought. One group favors the plan of the American Federation of Labor, which would establish a Nation-wide minimum wage of 40 cents an hour and a maximum workweek of 40 hours for employees in interstate commerce. The argument against this plan is clearly and convincingly stated in the bill we are considering (S. 2475) on page 14, lines 12–17, where it is pointed out:

> It is impossible to achieve such results (the elimination of substantial wages and hours) arbitrarily by an abrupt change so drastic that it might do serious injury to American industry and American workers, and it is therefore necessary to achieve such results cautiously, carefully, and without disturbance and dislocation of business and industry.

It is highly desirable that those limits of hours and wages, with certain reasonable exemptions, be established generally throughout the country, and if put into immediate effect I do not believe a single important industry in my district would be seriously disturbed, but there are other sections of the country where the A. F. of L. bill would cause ruin if made suddenly effective.

Let me give you a single example. I am familiar with a company which has been struggling for a number of years to make a success of an antimony mine in Texas on the Mexican border. I am told it is the only antimony mine in the world outside of China. No American will dispute that it is highly desirable to have this American enterprise succeed, particularly in view of recent developments in the Orient. The minimum wage paid in that mine is 22 cents an hour, a figure quite shocking to those who are familiar only with labor conditions and living conditions in our northern cities. But the recipients of those wages are quite satisfied. If the wages were doubled they would work half as much. The only common labor available in that section is furnished by a primitive, illiterate class of people whose wants are exceedingly simple. Perhaps with education in American schools they will aspire to a better way of living in a generation or two and will become more efficient workmen. The Chinese laborers in antimony mines receive the equivalent of 1 cent an hour. If this American company is suddenly required to pay wages of 40 cents an hour it would be compelled to cease operations instantly. Who would be the gainer thereby? No one but the owners of the Chinese mines.

The adherents of the other school of thought would set up an independent board or an administrator in the Department of Labor—it does not make much difference which—with power to fix wages and hours, within the limits of this bill, and to prescribe standards as various and divergent as there are industries and localities in this country.

No individual or group of individuals is wise enough to discharge such a responsibility. No individual or group of individuals should be entrusted with such power if we have any faith whatever in the American system of sovereign States. The argument against the proposal is well summarized in the helpful and courteous communication which Mr. Green, the president of the A. F. of L., sent Members of Congress recently, analyzing the bill before us. He said, in concluding his comments:

> He (the administrator), therefore would have in his control the power to destroy entirely industrial organizations, communities, labor unions, collective bargaining agencies, and determine the conditions under which these respective communities, organizations, and agencies shall function or shall live.

There is a rising tide of protest coming from thoughtful citizens all over the United States against the centralization of power in Washington and the usurpation of State functions through covert and surreptitious laws. As sworn defenders of the Constitution, I believe we violate our oaths of office when we revolutionize the Government by means of a series of legislative coup d'etats.

The two principle plans for the elimination of substandard labor conditions, which I have mentioned, are by no means the only possible solutions of the problem.

In Australia, where local conditions vary almost as much as our own, the country has been divided into districts, each of which, so far as human wisdom can determine it, has the same advantages or disadvantages of climate, transportation facilities, quality of labor, and so forth. A wage scale is fixed for each district, which is intended to place all on a competitive equality. Periodically a study of the cost of living is made in the various districts and the wage scales are raised or lowered accordingly.

One of our colleagues would give broad authority to the Federal Trade Commission to regulate hours and wages on the theory that substandard labor conditions constitute unfair competition.

Another proposes that States be given the power to exclude goods produced under standards lower than those prescribed by the laws of such States.

Another, seeking to avoid the sectionalism and the State barriers to interstate commerce which would result from the last proposal, would have Congress establish certain minimum-wage and maximum-hour standards and give power to the States to exclude goods made where lower standards prevail.

A substantial number of people believe that the labor movement will continue to progress without any new Federal legislation, believing that organized labor, backed by public sentiment, will have the power to force the enactment by

State legislatures of any laws that may be required to correct labor abuses where they exist.

Before I close these remarks let me offer another thought. If I had the power, I would draft about six high-minded, humane, practical employers of labor, of statesmenlike qualities and truly representative of American industry. I would also draft the same number of labor leaders with like credentials. These 12 men I would isolate on some island or in some mountain resort and provide them with every comfort and recreational facility. Under those conditions they should become friends and acquire mutual respect and understanding, for men who reach positions of leadership are bound to have qualities that appeal to other successful men. They would be held incommunicado with the outside world except for purely personal matters. No lobbyist, politician, or reporter would be allowed to approach them. Their staff would consist only of two stenographers and one economist whose sole function would be to supply statistical and other factual data. He would not be allowed to venture opinions or advice.

I might also include in the staff a competent bill drafter and a good constitutional lawyer, if there is one in these parlous days.

Their orders would be to survey the whole field of labor relations and to remain in isolation until they agreed upon a solution consistent with the proposition that "the sole basis of a social system is justice; that justice cannot be perverted either for the rich or the poor, because no group can truly and permanently prosper at the expense of another."

I would not permit any news of the conference to be made public except the conclusions reached.

Perhaps the result of such a conference would be canons of ethics for employers and employees, perhaps it would be specific suggestions for legislations, and perhaps it would be nothing at all. But I should like to see the plan tested, or an approximation of it, before any such far-reaching legislation as is here proposed is enacted into law. With all due respect to the Committee on Labor—and they are entitled to our respect and our gratitude for the ardous and conscientious efforts they have put forth in drafting this bill—I think the best minds of capital and labor should be brought together under the most favorable auspices in an effort to find the remedy for the age-old struggle.

This bill ought to be recommitted. The present emergency does not require any legislation of a reformatory character. Exactly the opposite is true. Business is humbly begging that it be given time to adjust itself to the multitude of regulatory laws that have already been passed under the present administration. Certainly permanent legislation vitally affecting all the industry and labor of this great country should not be passed without thorough study and mature deliberation.

If there is any wisdom in us we will profit by the experience of other democracies having problems similar to ours. I have clippings from newspapers quoting the communiqué issued by the radical French Cabinet on October second of this year, in which the Council of Ministers unanimously announced resolutions affirming its policies: to remain faithful to free money, to maintain peace, to suppress labor illegalities such as violation of collective contracts and sit-down strikes, to put an end to the activities of foreign agitators, to investigate production methods of industries in an attempt to remedy burdens caused by the 40-hour week. "Fifty million Frenchmen cannot be wrong." At least, the lessons the French have learned through hardship and adversity should have a deep meaning for us and we would be unforgivably stupid to ignore them. [Applause.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. LAMNECK. Mr. Chairman, will the gentleman from Michigan [Mr. DONDERO], yield for a statement?

Mr. DONDERO. I yield to the gentleman from Ohio.

Mr. LAMNECK. Mr. Chairman, Congress now has been in special session approximately 4 weeks. We were called back here under the assumption that there was pressing need for legislation which could not await the convening of the regular session in January. In common with all other Members of Congress, I have been striving very diligently ever since our return to discover just what the emergency situations were that brought us back. The fact is, I am convinced, and I believe that most all other Members of the House are convinced, that no emergency existed in regard to any of the recommendations made to the Congress.

There is an emergency all right, but it is being ignored. I refer to the emergency that exists for giving some real assistance to business.

Most of our time up to the present has been given to shilly-shallying around in connection with the wage and hour bill. As entertainment, the antics of the House in this connection have been highly diverting, but that is all that can be said for our activities.

The question in connection with the wage and hour bill, which constantly recurs to me, and I am sure to other Members of the House, if indeed not to every man and woman in the United States, is: Who wants this bill passed anyway?

It cannot be either of the original introducers, former Senator Black or the late Representative Connery. Senator Black has a new job with better wages and shorter hours than he had when he introduced the bill. This takes care of the ambition of one simon pure New Dealer. Our late colleague, Representative Connery, has departed this life.

It cannot be that the White House is greatly interested in seeing the bill passed. If it were, certainly the fact would have been made crystal clear in the President's recent message to Congress. He never has hesitated to ask for anything from Congress that he really desired.

It cannot be that this House of Representatives is desirous of seeing the measure passed. The disgraceful scenes that we have witnessed on this floor in the recent past, consisting of horse trading, jockeying, threatening, coercing and villifying, in an effort to obtain the needed majority to get the bill out of committee, proves conclusively what the House thinks about the bill. It just does not want it passed.

It cannot be that organized labor is enthusiastic about passage of the measure. The American Federation of Labor has gone on record definitely against it. John L. Lewis was a long time making up the mind of the C. I. O. as to its attitude toward the measure and the feeble endorsement which he finally gave it demonstrates conclusively what his real feelings are.

It cannot be that the remainder of the gainfully employed workers of the country, that is, the unorganized groups, constituting 82 percent of all labor, wants the bill. Surely they have given no evidence that they feel the legislation is imperative.

It cannot be that the remainder of the adult population of the country is behind the measure. On the contrary, representative businessmen, property owners, and other informed persons who know what chaos would follow enactment of the bill into law in its present form, have taken a firm stand against it.

It cannot be that the newspapers, which circulate to the extent of 42 million copies daily, are behind the bill. Their almost unanimous opinion, as expressed in editorial columns, is that it is a piece of hodge-podge legislation designed only to further confuse the muddled business and industrial situation.

The groups that I have mentioned embrace the principal thinking forces of the United States that would have some interest in this measure. Yet we find that none of them is for it.

Why, then, are such strenuous efforts being put forth by a few persons to get the bill through the House? The answer is that this is the last desperate effort of the little coterie of brain trusters to put control of wages and salaries in the United States under the Federal Government.

The handwriting is on the wall. Brain trusters as a potent force in Congress are through. However, they may have

manipulated this bill into such a position, through trades promoted largely by sectional patriots, that they may get by with it. Then they will take care of the few remaining "hot dogs" of the Felix Frankfurter school who are not now on the Federal pay roll, recruit another army from the needle trades of the lower East Side of New York and start in harassing business from another angle.

This is an unpleasant prospect, but possibly it is the quickest way to bring the people of the United States to a full realization of what is being done to business by the type of persons on Government pay rolls to whom I have referred. Their presence in the Middle West, where I come from, largely as representatives of the National Labor Relations Board, is quickly bringing people to a full realization of the dangers of policies as administered by graduates of Harvard and Columbia Law Schools. Sober-minded citizens realize that these young theorists are absolutely unmindful of the welfare of business so long as they can put their pet plans into practice. Having met these irresponsible agents of the New Deal face to face, not only businessmen, but patriotic Americans generally throughout the Middle West are determined that this sort of domination must be ended. And so it will be ended.

The uncertainty of the sponsors of this measure as to just what they want to do with it, is, in itself, an answer to its hodge-podge nature.

The plan to have a five-member board administer this has been abandoned because of recent revelations of the unsavory activities of the National Labor Relations Board.

A proposal now is made that the administration be placed under the Department of Labor. I say with all possible emphasis that the people of this country have no faith in the Department of Labor as now administered. They do not want powers of the wide-reaching character which are proposed in this bill to be placed in that Department under its present administration.

It is suggested by some that administration of this measure be placed under the Department of Justice. This is not as bad a suggestion as some of the others, but the recent announcement that this Department is going on a trust-busting expedition would indicate that it, too, has lost its balance and is not to be trusted with the administration of this act.

There remains, then, only one Government agency which might administer this proposed legislation fairly and with the least injury to business. While I should favor recommitting the bill to the Labor Committee for a period of eternal sleep, if we must have a wage and hour bill of some kind, I say put it under the Federal Trade Commission. This group, at least, is composed of fair-minded men who are not trying to turn loose a swarm of Felix Frankfurter's boys on the industry of the country. I, therefore, shortly shall propose an amendment to strike out all of the present bill after the enacting clause and substitute my measure which would place administration of the act in the hands of the Federal Trade Commission.

Mr. DONDERO. Mr. Chairman, the best Christmas present this Congress could give to the American people is to send this bill back to the Committee on Labor of the House before this Nation travels along the road any further in the same direction taken by Germany, Italy, and Russia. [Applause.]

I believe it has been demonstrated beyond a reasonable doubt that all business and industry cannot be regulated from Washington without disastrous results to the Nation as a whole.

After adding $20,000,000,000 to the Nation's debt in 5 years, we are now in the midst of a depression and a recession in business that is bringing want and deprivation to thousands of our people.

Private capital has been driven into a sit-down strike of its own and it cannot take up the "slack" in business because of the attitude of those in authority at the present time. Rebellion, disloyalty, strikes, and violence restrict labor's opportunity to work, destroys the employer's incentive, and causes capital to seek a hiding place for safety.

Nearly $37,000,000,000 have been taken from the value of the personal property owned by a vast number of the people of this Nation. Business has been in a tail spin for the past 90 days. Industry is barely moving. Unemployment is increasing, and the wage earner, because of curtailed production, is receiving less than a year ago.

What is the reason for the present condition? Government has attempted to dictate by regulation nearly every activity of the American citizen. This Congress has passed laws which strangle, curtail, and prevent employers of labor from expanding their business and proceeding in an orderly and sound manner. Unjust taxation has been thrown across their path as an added obstruction to prosperity. Hostility, intimidation, threats, and even Government competition with private enterprise has been the lot meted out to those who meet and provide pay rolls for the laboring man. Utilities have been intimidated by Governemnt experiment to such an extent that they have been placed in fear and are uncertain as to what is coming next.

In the 10 years preceding this administration, private utilities expended for new work, expansion of business, added employment, and material $695,000,000 annually. Since this administration began, with its unfriendly attitude toward the employers of labor, that amount has decreased to $91,000,000 annually.

Now another bill is before us which, in my opinion, will further impede the orderly progress of this country by attempting to place in the hands of five men the authority to tell the employers of the Nation what they must pay, how long men can work, and removing from the people the right to conduct their own affairs. The fate of industry and business will be in the hands of politicians and Government officials. This is bureaucratic control of the most glaring nature. This is regimentation that will further restrict and retard better times. This bill will humbug labor and cause unemployment.

If this bill becomes law, the private affairs of the employer of labor in this country will become the property of a board of politically appointed snoopers. The private records of all business will be open to investigation. Search and seizure will be common. No employer will be safe from the prying eyes of his competitors. An employer would not be permitted to discharge the fomenters of trouble in his own establishment without asking Washington.

The Board provided for in this bill is responsible to the President alone, which gives the Executive absolute control over all industry and business, large and small.

The American Federation of Labor does not want legislation of this kind and has said so in writing to the chairman of the Labor Committee of this House. This bill is bound to increase the cost of production which must be met by the consumers, but it excludes the largest group of consumers in the country, namely, those who labor on the farm. That group works longer hours at lower wages than any other class in the Nation. Their lot is a real sweatshop. When you increase the price of the product of industry and business you reduce the purchasing power of the farmers, and they will buy less instead of more because of the increase in the cost of commodities.

This bill is distinctly class legislation and applies to but one-half of the wage earners of the country.

I want it understood that I stand for labor receiving a fair wage, as much as industry and business can reasonably pay and still continue and expand, but I am unwilling to support any legislation that in my judgment will work to the detriment and injury of labor such as the bill we have before us.

I believe the country is beginning to understand that Washington does not hold the answer to all economic problems.

On March 4, 1933, our President told the Nation that all it had to fear was fear itself. Industry and business is possessed of a real fear today. They stand in fear of further legislative restriction and regulation. They stand in fear of

threats, intimidation, and Government competition. They stand in fear of unreasonable and excessive taxation. They stand in fear of further unconstitutional methods employed to reduce them to subjects under dictatorial and bureaucratic control from Washington. They stand in fear of further restraint of freedom of action. They stand in fear of the enactment of this bill.

In section 20 on pages 8 and 9 of the bill, food is not entirely exempt from the provisions of this bill. Food in any form from production to consumption should be excepted from the provisions of this measure if the country must have this form of regulation; and lines 15 to 18, inclusive, should be entirely stricken from the bill. I hold in my hand a large number of telegrams from the distributors and dealers in fruits and vegetables asking that they be excepted from this bill.

The little man will suffer under the provisions of this measure.

The humblest shoemaker who employs one or two in his repair shop will find himself without help on Saturday, when it is needed most, if the man has worked 5 days of 8 hours each during the rest of the week. The clerk in the small grocery store will find he will not have employment on Saturday, when he is most needed, if he has worked the previous 5 days at 8 hours a day. Will it be possible for his employer to obtain another experienced person to take his place for one day a week? The gas-station attendant who works 8 hours a day for 5 days can be idle on Saturday, or his employer can close the gas station or find someone to work the extra day. People want to work but idleness will be their portion under the provisions of this proposed legislation.

These are some of the examples of what will happen if this bill becomes law in its present form.

Every labor union, every agreement or contract, and every working condition, good or bad, will be under the domination of a board with its horde of political appointees here in Washington. We will have another army of investigators to further harass the employers of labor.

Yesterday I heard an appeal made on this floor that you Democrats had made a promise in your 1936 platform and that this bill was to carry out that promise. You also made a promise to the American people in 1932 that you would reduce the cost of government 25 percent. Will you carry out that promise by the enactment of this legislation?

The best Christmas present this Congress can make for the welfare of the American people is to recommit this bill to the committee for further study and consideration before this Nation moves farther along the road taken by Russia, Italy, and Germany. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. WOOD].

Mr. WOOD. Mr. Chairman, we have reached rather a stalemate in this legislation. Whatever may be the legislative situation of this bill now, it is not the fault of the Committee on Labor. The Labor Committee of the House has worked long and arduously to secure a wage and hour bill. In the last session we held joint hearings of the House and Senate Committees on Labor all day long for 3 long weeks. Before this committee appeared, among other witnesses, Mr. Green, of the American Federation of Labor, and Mr. Lewis, of the C. I. O. Both of these gentlemen placed their stamp of approval on the bill, with a few suggested changes. Neither one of them had any objection to administration of the law by a board. They, together with Mme. Perkins, the Secretary of Labor, agreed it should be administered by an independent board.

After the 3 long weeks of hearings the Senate committee met in executive session and reported out a bill which virtually emasculated the original wage-hour bill. Many representatives of the labor movement opposed that bill in the Senate. William Green, president of the American Federation of Labor, advised the Members of the Senate to vote for the bill with the hope of getting the bill so amended in the House committee that it would overcome the objections of the American Federation of Labor and make the measure acceptable to labor. When the bill came over to the House, the House committee worked on it nearly 3 weeks. Practically every amendment suggested by the President of the American Federation of Labor was accepted by the House committee.

In the latter part of the last session I personally worked many days with the president of the American Federation of Labor, two attorneys of the American Federation of Labor, and two attorneys of the administration, in an attempt to work out amendments which would make the bill acceptable to the American Federation of Labor. We worked out seven amendments, and six of the amendments, which were the principal ones, were accepted by the committee.

After these amendments were accepted and placed in the bill, on August 9 I received the following letter from President Green, and I suppose every other Member of the House received it:

> The wage and hour bill, as reported by the House Labor Committee, is reasonably acceptable and fairly satisfactory to labor. For that reason I am taking the liberty of writing you requesting you to support this proposed legislation when it is presented to the House of Representatives for final passage.
>
> It occurred to me that you wish to know the attitude of the American Federation of Labor toward the wage and hour bill. In fact a number of Members of Congress have made inquiry as to the position the American Federation of Labor assumed toward this important measure. I am, therefore, writing you this letter, advising you of the American Federation of Labor's endorsement and approval of the wage and hour bill as reported by the House Labor Committee.
>
> I sincerely hope you may find it possible to vote for the enactment of the wage and hour bill into law without any substantial change in the form and character in which it is reported to the House for passage by the House of Representatives.
>
> WM. GREEN,
> *President, American Federation of Labor.*

I know that this letter represented the honest and conscientious convictions of President Green of the American Federation of Labor at the time it was written.

I have always been deeply interested in and honestly and conscientiously in favor of the passage of the wage and hour bill, and I believe the Democratic Party owes it to the people of this Nation to pass the measure. In the fireside address the President made to the Nation just before election day he told the people in no uncertain terms the Democratic Party intended to raise wages and bring about labor conditions which would result in a more abundant life for the workers of this Nation.

Since this session started we have found there are other objections to the bill. I personally talked to Mr. Green, and he told me over the phone at that time that they would rather have the bill administered either by an administrator in the Department of Labor or by the Department of Justice than in the manner previously provided in the bill. This information was carried to the Labor Committee, and it amended the measure, placing the administration of the law in the hands of the Department of Labor. Since then the bill has been reported out, and we are now asked to accept an entirely new measure.

As far as I am concerned, I am going to vote for any bill which comes before the House for third reading and final passage. I am going to vote against a motion to recommit [applause], because this session was called for the purpose of passing wage-hour legislation and farm legislation, and we are meeting here for no other reason. Since listening to the remarks by a number of Members, it seems we are here to pass farm legislation and wage-hour legislation in the interest of the future aspirations of the Members of Congress. I believe we should pass legislation in the interest of the wage earner and in the interest of the farmer. I voted for the farm bill, although it was not at all acceptable to me, and I did so in the hope that we may correct the bill after it has gone to conference, or that the Senate may bring over an improved bill, as it did on numerous occasions during the 1933, 1934, and 1935 sessions of Congress in respect of the New Deal legislation. I hope some bill will pass this session.

A number of Members have made the complaint that farm labor is left out of this bill. I suggest to such Members that they present an amendment bringing under the operation of this law all farm labor working for employers who employ regularly more than five or eight farm laborers. The majority of the farms of this Nation are operated by the owner, with the occasional employment of some help, perhaps a neighbor. However, the large farms where five or eight or more workers are regularly employed or, as in the case in California, where farming has become an intensive industry, should come under the law, and I am willing to vote for such legislation. Whatever the bill, whether it be the original bill, the bill as reported out of the committee with amendments, or the substitute which has been presented by the American Federation of Labor, we ought to be honest with ourselves and with our constituents, and I intend to do so by voting for any bill which will bring some measure of relief to those workers who receive a substandard wage.

It was stated upon the floor a few days ago by my genial friend, the gentleman from Texas [Mr. MARTIN DIES], in his talk against this bill, that unemployment is increasing by leaps and bounds, and we have tried to take up the slack by the expenditure of billions of dollars. We have not taken up that slack by the expenditure of these billions, and we will never take it up until we give the workers buying power.

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri.

Mr. WOOD. Workers were deprived of normal buying power all during the depression, and it is very significant that the income of the farmers and the income of the wage earners went up and down together. It is a fallacy to suggest that raising wages will depress farm prices, as some in opposition to the bill have contended. We must balance production and distribution.

If we are not going to do it by the enactment of wage and hour legislation and farm acreage control legislation, how are we going to do it? Those who have opposed this measure have not offered any solution. As they have not offered any solution, they ought to go along and help us enact legislation that will benefit the workers and give those who are receiving substandard wages in this Nation an opportunity to enjoy some of the comforts as well as the necessities of life.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. WOOD. Yes.

Mr. O'MALLEY. The gentleman from Missouri, like a good many other Members of the House, is a member in good standing of a labor organization. Does the gentleman know whether any of the rank and file of labor have been polled by their leaders with respect to how they stand on this bill?

Mr. WOOD. No; I do not know about that, but I know that the State Federation of Labor of Missouri has repeatedly gone on record, and, as we have discussed this matter at length in our last five conventions, I do know that the organized and the unorganized workers want wage and hour legislation. [Applause.]

Whatever you may say about the N. R. A., in the mist of time the N. R. A. will be termed by thinking people one of the greatest pieces of legislation ever passed by the Congress. [Applause.] Those unorganized workers who got a reasonable wage under N. R. A., which was afterward declared unconstitutional, had their wages immediately reduced. They now want some legislation that will protect them until they can get an opportunity to organize and defend their own wage standards and improve their working conditions. The workers of the Nation want some kind of wage-hour legislation. They are not so particular about the mechanics, but they want results, and I believe it is our duty, and we should accept the responsibility of voting for and passing wage-hour legislation before this session adjourns. If we do not do this, we have fallen far short of our duty.

Mr. RANDOLPH. Mr. Chairman, will the gentleman from Missouri yield?

Mr. WOOD. I yield.

Mr. RANDOLPH. The fear has been broached in the debate here that the minimum wage would become the maximum. The gentleman knows that is not a possibility.

Mr. WOOD. I am glad the gentleman has asked that question. The same fear was broached when the N. R. A. was passed, and that was not the case.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. WOOD. Yes.

Mr. GRISWOLD. Under this bill there is no minimum wage, is there?

Mr. WOOD. But this bill is intended to bring up the wage of the substandard worker to 40 cents per hour and reduce his workweek, which will not only give him additional purchasing power but will spread employment.

Mr. GRISWOLD. But so far as the bill itself is concerned, it does not designate any minimum wage.

Mr. WOOD. No; it does not designate any minimum wage, but it authorizes the Board or the Administrator, after making an investigation, to bring up the wage if it possibly can be done.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield further?

Mr. WOOD. I yield.

Mr. RANDOLPH. Forty cents is the goal sought to be reached?

Mr. WOOD. Forty cents is the goal, and I may say that the six amendments submitted by the American Federation of Labor and accepted by the Labor Committee, I think, and they thought at that time, adequately protects the right of collective bargaining and organization among the workers.

Mr. WITHROW. Mr. Chairman, will the gentleman yield?

Mr. WOOD. I yield.

Mr. WITHROW. Does the gentleman intend to support the so-called Dockweiler substitute for this bill?

Mr. WOOD. I shall support any bill that comes up for final passage. There is such a thing as legislative honesty, and our committee has gone along and has told the 218 Members of the House that if the petition were signed and the bill brought out, we would submit an amendment to eliminate the board and put the administration of the law under the Department of Labor, and that will be done by the chairman of the Labor Committee. [Applause.]

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, like nearly all of the other major legislative proposals which the President during the past 5 years has sent, ready-made and ready-drafted, to the Congress, this bill, S. 2475, pretends to be something which it is not.

S. 2475, commonly referred to as the Black-Connery bill, but with the writing of which neither former Senator Black nor former Representative Connery had anything to do, pretends by its language to be a bill to establish minimum wages and maximum hours for labor in business and industry. Not only has the language of the bill itself given that impression to the country generally but the propaganda which has been put out by the administration continuously for the past 6 months has tended further to give the country this impression of the bill. Not only this but the frequent use in the bill of such terms as "a 40-cent minimum wage" and "a 40-hour maximum workweek" have created a general belief among the people that it is the purpose of this bill to establish a minimum wage for labor of 40 cents an hour and a maximum workweek of 40 hours.

Now the fact is that this bill does not establish either minimum wages or maximum hours and that it is not even the purpose of the bill to prescribe minimum wages or maximum hours; and that, in my opinion, is the first thing in any discussion or consideration of this bill that the Congress and the country should thoroughly understand.

There is another matter about which the country should be informed in this connection. A part of the propaganda which has gone out to the country in an effort to create favorable opinion for this bill has attempted to convey to the people the idea that the administration, and particularly the President, has long been in favor of legislation which would establish a minimum wage and a maximum workweek for labor. The first and most important piece of propaganda of this kind was the President's message of May 24, 1937, which immediately preceded the introduction of the bill we are now considering. In that message, which carefully avoided mention of a single specific provision of this bill, S. 2475, which accompanied the message, and which was wholly conceived and completely prepared in the executive department, the President plainly endeavored to give to his listeners the impression that the legislation he was talking about in that message was a bill prescribing a minimum wage and a maximum workweek in industry.

In that message the President also undertook to convey the idea that for a long time he had favored legislation fixing minimum wages and maximum hours but that enactment of such legislation had been opposed and was being opposed by those selfish interests which he had previously described as Tories and reactionaries. The administration publicity which immediately followed this message further endeavored to carry to the people the idea that the President was the champion and, in fact, the originator of legislation which would guarantee to the workers a decent minimum wage and a reasonably short workweek.

Now, the plain fact is that neither the President nor his administration spokesmen in Congress have ever advocated or even approved of legislation establishing minimum wages and maximum hours for labor, as such legislation is generally understood by both employers and employees throughout the country. There are pending in Congress at this time at least a dozen bills, all having for their purpose the mandatory establishment by law of a minimum wage and a maximum workweek. The first of these bills was introduced as early as the Seventy-third Congress. That was the Black-Connery 30-hour bill. That bill was actually passed by the Senate and was favorably reported to the House by the House Committee on Labor. When the President heard of it, he immediately sent in the N. R. A. bill and demanded that the N. R. A. have the right of way and that no further consideration be given to the Black-Connery 30-hour bill, and the Black-Connery bill thereupon was immediately pigeonholed.

After the Supreme Court by a unanimous opinion held the National Recovery Act to be unconstitutional, numerous attempts were made in the House by the liberals on both the Democratic and Republican sides to secure consideration of one or more of the pending mandatory wage and hour bills. The opposition of the President prevented consideration of any of these bills. The most recent of the wage and hour bills, the Dockweiler bill, which has been approved by the American Federation of Labor and which will be offered as a substitute for the pending bill by way of amendment at the conclusion of this debate, was introduced only a few days ago. The Dockweiler bill, without sham, pretense, or camouflage establishes a minimum wage of 40 cents an hour and a maximum workweek of 40 hours. It exempts agriculture and the several other businesses and industries which by common agreement ought to be exempted. It has the universal approval of labor throughout the country and has met with no substantial objection even from the employers. And yet what is the President's attitude on this bill? The President and his administration leaders in the House are definitely opposed to the Dockweiler bill, and it is very doubtful, in my opinion, on account of the administration majority's control of the House, that we will be given an opportunity even to vote upon the Dockweiler amendment.

Now, Mr. Chairman, I have endeavored briefly to tell you what the pending administration bill is not. It is not a bill to establish a minimum wage or a maximum-hour week. I have also endeavored to state briefly what the attitude of the administration is and has been for 5 years on wage and hour legislation, as that term has been commonly understood both in Congress and in industry and in the general field of labor. Let us now examine what kind of a bill it is that the administration, after months of ballyhoo and propaganda, has offered to the Congress and the people upon this subject. Just what is this 63-page document in the form of a bill entitled "S. 2475," which the administration through every known publicity means at its command has been trying to sell to the wage earners of America by representing to them that this is a bill to establish a minimum wage and a maximum-hour week in industry.

In the first place, does this bill provide for a minimum wage of 40 cents per hour? Most certainly it does not. Does the bill establish a minimum wage of any kind in any amount whatever? It does not. Does it prescribe a maximum workweek of 40 hours, as thousands of the overworked and underfed factory toilers in the East and South actually believe it does? The bill prescribes nothing of the sort. Does it establish any maximum-hour week of any kind for any wage earner anywhere? It does not. Does it prohibit the labor of children, about which there has been so much talk in the debate, either in factories or sweatshops or elsewhere? It does not, although it devotes at least two of its 63 pages to talking about child labor in the same way that it talks about wage and hour standards in the rest of the bill.

What is it, then, that this bill does do? Stripped of all of its Cohenisms and Corcoranisms, of its camouflage, and of the bombastic insincerity of its preamble or legislative declaration, the bill does simply this and nothing more. It sets up a wage and hour division in the Department of Labor and creates the office of administrator. The administrator is appointed by the President at a salary of $10,000 a year. He is responsible to no one, neither to the President nor to the Congress nor to the Court. In this administrator the pending bill, S. 2475, vests the sole, exclusive, and absolute authority to regulate and establish minimum wages and maximum hours for labor in private business and industry.

The bill authorizes the administrator to fix and determine these hours and wages solely in his own discretion and to enforce them through orders made at his own discretion and which, when made, have the full force and effect of law. The bill provides that an order issued by the administrator shall not be subject to review by any other person or agency in the executive department of the Government and that noncompliance with any order the administrator may make shall be punishable by fine or imprisonment, or both. The administrator is authorized to cancel or modify his orders at any time he sees fit and to hold both employer and employee responsible for noncompliance with the changed order. The bill provides that when the administrator shall bring a suit or action to enforce one of his discretionary orders establishing wage scales or hours of labor in industry, or in any particular plant or factory in an industry, the courts of the United States must assume immediate and unlimited jurisdiction to compel obedience to the order, but that when an employer or employee shall be aggrieved through one of these orders and shall petition the court for a review, then the jurisdiction of the court shall be limited to passing upon questions of law, unless it shall appear "that the findings of the administrator are arbitrary and capricious."

The joker in this particular provision of the bill, as every lawyer knows, is that inasmuch as the entire authority of the administrator under the bill is discretionary, no question of law can possibly arise for the court to pass upon. This provision is a comparatively minor one, but it is typical of the deception and the deceit which a careful examination will disclose on almost every page of the bill.

Within the broad, elastic limitations of the bill—and I intend to comment directly upon these limitations before I conclude—this strange and unprecedented proposal which masquerades under the name of a wage and hour bill,

gives to the administrator complete discretionary authority to order and enforce compliance with any kind of a wage scale he chooses to make or with any kind of a workweek which he chooses to order. He can make one scale of wages for a sawmill in Oregon and another for the same kind of a sawmill in Alabama. He can even prescribe different wages and different hours of labor for employees in the same sawmill in either Oregon or Alabama. He can fix a minimum wage at 30 cents an hour in a cotton mill in Boston and a minimum wage of 15 cents an hour for its competitor in the same town or in a town a thousand miles distant. He can fix a maximum workweek of 50 hours in one place and of 40 hours in another. He can do anything he pleases on the subject of minimum wages and maximum hours regulation whenever he pleases and wherever he pleases, and to help him do this the bill gives him authority to hire as many assistants, inspectors, investigators, and snoopers as he pleases in any and all parts of the United States.

No functionary has ever been given more sweeping power to do with as he chooses than this bill proposes to give to the administrator. He can, upon his own authority and without leave of any court, issue a subpena duces tecum to any employer in the United States and have that employer, with all of his books, records, telegrams, and letters, hauled before the administrator personally or before any assistant or employee of the administrator whom the administrator may choose to designate.

He is authorized under this bill to tell both the employer and the wage earner what a fair labor standard for their business is. He may tell them what sublabor standards are, what an oppressive workweek is, what constitutes an oppressive wage, and what is meant by oppressive child labor. I call particular attention to the fact that the bill itself defines none of these terms but gives to the administrator the sole authority to define these terms to suit himself and to compel obedience and compliance with that definition both by the employer and the employee. So far as I am able to find, this is an entirely new idea in law making. I know of no statute that has ever been enacted by the Congress or by the legislature of any State which has ever given to an administrative officer the power to make his own definitions of the very subject matter of a statute and then to compel acceptance of these definitions upon pain of fine and imprisonment for nonacceptance or noncompliance with them.

This entire bill constitutes one vast wholesale surrender by the Congress to the administrator of its entire effective jurisdiction over wage and hour legislation and sets up the administrator as an absolute czar in that field. It will be recalled that the delegation by Congress of its legislative powers to an administrator under the National Recovery Act was unanimously held by the Supreme Court to be in violation of the Constitution. But the delegation of legislative power under the N. R. A. was a mild and conservative delegation compared to that which is proposed in this bill. The Supreme Court of the United States in holding the N. R. A. to be unconstitutional described the delegation of power therein to the administrator as "delegation run wild." What must it say of the delegation proposed in this bill when, in event the bill becomes law, that same question shall come before the Court upon a test of the constitutionality of the act?

It is not conceivable, in my opinion, that anyone who has read the decision which by the unanimous vote of the Court struck down the National Recovery Act, and who has carefully read the bill we are now considering, can seriously believe or contend that the pending bill, S. 2475, is constitutional. It is my serious opinion that the two executive assistants, Messrs. Ben Cohen and Tom Corcoran, who are credited with having written the original draft of this bill, knew when they wrote it that it was unconstitutional. I would be utterly unable to understand how any Member of Congress, upon constitutional grounds alone, could support this bill, were it not for the fact that I know it has been the custom of so many of the majority Members of the House to follow the advice of the President upon constitutional questions. That advice which he gave them in connection with the original Guffey coal bill, was that they should not allow their doubts as to the bill's constitutionality, however reasonable, to stand in the way of their voting for the bill.

In conclusion, Mr. Chairman, I desire to revert to the reference I made a moment ago to the broad and elastic limitations of this bill, by which alone the discretion of the administrator is bound. Aside from the slight restraint placed upon the administrator through the provisions of this bill exempting a limited class of industries and occupations, the bill imposes but one limitation upon the administrator's discretionary power. And that limitation, in my opinion, constitutes the supreme joker of this supremely amazing bill. This one limitation, I am sure, will bring joy to the hearts of the millions of underfed and overworked wage earners of the country, and I know they will be glad to hear about it. The single limitation imposed upon the administrator under this bill is this:

In establishing wage and hour standards the bill provides that the administrator may not fix a minimum wage at more—and I trust gentlemen will mark this, and mark it well—at more than 40 cents an hour, but he is permitted, under the bill, to establish a minimum wage as much below 40 cents an hour as he may desire. He can establish a minimum wage at 10 cents per hour if he wishes to do so. Also, in fixing the maximum workweek the bill provides that the administrator may not prescribe a shorter week than 40 hours. He has complete discretionary authority to establish a 60-hour week if he wants to, but he cannot go below 40 hours. There, I repeat, is the supreme joker, the supreme piece of sham, and the supreme insult to the wage earner of America which this bill contains. I want the wage earner who has been fooled by propaganda to understand this. I want him to know that this bill gives the administrator authority to do everything and anything he pleases in connection with wage and hour regulation except what the honest wage earner wants an honest wage and hour bill to do.

Mr. Chairman, in my humble and sincere opinion this bill is a fraud. It pretends to be a wage and hour bill. It pretends to establish minimum wages and maximum hours for the benefit of the worker. Instead of that, it does nothing for either employer or employee except to put them both under the heel of the most absolute and autocratic bureaucracy that any piece of legislation has ever attempted to set up in this country.

If this Congress wants a wage and hour bill, and for my own part let me say emphatically and unequivocally that I believe that honest, mandatory wage and hour legislation is necessary and have always consistently advocated it, let us vote for an honest bill. Let us vote for the Dockweiler bill, which has the endorsement of labor and of the country generally, which actually establishes a minimum wage and a maximum workweek, which prohibits child labor, and which is to be offered as a substitute for this bill. If the Dockweiler bill should be held to be not germane then let us vote to recommit this bill and demand that the Committee on Labor report to us a mandatory wage and hour bill, one that we will not have to apologize for or be ashamed of, one that meets legitimate desires both of labor and of industry, and one that is drawn with at least some regard and respect for the plain provisions of the Constitution of the United States. For that kind of a measure, Mr. Chairman, I believe there exists a real necessity and a real demand, and I trust that upon recommitment of this bill to the Committee on Labor we will be given an opportunity to vote upon such a measure. [Applause.]

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. WELCH. Mr. Chairman, I now yield to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, I appreciate the opportunity of making some remarks upon this bill, and ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

A LOT OF MISSTEPS IN THIS BILL

Mr. CASE of South Dakota. Mr. Chairman, if ever a bill took a good name and then proceeded to lead the people into trouble, this so-called labor bill is it.

If the wage and hour bill fails of passage, its sponsors will try to make out that those who vote against it are enemies of labor. That will be far from the truth. Many real friends of labor are supporting this measure, but the best they have been able to say for it is that worn-out excuse, "It is a step in the right direction." But any study of the bill must reveal that there are a lot of missteps in the bill. Otherwise it would not be necessary for it to come before us, patched up on the night before consideration with 129 amendments, or whatever the exact count shows.

The Halls of Congress have heard of child labor and sweatshop conditions during this debate as though that was the rule in America and not the exception. I grant there is too much of it, because any of it is too much. And the truth is that a simple bill could have corrected those conditions—at least could have kept the products of child labor and of sweatshops out of interstate commerce.

Bring a simple child-labor act before this body and it will pass with hardly a dissenting vote. Bring a simple bill to outlaw the products of sweatshop labor from interstate commerce and they will be outlawed as the products of prison labor were outlawed. But this is not a simple, clear-cut bill. It is indefinite, hazy, possible of so many interpretations and so many standards that no man will know whether he is violating it or not.

It proposes to set up an administrator without limit on his term, presumably appointed for life, who can name committees or employers and employees and three individuals to represent the public, but easily outnumbered, who will have the power not only to recommend one standard for one industry and another for another industry, but different standards within the same industry and different standards for different institutions within the same territory doing the same kind of business. Imagine, if you can, how industry can prosper under that kind of a system. Imagine, if you can, how jobs will become more plentiful and how labor will profit in the maze and confusion that will follow such a law.

A little strychnine, they tell us, can stimulate the heart; but there is a dose that kills. Many an employer, who has struggled to pay his taxes and make ends meet, who pays the best wages he can, who is loved and admired by the workmen associated with him, will be sick at heart and ready to quit if he is subjected to the complex, uncertain, confusing conditions that would follow enactment of such a bill into law.

For, bear in mind, actual violation of labor standards prescribed under any operation of this bill would not be necessary to bring a swarm of inspectors, snoopers, and stool pigeons into any business, factory, or shop. Only a suspicion or a grudge or business rivalry or the wrong politics. Sections 11 and 12 of this proposed bill do not require the violation of the act to hail the employer into court.

They empower this lifetime administrative czar or czarina or the employees of the labor division or the committees named throughout the country to hail anyone and any records before them merely on the impression of the administrator that the person is about to violate some provision, not merely of the act itself but of any order that may be prescribed under it.

The provisions of sections 11 and 12 are unbelievable until you read them. And you are asked to accept this bill in the name of justice on the plea that it is a step in the right direction. That is not a step in the right direction. Labor can never profit from setting up a situation that will destroy its very opportunity for work. Dr. John Dewey, in giving recent impressions of Russia, has said that the mistake there is in believing—

> that the end is so important that it justifies the use of any means.

On that basis assassinations are excused, but, as Dr. Dewey points out—

> In fact, however, it is the means that are employed that decide the ends or consequences that are actually attained.

That is why this proposed fair-labor-standards bill is not a fair bill and will destroy the very ends it pretends to seek to accomplish. It should be sent back to the Committee on Labor for rewriting.

Mr. WELCH. Mr. Chairman, I now yield to the gentleman from Minnesota [Mr. TEIGAN].

Mr. TEIGAN. Mr. Chairman, the bill before us is easily the most important measure that has been considered by Congress for some time. This is true, notwithstanding the fact that it is inadequate in a number of respects.

What I have in mind in bringing it to the attention of the House is that increased purchasing power on the part of the industrial workers is important in these particulars:

First. It will raise the standard of living of thousands of workers and of their families.

Second. The increased purchasing power of the workers will obviously increase the price of farm products and will thereby improve the lot of the tillers of the soil.

Third. It will have a most beneficial effect upon business throughout the entire country.

I shall not attempt here to emphasize the importance of improving the condition of the workers. That is generally recognized and I have no doubt that the 218 Members of the House who signed the petition to withdraw the bill from further consideration by the Rules Committee, did so in the main because they were interested in raising the standard of living for the men who toil. Then, too, the discussion that has taken place on this bill and which will continue until the bill has been acted upon by the House will cover this point.

EMPLOYED SHAMEFULLY UNDERPAID

I shall merely quote what Isador Lubin, United States Labor Commissioner, in his testimony before the joint committee of the two Houses on the fair labor standards bill last June, said:

> The fact is that when we compare the amount of money spent for food by families of employed workers, with the retail cost of the items that are necessary to maintain a minimum adequate diet, we find that in some cities a third of the employed workers' families do not have enough money to buy the foods that are necessary for an adequate diet.

This in itself is sufficient indictment of conditions as they exist in industry today to justify the enactment of a genuine wage and hour measure with a definite minimum wage provided and a limitation upon the number of hours per week during which the workers may be employed.

FARMERS ASK LIVING WAGE FOR WORKERS

However, the particular thing I desire to bring to the attention of the House is that, contrary to the views that are often expressed in the press and by politicians, the farmers of the country are becoming quite appreciative of the value to themselves of labor enjoying a higher standard of living and thus increasing the latter's purchasing power.

On October 4 last a conference of farmers' organizations was held in St. Paul, Minn. Every important farm organization in Minnesota was represented at the conference. A program was adopted which it was hoped would be embodied in the farm bill then to be considered at the special session. The conference went on record also as advocating cooperation between the farmers and workers. The committee chosen by the conference to carry on the work in behalf of the program adopted state:

> In Minnesota the farmer and the worker have cooperated to win many victories. The practice should be extended to the whole Nation, for the cure for agriculture's ills must be brought about mainly on a national scale. Propaganda of the big newspapers and others trying to show that the farmer and worker have little in common should be promptly exposed. Figures show that farm income rises with income of the industrial worker, and vice versa.

FARM ORGANIZATIONS SUPPORT WAGE BILL

But not only is this the attitude of farm organizations in Minnesota; it is also the view of farmer organizations in the entire Northwest. I want to read to you a brief statement,

signed by the heads of a number of important farm organizations in the States of Minnesota, Wisconsin, North Dakota, South Dakota, and Oklahoma. The statement reads, in part, as follows:

Actual farmers know that the income of labor determines labor's purchasing power. They know also that the purchasing power of labor determines the market of farm produce. In short, farmers know that the living standards of labor and the living standards of the farmer are one and inseparable. They go up and down together. Farmers are now fighting desperately to get national legislation that would assure them an adequate income. In this fight they need the strong support of labor. Just so, labor needs the support of the farmer. The real farmers will give this support.

We deplore and condemn any attempt to divide the forces of farmers and labor. We particularly condemn attempts to make it appear that farmers are opposed to Federal legislation establishing minimum wages and decent working standards.

John H. Bosch, President, National Farmers Holiday Association, 4745 Thirteenth Avenue South, Minneapolis, Minn.; Dale Kramer, Secretary, National Farmers Holiday Association, 650 Gateway Building, Minneapolis, Minn.; George Nelson, Chairman, Board of Directors, Farmers' Union, and Vice President, National Farmers Holiday Association, Milltown, Wis.; Morris Erickson, Secretary, North Dakota Farmers' Union, Jamestown, N. Dak.; Kenneth Hones, President, Wisconsin Farmers' Union, Chippewa Falls, Wis.; Emil Loriks, President, South Dakota Farmers' Union, Sioux Falls, S. Dak.; A. W. Ricker, Editor, Farmers' Union Herald, South St. Paul, Minn.; Charles Egley, Manager Farmers' Union Live Stock House, South St. Paul, Minn.; Tom Cheek, President, Oklahoma Farmers' Union, Oklahoma City, Okla.

GOVERNOR BENSON WIRES SUPPORT

A short time ago I received from Gov. Elmer A. Benson, of Minnesota, a wire asking that I support the pending bill. His telegram reads as follows:

An attempt is being made to persuade Members of Congress from agricultural States to vote and work against passage of the Black-Connery wage and hour bill. I am sure you understand that the establishment of minimum wages and maximum hours for industrial wage earners by Federal law will increase the buying power of underfed workers and will increase industrial employment. Markets for farm products will be strengthened and extended by such legislation and farmers will benefit tremendously.

In this and many other directions the community of interest of farmer and wage earner makes it imperative that both groups and their congressional representatives work in the closest cooperation. Minnesota farmers definitely went on record in favor of such cooperation at a State conference held in St. Paul on October 4. I urge that you do everything possible to prevent predatory interests who oppose both farmers and wage earners from creating friction and discord in farmer-labor relationships. Minnesota farmers and wage earners favor immediate passage of the Black-Connery bill.

AMERICAN SYSTEM FALLING DOWN

The United States is today the most highly developed industrial nation in the world. It is rich in natural resources and has developed its machinery of production beyond that of any other country. According to our economists, we are today capable of producing $150,000,000,000 or more of income annually, provided the millions of idle men and women capable of doing work be permitted to labor at their respective trades and occupations. Inasmuch as the income for the year 1937 will be less than half of this amount, and in view of the fact that there are thousands of idle shops, mills, mines, and factories throughout the land and millions of unemployed, it is well that those in charge of affairs in Congress offer some scheme for solution of the problem.

Our first move in the direction of improving the lot not only of the workers but of the farmers as well, is to pass S. 2475. In my opinion, it will prove a practical aid to the workers and will in the end also prove of greater aid to our farmers than will the so-called farm bill that was passed here last Friday. Let us give the wealth producers of America a chance. Let us pass the pending bill. [Applause.]

Mr. WELCH. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. CLASON].

Mr. CLASON. Mr. Chairman, for decades Massachusetts has been a pioneer in the field of labor legislation. Its well organized wage earners have enjoyed the benefits of steadily improved working conditions, fair wages, and progressively shortened hours of labor. From the standpoint of the skill of the workers themselves, the Commonwealth has been blessed with an abundance of men and women highly trained in well diversified industries. Massachusetts has been proud of its public schools and of its colleges, which are in a measure a development from the high standards of living of its citizens. For 15 years, at least, its wage earners, even though unexcelled in ability, have watched many of its most important manufacturing plants torn down or moved away. This was both possible and necessary because products manufactured in other States and foreign countries, where working conditions are less favorable, where the wages are lower for the same kind of work, where the hours of labor are longer each week and where the standards of living are less satisfactory, have been coming upon our home markets in ever-increasing quantities at lower costs of production.

Today, Congress is debating a national fair labor standards act. I would like to vote for such an act, one which would bring to millions of our countrymen a wider measure of happiness, a more abundant life.

For 150 years the States have controlled legislation of this nature. If Federal legislation is to be enacted, it seems indisputable to me that its purpose should be to raise the standards of living among all persons covered by any bill which is passed to the level enjoyed by the wage earners of Massachusetts. To permit one man, however well advised, or a body of five men, the power and the obligation to set up different wage schedules, different schedules of hours of labor, and different standards under which labor is to be performed in different sections of the United States or in different plants in competition with other plants in the same industry, is to allow a political agency to determine the future prosperity of one section of the country as against another section of the country, and of one group of individuals as against another group of wage earners in the same line of work.

I believe that such legislation is wrong in principle, and that the Federal Government should not exercise its overwhelming power except in a uniform manner throughout the country as a whole. It is unfair to the American citizen as an individual; it is unfair to organized labor, which has spent years of devoted effort to the betterment of the working conditions of its members. If legislation is to be enacted by Congress on this most important subject, I believe that the Congress, itself, should determine both the wage and the hour schedules.

With the purchasing value of the dollar as it is today, I sincerely believe that an adult worker, in good health, performing 40 hours of continuous labor, is entitled to receive at least 40 cents an hour for his or her pay. I believe that manufacturers generally in Massachusetts would be perfectly willing to pay wages on that basis—most wage earners in Massachusetts receive more than that amount weekly at the present time—but Massachusetts employers believe it absolutely unfair that employers in one State should be permitted to pay their workers less, or work them longer hours, than in another State.

A family's expenses for the necessaries of life today are high. They will remain high just as long as the present stupendous national debt of $38,000,000,000 exists. In order that the service charges on this great debt and the other expenses of Federal, State, and municipal governments may be met, it is absolutely certain that money must be kept cheap, in other words, of little purchasing power. Otherwise, the various tax burdens cannot be carried. Therefore, $16 is a relatively small weekly wage.

We have just passed in this House farm legislation which is bound to increase living expenses throughout the Nation. It favored the producers of five designated agricultural crops. It was sectional legislation largely in favor of Southern States. If this fair labor-standards bill is passed in a form which permits differentials in wages and standards of employment to be established, then we are again favoring these same Southern States at the expense of Massachusetts and other States which are fair to organized labor and industry alike. I am ready and willing to vote for a Federal law which establishes a national standard of wages, a national schedule of hours of work each week, and a national standard of conditions of employment, applicable on the same basis and on

the same terms to all parts of the United States. I believe that such an important law should be drawn in committee and not on the floor of the House of Representatives. For that reason, I voted against the motion to discharge the Rules Committee, believing that if the motion was not carried the Committee on Labor would again consider this legislation and remedy its many patent defects. In its final form I believe that it should provide that Congress, and not a board or an administrator, should set the wage and hour standards.

I would call attention to the text of a resolution, adopted last Friday at a meeting called by Governor Hurley in Boston, for textile manufacturers and workers, as follows:

Resolved, That this group wishes to go on record in favor of early passage of the wage-and-hour bill, providing that such legislation does not allow a differential favoring one section over another and that it forbids the employment of women and minors between midnight and 6 a. m., and that such legislation be enacted that will protect the products of American labor.

I commend it to the attention of the House in the discussion of this most important legislation.

I would further suggest that amendments be adopted to this act, whereby there shall be exempted from its provisions outside salesmen, so-called, those employed by storage companies and warehouses, and other persons engaged in handling perishable foodstuffs and other goods, and perhaps other designated classes of employees.

The manufacturers and the wage earners of Massachusetts are in accord on this point; that Federal legislation, if enacted, should not give advantages to States which permit the payment of lower wages, longer hours of labor, the unreasonable employment of women and children, and improper conditions of employment. I am firmly convinced that their demand for equality is reasonable and justified, and that they are entitled to fair and equal treatment at the hands of this Congress.

Let us enact a fair labor standards act, which will bring all wage earners in the Nation to a higher standard of living than is now enjoyed in any State. Let us not enact a fair labor standards bill which will drag down in any degree the present high standards of living now enjoyed by labor in Massachusetts and some other States, after years of continual, unremittent effort on the part of organized labor and high-minded citizens. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. VOORHIS].

Mr. WELCH. Mr. Chairman, I yield 2 additional minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS. Mr. Chairman, I am for this bill because I believe that the bill is right. The reason I say that is because it affects, not, as many people would have us believe here today, all the employers and wage earners in America, not because it affects in any way whatsoever the organized workers of America, but because it is intended to give a certain degree of protection to a group of people who cannot speak for themselves, who are unorganized and politically and economically powerless. There is all the more reason to pass the bill because of the fact that people are unemployed today. That fact has been given as a reason against the passage of the bill. On the contrary, that is the very time when wage earners need protection more than they do at other times.

It seems to me that the fact that the American Congress is considering the passage of this legislation is evidence of the fact that there is a certain moral sense about this Government, so that when we find there is a group of American citizens who can look for protection for minimum standards to the Congress and nowhere else, then we propose to try to give it to them.

The first time you try to make a step in advance in social progress, it is always difficult to do it. There are always those who say, "We are in favor of this step, but now is not the time." There are those who say, "We are in favor of such a step, but this is not the way." There are those who say, "We are in favor of the step, but after all, you just cannot do it because it never has been done before." All kinds of objections will be found. We are attempting a new step in American Government, we are attempting to say not that we will fix the wages of all American citizens, but to say that there is an irreducible minimum below which no American citizen will be asked to work.

As a matter of fact, I am for this bill not only for the reason that it is a first step in giving protection to our poorest paid workers but because I think it is a matter of justice to those employers who have attempted to maintain good standards.

I was sent a newspaper clipping about the opening of a factory in this country, where the newspaper was proud of the fact, apparently, that the new factory in its town would have a pay roll of 900 employees and every 2 weeks the wages paid would amount to $8,000. If you will take a pencil and paper and figure that out, you will find that means $4.45 a week per person. That kind of wages is not going to give the farmers a market. It will not give the manufacturers who pay good wages a chance. I investigated that very case, and I discovered excellent evidence that this employer's wages were literally fixed for him by a mail-order house that apparently had the power to do so. That man would be glad, if he is a good sort—and I do not know but what he may be—if he could be relieved by the strong arm of the Government from that pressure.

So it seems to me there is every reason for us to attempt to the best of our ability to take this step and put a floor underneath the wages paid in the United States.

Furthermore, we must remember in passing this bill that it is important that we have adequate and workable machinery of enforcement, and it is also important that we should, when we get through amending this bill, have a bill which can be passed.

Now, finally, may I say that one of the main reasons why I am for this bill is because of the child-labor provisions. I believe the House committee has done a very excellent job on these child-labor provisions, although I believe there are one or two amendments that should be made. But the method of enforcement of the child-labor provisions, by enabling the employer who can show he is not employing children to get a certificate from the Chief of the Children's Bureau to that effect, and then to be protected against prosecution, is a sound principle, because it means in effect enforcement beforehand, instead of waiting until after a violation to prosecute.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS. I yield.

Mr. MOTT. Does the gentleman say there is any mandatory prohibitions against child labor in this bill?

Mr. VOORHIS. Yes; I believe there is.

Mr. MOTT. Where is it?

Mr. VOORHIS. The bill provides on page 53, line 17, that there shall not pass into interstate commerce goods which have been produced in a factory or establishment in which children have been employed at any time within 30 days. This means children under 16 years of age, and in hazardous occupations it means children under 18 years of age.

Mr. MOTT. Under oppressive child-labor conditions, which the Administrator is allowed to fix and define himself, in his own discretion?

Mr. VOORHIS. Not exactly, but I will say I believe the Administrator has too much discretion. I think it should be cut down so no special certificate could be issued at all to children under 14 nor to children under 16 in manufacturing or mining.

Mr. MOTT. I agree with the gentleman.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey, [Mr. MCLEAN].

Mr. McLEAN. Mr. Chairman, ladies and gentlemen of the Committee, the measure under consideration is known as the wage and hour bill. Its purposes are (1) to establish a minimum rate of wages, (2) limit the number of

hours those in industry may be employed, and (3) prevent child labor. These objectives have a sympathetic appeal. Everyone wants those who toil to labor under proper conditions and in proper surroundings and to receive a wage commensurate with the services performed and the wealth produced. It is agreed that child labor should be abolished. Well-developed minds and strong bodies are essential to our civilization, and it is the obligation of society to develop them in the formative years of life.

This bill is an economic experiment, and, when we are struggling to find out why there is lack of employment, it is hardly the time for experimentation. Things changed after the President summoned Congress in special session. When we met on November 15 it was with a realization that, in the meantime, something had happened to retard recovery.

Business is in a state of suspense, anxiety and fear because businessmen do not know what is going to happen next. They do not know what further taxes are to be imposed, what tax adjustments are to be made, or what further bureaucratic control with its inquisitorial and bothersome features is going to be inflicted upon them by their Government.

When business was freed of the A. A. A. and the N. R. A. there was immediate renewed activity, and signs of recovery quickly became apparent. The determination to revitalize similar governmental agencies is in no small measure responsible for our present business recession.

What we need to do is to get business going, put men to work, and the hours and wages will take care of themselves. Prosperity affects employer and employee alike. If an employer has work to do, he will employ men to do it, and the more work he has to do the more men he employs, and the more men employed the greater the demand and the fewer men available, and the price of labor goes up. We can experiment with men's welfare after their welfare is provided for.

You ask me how this can be done—how confidence can be restored and expansion and development replace fear and retrenchment? First of all by the Government cooperating with business and industry; stop backbiting and agitation of class prejudice; give assurance of the Government's withdrawal from the field of private industry; reduce the cost of production by reducing taxes, by keeping the promise to reduce Government expenditures; balance the Budget; stop creating additional expensive Government agencies. We promised this, but only last week the farm bill was passed creating an expensive bureau, and another will be created by this bill. Show good faith to business by repealing, or substantially modifying, the excess-profits and capital-gains taxes. Even before they were passed businessmen called attention to the fact that these taxes would paralyze expansion and new industrial and commercial developments, and today it is obvious that what they said was true. Get the housing program started. Do not pass this bill, or begin any other economic experiment until a more appropriate time. These things, if done promptly, will start the wheels of industry and put men back to work.

The American workingman now enjoys the privilege of negotiating with his employer as to the value of his services and the conditions under which he will work. He is the master of his own destiny. Under the scheme provided in this bill that privilege will be delegated to a bureau in Washington, and with it he will surrender that much of his independence. If experience is to be taken as a guide, there is more to be gained by his negotiation directly with his employer, or through his organization, than by legislation and the tedium and proverbial red tape of bureaucratic determination.

If the bill has any value whatever, it must be as a part of an economic scheme which takes into consideration all the elements which order our lives so that we can approach—may even attain—perfection. We must begin with the basic fact that the law of supply and demand is still in force.

This law requires an approach to economic considerations that is disregarded in our deliberations today. The value of this law must be as a cog in the economic machine where all of the gears mesh harmoniously and must be made of size and texture that will bear the strain required of the several parts. It will not do to enact this law without regard to the effect it will have on its associated or coordinated activities. The laws of nature know no class or creed—constantly working, they find their level like a flood and inundate those who resist them. Until we provide some satisfactory substitute for the law of supply and demand much of the legislation we are enacting will not work and will find resistance on the part of the people which will keep our economic life in a state of turmoil.

If a manufacturer determines to produce an article for which there is a demand, his first thought is to produce it at a price people are willing to pay. His cost of production depends on the cost of raw materials, the cost of labor, and what we ordinarily know as overhead, being the interest on his investment in his plant, insurance, taxes of several sorts, and selling cost. If the price he can obtain for his article will cover these items and give him a reasonable profit, his efforts will be successful. Therefore, if you would fix the price he must pay for his labor, you must guarantee to him, and the consumer must be compelled to pay, a price which will guarantee a sufficient return to pay the compulsory wages. But that is where the scheme breaks down. While you may inflict penalties on the manufacturer, you cannot make a criminal out of a consumer because he does not buy the things you think he should at a price you require he should pay.

Anticipating this situation, the pending bill attempts to meet it by providing for the Administrator to make adjustments of wage levels, and, as to foreign-made goods, by giving the United States Tariff Commission the power to adjust import duties on foreign articles which compete with domestic articles resulting from the operation of this act.

Does it fit into a smoothly working economic scheme that costs of production should be continually artificially readjusted, and would it be consistent—as a matter of fact, can we, under the reciprocal-trade agreements by which we have guaranteed a portion of our markets to foreign nations and committed ourselves as to the quantity of goods to be imported, exclude foreign-made articles in order to make this act effective?

Valuable lessons applicable here were learned from the experience under the N. R. A. The admission is made that this bill was drafted to meet the opinion of the Supreme Court setting aside the N. R. A. That should be sufficient proof that there is an analogy between the two, and that we should have in mind in the consideration of this measure the lessons we learned from our experience in the era of the Blue Eagle and from the legislation to regiment the coal industry. The so-called coal bill was railroaded through the House, and its board of control, after less than 1 year of existence, is already threatened with investigation by the Congress which created it, and whatever effectiveness it might have had has been destroyed by a controversy as to how its patronage should be distributed. As a matter of fact, I am convinced by my observations of what has been going on that if the cloak of secrecy was removed and we could see plainly into the rooms where the professorial staff is working, we would know that the bill to regiment the coal industry, the recently enacted farm bill, and this measure are all related; written to circumvent the recent decisions which set their predecessors aside, and are a part of the program which it was intended to have sustained through the proposed packing of the Supreme Court.

During the life of the N. R. A. it appointed a board of research to observe its operation and determine how it could be improved or how it should be modified. This board was composed of celebrated economists and a large staff of subordinates and employees. Naturally, it was friendly to the philosophy of the N. R. A. It had at its disposal all of the data and information available. Its investigation and observations of the workings of the N. R. A. lead to conclusions that so far as the regulation of wages and hours was concerned, it resulted in curtailment of production, decrease in

the average standard of living, lower consumption of raw materials, including farm products and lower prices for them, geographical realinement of industry, and higher production costs for farmers. It also showed that under the attempt to fix a minimum wage, while some were raised, a substantial percentage was lowered to the minimum. This would bear out the often-repeated statement that the so-called minimum wage may automatically be fixed as the maximum.

As I have listened to the debate on this bill I have reached the conclusion that it should not be enacted at this time. A majority of those who intend to vote for it are not satisfied with it, and it is cloaked with so much uncertainty and indefiniteness and it is so much of an experiment that it ought to be defeated or returned to the committee for further study. This would be an indication to business that Congress has some understanding of present business conditions and is willing to cooperate in solving its problems. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, it has been my pleasure and my very great opportunity to study this entire question of wages and hours during two long hearings on the Ellenbogen textile bill during two different sessions of this body. The original bill that came to the committee was referred to a subcommittee of which I had the honor of being chairman. We had before us interested men, laboring men as well as operators in the textile field, from all over the United States. We gathered together a great mass of information that really led somewhere. The second time we rewrote the bill in view of the information we had received during the first hearing. Then we held another long hearing and rewrote the bill a third time in view of all the decisions made by the Supreme Court bearing at all on that subject.

It was my idea then, and it is my idea now, that we ought to have gone through with the passage of the textile bill for these reasons: It is the industry that employed the largest number of wage earners; it is the poorest paid of all the industries. Had we passed that bill it would have provided the other industries of the country with something by which to judge their own industry. It would have given the opportunity through experience to learn before we enacted a general bill; and I say here without reservation that I was greatly disappointed when the report was being written for submission to the full committee that Billy Connery came to me and said: "We want you to lay the bill on the shelf for the present and see whether we can pass a general bill." I am a good soldier. I went along. I am going to go along here with whatever bill is finally presented to us for our votes, but I think as I please and I say what I think when the occasion demands it.

Everyone at that hearing and everyone else that I know of is interested in a wage and hour bill, but each of them wants it for the other fellow and not for himself.

There is no such thing as a substandard region. The idea that substandard wages exist only in the South is simply nonsense. It exists in my district and probably in the district of every Member here regardless of whether he lives in New Jersey, Massachusetts, Wisconsin, or California; it does not make a bit of difference, you have got substandards of wages and substandards of living; and it is up to us here whether we are going to stand for a continuation of it or not.

There are before this House four bills. The first one is the bill that we took away from the Rules Committee by petition, Senate 2475; the second is the bill sponsored by the Labor Committee; the third is the bill sponsored by the gentleman from Connecticut [Mr. PHILLIPS] which is the same as the Berry bill in the Senate; and the fourth is the bill sponsored by the gentleman from California [Mr. DOCKWEILER]. There is no excuse for misunderstanding the import of any of them; they are all very simple. The bill we took away from the Rules Committee is the only one of all four upon which hearings were had—any hearings at all. I want you to get that. It is the only bill which the members of the Labor Committee helped in writing; it is the only bill that any Members of this House voted to bring out for consideration; it is the only bill which a majority of the Labor Committee ever voted to report to the House. All of the others are last-minute suggestions that no one has had time to study as bills should be studied before presentation to this House for consideration.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. KELLER. No. I beg the gentleman's pardon. I will gladly yield when I have concluded the main part of my remarks. I speak especially of the bill sponsored by our chairman, the baby she said she found on her doorstep, the poor little foundling which has no birth record, which has no mamma and no papa; and which, in all fairness to the child as well as to its parents and to the public at large, ought to be sent to a foundlings' home until it is old enough to show whether it has a sound body and sane mind before asking anybody to adopt it. In the meantime, we ought to seek its parentage, try to find out who is responsible for bringing it into the world. The House is no foundlings' home, in my judgment, and I hope that we promptly reject that bill which is known as the committee bill, for which 9 members of the committee out of 21 voted, and no more.

The bill we took away from the Rules Committee, the bill which resulted from the joint hearings of the House and Senate, 3 weeks of public hearings and 3 weeks of study devoted to it thereafter by members of the Labor Committee, is the only bill, in my judgment, that ought to be considered here, because it is the only one that has been brought out and given the hearings, given the attention, given the consideration that a justifiable bill ought to be given. A bill that is rushed out here at the last minute is bad in spite of the poor little amendments that we put forward here, sometimes to our great disadvantage and discredit; more so when you bring out a whole new bill at the last moment, for no one is smart enough to write a bill in that way.

But any bill is better than no bill. [Laughter.] Get that. There is just one thing worse: No bill; that is the worst thing of all. The one thing that we ought to remedy as quickly as possible is the uncertainty that seems to make business jittery. Everybody knows we are going to have a wage and hour bill; so, the sooner we pass one the better off business is going to be, because it will remove the uncertainty; and it will not be removed until we do pass some bill.

If you let it go over until another session, we extend that uncertainty.

I want to call the attention of the Members of the House to an amendment which can be applied equally well to any bill we may finally bring up for passage. It will be presented by its author, a new Member of the House, the gentleman from North Carolina [Mr. BARDEN]. The amendment provides for a gradual increase of substandard wages, and I call it to the attention of the Members of the House who believe they are getting the worst of something It will solve the entire question of differentials, both for the North and for the South, to the great advantage of employees and employers and the people generally in the whole United States.

The bill we took away from the Rules Committee is the only one of the four that should be considered here. I am against the Johnson-Wheeler child-labor provision because it is wrong in conception and should not be considered as a part of a bill that is supposed to prevent child labor in America. When the time comes for presentation here there will be no difficulty, I think, in convincing the House of that fact.

I call attention to the fact that those who object to this bill for one reason or another invariably fail to specify just what they are for. When you are put on the spot, you will not hesitate. You will say you are for a wage and hour

bill or you are not, one of the two. Then you can go home and explain it to your constituents, which you have a perfect right to do. I do not criticize a man for having an opinion and expressing it. It is the man who fails and refuses to do that whom I criticize. Those people are like the Arkansas traveler and the leaky roof. It was raining very hard and someone asked him why he did not fix the leaky roof. He replied, "When it rains you cannot do it and when it does not rain you do not need it."

My friend here from Michigan, who astounded me by his reasoning, brought out the idea that this is no time to do it. Well, if we were getting along fine, of course, he would be perfectly well justified in saying that was not the time to do it. It is just a case of the Arkansas traveler moving over to Michigan.

Those who object to a necessary means of enforcement ought to know that a law does not enforce itself, more especially the new laws which apply to the new philosophy of life in this world of ours. [Applause.]

Mr. WELCH. Mr. Chairman, I yield such time as he may desire to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, the pending bill should be entitled, "A bill to enslave labor, to increase unemployment, to reduce the number of jobs, to multiply the evils of 'technocracy,' to level wages downward, penalizing the skilled for the benefit of the unskilled, the energetic for the lazy, to kill all labor unions and collective bargaining, to shut down all business and industries competing with the tariff-protected and freight-rate-favored East, to drive western and southern businessmen and industrialists back between the plow handles—looking at the east end of a west-bound mule." [Applause.]

These are the ill-concealed purposes of the proposed legislation.

The proponents of this measure would set up here a despotism—above and beyond the control of the President or the courts—having autocratic power over both capital and labor.

Of course, they say that many groups such as farm labor have been expressly exempted from the operation of the act. But the underlying purpose is made clear by the fact that originally, when the bill was first drawn by the "brain trust" and handed Congress for enactment, there were no such exemptions. The adverse reaction to the bill made it necessary for the proponents to trade with group after group, giving them each, successively, exemption in exchange for support. So that now what was at first a monstrosity has been reduced to something less grotesque only by comparison, when out of the possible 60,000,000 workers whom it was claimed to benefit, 58,000,000 have been exempted. All they are asking now is to be permitted to put the camel's head under the tent—later they will see to it that his whole body comes in.

After all is said and done, under our American system, business and industry must make a profit, or else cease. So, aside from all the other aspects of the problem, it is absurd to legislate a "floor" for wages and a "ceiling" for hours, wholly without regard or reference to what the business traffic will bear. [Applause.]

One of the favorite arguments in support of this bill is that its enactment will infuse purchasing power into the masses of underpaid labor. If this were one of the purposes of the bill, or if the proponents really believed their argument, why did they exempt the largest, most grossly underpaid, and longest-working group in America—the laborers on our farms?

Why do they exempt domestic servants? The next largest group? The answer to these questions is perfectly and instantly clear. The allegation of increasing the purchasing power of the masses of underpaid labor is but a sham and catch phrase to cover the cunningly hidden purposes of this bill. The American people love freedom and insist upon personal liberty. Our forefathers came to this continent to escape tyranny. Domestic servants and farm laborers and their employers do not desire and will not stand for such interference with their constitutional rights and liberties, nor for autocratic control over their personal, individual, private affairs.

Employers everywhere recognize the fact that the higher the wages which can be paid, the better off everyone will be for, of course, an increase in wages increases buying power of the consuming masses. Therefore, in this enlightened age all of us have come fully to recognize the truth that essentially we are all in the same boat and have a common interest in maintaining the highest possible standard of living for all. This is demonstrated in every section of our great Nation. Wherever it is possible to make a sufficient profit out of any enterprise to enable it to survive and pay a reasonable return upon the invested capital, you will find that enterprise paying much more in wages than the proposed minimum.

Of course, the farmers have to buy practically everything they purchase in a "protected" market—from the beneficiaries of the tariff—which increases the cost of their purchases some 45 percent on the average. The farmers have no tariff for their protection and so must sell their products in a free market. Preferential freight rates for the same tariff-favored class further discriminate against the farmers of the Nation by an average of some 39 percent. As a result of these twin frauds—high tariffs and low freight rates—the average income of the American farmer is less than half of the average income of the man in the favored class. [Applause.]

How can the cotton farmer in Alabama, for instance, whose average annual income from cotton—his major crop—is only $200, pay a decent living wage to any employee? The same thing is true in other lines of business. There is no sense in requiring the impossible. Wipe out the unjust discrimination and you will find that wages will rise and hours be shortened without coercion of any kind, much less the kind proposed in this bill.

The platform of the Democratic Party adopted at Philadelphia in 1936 is invoked as authority for this infamy, but of all the arguments based upon this premise, not one has dared quote the words of the platform on this subject. The platform indicates cooperation with the sovereign States, not destruction of their sovereignty. Neither the party nor any Democrat is pledged by that platform to support any such vicious violation of the constitutional guaranties. [Applause.]

There is nothing in this or any other platform of the Democratic Party which pledges the party to any such assault with intent to murder industry and enslave labor. [Applause.]

The unconstitutionality of this bill is frankly admitted by many of its supporters—it can hardly be denied. The only vestige of authority for even the asserted purpose of the bill is that giving Congress the right "to regulate commerce with foreign nations and among the several States, and with the Indian tribes." Nothing is further from the minds of the proponents of this bill than to limit its operation to a bona fide regulation of interstate commerce. The real purpose of this bill is to take the first step toward the complete regulation of all wages and hours. It is a product of that type of insanity known as paranoia, of which the inflated ego is the major symptom. This bill is an evidence of the Messianic complex. Its proponents pretend to believe that one man or a board in Washington will be so omniscient as to regulate equitably everything within the practically unlimited power granted. The Supreme Court of the United States in the Schechter case has already, by analogy, condemned this bill in most of its aspects as being unconstitutional and void. The later cases involving the question of the constitutionality of the Wagner Labor Relations Act do not militate against the conclusion announced in the Schechter decision, nor qualify it. There is granted in the Constitution no such

power as that which this bill seeks to exercise. Our oath binds us to uphold the Constitution. [Applause.] The Nation is safe only if we do. [Applause.]

God of our fathers, known of old,
Lord of our far-flung battle-line,
Beneath whose awful Hand we hold
Dominion over palm and pine—
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!

If, drunk with sight of power, we loose
Wild tongues that have not Thee in awe,
Such boastings as the Gentiles use,
Or lesser breeds without the Law—
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!

Eight score and one "years ago our fathers brought forth upon this continent a new nation, conceived in liberty, and dedicated to the proposition that all men are created equal." So spoke the great-hearted Lincoln in dedicating the field upon which was fought the decisive battle of the War between the States.

The Battle of Gettysburg was fought by men in uniform, thousands of whom were killed in the slaughter of those 3 bleeding days.

Today, as representatives of the sons of the sixties, we meet again on a great battlefield of another war between the States. We are not in uniform. This "Big Bertha"—the wage and hour bill—aims to destroy the foundations of our Government and of our economic structure, rather than quickly kill those on the other side. As one of the issues decided by the then arbitrament of war was slavery, so slavery is one of the issues to be decided by the outcome of this war. Then the slavery of the colored man was destroyed, once and for all time, thank God. Now, by this bill, it is proposed to enslave all labor without regard to race, color, previous condition of servitude, their constitutional rights, or our oath of office. No matter whether by an oligarchy in the guise of a Labor Standards Board or by a king called an administrator, this bill proposes to set up an absolute despotism over the lives and liberties of the working men and women of this Nation.

Of course, it may be contended that the despotism thus sought to be enthroned will be benevolent—that the purpose is to benefit those over whom it is to exercise its dominion. But such a contention evidences a complete forgetfulness of the bitter lessons of history. What tyranny has ever been established which did not proclaim itself benevolent? Does not every dictator shout himself hoarse in protestations of friendship for the masses, while his chains are being shackled on their necks?

But even if it could be thought that the first dictator or dictators to assume the powers conferred by either of the committee bills, would be partial to labor, what of the successors? Who can give any assurance that the pendulum may not swing to the other extreme in the next administration, or the next, or the next? Once rights are surrendered, they are gone.

The moving finger writes; and having writ,
Moves on: nor all your piety nor wit
Shall lure it back to cancel half a line,
Nor all your tears wash out a word of it.

The conclusion of the excellent analysis prepared and submitted to us by the American Federation of Labor dealing with the bill which the Labor Committee of the House is submitting as a substitute for the Black-Connery bill is challenging, and I beg your careful attention as I quote it:

PART III—CONCLUSION

All the objections which exist against the administration of the act by a board, and all the dangers inherent therein, exist in aggravated form under the set-up of the Administrator; this for the reason that in the case of the board there are five minds functioning of persons selected from different localities, and with a representative of labor thereon. The principle of checks and balances therefore may apply in the case of the board, but not in the case of one administrator. If the board is dangerous, even under such circumstances, and unacceptable, certainly the Administrator is even more dangerous and should be rejected.

In the proposed set-up of the Administrator, moreover, there is a special provision that—

"The Administrator is authorized to administer all of the provisions of this act as otherwise specifically provided, and his determinations and labor standard orders shall not be subject to review by any other person or agency in the executive branch of the Government." This provision should be considered with the provision "The review by the court shall be limited to questions of law; and findings of fact by the Administrator, when supported by evidence, shall be conclusive unless it shall appear that the findings of the Administrator are arbitrary or capricious."

These provisions apparently were intended to create an independence in the Administrator to reinforce his power and to make him immune from any reorganization bill or any other influence from the President or otherwise, and to make him subject to judicial review only under circumscribed conditions not involving his discretion. He therefore would have in his control the power to destroy entirely industrial organizations, communities, labor unions, collective-bargaining agencies, and determine the conditions under which these respective communities, organizations, and agencies shall function or shall live.

But this ignores many of the dangers to the cause of labor which are implicit in these bills.

It is certain that the enactment of any such bill will result in the closing of many plants, which, for various and sundry reasons, would be unable to survive any wage increase or decrease of hours. This would mean increased unemployment and the reduction of the number of jobs, which, while not attractive, yet now provide a living, such as it is, for many of our fellow citizens.

Another inevitable result would be to penalize the skilled for the benefit of the unskilled, by a general leveling down of the wages of the skilled to meet the necessity created by the increase of the lowest wages caused by the minimum-wage requirement. The experience with just such measures, not only in ancient but also in very modern history, proves the truth of this assertion. The skilled workers in Russia, Italy, and Germany today bear mute testimony that this byproduct cannot be avoided, and that the average of all wages is not raised by fixing a minimum.

Another effect which would surely follow would be the stimulation of the trend toward mechanization of industry. Machines would still further add to the number of the unemployed. Thus the evils of technocracy would be multiplied.

But over and above all these dire consequences would come, as certain as night follows day, the abolition of the principle of collective bargaining and the doom of all organizations which exist for the benefit of labor. Labor's cause, in every case, if any such bill should become law, must be submitted to political despotism for determination—no amount of pleading by its own chosen spokesmen could change the edict of the dictator. His decrees would be governed only by the political complexion of the administration under which he might be serving.

The issue here to be decided is of transcendent importance. It includes questions like these: Shall one favored section further enrich itself by impoverishing the other three-fourths of the Nation? Shall human slavery be reestablished in the United States? Shall we attempt to legalize robbery? Shall we ignore our oath of office and try to trample the Constitution and the sovereignty of the States into the mire of overweening selfishness? [Applause.]

Whatever may be the fate of this bill, my hope, my prayer, is that a majority of us will join in saying to the proponents—paraphrasing the words of the Great Commoner—You shall not press down upon the brow of labor this crown of thorns, you shall not crucify the body of our freedom upon a cross of greed. [Applause.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, the reasoning of the gentleman from Illinois is always interesting to follow. The gentleman made the statement that any bill is better than no bill at all.

If we apply the same thought, follow the idea to its conclusion, we are given to understand that the fires of hell are better than no fire at all.

There may be one reason why this bill should receive the support of the administration.

If it be true that the campaign contribution of more than $600,000 of John L. Lewis and his affiliated unions to the reelection of the President was based upon a justifiable understanding on the part of Lewis that when labor legislation was considered the debt was to be repaid, then those who follow the administration through thick and thin, hell and high water, should vote for this bill.

That Lewis has such understanding is very evident from his statement, made during the course of the sit-down strikes, when he said:

> The administration asked labor to help it repel this attack and labor did help the President to repel the economic royalists. These same economic royalists now have their fangs in labor and labor expects the administration to support the automobile workers in every legal way in their fight.

Some thought the debt had been repaid by the action of the President's Governors—Murphy of Michigan and Earle of Pennsylvania—when they set at defiance the laws of the land and by force and arms drove honest toilers from their places of employment and deprived them of their means of making a livelihood.

It is evident that Lewis did not consider the debt fully paid. Notwithstanding this tremendous aid given to his cause by four departments of the Government and the activities of the head-hunting N. L. R. B. and the activities of the witch-burning Senate Civil Liberties Committee—and that aid contributed in no small measure to the success of the C. I. O. organizing campaign—he still later, when public opinion force a temporary lull in the C. I. O.'s and the Government's attack upon the American Federation of Labor, the independent worker, and industry, demanded his pound of flesh. He expressed that demand in no uncertain terms. He said:

> It ill behooves one who has supped at labor's table and who has been sheltered in labor's house to curse with equal fervor and fine impartiality both labor and its adversaries when they become locked in a deadly embrace.

And here we are. And the pound of flesh is to be cut from the heart of American labor, even though free labor be bled to death.

A political debt is to be paid and, as usual, paid at the expense of the toiler, the man least able to make payment.

Promises should be kept; but there comes to mind that statement of Shakespeare:

> It is a great sin to swear unto a sin, but greater sin to keep a sinful oath.

Then, too, it sometimes happens that a Shylock demands overpayment; and like Shylock of old, Lewis now, demanding his pound of flesh, should be reminded that he does not represent all labor and that he does not even truly represent all of C. I. O.; that, as a matter of fact, he represents but a very small proportion of the 48,000,000 men who toil with their hands and earn their bread in the sweat of their faces.

Hence, with Portia, may we well say:

> Take then thy bond, take thou thy pound of flesh,
> But, in the cutting it, if thou dost shed
> One drop of Christian blood, thy lands and goods
> Are by the laws of Venice confiscate
> Unto the state of Venice.

If needs must, let Lewis have his pound of flesh, if he can get it without destroying the freedom of the worker; without forcing the farm hand to purchase the high-priced products of the well-paid factory worker, while themselves subject to unfair labor competition.

But demand that, in taking his pound of flesh, Lewis shall not deprive the isolated, independent, unorganized workers of their sources of employment and destroy the business of the small manufacturer.

Under a banner which bears the legend, "An act to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes," as, in the farm bill which was advanced as an aid to the farmer, fraud and deception cover the granting to departments of the Government of arbitrary power which will destroy the opportunity and the freedom of the citizen, tend to create monopoly and tend, if I may use that emotion-stirring phrase of those who style themselves progressives, "to make the rich richer and the poor poorer."

There are two very good reasons why this bill should not be enacted. The first has been referred to. It is the centralization of power in the hands of a bureaucratic department. That method has been tried and it has been demonstrated that it not only results in the destruction of the freedom of the citizen, but brings disaster to enterprise and creates strife and unemployment.

Speaking of the centralization of power here in Washington, the President said:

> In the hands of a people's government this power is wholesome and proper. But in the hands of political puppets of an economic autocracy such power would provide shackles for the liberties of the people.

Since those words were uttered, we have had a demonstration that those powers centered in Washington have fallen into the hands of "political puppets," and that the liberties of the people are being destroyed by those who wield these powers.

I need not quote those unfriendly to the administration. Let me produce the evidence from the administration's friends and former friends.

It has been the proud boast made on the floor of this Chamber by the administration's supporters that labor was a unit behind this administration. Yet the activities of the National Labor Relations Board have been such that the American Federation of Labor has denounced it as the mouthpiece of the C. I. O. and John L. Lewis.

And Lewis, if last night's Washington papers be correct, charges it with having altered some of its findings made in favor of the A. F. of L. because of criticism by the A. F. of L.

On December 7 Gov. Charles H. Martin, of Oregon, moving to end the 118-day tie-up of the Portland lumber industry growing out of a decision by the N. L. R. B. in favor of the C. I. O., pledged himself to end the threat of "gangsterism" in Oregon, and demanded that the "damned Labor Relations Act should be thrown off the books" or "if that can't be done, it ought to be drastically amended."

The activities of the N. L. R. B. in Oregon have brought to that State the distinction of having an employer, the Inman-Poulsen Co., picketed by both the American Federation of Labor and the C. I. O.

The Governor said:

> Homes of workers have been stoned, men slugged and beaten, women and children have been threatened and intimidated by the hired thugs and gun squads that have taken part in the unholy and unnecessary warfare. The people of this State will no longer tolerate the implications of anarchy and disregard for law and order.

The N. L. R. B. has acted so arbitrarily, so unfairly, it has persecuted those who furnished employment so viciously and so continuously that it has established a reign of terror throughout the land, until, like a blinding, choking dust storm, it has stifled all business enterprise.

It has lost the confidence of all the people. Because, acting with the Senate Civil Liberties Committee, it has improperly taken part in the organizing activities of the C. I. O., and because of its attack upon the American Federation of Labor, it has incurred the justifiable animosity of that organization.

When the record forced it to make a few decisions favoring the A. F. of L. and finding against the C. I. O., Lewis turned on it and charged it with yielding to improper influences.

Like every individual or body which is guided by expediency rather than by principle, it finds itself without one true friend.

Even though the payment of the political debt be demanded, Lewis should not be permitted to kidnap labor, place it in the custody of the Secretary of Labor, Mme. Perkins, hold it to ransom until it pays initiation fees and dues, even

though a part of those fees find their way into the New Deal campaign fund.

It is laudable to attempt to provide a minimum wage and a maximum hour, but it is essential that in making the attempt we do not accomplish a result which will leave the worker in worse condition.

It is in motors, in steel, in General Electric that shorter hours and high wages prevail. Have you ever considered the reason? Executive ability, vast resources, mass production, high efficiency, turn-out, although wages be high, a greater quantity of goods at less cost than can otherwise be produced.

Do not make the mistake of believing that this result is accomplished because of the high wages. It is the combination of resources, executive ability, and a continuing improvement in production methods that enable the payment of a high wage.

The establishment of a 40-cent rate, of a maximum 40-hour working period, will in no way affect steel, General Motors, General Electric, or any other large concern. It will, if the bill will do what its supporters claim, affect every small manufacturer, every worker in small city, village, and on the farm.

The inevitable result will be this: A tendency always to establish mass production and to drive labor into mass-production centers, with the consequent destruction of the small business enterprise, the loss of employment in the smaller communities; the inevitable creation of a monopoly.

We have heard complaint against mass production, against the chain stores, against big business. Yet those who have complained so bitterly are back of this bill, when, if they consider, they must realize that in the end its passage must work harm to the independent worker, to the man who toils in the small factories, to the store owner; in fact, to all of those who are not employed in the great industrial centers; and that it will add to the wealth of the Sloans, the Girdlers, the Motts, the Fords, whom they so roundly denounce.

Mr. WELCH. Mr. Chairman, I yield 2 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, in rising today may I say I have no bitterness of feeling for the South. Many of my best friends are southern Members, or I at least hope they are, and I feel friendly toward them. Some of the finest letters I have ever received in my life came from southern people.

I think when the southern Members make the statement they cannot compete with the same minimum all over the country they are being unfair to labor in other States. The labor of their own States has proved that they can compete with labor in every other part of the country. It is absurd to imply that the southern operators are not capable. In my own district I have the finest and most skilled labor of any section of the country. Of course, that has come from years of training. Even in the woolen industry the South is competing with the North and taking away our woolen industry due to the lower wages that it pays.

Mr. Chairman, I want to pay a tribute to the women of Lowell of 100 years ago. The picturesque Lucy Larcom, with her poems and her writings, did much to bring prestige and honor to Lowell women in industry. The gallant Sarah G. Bagley, who formed the Lowell Female Labor Reform Association, was the pioneer in labor reform activities. As long ago as 1845 she appeared before a legislative committee in the statehouse in Boston, petitioning for the establishment of a 10-hour day. Her efforts showed results. The first to really organize were the women of Lowell, afterward followed by the organization of the men. These women worked steadily for the betterment of women; their success made easier the task of the men workers in industry. The first cotton textile mill in this country was started at Lowell, the city which I have the honor to represent and the city where I live. Massachusetts had the first enforceable hour law for women and children, enacted in 1879. Massachusetts was the first State of the Union to have a minimum-wage law. We have the best labor laws of our section of the country. What a step it has been from the 60 hours or more a week of the olden days to the 48-hour week of today. What a change has taken place in the actual working conditions in the mills themselves. All of this is for the good of the whole, and any piece of labor legislation which is fair to both sides—the employer and the employee—will always have the support of Massachusetts. Those of us who come from that great Commonwealth know that our workers are the best paid, most skilled, and most loyal of any section of this country. They know that many other sections of the country have got to go a long ways to match the labor laws of Massachusetts, to protect the workers as do the laws of our Commonwealth. In maintaining these fair conditions some of our industries have been beguiled away by inducements of lower wages and longer hours. If the industries had the same minimum wage all over the country, I believe it would be of great advantage to Massachusetts. We would then be competing on fair terms.

Mr. Chairman, I am definitely and unalterably opposed to wage differentials. Our workers should be treated the same in all sections of the country. I favor the bill which will give our workers an even chance with the workers of other sections of the country. I cannot see why the South, with its natural advantages of raw materials, should be given the added advantage of lower wages. I plead with all of you, those of the South and those of the North. May I tell the southern Members, who go back to years ago, that my forebears, too, lost everything they had in the Civil War. We knew what suffering was as the result of that war.

Mr. Chairman, I ask for an even chance for our people. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Chairman, when the general debate on this measure is completed the chairman of the Committee on Labor will offer a committee print as an amendment, after the reading of the first section of this reported Senate bill. I presume somebody will then offer the American Federation of Labor bill as a substitute for the chairman's amendment. The parliamentary procedure then, as I understand it, will be to proceed by perfecting amendments to perfect the two conflicting versions of this bill, and then vote as between those two. After one of them is voted down, then another substitute may be offered, and so we will proceed until we finish the consideration of this bill.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I am sorry, I do not have the time.

I want to direct my discussion in the few minutes I have to two measures which I believe will be before the Committee during such parliamentary procedure. First, there will be the committee substitute, as I shall call it, changing the administration of this bill from an independent agency, a five-man board appointed by the President, to an administrator in the Department of Labor. If you will read carefully the committee substitute, you will find the real power lies not in the administrator but in the so-called wage and hour committees which he appoints for each industry where he believes it is necessary to have wage and hour orders.

In Senate Document 65 of the Seventy-fourth Congress you will find, beginning on page 6, a discussion by the Supreme Court of the question of delegation of legislative power; and from page 10 I want to quote this language from the decision of Chief Justice Hughes in referring to code authorities:

> Could trade or industrial associations or groups be constituted legislative bodies for that purpose because such associations or groups are familiar with the problems of their enterprises? And could an effort of that sort be made valid by such a preface of generalities as to permissible aims as we find in section 1 of title I? The answer is obvious. Such a delegation of legislative power is unknown to our law and is utterly inconsistent with the constitutional prerogatives and duties of Congress.

The question, then, turns upon the authority which section 3 of the Recovery Act vests in the President to approve or prescribe. If the codes have standing as penal statutes, this must be due to the effect of the Executive action. But Congress cannot delegate legislative power to the President to exercise an unfettered discretion to make whatever laws he thinks may be needed or advisable for the rehabilitation and expansion of trade or industry. (See *Panama Refining Co.* v. *Ryan*, supra, and cases there reviewed.)

I believe if you will read this Senate document, and especially the section dealing with delegation of legislative power, you will come to the conclusion I have reached, that the delegation of power to the wage and hour committees set up under the new draft of this legislation goes beyond any power which Congress has to delegate its duties to a body not connected with the Government. [Applause.]

I have other objections to this version, and I regret I cannot go along with the majority of my own committee, who have adopted this substitute.

Coming back to the question of the American Federation of Labor bill, which purposes to set up a rigid minimum wage of 40 cents an hour and a rigid maximum of hours at 40 per week, or an absolute minimum of $16 per week; if you will read part I of the hearings before the joint committees of the Senate and the House on this bill you will find on page 20 of the hearings that the gentleman from Illinois [Mr. KELLER] asked the following question of Mr. Robert Jackson, Assistant Attorney General, who presented the legal phases of this matter to the committee and helped draft this bill:

Representative KELLER. It would require very considerable time, would it not, for this board to set the different minimums for the various divisions of our industries?

Mr. JACKSON. I suppose it would take some time. I would not know just what time it would take, but it would take time, of course.

Representative KELLER. Why not set some such minimum wage in this bill which would act as a minimum until a fair minimum wage could be established by the board?

Mr. JACKSON. Well, if you did that you would run the risk of setting a minimum which would be in some particular case a great hardship, and of having your right to fix a minimum tested in the courts under its most unfavorable aspect as a violation of due process.

It is my contention and my belief that under the supposed A. F. of L. bill you would fix a minimum wage of a rigid $16 per week, and some employer would take the case to court and would prove you had imposed upon him the obligation and the duty of paying a wage without any regard whatsoever to the value of the services rendered. You would find some hardship case where it could be proved that the services were not worth $16 a week, and the Supreme Court would necessarily have to invalidate your statute under the due process clause of our Constitution.

For that reason I say to the members of the committee that I hope when this matter is considered we may go back to the bill with the five-man provision, which was carefully considered both by the Senate committee and the House committee, passed by the Senate, adopted by the House committe, and reported to this body last August. It gives every possible consideration any employer might desire to every phase of this matter. It gives hearings back home, where the little employer and his employees may be heard without having to bring employers, employees, their representatives, and their lawyers to Washington at great expense. It gives consideration to differentials, not to geographical differentials but to differentials based upon facts. There could be differentials in the same city, in the same county, and in the same State if the facts warranted the board in fixing a different wage because of different conditions. It is my conception of the type of law we ought to have, it is my conception of what the President asked us to pass, it is a bill which takes into consideration the different conditions in different sections of our country, a bill which would gradually approach the ideal the President discussed in his message. If you will read the President's message, you will find he has no thought at this time of any rigid minimum of 40 cents an hour or a rigid 40-hour week and specifically so stated; and he reiterated it in his message at the opening of this session of Congress.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. Yes; I yield to the gentleman from Indiana.

Mr. GRISWOLD. Will the gentleman explain where the line of demarcation is between the delegation of power to an administrator under the Labor Department and to the board as set up under the other proposal?

Mr. RAMSPECK. There is quite a difference, I may say to the gentleman, between delegating power to an independent agency of the Government and delegating power to a voluntary wage and hour committee composed of employers and employees, who may be fixing wages and hours for their own competitors. The courts have gone much farther, I may say to the gentleman from Indiana, as he knows, being a good lawyer, in upholding the delegation of power to independent commissions like the Interstate Commerce Commission, the Federal Trade Commission, and others of that type, than they have ever gone in upholding delegations of power in other instances.

Mr. GRISWOLD. It is true they held invalid the delegation of power to the code authorities under the N. R. A. is it not?

Mr. RAMSPECK. Yes; they certainly did, and I think for the very sound reason that there we were delegating power to code authorities, not to an agency of the Government. We did not have the power lodged where it ought to have been, and we did not place proper limits or directions in the act.

Mr. Chairman, as I have stated on a previous occasion, I am not an advocate of wage and hour legislation. If I could have my way about this subject, I would like to see all of the employers of our Nation say to their employees, "We will meet at the conference table with your chosen representatives and settle problems of hours, wages, and working conditions by mutual consultation and agreement."

If all employers had accepted the Supreme Court decision in the National Labor Relations cases with a desire to make the National Labor Relations Act succeed, I feel sure that we would have had no demand for this legislation.

All laws are made to control a minority, a small percentage of our population which acts in a selfish manner and refuses to do that which we know is best for all of us.

It is my belief that a large majority of the employers of our country do not wish to exploit labor; that they want to pay adequate wages and maintain reasonable hours. They are in competition with the minority, to whom I have referred. This unfair competition from the chiselers eventually drives down the wages and lengthens the hours in commerce and industry.

Under the N. R. A. we made great progress toward more adequate wages and more reasonable hours. The minority was forced into line for the time being. Since that act was invalidated we have seen a gradual trend toward lower wages and longer hours on the part of this minority. From this trend has come the demand once more for action by the Government.

While I would prefer to see this matter handled by mutual agreement between employers and their employees, I have expressed a willingness to support legislation of this type, provided, when the vote on final passage is reached, the form of the legislation appears to me to be reasonable and fair to management, to labor, and to the consumers.

Before going into a discussion of the contents of the proposal let us review the history of this suggestion.

In May of this year the President sent a message to Congress asking consideration of this subject. In discussing the matter he called attention to the fact that businessmen could not act unanimously because they had no machinery for agreeing among themselves and for the further reason that they had "no power to bind the inevitable minority of chiselers within their own ranks."

Later in his message the President said:

A self-supporting and self-respecting democracy can plead no justification for the existence of child labor, no economic reason for chiseling workers' wages or stretching workers' hours.

In another paragraph the President said:

Even in the treatment of national problems there are geographical and industrial diversities which practical statesmanship cannot wholly ignore. Backward labor conditions and relatively progressive labor conditions cannot be completely assimilated and made uniform at one fell swoop without creating economic dislocations.

It will be observed therefore that the President had in mind a gradual adjustment of existing conditions and that he was moving against the chiselers.

The Senate and House Labor Committees in joint sessions held public hearings on this subject for 3 weeks, meeting both mornings and afternoons. Full opportunity was given for everyone to be heard. These hearings covered the entire field. We heard from employers, organizations of employees, trade associations, economists, and many others.

After the hearings ended both committees, acting separately, gave days and days of careful consideration to the matter. The Senate acted first, due in part to the unfortunate death of our beloved friend, the chairman of the House committee, the late Representative William P. Connery, Jr.

With our new chairman [Mrs. MARY NORTON] presiding, the House committee resumed its consideration, and while that was in progress the Senate passed the bill by a vote of 2 to 1. Then our committee made numerous amendments to the Senate bill and reported it to the House early in August. A rule was applied for but never granted. From time to time since then the committee has given the matter further careful consideration.

It has been charged that the matter has not had sufficient consideration. Does anyone contend that the delay from August to the present time has made this proposal any more agreeable to those who oppose it? I think not. In fact, the changes made recently are no less objectionable to business and organized labor and are more objectionable to me.

Mr. Chairman, I am not in agreement with the action of the committee in proposing an administrator in the Department of Labor in lieu of the five-man board proposed in the bill as originally reported.

The five-man board would be appointed from five sections of the country, thus giving representation to all sections. It would have lodged in it the real power which the bill contained to regulate minimum wages and maximum hours. That power would be in this semijudicial board, an independent agency of our Government.

Under the new proposal the real power is vested in wage and hour committees not a part of the Government. That is delegating legislative power to a nongovernmental agency. In my opinion it goes beyond the power given to code authorities under the N. R. A., and the Supreme Court held such delegation of power to be beyond the authority of Congress.

In the bill as reported last August the board was required to hold hearings at points as near as practicable to the principal place of business of the employer. That insured an opportunity for hearing to small employers and their employees. The new plan provides for hearings in Washington only.

We now have two examples of the mistake of placing regulatory agencies under a Department without giving that Department authority over such agencies. I refer to the Bituminous Coal Commission and the Housing Administrator under the Department of the Interior. I am reliably informed that in both cases friction has arisen.

Mr. Chairman, I cannot support this new proposal. It makes no provision which insures proper consideration for the differences that exist in various sections of our country. It would require employers and representatives of their employees to incur the expense of coming to Washington for hearings. It empowers wage and hour committees to call witnesses and to delve into the records and affairs of employers and of organizations of employees. Remember that these committees are not public officials, but on the contrary might be competitors of those whom they can investigate under this plan.

IS THIS DIRECTED AT THE SOUTH?

Mr. Chairman, some of my colleagues make the charge that this proposed legislation is directed at the South. I find nothing to substantiate that attack. They first said it was hatched in the brain of radical organized-labor leaders. When it developed that organized labor was not enthusiastic about the bill, they shifted their attack and placed the blame on eastern employers. When these employers came out against the bill, they charged that some sinister intellectuals with red leanings were the dark, deep plotters against our section of the country. They appear to be satisfied with conditions as they are in the South. I am not. They claim that it costs less to live in our warmer climate and therefore our workers should get less. They claim that our workers are less productive and therefore should work longer hours. They say we do not have modern machinery and therefore cannot compete with the highly mechanized industry of other sections. Let us see what provision the bill makes for the consideration of such facts, if they should exist.

First, take the cost of living. If it costs less to live in the South, the bill provides that in fixing wages such fact shall be taken into consideration. If it actually costs less to live in the South, why should all of this advantage go to the employer? Is not the worker entitled to be paid a like amount if he produces as much as his brother in other sections? I think so. If it costs less to live, it also costs the employer less to live in the South.

I am not at all sure, however, that the cost of living is less in the South, at least in the larger cities of the South. If you will examine the figures below, gathered in a survey of living costs in 59 cities throughout the country, you will see that in some cases costs are actually less in other sections.

Cost of living per year, 4-person manual worker's family, 59 cities, March 1935 [1]

Cities	Maintenance level	Emergency level
Average, 59 cities	$1,260.62	$903.27
Atlanta, Ga.	1,268.22	911.25
Binghamton, N. Y.	1,243.19	878.10
Bridgeport, Conn.	1,296.35	920.39
Buffalo, N. Y.	1,231.21	901.72
Cedar Rapids, Iowa [1]	1,186.18	849.35
Clarksburg, W. Va. [1]	1,190.02	852.87
Denver, Colo.	1,246.07	885.24
Fall River, Mass.	1,271.51	898.09
Indianapolis, Ind.	1,198.08	859.04
Kansas City, Mo.	1,245.42	899.85
Louisville, Ky. [1]	1,220.20	871.62
Manchester, N. H.	1,254.03	889.61
Oklahoma City, Okla. [1]	1,217.80	874.17
Omaha, Nebr.	1,258.26	908.71
Peoria, Ill. [1]	1,274.30	913.39
Philadelphia, Pa.	1,297.69	924.56
Portland, Maine	1,275.48	921.94
Portland, Oreg.	1,221.72	884.81
Providence, R. I.	1,245.26	885.17
Rochester, N. Y.	1,287.63	925.16
Salt Lake City, Utah [1]	1,243.07	890.84
Seattle, Wash.	1,233.35	886.53
Spokane, Wash.	1,228.62	894.02
Wichita, Kans.	1,131.30	809.64

[1] Includes sales tax where levied.

If our workers are less productive, I secured an amendment in the committee providing that in fixing wages the unit cost of production shall be considered. If this charge is correct, it means that the unit cost will be higher in the South. This same amendment will also require consideration of the higher costs claimed in our section due to less machinery or more obsolete machinery.

The bill also requires that consideration be given to workers who may be old or otherwise laboring under handicaps. If it is promptly administered, it cannot do injustice to any section.

IS THE SOUTH SATISFIED WITH PRESENT CONDITIONS?

Those who profit from the low incomes on the farms and among the industrial workers of the South may be satisfied, but those who know the facts and are not profiting therefrom are not content. Some of us would like to see our people lifted up to a point nearer an equality with other sections in purchasing power.

In a speech delivered before the Institute of Public Affairs of the University of Georgia last year David E. Lilienthal said:

The average spendable income per capita in 1935 in the 10 Southern States, according to the best available data, was $279. In Georgia in 1935 the average spendable income for each person in the State was $299, rising from as low as $155 in 1932. Now compare $299 with the national average in 1935 of $513, with $881 for New York State, $732 for California, $637 for Illinois, $515 for Ohio. Georgia, which ranks twentieth in area among the States and fourteenth in population, was fortieth in spendable income among the 48 States.

Again in the same address Mr. Lilienthal said:

In the 10 States which we usually refer to as the South—Georgia, Alabama, Tennessee, Florida, North and South Carolina, Virginia, Kentucky, Mississippi, and Louisiana—about 20 percent of the people of the Nation live. In these same States there is about 11 percent of the national purchasing power, measured by retail sales in 1929. With 20 percent of the population and 11 percent of the purchasing power, the South packs only 2 percent of the Nation's meat, it makes about 8 percent of the food products, only about 2 percent of the Nation's clothing, and only about 3 percent of its agricultural machinery. These figures give one something of an idea of the real opportunity there is for industrial growth in this region, simply by the process of the South's supplying a reasonable percentage of some of its own needs.

If, as those from my section who oppose any change, allege, we have superior climate and more natural advantages than have other sections, then something is wrong with the methods we have been using in the South. How can anyone be satisfied with the results we have secured?

FREIGHT RATES IN THE SOUTH

It is true that the South suffers from the fact that our Nation has no national system of charges for transportation. The system under which we operate penalizes the South and gives an advantage to the East. The class and commodify rates from the South average 39 percent higher than those from the East. But the average against Western Trunk Line, Southwestern and Mountain Pacific territories is even higher. I want to see these freight charges corrected, and have introduced legislation for that purpose. I believe that Representatives of other sections will join me in that effort and I further believe that the South can make a stronger case in that matter if we show a willingness to have fairly considered the wage and hour conditions existing in our section. This bill requires consideration of transportation charges.

AMENDMENTS

Mr. Chairman, when the bill is read for amendment, I expect to make an effort to secure certain changes which I believe will improve it.

I would like to strike from the bill section 8, which deals with purely intrastate operations. It was my observation that the effort under the N. R. A. to include purely local activities led to much difficulty and finally to invalidation by the Supreme Court.

I would also like to amend section 10 to provide that the bill could apply only in cases where upon complaint it was found that an employer, because of low wages, long hours, or both, was securing an advantage over competitors and was, therefore, engaged in unfair competition in interstate commerce. I do not believe that we have the constitutional authority to prescribe wages for the purpose of raising purchasing power, but I do believe that we can protect interstate commerce from unfair competition due to low wages and long hours—wages and hours that constitute chiseling.

I would also like to see section 14 stricken from the bill or at least modified. As it stands now it would be an expensive burden upon those to whom it applies. Business is already burdened with the cost of keeping records for State and national governmental agencies. The last provision of subsection A of this section should never have been placed in the bill.

I would also be glad to see the right of review placed in the district courts of the United States rather than in the circuit courts. The district courts are far more accessible to those to whom the law will apply and will afford adequate protection to the interests of the Government and its administrative officials.

SETTLE THIS MATTER NOW

Mr. Chairman, oponents of this legislation will make an effort to recommit the bill to the Labor Committee. They will say that the matter needs further consideration. They say we should have further hearings. By this method they hope to kill the proposal for all time. I would prefer to see final action now. Let us vote it up—or down—as our judgment dictates. Further delay cannot contribute anything to a proper solution of the problem.

If the bill is sent back to the Labor Committee, the employers of our country will remain in a state of uncertainty. They will not be able to plan ahead, they will be in doubt as to the costs of their operations. We could do nothing worse, in my opinion, at this particular moment.

Today we see the volume of business declining. We know that many factories are operating on short schedules. The owners tell us that they could do better if they knew what to expect of the future. Then they could plan with certainty. Let us tell them what to expect. Let them know whether or not we will have this legislation—now.

If we will do this and early in the next session give prompt attention to the matter of taxes, business can get over its fears. It will be relieved of its uncertainties and I feel sure we shall see a revival of commercial and industrial activity.

WHAT ABOUT THE FARMERS?

The opposition has charged that this bill will hurt the farmers, that it will increase the cost of what they buy. That may be true, but I doubt it. I have already shown that in the South we import much of what we need in the way of machinery, clothing, and food products. We are already paying to other sections the cost of wages much higher than the maximum which this legislation permits.

I would not take the chance of making less bearable the lot of the farmers of the South. They are already in desperate condition as to income.

In 1929, according to the Brookings Institution, in the 11 States of the South, the income of the farm population was below $200, the average for this group of States being $157. In that year the farmers of South Carolina had the lowest income, it being $126 per capita; Alabama was $138 and Georgia, $146. With such deplorable conditions existing in the boom year of 1929, I shudder to think what their situation was in 1932.

I believe that with increased purchasing power among the industrial and commercial workers of the South, our farmers will benefit.

MAKE THE BILL REASONABLE

It is my hope that the membership of the House will join those of us who feel that we can support only a reasonable bill, one that follows the suggestion of the President that we approach the ideals of better labor standards of gradual adjustments, one that makes allowances for the existing differences in various sections; a bill limited to that small minority of employers who deliberately engage in unfair competition at the expense of those who toil.

Under the authority given me by unanimous consent I append hereto excerpts from the testimony of the Honorable R. H. Jackson, Assistant Attorney General, the same being taken from his testimony delivered before the Senate and House Committees on Labor on June 2, 1937:

Different judicial theories of the commerce power which this bill invokes may be classified as follows:

1. There is the power directly to regulate or prohibit movement across State lines of goods deemed for any reason to offend against sound national policy. This power has been applied in many cases and denied in but one, the famous child labor case, to be discussed later. This bill invokes that power to regulate and prohibit by directly forbidding transportation of the products of the labor of children under 16 years of age, which ought not to be accepted in any fair market, and products made under conditions where workers are denied the right of self-organization by fear of labor spies and where their right to strike and to enforce collective bargaining is rendered ineffective by the use of professional strikebreakers. Such use of espionage and of professional strikebreakers is both a provocation of violence and an excuse for it, and offends against our national policy.

2. Congress has the power to regulate competition in interstate commerce. It has exercised this power without question since the adoption of the Sherman Antitrust Act in 1890 and again through the Clayton Act and the Federal Trade Commission Act. In the exercise of this power Congress has prohibited certain practices deemed injurious to competition in interstate commerce. It has prohibited many acts, in themselves local, by employers engaged in productive industry, but which tended to monopoly or to destroy competition. Under this power Congress has prohibited, under certain circumstances, the acquisition of the stock of one corporation by another. It has defined and prohibited unfair methods of competition. What, then, may be said of the employer who cuts wages, employs children, and sweats labor for the purpose of gaining a competitive advantage in marketing his product in an interstate market? As pointed out by Prof. Thomas Reed Powell, of the Harvard Law School, and by other students of constitutional law, since Congress has the power to regulate conditions of competition as it has done through the antitrust acts, it may likewise prohibit the securing of a competitive advantage in interstate commerce through the adoption of oppressive and sweatshop labor conditions.

It will be noted that part IV of this bill proceeds upon this theory and its provisions may be sustained, without overruling the child-labor case. The factual basis for this view is that by prohibiting the use of substandard labor conditions by those who compete with employers who use fair labor standards, the great majority of employers who really desire to treat labor fairly are thereby protected against the unfair methods of competition of those who utilize sweatshop methods to gain a competitive advantage.

And since Congress may regulate the conditions of competition in interstate commerce, it may protect the fair employer shipping in interstate commerce against the unfair competition of even his intrastate competitor under the doctrine of the *Shreveport Rate Cases* (234 U. S. 342), a case to which the Supreme Court had occasion to allude with approval in the recent Wagner Act decision.

3. The power to regulate commerce includes the power to eliminate labor conditions which lead to labor disputes which will directly burden or obstruct commerce. (*National Labor Relations Board* v. *Jones & Laughlin.*) This power is invoked in eliminating excessive hours, inadequate pay, and child labor insofar as they tend to provoke such labor disputes.

4. The power to regulate commerce is held to include the power to prohibit transportation of goods into States in violation of the laws of such States and making such intrastate goods subject to such State laws. This doctrine is supported by the decisions involving prison-made goods (Kentucky Whip & Collar case, January 4, 1937, and *Whitfield* v. *Ohio*, 299 U. S. 431). This bill invokes this constitutional power by prohibiting consignment of goods into a State if produced under conditions that would have been unlawful within that State.

5. The power to regulate commerce has been held to include power to eliminate a condition which affects the movement of goods, the price of goods, or which causes undue price fluctuations in interstate commerce. This doctrine is set forth in the cases relating to the regulations of stockyards and grain exchanges (*Olsen Case*, 262 U. S. 1; *Stafford Case*, 258 U. S. 495). This bill invokes this power by eliminating from interstate commerce goods produced by substandard labor conditions which affect interstate commerce in the manner stated.

6. The power to regulate interstate commerce has been held to include the power to regulate conduct intended to divert or substantially affect the movement of goods in interstate commerce. This is the doctrine of the *Coronado Coal Case* (268 U. S. 295). This bill invokes such power to regulate such substandard labor practices as are found to be the result of an intention to divert the movement of goods in interstate commerce.

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As President Roosevelt has stated, "Even in the treatment of national problems there are geographical and industrial diversities which practical statesmanship cannot wholly ignore." Portions of the bill relating to wages and hours would become operative as and when the Board created by the act orders their application. This bill does not plunge the Nation headlong into a rigid and widespread policy of regulating wages and hours. It permits the building up a body of experience and prevents the extension of regulation faster than capacity properly to administer is acquired. The investigations of the Board will also provide the evidence and the findings upon which the Government can rest its argument if the constitutionality of the act is assailed.

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STATE'S RIGHTS

In view of the frequent confusion on the subject it is due to those considering this bill to analyze the effect which it has upon the reserved powers of the States.

Let us assume each State as completely sovereign as a nation could be. No State would then have any right to send its goods into another State. Each State would have the right to stop all incoming goods at its border, to exclude any goods unfairly competing in its own market, or to lay a tariff on those admitted to equalize any advantage that the incoming goods had over its own producers. The exercise of this right by the Colonies threatened to disrupt commerce and to divide our people. The exercise by the several States of their own parochial and conflicting rules to protect their own markets was a powerful incentive to formation of our Government.

Each State therefore largely surrendered its sovereignty over incoming goods to the National Government. This was not intended to surrender the home market place to the under-cutting competitor States. The power was granted to the National Government that the rule of the market place should be fixed by a national policy for the common good.

A State may wish to meet advancing wealth of production with advancing standards of life for those who work in production. But if its own market place, as well as outside markets, are overrun with goods cheapened by child labor or sweated labor it has lost its power over its own working conditions. Is it confined then to appeals to its competitors for protection from such unfair competition? Its appeal is in law, as it is in common sense, to the Nation to which was given power to establish the rule by which goods should move among the States.

Mr. Justice Holmes, in his dissent in the child-labor case, demolished the whole argument that States' rights are impaired by such legislation as this, in the following language:

"The act does not meddle with anything belonging to the States. They may regulate their internal affairs and their domestic commerce as they like, but when they seek to send their products across the State line they are no longer within their rights. If there were no Constitution and no Congress their power to cross the line would depend upon their neighbors. Under the Constitution, such commerce belongs not to the States but to Congress to regulate. It may carry out its views of public policy, whatever indirect effect they may have upon the activities of the States. Instead of being encountered by a prohibitive tariff at her boundaries, the State encounters the public policy of the United States which it is for Congress to express. The public policy of the United States is shaped with a view to the benefit of the Nation as a whole."

Care has been taken to hold the pending bill to a good faith regulation of interstate commerce, and nothing more. Any State may use child labor or sweated labor for products of home consumption as much as it pleases so long as it does not divert or affect interstate commerce in so doing. The State may exploit youth in its internal affairs as far as its own conscience will permit, but it cannot dump its children into the Nation's markets to demoralize our national standards.

It has been suggested that the child-labor provisions should be embodied in separate legislation. It is not my function to advise as to policy, but we believe it would be more difficult to sustain separately than in company with the other substandard labor provisions.

All of the labor practices attacked by this bill are related. All are types of oppression utilized for the purpose of gaining unfair advantage in interstate commerce. One employer cuts wages, while another employs child labor, and still another employs sweatshop conditions, and all of these practices are a part of the vicious competition used in forcing down labor standards which it is appropriate to treat together in the regulation of interstate commerce. One of the constitutional bases of the pending bill is the principle announced in reference to the National Labor Relations Act, that prolific causes of strife which may have a serious effect upon interstate commerce may be prevented. It is obvious that this principle is applicable to wages, hours of employment, and the use of strikebreakers and spies, for those practices have been prolific causes of labor strife. It is not clear that child labor standing alone has been the cause of industrial strife, although it is clearly one of the elements of unfair labor competition.

One reason for the unfortunate decision of the Child Labor case was that the Court failed to perceive that the legislation was related to the regulation of interstate commerce but regarded it as merely a police regulation to accomplish a local social objective. The inclusion of child labor with the other prohibited practices in an undertaking to prohibit unfair interstate commerce and to foster American standards makes plain that the law in which it is included is a genuine exercise on a broad front of the power to regulate interstate commerce and gives the prohibition of child labor a strength that it would not have if standing alone.

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DUE PROCESS OF LAW

Even if the subject matter is within Federal power constitutional controversialists may claim that it violates the due process of law clause or illegally delegates congressional power.

Regulation of both wages and hours does not of itself violate due process, and is not necessarily "unreasonable, arbitrary, or capricious," where "there is reasonable relation to an object within the governmental authority (*Wilson* v. *New*, 243 U. S. 332; *Bunting* v. *Oregon*, 243 U. S. 426).

Standards for determination of fair wages and reasonable working hours contained in the present bill are drawn with fairness to the employer. The standards are based on the value of the service rendered and the reasonableness of the period of working time considering the nature of the employment. Furthermore, fairness to all parties concerned and reasonable treatment of special cases are assured by the provisions of the bill which require the Board to grant exemptions from the wage and hour regulations as the need appears.

It is hard to see how employers who wish to maintain decent labor standards, or those who wish to see a better level of purchasing power in the masses of the people, can feel aggrieved at the general purposes and effects of this bill. Advancement of those objectives, State by State, each exposed to the competition of States which tarry has been the foundation of the employers'

most legitimate objection to labor legislation. He is so far from being injured by this bill that it may be his chief protection against undermining of his market by methods which his own standards forbid.

Neither in its general scope nor in its special treatment of particular cases can the bill be pronounced arbitrary. For fair labor standards are required to be maintained only to the extent necessary in order to accomplish the interstate-commerce purposes of the legislation—purposes which fall clearly under the regulatory power of the Congress under the commerce clause.

Due process is defined in respect of both Federal and State legislation in *Nebbia* v. *New York* (291 U. S. 502, 525):

"The fifth amendment, in the field of Federal activity, and the fourteenth, as respects State action, do not prohibit governmental regulation for the public welfare. They merely condition the exertion of the admitted power by securing that the end shall be accomplished by methods consistent with due process. And the guaranty of due process, as has often been held, demands only that the law shall not be unreasonable, arbitrary, or capricious, and that the means selected shall have a real and substantial relation to the object sought to be attained. It results that a regulation valid for one sort of business may be invalid for another sort, or for the same business under other circumstances, because the reasonableness of each regulation depends upon the relevant facts."

If regulation may be dependent on "relevant facts" there can be no objection to delegating power to an administrative or quasi judicial board to investigate, hear evidence, and decide those facts.

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DELEGATION OF POWER UNDER THE PROPOSED FAIR LABOR STANDARDS ACT

Nearly every legislative proposal dealing with complex economic conditions involves problems of delegation. For such a legislative proposal must meet the charge that it entrusts arbitrary discretion to an administrative agency, or else it must resist the attack that it puts industrial enterprise into a strait jacket and imposes a rigid and inflexible rule without regard to industrial and geographical diversities. The proposed fair labor standards bill has at one and the same time been criticized on both of these grounds. The inconsistency of the attack suggests that the draftsmen of the bill have at least sought to achieve a fair and constitutional balance between the practical requirement of workable flexibility and the legal requirement of adequate standards.

The bill contemplates that the Congress should write into the statute some definite figures to be used as a guide by the administrative agency in establishing a floor below which wages shall not be cut and a ceiling beyond which hours should not be stretched. Let us assume, for the sake of an example, that the Congress fixes 40 cents an hour as the basic minimum nonoppressive wage and 40 hours a week as the basic maximum workweek. That would be $16 for a 40-hour week or $800 for a year of 50 weeks. It will scarcely be questioned that in most sections of the country a worker with $800 a year will have no more than is necessary to provide a minimum standard of living to maintain himself and his family. (It is also to be noted that the Board cannot fix even a minimum fair wage which yields an annual income in excess of $1,200. That means that the Board cannot fix a wage in excess of 60 cents an hour for a worker employed 50 weeks a year. A higher hourly week may be fixed in occupations which do not give the worker full employment, but such hourly rate can in no case be in excess of 60 cents. It is clear that the bill protects only poorly paid workers who are not in position to protect themselves.)

In the Washington Minimum Wage case (*West Coast Hotel Co.* v. *Parrish*, October term, 1936, decided March 29, 1937) the Supreme Court held that the cost of living was a sufficient standard for purposes of the fourteenth amendment, even though no approximate figure was inserted in the statute for the guidance of the administrative agency. Under the proposed bill not only is an approximate figure given to the administrative agency as a guide in fixing a minimum nonoppressive wage but that figure is not to be applied and may be revised downward, if the Board finds it necessary to avoid unreasonably curtailing the workers' opportunity for employment. The figure may be revised upward if the Board finds it possible without unreasonably curtailing the opportunities for employment, but not above what may fairly be regarded as a minimum standard of living necessary for health and efficiency; i. e., substantially the same standard as was approved in the Washington Minimum Wage case.

The situation is similar with regard to the number of hours which the Congress may write into the bill as the basic nonoppressive workweek. Under the proposed bill not only is an approximate figure given to the Board as a guide in establishing a nonoppressive maximum workweek, but the basic number of hours specified is not to be applied, and may be increased by the Board if the Board finds it necessary to avoid unreasonably curtailing the workers' earning power. The basic workweek may also be shortened by the Board if the Board finds it possible to do so without unreasonably curtailing the workers' earning power, but the Board may not so shorten the workweek beyond what it finds is required in the interest of the health, efficiency, and well-being of the workers. And in no event may a workweek be shortened below a fixed number of hours, say, 30 or 35, which it is contemplated shall be specified in the bill.

The minimum fair-wage standards and maximum workweek standards which the Board may apply to industries where the facilities for collective bargaining are not adequate or effective are defined in section 5. These standards are patterned upon the standards used in the New York minimum fair-wage statute. While a bare majority of the Supreme Court refused to enforce that statute in *Morehead* v. *New York ex rel. Tipaldo* (298 U. S. 587) on the ground that the Court was bound by its decision in *Adkins* v. *Children's Hospital* (261 U. S. 525), and on the further ground that the Court had not been asked to overrule the Adkins decision, the Chief Justice and three of his colleagues, dissenting, were of the opinion that the New York statute's "provisions for careful and deliberate procedure" made the New York statute constitutional, even though the cost-of-living statute involved in the Adkins case might be regarded as unconstitutional. And there can be no doubt that a majority of the Court, having expressly overruled the Adkins case in the Washington Minimum Wage case, would today view the more carefully drawn New York statute as constitutional. There can be no doubt that the opinion of the Chief Justice in the Morehead case may today be accepted as the law of the land.

The signposts to guide the Board in determining a nonoppressive minimum wage and nonoppressive maximum workweek, as well as a reasonable minimum wage and reasonable maximum workweek in any particular occupation, are much clearer and more distinct than those approved by the Court in the recent Washington Minimum Wage case. It is significant that the Court in that case attempted to draw no subtle distinction between the Adkins case, which dealt with a congressional enactment, and the Washington case, which dealt with a State statute, but expressly overruled the Adkins case.

A number of the provisions of the present bill give the Board power to make exemptions and qualifications necessary to make the act workable and effective. The purposes of these provisions are plainly stated, and the standards to govern their application are defined as definitely as the practical exigencies will allow. "The industries of this country," as Mr. Justice Cardozo has stated, "are too many and diverse to make it possible for Congress in respect of matters such as these, to legislate directly with adequate appreciation of varying conditions" (*Schechter Poultry Corporation* v. *United States*, 295 U. S. 495, 552).

Although the power to exempt, to except, or to qualify may not be left to the arbitrary discretion of the Board to exercise for purposes bearing no relation to legislatively defined policy, the Supreme Court has never nullified such administrative powers to relax the rigors of a rule of law when required to avoid injustice or unnecessary hardship. In invalidating the N. R. A. statute in the Schechter case, the Chief Justice was careful to point out that that statute did not "seek merely to endow * * * groups with privileges or immunities," but it involved "the coercive exercise of the law-making power" (*Schechter Poultry Corporation* v. *United States*, 295 U. S. 495, 529). Both kinds of standards are employed in the act and both kinds of standards find their counterparts and analogies in State as well as Federal labor legislation. But a distinction must be drawn between those standards in the proposed bill which empower the Board to implement the general rules fixed by the Congress and those standards which permit the Board to relax the generality of the rules fixed by the Congress. A broader and wider discretion may be delegated in applying exemptions and exceptions than in applying the primary rule in regulation to be enforced (*United States* v. *Shreveport Grain Co.*, 287 U. S. 77, 82, 85 (delegation of power to allow exemptions and tolerances under the Pure Food Act); *Intermountain Rate Cases*, 234 U. S. 476, 484, 486 (delegation of power to allow exceptions from long and short haul); *Chemical Foundation* v. *United States*, 272 U. S. 1, 12 (delegation of power to except from public sale requirement); *Heiner* v. *Diamond Alkali Co.*, 288 U. S. 502 (power to relax application of excess-profits tax); *Hampton* v. *United States*, 276 U. S. 394, 407 (delegation of power to make tariff provisions effective)).

It is important to remember that the Supreme Court very rarely finds fault with a congressional delegation of power. There is nothing in the recent decisions of the Court which would justify the Congress in casting aside a half century of legislative experience in providing for the administrative handling of modern complexities too numerous and diverse to be subjected to a single and inflexible rule directly imposed by the Congress. There is, it should be remembered, no case where congressional delegation of power has been adjudged invalid where the delegation has been made to a permanent governmental, administrative commission, independent of the executive branch of the Government. *Panama Refining Co.* v. *Ryan* (293 U. S. 388) involved delegation directly to the Executive; the Schechter case involved not only theoretical delegation to the Executive but practical delegation to substantially private code authorities. Insofar as the decision in *Carter* v. *Carter Coal Co.* (298 U. S. 238, 310–311) rested on the ground of faulty delegation, the vice lay in the delegation having been made not to an official or official body but "to private persons whose interests may be and often are adverse to the interests of others in the same business."

Indeed, congressional delegations of power to official administrative agencies have been held invalid in only two cases: The Panama Refining Co. case and the Schechter case. In the Panama Refining Co. case the subject of the statutory prohibition, the transportation in interstate commerce of petroleum produced in violation of State law, was defined, but the delegation was held to be improper because the range of administrative discretion was not only unlimited, but wholly undefined (*Panama Refining Co.*

v. *Ryan*, 293 U. S. 388, 415; *Schechter Poultry Corporation* v. *United States*, 295 U. S. 495, 530). In the Schechter case, on the other hand, the Court was not disturbed so much by the range of discretion granted with respect to any particular subject matter, as it was by the fact that it could find no "adequate definition of the subject to which the codes were addressed." As the Chief Justice stated: "Congress cannot delegate legislative power to the President to exercise an unfettered discretion to make whatever laws he thinks may be needed or advisable for the rehabilitation and expansion of trade and industry" (295 U. S. at 537–538). The National Industrial Recovery Act had authorized the President to approve codes of fair competition for trade and industry without attempting to limit or define the subject matter of the codes. As Mr. Justice Cardozo pointed out, such codes were not restricted, and were not (in the opinion of the Court) intended by the Congress to be restricted, to "the elimination of business practices that would be characterized by general acceptation as oppressive or unfair" (295 U. S. 552). There is as a matter of fact nothing in either the opinion of Chief Justice Hughes or of that of Mr. Justice Cardozo which suggests that, if the Congress had restricted the subject matter of the codes to the labor provisions of the National Recovery Act instead of merely requiring that codes drafted for other undefined purposes should comply with such labor provisions, the Court would have considered the labor standards, vague as they were, fatally defective.

It must, of course, be borne in mind that the courts have never required the same definiteness of a standard which is set forth for the guidance of an administrative agency and which cannot be enforced against the individual before it has been specifically implemented by the orders or regulations of the administrative agency, as the courts have required of a standard which operates directly upon the rights of the individual and to which the individual must conform at his peril. A standard too vague to support a self-operating provision enforced by criminal liability (*United States* v. *Cohen Grocery Co.*, 255 U. S. 81) may well state a policy and purpose sufficiently definite to serve as an appropriate standard for the guidance of administrative action (*Highland* v. *Russell Car & Snow Plow Co.*, 279 U. S. 253; *Continental Baking Co.* v. *Woodring*, 286 U. S. 352, 368).

The Panama Refining Co. case and the Schechter case never purported to question the authority of numerous earlier cases which sustained congressional delegations of power to administrative agencies under extremely vague and general standards for the sole reason that the Court was convinced that in light of the nature and complexity of the subject matter of the legislation the prescription of a more detailed standard would be difficult or impractical.

(Cases in which the use of general expressions as a standard has been upheld as proper in view of the nature and character of the specific statute or provision involved, are *Federal Radio Commission* v. *Nelson Bros. Bond & Mortgage Co.*, 289 U. S. 266, 285 (public convenience, interest, or necessity); *Avent* v. *United States*, 266 U. S. 127, and *United States* v. *Chemical Foundation*, 272 U. S. 1 (in the public interest); *Colorado* v. *United States*, 271 U. S. 153, 168, and *Chesapeake & Ohio Ry.* v. *United States*, 283 U. S. 35, 42 (certificates of public convenience and necessity); *Tagg Bros. & Moorhead* v. *United States*, 280 U. S. 420 (just and reasonable commissions); *Wayman* v. *Southard*, 10 Wheat. 1 (in their discretion deem expedient); *Buttfield* v. *Stranahan*, 192 U. S. 470 (purity, quality, and fitness for consumption); *Union Bridge Co.* v. *United States*, 204 U. S. 364; *Monongahela Bridge Co.* v. *United States*, 216 U. S. 177; *Hannibal Bridge Co.* v. *United States*, 221 U. S. 194; *Louisville Bridge Co.* v. *United States*, 242 U. S. 409 (unreasonable obstruction to navigation); *Mahler* v. *Eby*, 264 U. S. 32 (undesirable resident); *McKinley* v. *United States*, 249 U. S. 397 (war powers); *United States* v. *Grimaud*, 220 U. S. 506 (regulation of forest reserves).) (The leading decisions reflect the importance of practical considerations and the necessity for delegation as a means of administering the law, in determining how definite a standard set by Congress for the guidance of an administrative agency must be. Beginning with *Wayman* v. *Southard* (10 Wheat. 1), the Supreme Court, speaking through Chief Justice Marshall, adverted (pp. 34–35, 46–47) to the need for flexibility in conforming the Federal practice to the judicial systems of the States in a statute delegating to the Federal judiciary power to alter the rules relating to process as the courts "in their discretion deem expedient" (p. 39). The statute upheld in *Field* v. *Clark* (143 U. S. 649) permitted the President to impose reciprocal duties on goods imported from countries which discriminated against American products, a function which could best be exercised by a governmental agency capable of prompt action after forming a judgment based upon changing conditions. The law sustained in *Buttfield* v. *Stranahan* (192 U. S. 470) authorized the Secretary of the Treasury to fix standards of purity, quality, and fitness for consumption with which imported tea must comply. The Court declared: "Congress legislated on the subject as far as was reasonably practicable, and from the necessities of the case was compelled to leave to executive officials the duty of bringing about the result pointed out by the statute. To deny the power of Congress to delegate such a duty would, in effect, amount but to declaring that the plenary power vested in Congress to regulate foreign commerce could not be efficaciously exerted" (192 U. S. at 496).

(In upholding the statute authorizing the Secretary of War to determine whether a bridge was an "unreasonable obstruction" to navigation, the Court in *Union Bridge Co.* v. *United States* (204 U. S. 364, 386) emphasized the fact: "* * * investigations by Congress as to each particular bridge alleged to constitute an unreasonable obstruction to free navigation and direct legislation covering each case separately would be impracticable in view of the vast and varied interests which require national legislation from time to time." And the Court stated (204 U. S. at 387) that a denial of the rights of delegation "would be 'to stop the wheels of government' and bring about confusion, if not paralysis, in the conduct of the public business."

(Similarly, in *United States* v. *Grimaud* (220 U. S. 506), the impracticability of having Congress provide general regulations for each of the many different forest reservations was held to justify an authorization to the Secretary of Agriculture to "make such rules and regulations * * * as will insure the objects of such reservations." The Court said: "In the nature of things it was impracticable for Congress to provide general regulations for these various and varying details of management. Each reservation had its peculiar and special features * * *" (220 U. S. at 516).

(Again, in upholding the provision of the Interstate Commerce Act which authorizes the Interstate Commerce Commission to make rules in case of car shortage, the Court declared in *Avent* v. *United States* (266 U. S. 127, 130): "* * * the requirement that the rules shall be reasonable and in the interest of the public and of commerce fixes the only standard that is practicable or needed." (See also *Mutual Film Corporation* v. *Ohio Industrial Commission*, 236 U. S. 230, 245; *Mahler* v. *Eby*, 264 U. S. 32, 40; *United States* v. *Chemical Foundation*, 272 U. S. 1, 12.)

(The emphasis upon the practical need for the delegation is clear in *Hampton, Jr., & Co.* v. *United States* (276 U. S. 394). In upholding the Flexible Tariff Act, which authorized the President to adjust tariff rates so that they would correspond to the differences in costs of production here and abroad, the Court took into account the inability of Congress to make the necessary adjustments (276 U. S. 405), the need for readjustment because of ever-changing conditions (276 U. S. 406), and the uncertainty as to the time when the adjustments should be made (276 U. S. 407). By way of analogy, it referred to the fixing of just and reasonable rates by the Interstate Commerce Commission, stating that: "If Congress were to be required to fix every rate, it would be impossible to exercise the power at all" (276 U. S. 407). In view of these considerations, it was held sufficient for Congress to establish a general rule declaring an "intelligible principle": "In determining what it may do in seeking assistance from another branch, the extent and character of that assistance must be fixed according to common sense and the inherent necessities of the governmental coordination" (276 U. S. 406). Mr. Justice Sutherland in *United States* v. *Curtiss-Wright Corporation* (299 U. S. 304, 315), suggests that in the tariff cases involving foreign relation a broader discretion may be vested in the President than in matters relating solely to internal affairs, but the reasoning of the Court in the tariff cases there cited is based upon no such distinction.)

There is nothing in the adjudicated cases which suggests that the constitutional rule against the delegation of essential legislative powers is violated by a bill, like the proposed bill, which dealing with many and diverse industries not only defines the subject matter to which an administrative agency may address its discretionary powers, but clearly states the purposes for which the administrative discretion may be exercised. Unlike the statute in the Schechter case, the proposed bill carefully defines the subject matter to which the administrative agency may address itself. Unlike the statute in the Panama Refining Co. case, the bill does not omit to state the range of the administrative discretion vested in the Board, but clearly states the purposes for which it may be exercised.

The extent to which the Supreme Court has gone in sustaining a delegation of power to an administrative agency where the subject matter of the delegation is defined, and the purpose for which such power is to be exercised is indicated in most general terms, is strikingly illustrated in the case of *New York Central Securities Corporation* v. *United States* (287 U. S. 12), sustaining the validity of the consolidation provisions of the Transportation Act of 1920. In that case Chief Justice Hughes stated (287 U. S. at 24–25):

"Appellant insists that the delegation of authority to the Commission is invalid because the stated criterion is uncertain. That criterion is the 'public interest.' It is a mistaken assumption that this is a mere general reference to public welfare without any standard to guide determinations. The purpose of the act, the requirements it imposes, and the context of the provision in question show the contrary. * * * The provisions now before us were among the additional made by Transportation Act, 1920, and the term 'public interest' as thus used is not a concept without ascertainable criteria but has direct relation to adequacy of transportation service, to its essential conditions of economy and efficiency, and to appropriate provision and best use of transportation facilities, questions to which the Interstate Commerce Commission has constantly addressed itself in the exercise of the authority conferred. So far as constitutional delegation of authority is concerned, the question is not essentially different from that which is raised by provisions with respect to reasonableness of rates, to discrimination, and to the issue of certificates of public convenience and necessity (*Intermountain Rate Case*, 234 U. S. 476, 486; *Railroad Commission* v. *Southern Pacific Co.*, 264 U. S. 331, 343, 344; *Avent* v. *United States*, 266 U. S. 127, 130; *Colorado* v. *United States*, 271 U. S. 153, 163; *Chesapeake & Ohio Ry. Co.* v. *United States*, 283 U. S. 35, 42" (287 U. S. at 24–25)).

In *Panama Refining Co.* v. *Ryan* (293 U. S. 388), Chief Justice Hughes emphatically stated (293 U. S. 421):

"Undoubtedly legislation must often be adapted to complex conditions involving a host of details with which the National Legislature cannot deal directly. The Constitution has never been regarded as denying to the Congress the necessary resources of flexibility and practicality, which will enable it to perform its function in laying down policies and establishing standards, while leaving to selected instrumentalities the making of subordinate rules within prescribed limits and the determination of facts to which the policy as declared by the legislature is to apply. Without capacity to give authorizations of that sort we should have the anomaly of a legislative power which in many circumstances calling for its exertion would be but a futility."

The Chief Justice subsequently employed virtually the same language in *Schechter Poultry Corporation* v. *United States* (295 U. S. 495).

The proposed bill deals with difficult and complex industrial situations. A careful and deliberate procedure has been provided; orders of the board may be entered only after hearing. The draftsmen have been careful and painstaking to make the standards as definite and specific as the conditions with which they have had to deal permit, without imposing upon the diversities of American industry inflexible and unworkable rules provocative of serious industrial dislocations. These standards are well within constitutional limitations, assuming, of course, that constitutional limitations are to be construed to make a constitutional democracy workable and not to render it impotent.

Mr. WELCH. Mr. Chairman, I yield 4 minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Chairman, the discussion of this measure on the part of most of its proponents proceeds in reckless disregard of every consideration except the possible political necessities of some people which can be accepted as no justification for the harm that will be done as a result of the adoption of the measure. If it is a mere face-saving device, as some declare, then it is a failure, as none but the simple can be misled by its claimed social purposes and the counterfeit political argument made in its support.

To say that it is in fulfillment of the Democratic Party platform pledge of 1936 is to say that the party of Jefferson, of Jackson, of Cleveland, and of Wilson committed itself to a violation and an outrage of every principle that that party has ever stood for and bound the Democratic Members of the Congress to a violation of their oaths of office to uphold and defend the Constitution. I deny that the Democratic Party has ever pledged itself to the destruction of States and to the regimentation of the people, as this bill would ultimately accomplish.

The party pledged itself to the enactment of wage-hour legislation in cooperation with the States and within the provisions of the Constitution, thereby recognizing the doctrine of State sovereignty and home rule, but here, through a tortuous and violent interpretation of the commerce clause, it is proposed that the general Government shall go its way all alone without regard to law, to reason, precedent, or principle, and shall spread out Federal power all the way from the cradle to the grave.

When the principle is once established that under the guise of regulating interstate commerce the Federal Government may also regulate purely local transactions that might remotely compete with interstate commerce, and the power of enforcement is placed in the hands of a bureaucrat here in Washington, we will have governmental regimentation with a vengeance, and the right of self-determination will be a thing of the past.

The adoption of this measure, Mr. Chairman, would send the marginal workers of this country to the bread lines. It would increase unemployment and it would drive this present recession of business into a major depression. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. I yield the gentleman from New York [Mr. SIROVICH] 3 minutes.

Mr. WELCH. Mr. Chairman, I yield the gentleman from New York [Mr. SIROVICH] 8 additional minutes.

The CHAIRMAN. The gentleman from New York [Mr. SIROVICH] is recognized for 11 minutes.

Mr. SIROVICH. Mr. Chairman, the political and economic writers of our country may be classified into four groups: First, the reactionary, who seeks to undo the political and economic progress of the present, and looks to the cemeteries of the past, in order to find laws to enact that would serve the economic conditions of the day. Second, the conservative, who is opposed to social and economic changes, or innovations, and would conserve everything we have in order to serve the present only. He never looks to the past, nor to the future, but is interested in the present. Third, the liberal or progressive, who stands not only for stability and order in the conservation of existing institutions, but also stands for progress and reform, in order to enhance the social and economic conditions of the present, so that future generations may be the beneficiaries of our statutory enactments of today. Fourth, the radical, who advocates sweeping changes in laws and methods of government, with the least delay, especially changes deemed to tend to equalize or remedy evils arising from social conditions, by substituting for our American economic structure, the dictatorship of the proletariat, which would make all men and women the economic slaves of the State.

Mr. Chairman, everything that is produced in our country through agriculture and industry is the result of the labor of the beast of burden, the machine, and the human being. Whether we are reactionaries, conservatives, liberals, progressives, or radicals, whether we are in the habit of looking forward or backward, we must all admit that there is a tremendous difference between the labor of the beast of burden, between the labor of the machine, and the labor of human beings.

Let us analyze the wages of these three groups that I have just enumerated. What are the wages of the beast of burden today in our country? All that he receives from his master, whom he serves loyally and faithfully, is the oats, bran, hay, corn, and other food products necessary to keep him alive, besides the roof that shelters him from the ravages of the weather. In other words, all that the beast of burden receives as compensation is enough to live and to exist.

What is the wage that the modern machine receives for its compensation for producing day in and day out? The machine receives, as its wage for the services and labor that it renders, metaphorically speaking, the right to be well oiled, well cleaned, well housed, and better taken care of than the beast of burden in order that the ravages of weather may not disintegrate the highly mechanized machinery.

Now, what are the wages of human beings throughout the length and breadth of our country in agriculture and industry?

First, there is starvation wages which cannot keep body and soul together and is less than the beast of burden receives. Second, living wages which just barely keep body and soul together, and does not equal the food and shelter that the beast of burden receives. Third is the principle involving saving wages, whereby the modern workingman would be able to receive wages that would enable him to save in times of affluence and prosperity, for days of adversity and misfortune, which is the fundamental principle motivating our great President, Franklin Delano Roosevelt, and the New Deal, in order to give purchasing and consuming power, to the millions of underprivileged and undernourished Americans, who are crying and clamoring for a better day in this great and beloved Republic of ours. [Applause.]

Mr. Chairman, the purpose of this wage and hour bill, which we are now debating on the floor of the House, sponsored by the amiable and gracious chairman of the Labor Committee, our beloved colleague, MARY NORTON, is to provide for the establishment of fair labor standards in employment, affecting interstate commerce only, and for other purposes that would help to bring about in our industrial organizations in America, the principle of minimum wages, that would freeze a minimum salary, below which no human being has a right to be exploited and commercialized,

and would enable the toiler and worker to at least receive the wages that are comparable to that which the beast of burden or modern machine receives today.

Mr. Chairman, this minimum wage of 40 cents per hour would put unskilled labor, the worst-exploited workers in America, in every State of the Union upon a parity and would give to them a purchasing and consuming power which has been denied to them through the inhuman and unjust wages that they are today receiving. This bill would be instrumental in regulating the hours of unskilled labor, so that these inarticulate workers would not work more than 40 hours a week at a minimum salary of 40 cents an hour, which would enable them to earn a maximum of $16 a week, which amounts to $832 a year, if they work an entire year. This salary for 1 year's work paid the unskilled laborer is less than a Congressman receives for 1 month's services to his constituency. What Member of Congress on either side of this House would be satisfied to see his son or daughter earn a maximum salary of $16 per week for 40 hours of work, which is less than the wages of the labor of the beast of burden? [Applause.]

Mr. Chairman, if this human and constructive wage and hour bill is passed it would be instrumental in helping to reemploy millions of men and women engaged in work that is transported through interstate commerce.

The prosperity of our Nation rests upon four economic pillars: First, production; second, distribution; third, exchange; and fourth, consumption. So long as these four pillars stand erect they will support the superstructure of prosperity. The trouble in our country is that only one pillar stands erect, and that is the pillar of production. The other three have collapsed and with them has gone prosperity. Fifteen to thirty million people have no consuming or purchasing power through the salaries and wages they receive. That is the tragic indictment against the modern capitalistic system that the New Deal is trying to reconstruct.

I have always contended that labor is the producer of capital, and as such should be entitled to a fair share in the distribution of the wealth that it creates. If skilled and unskilled labor would receive their just reward for their toil and struggle in the quarries of human endeavor, prosperity would again return in our midst. [Applause.]

A few of our congressional colleagues from the northern sections of our country have pilloried, excoriated, and denounced the South and Middle West for exploiting and commercializing human labor by giving to its workers starvation wages. I shall not subscribe to these denunciations. If the South and Middle West have been guilty of these transgressions, it is because they have been the victims of an industrial North that is commercializing and exploiting the agricultural interests of the South, the Southwest, and the Middle West. Instead of denouncing the people of the South who are trying to earn a living for the millions that live in their midst, our great northern industrial States, that have been the beneficiaries of a protective tariff, that is exploiting and commercializing the South, should put the agricultural and farming interests of these sections upon a parity with industry. Mr. Chairman, if you want to eliminate southern competition against northern industry, place agriculture upon a parity with industry. The southern and midwestern farmers are forced to buy their industrial products in the protected markets of our country, and they are compelled to sell their exportable agricultural surpluses, such as corn, wheat, cotton, in a competitive world market, which has ruined them. By adding the tariff to the world market price of agricultural products, which is the difference between the labor costs of agricultural products in European countries and our own country, we would stabilize and fix prices upon wheat, which would be about $1.50 a bushel; corn, $1 a bushel; oats, 60 cents a bushel; cotton, 30 cents a pound; and hogs, about 14 cents a pound. Such a debenture or equalization tariff would bring justice to 40,000,000 farmers, the victims of a high tariff, that compels them to purchase their goods in the restricted markets of our country and to sell their agricultural products in the competitive markets of the world. If we had passed this kind of agricultural legislation, we would bring justice to 40,000,000 farmers, who would have a purchasing and consuming power to buy all of the industrial products of the East and help to solve the great problem of unemployment which is harassing and destroying the great industrial sections of our country. [Applause.]

Mr. Chairman, the greatest market for industry, for its products, are the farmers of our country. Let them have an earning capacity that will enable them to save upon the agricultural products that they sell to the industrial East, and you will have a purchasing power that will enable them to buy the products that industry produces.

Mr. Chairman, during my lifetime I have seen the hours of labor reduced from 72 hours a week to 66, to 54, to 48, and now to reemploy all the unemployed we must enact a 40-hour week that will enable every human being in our country that is desirous of being employed to realize his wish.

Two million children, all under the age of 16 years, are today working in mills, in mines, at looms, and in factories, taking the place of men and women throughout the length and breadth of our country. If this bill were enacted into law, as I know it will, it will be instrumental in taking these delicate bodies and innocent minds of these children to the temple of the schoolhouse, where they belong, there to be developed through the light of education, that they may have sound minds in healthy bodies.

Every minister, clergyman, and priest preaches the gospel of the brotherhood of man and the fatherhood of God, but in the brotherhood of man are not included the beast of burden, or the machine. The most efficient machine is not the brother of man, nor is the most obedient animal a member of man's family. Therefore, human labor should never be placed upon a parity with that of the animal or machine, and should be differently compensated.

If the great captains of industry and those who have been the beneficiaries of legislation that has enriched them and made them happy and prosperous, are desirous of bringing prosperity back to our Nation, they must forever distinguish between human labor, machine labor, and animal labor, and treat their fellow workers with humane ethical standards, which consists in not commercializing and exploiting their fellow man, but in giving to all of their workers 16 ounces of a fair and square deal to every pound of justice demanded. Such treatment will bring happiness and contentment into the hearts of our American workers and prosperity into the hearth, home, and fireside of all of the people of our Nation. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

The gentlewoman from New Jersey has 9½ minutes remaining. The gentleman from California has 3 minutes remaining.

Mr. WELCH. Mr. Chairman, I yield the remaining time on this side to the chairman of the committee.

Mrs. NORTON. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Chairman and members of the Committee, there have been many references this afternoon to my late brother, Billy Connery. It is a great source of consolation to know the high regard in which he was held by the Members of this House. [Applause.] There have been references here today as to his possible position in connection with this bill were he with us today. I want to say to you that because of a conversation going into this entire matter with him just 2 weeks prior to his death, I can say definitely that there are many provisions in this bill which are not entirely in accord with Billy Connery's aims, and so I feel constrained, when the time comes to offer amendments, to ask the Members of this House, because of my loyalty to my brother, to vote with me to delete the name of "Connery" from this bill. This bill is no monument and will be no monument, I feel, to Billy Connery. It does not contain many of those features in which he was so intensely interested.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. FISH. Is the gentleman for the American Federation of Labor bill?

Mr. CONNERY. I have a bill of my own, I will inform the gentleman from New York. It is H. R. 8437 and includes the features in which my late brother was interested.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. MICHENER. I take it you would leave the bill named "the Black bill"?

Mr. CONNERY. If the House sees fit to take such course I have no objection to that, as long as the name "Connery" is not in there. [Applause.]

I want the distinguished gentlewoman from New Jersey, who is so ably carrying on the work of my late brother as chairman of the Committee on Labor, and each and every member of the Labor Committee to know how deeply appreciative I am of their desire and willingness to perpetuate and to honor the name and memory of William P. Connery, Jr., by inserting his name in the title of the pending legislation. I know that they were actuated by the highest motives, the principal one probably being a sincere admiration and affection for him.

But this action was taken by the Committee on Labor a short time after Billy's death and prior to the many drastic changes which now appear in the bill.

The bill now before the House does not contain the features or the principles which my brother, the late Billy Connery, advocated on this floor and in the Labor Committee.

While he represented an industrial district in Massachusetts, he was never selfish and, so I have been told by Representatives of even the farm States, always accorded other Members what help he could, realizing that the injury of any number of our people was an injury to all. Billy Connery, whom I served as secretary for the past 15 years, and whom I succeeded through a mandate of the voters that I carry on the work closest to his heart, fully realized that those he and I now represent could not secure profitable employment so long as manufacturers in other sections of our country or those located in foreign countries could deliver comparable or competitive goods in the American market places at a total cost which was substantially less than the costs of production of similar goods produced by the workers of our district.

Were Billy Connery here today he would fight for those features and principles which I will do my best to have the House incorporate in an honest wage and hour bill, namely:

First. A maximum workweek of 40 hours;

Second. A minimum wage of 40 cents per hour;

Third. No differentials; the maximum workweek and the minimum wages to be specifically set forth in the law by the Congress rather than to delegate to some unknown board or administrator that power which, to my mind, the Congress should never abrogate or delegate;

Fourth. The elimination of the products of child labor in the market; and

Fifth. The imposition of the same restrictions upon all products transported in interstate commerce when such products are comparable or competitive whether such products were produced by American workers or produced by foreign workers.

Hundreds of thousands of decent, self-respecting, God-fearing American workers are today unable to secure work due to the probability of our State Department entering into reciprocal-trade treaties with foreign nations, such as Czechoslovakia and Japan, in which nations it is common knowledge that the wages paid to workers are admittedly oppressively low.

The workers dependent for their employment on the shoe, leather, textile, and other industrial plants of my district realize fully the emptiness of legislation which permits some governmental agency, in the distant future, to declare a minimum wage of not more than 40 cents per hour while they stand helplessly by and see the product of workers of Japan, paid 5 cents per hour, or the products of the workers of Czechoslovakia, paid wages of 10 and 15 cents per hour, flood the only real market there is for American products, namely, the American market.

This bill contains features which my brother told me, 2 weeks before he died, he would vote against if the Labor Committee did not, as they have not, delete from the bill.

While the pending bill carries the label of wages and hours, I regret to say that such is a misnomer. This is not, in its present form, anything but an empty gesture to the millions of industrial workers who have been led to believe that the Congress would enact in a wage and hour bill legislation prohibiting the transportation in interstate commerce of all manufactured or processed goods the products of workers receiving a minimum wage of less than 40 cents per hour or those employed in excess of 40 hours per workweek.

The industrial workers will soon realize that this legislation does not provide such benefits at all. It does create an agency of the Government which promises, at some distant future, after detailed and exhaustive and wholly unnecessary time-killing investigations have been concluded, to issue orders which may provide a minimum wage and maximum workweek in industries, except some of those where it is common knowledge that possibly the greatest exploitation of labor in America has taken place.

You will find on page 23, paragraph (j), that those employed in canneries, in the ginning, compressing, storing of cotton, the processing of fruits and vegetables, or, those employed in cooperative dairies are specifically exempted from certain provisions of this bill.

Before the agency created, whether it be a board as advocated by some, or an administrator, as some now favor, can even consider the issuing of an order beneficial to those millions of industrial workers who are looking to the Congress for relief, they must, as shown on page 21, paragraph (e), take into consideration, among other relevant circumstances, the cost of living, local economic conditions, the reasonable value of the services rendered, differences in unit costs of manufacturing occasioned by varying local natural resources, operating conditions, or other factors entering into the costs of production.

There are others listed but time is short. The first item you will note is the cost of living. We are told that the costs of living to workers in certain sections of our country are lower or less than the costs of living of workers in other sections of our country. This is true, but, why?

The one and only reason is that the workers in certain sections of our country are forced to exist on a lower standard of living due entirely to the fact that they have had an income which does not allow the purchase of those necessities of life which the workers in other sections of our country have been able to secure because they have had a larger purchasing power through receiving higher wages for their work.

Capital has been able to secure lower labor costs, or, perhaps better said, to more profitably exploit the workers in some sections of our country than in others.

However, has anyone noticed the products of those workers having lower living standards, being sold in the market place at a lower price than is asked for and paid for the products of the higher paid workers?

Among other limitations in the pending bill I note on page 33, line 2, that the agency created to administer the legislation must take into consideration such other differentiating circumstances as it finds necessary. Again, on page 33, lines 10 and 11, the agency created is ordered—

> To avoid the adoption of any classification which effects an unreasonable discrimination against any person (employer?) or locality, or which adversely affects prevailing minimum wage or maximum workweek standards.

While this language may, by some, be said to be ambiguous, I have no hesitancy in predicting that if it remains in the legislation it will be construed to mean that the Government agency must not issue any order which calls for a minimum wage or a maximum workweek which the exploiters of labor will contend prevents them from continu-

ing the operation of their plants in the very places where sweatshop wages now prevail, and which, presumably, this bill seeks to eliminate.

Further, I note on page 31, lines 16, 17, and 18, that the agency created cannot issue any order which can be construed as permitting action in violation of any international obligation of the United States.

In other words, if and when our free-trade and peace-loving Secretary of State enters into a reciprocal-trade treaty with Czechoslovakia, Japan, or other low-wage-paying nations, and, through such treaty permits the flooding of the American market with the products of labor paid less than prevails any place in the United States, depriving hundreds of thousands of American workers of their employment opportunities, we are then helpless to assist those whom we supposedly are here to legislate for. We are helpless because we, representatives of the American people, have blindly abrogated our power to protect the employment opportunities of our American workers.

We made a mistake when we authorized the State Department to enter into treaties without the approval of the Congress. Today, many Congressmen are appealing, almost on bended knees, to the State Department not to use the power which the Congress voted without thought of the possibility that such authority would be used to the detriment of the American people.

Now, Mr. Chairman and Members of the Committee, like Billy Connery I am a firm believer in the principles of wage and hour legislation and like him I want to see this House write upon our statute books a real wage and hour bill that will be to the best interest of all the American people.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mrs. NORTON. Mr. Chairman, I yield to the gentleman from Connecticut [Mr. CITRON].

Mr. CITRON. Mr. Chairman and Members of the Committee, I have listened with a great deal of attention to the debates upon this bill. I have read the reports of both the House and the Senate committees and the joint hearings upon this important social legislation.

CRITICISMS AND STOCK ARGUMENTS

Some of the criticisms that have been leveled yesterday and today at this legislation are similar to some that I have noticed in letters that have come to me from certain of my constituents and are like the arguments I heard in by-gone days in the legislative halls in my State and which you no doubt also heard in the legislative halls of your State, against all kinds of labor, compensation and social legislation and proposals.

The stock arguments are: That the time is not ripe; let us think it over further; minimum wages will become maximum wages; it adds to the cost of production and is a burden upon industry. And have you not often heard the cry raised in State assemblies that such legislation is a burden to the manufacturers of the State, in competition with manufacturers of other States? I remember well how on many occasions the representatives of manufacturers' associations and others raised such a cry in my own State legislature and urged us to advocate this kind of legislation in Congress. In those days they wanted uniformity, national in scope. Today the same critics in my State and in your State talk about States' rights. They do not want legislation of this sort, and no matter what kind of a bill is drafted, what legislature passes it, or how it is to be enforced, opponents find their excuses.

Contrary to what some people may be informed, this subject is being thrashed out as well in this Congress as any legislation that has gone through the mills of a parliamentary assemblage. It is my belief that certain manufacturing interests in every State in the Union are definitely united with conservative interests and through the medium of the Republican Party are attempting to defeat this legislation. They do not want the committee's bill or any bill, because they do not want any wage and hour legislation. Since time immemorial, whether we look back into the pages of history in our own country or other countries, you will always find certain vested interests attempting to block progressive social measures with the help of some political organization. Today that political organization is the Republican Party.

SOME REGULATION IS NECESSARY

It is accepted today that some regulation of industry by the Government is desirable and inevitable to prevent unscrupulous exploitation. Speaking in Portland, Maine, on November 12, 1937, Prof. Melvin T. Copeland, of the Harvard Business School, and a prominent Republican, conceded this. It is admitted that wage and hour legislation, or legislation to aid the needy and oppressed and to prohibit exploitation of child labor, is necessary. This is what we are proposing to do and our great President, Franklin D. Roosevelt, in several messages, has urged this course.

Let us not permit minor arguments regarding enforcement and procedure to stray us from our course.

SWEATSHOPS

In Florala, Ala., the Riverside Underwear Corporation, with an office at 262 Broadway, New York, N. Y., paid workers from 2 or 3 cents up to 10 cents per hour on Government contracts, and except for the enforcement of the Public Contracts Division of the Department of Labor, nothing would have ever occurred to stop such exploitation of human beings. I mention this specific case because the same thing has occurred in my own State. It occurs in every State and if there are any State laws and enforcing agencies to meet such situations, the argument is thrown up by some in modern business that they are not intrastate any more but interstate in character, and that the States have no right to interfere with interstate commerce.

The bill before us should be named: A bill to abolish sweatshops and child labor. That is its objective and that is what it will accomplish. For years I have interested myself in such legislation; I have favored minimum wages for the oppressed, I have advocated the abolishment of sweatshops and child labor. Let us, today and tomorrow, in our action in this, the greatest parliamentary body in the world, produce a bill that will help the laboring classes of our country. And in doing this, we are helping all labor and all industry.

BUREAUCRACY

The gentlemen who are fighting this measure have tried to frighten us with cries of "Bureaucracy!"

They overlook the fact that this bill calls for the utilization of existing agencies of the Government. It economizes on personnel and services as none of the many substitutes would do. It uses the Department of Labor with its Children's Bureau for the child-labor regulation, and its Bureau of Labor Statistics for the investigations and research. It uses the Department of Justice for the litigation and prosecution in its enforcement. All of these agencies are old-line agencies with established procedures, trained personnel, and years of administrative and professional experience. This bill would integrate the new labor regulation with the established methods and departments of our Government.

Of course, there would be a need for some additional assistants. Any new undertaking would require that. There would be created the office of an administrator under the Department of Labor, and the administrator would utilize the assistance of representative committees. That would involve a minimum of personnel expansion—of the sort that is absolutely necessary. To make minimum-wage legislation effective, an additional staff of inspectors is indispensable. Under the Walsh-Healey administration, there is such a staff. It is a small staff, and yet through its efforts alone, at least 90 percent of all the violations of the Walsh-Healey Act have been discovered. These violations have not been reported by the workers, but have been found only through these inspectors. The various State minimum-wage boards have similar inspectors. This bill provides expressly for the use of all these officials, State as well as Federal, wherever possible. This bill entrusts its enforcement to regular, old-line departments of the Government and provides for the coordination of their employees and State employees under

a responsible Administrator within the Department of Labor. This is not bureaucratic expansion. It is the very opposite. It is the economic utilization of existing agencies for new tasks to meet the new needs of Government.

EFFECT OF SMALL-BUSINESS MAN

The gentleman from New Jersey [Mr. HARTLEY] said that this bill would not affect the large industrial establishments because they were already paying 40 cents an hour; but would be detrimental to the small-business man who could not pay that wage.

It has become a popular fad to cry, "Pity the poor small-business man," and to shed crocodile tears over the little fellow who is supposed to be helpless and oppressed. When the gentleman from New Jersey states that big business can pay 40 cents an hour and the small-business man cannot pay that low wage, he maligns the small-business man. He places an anathema of incompetence and inefficiency upon the small-business man. He overdoes his sob story and makes the abject creature for whom he pleads unworthy of his pity. I do not believe the small-business man cannot pay decent wages. Thousands of small businesses are economical, profitable, and as capable of paying common labor wage rates as high as those of any large corporate enterprise. In fact, many small businesses are noteworthy for their preservation of the rare human interest in workers that is so noticeably absent in many large corporate enterprises today. Where there are small-business men with sweatshops, they as well as their larger models ought to be compelled to raise their wages to a decent level; but it is a calumny upon the traditional American small-business man to say that he cannot pay decent wages and that this act will do him harm.

POWER TO PAY OVER 40 CENTS AN HOUR

Yesterday, in answer to my question, "Do I understand the assertion of the gentleman from Indiana is that under this bill labor is prohibited from getting more than $16 per week?"—the gentleman from Indiana replied, "By order of the board or the administrator," implying that labor will be prohibited under this bill from getting more than $16 per week.

This is such a glaring error that I do not believe he or any of you will, upon sober reflection, continue to share such a misconception of the proposed act. But lest some of you be carried away with the excitement of the discussion, let me point out the language of this bill in section 4, on page 22, line 16, and following:

> A committee's jurisdiction to recommend labor standards shall not include the power to recommend minimum wages in excess of 40 cents per hour or a maximum workweek of less than 40 hours, but higher minimum wages and a shorter maximum workweek fixed by collective bargaining or otherwise shall be encouraged. * * *

There can be no setting of a maximum wage, no compulsion against the payment of higher wages, no order even suggesting what the top wages should be. On the contrary, the bill provides for only a minimum wage wherever a minimum up to 40 cents an hour is needed to maintain decency in an industry and the bill expressly recognizes and directs its administrative agents to encourage the establishment of higher minimum wages by collective bargaining or otherwise.

WILL THE MINIMUM WAGE BECOME THE MAXIMUM WAGE?

Instead of guessing, let us look at the actual experience of the Government in the setting of minimum wages under the Walsh-Healey Act. The Government has set a minimum wage of 37½ cents an hour in the cotton garment and allied industries covering work pants, shirts, overalls, windbreakers, lumber jackets, and other work coats, another minimum wage of 35 cents an hour in the hosiery industry, another minimum of 67½ cents an hour in the hat and cap industry. These minimum wages and others have been in effect now for a number of months with respect to a great many contracts. In not a single instance has the minimum wage become the maximum wage. The Division of Public Contracts of the Department of Labor has made inspections of the payrolls in a large number of these factories subject to these minimum wages. In all of the factories, without exception, there have been skilled and semiskilled and some unskilled workers receiving more than the minimum. These facts—not guesses, but actual experiences—show that the minimum wages do not become the maximum wages.

These experiences have been multiplied under State minimum-wage laws ever since the enactment of a $16 minimum wage law for the State of California in 1920. (See the publications of the U. S. Department of Labor, Women's Bureau, entitled "The Benefits of Minimum Wage Legislation for Women," pp. 4–7, and "Women in the United States," pp. 110–111; also "Special Study of Wages Paid to Women and Minors in Ohio," p. 56.)

EXTRACTS OF REPORTS

With your permission I quote and insert the following from pages 110 and 111 of a summary report on Women in the Economy of the United States of America, a 1937 Government document issued by the United States Department of Labor:

WAGES OF WOMEN ABOVE THE MINIMUM

Minimum-wage laws are designed specifically to raise wages at the very lowest levels, and it has been abundantly illustrated that they accomplish this. The experience also has been that the laws have tended to raise the wages of many who were receiving above the minimum, in spite of the fact that such laws are not especially designed to apply to these workers. Instances of this in a number of minimum-wage States may be shown.

California: The experience of California has been that the proportion of women receiving $17 and over has increased steadily from 1920, when the minimum of $16 was fixed, through 1929, with only a slight drop in 1930, and that in September 1931 such amounts were received by 58 percent of the women. Even in this depression period (1931) the following proportions received $20 or more:

Percent receiving $20 or more

Manufacturing	25.6
Laundry and dry cleaning	22.9
Mercantile	45.7

Massachusetts: In Massachusetts, where the minimum rates were fairly low, usually less than $14, and the orders were not mandatory, the increases in proportion receiving $17 or more were remarkable. These proportions follow:

	Percent with rates of $17 or more—		
	Before wage decree	At first inspection after decree	At inspection several years later
Druggists' preparations	(1)	19.5	31.4
Electrical equipment and supplies	12.0	24.6	26.8
Laundries	(1)	14.1	23.7
Retail stores	8.1	26.3	38.3

[1] Not reported.

North Dakota: Though without a large industrial population, North Dakota has had long experience with a minimum-wage law. A survey of that State made by the Women's Bureau of the United States Department of Labor in the depression year of 1931 found that almost two-thirds of the experienced women in a large sample were receiving more than the minimum rates fixed for the industries in which they were employed.

Laundry wages in four newer minimum-wage States: The fact has been referred to that several of the newer minimum-wage States fixed such wages first in the laundry industry. Their experience has been that after a minimum was established not only did larger proportions of women than before receive as much as this amount, but larger proportions than before earned more than this minimum. For example, 30 cents or more, an amount above the minimum, was received by the following proportions of women in the States specified:

	Percent receiving 30 cents or more—	
	Before minimum fixed	After minimum fixed
Illinois [1]	18.2	20.9
New Hampshire [2] (rates)	37.5	42.4
Ohio [3]	15.6	25.0

[1] Illinois, cit., p. 6.
[2] New Hampshire, cit., table 4.
[3] Women's Bureau Bul. 145, cit., p. 76. Figures are for 60 laundries reported for both periods.

A similar showing is made even if amounts considerably above the minimum are considered. These proportions of women received as much as $16 and as much as $15 in New Hampshire and New York, respectively:

	Percent receiving amount specified—	
	Before minimum fixed	After minimum fixed
Women in New Hampshire receiving as much as $16	3.5	13.9
Women in New York receiving as much as $15	9.1	21.7

SUMMARY OF THE EFFECTS OF MINIMUM-WAGE LAWS

The universal experience with minimum-wage legislation, wherever it has been introduced into the various States in this country, is that it has very materially raised the wages of large numbers of women, and that in some cases this effect has been most marked.

Far from reducing the wages of those receiving above the minimum, this type of law has resulted in raising the wages of many persons who previously had received more than the minimum fixed, and experience has shown that the minimum put in operation does not become the maximum.

In regard to women's employment, the usual experience has been that it continues to increase regardless of whether or not there is minimum-wage legislation, and in the State where the highest minimum was maintained over a long period of years women's employment increased considerably more than in the country as a whole. The constant changes in employment that are occurring are attributable to many factors not connected with the minimum wage, and there is no evidence that such legislation has any general or controlling effect toward inducing the replacement of women by men.

In the United States Department of Labor, Women's Bureau, March 1937, publication on Benefits of Minimum Wage Legislation for Women, we find the following, pages 4 to 7:

Minimum-wage laws have not caused the lowering of wages of women paid above the minimum, nor has the minimum become the maximum.

California: In this State the minimum wage has been $16 for most industries since 1920. The report of the California Industrial Relations Commission for 1932 (the latest data available) shows that the proportion of women receiving more than the minimum wage of $16 increased steadily from 1920 through 1930, and in September 1931 approximately 58 percent of the more than 88,000 women reported received $17 or more. In mercantile establishments 72 percent of the women received as much as this, and about 46 percent received $20 or more. In laundry and dry cleaning about 46 percent received $17 or more and 26 percent were paid at least $20. In manufacturing about 44 percent received $17 or more and 28 percent were paid $20 or more.

Illinois: After the laundry order had been in effect 1 month 20.9 percent of the women and minor workers in power laundries received 30 cents or more an hour as compared to 16.2 percent before the order. The legal minimum rates set were 23, 25, and 28 cents for various districts of the State. (The annual report of the Minimum Wage Division of Illinois, 1936.)

Massachusetts: In druggists' preparations from 1924 to 1929 the proportion of women receiving $18 or more (the minimum set by law in 1924 was $13.20) increased from 14.5 to 26.7 percent.

In laundries from 1923 to 1929 the proportion receiving $18 or more (the minimum set by law in 1922 was $13.50) increased from 9.8 to 17.1 percent.

In retail stores, from 1922–23 to 1926–28, the proportion of women receiving $17 or more (the minimum set by law in 1922 was $14) increased from 26.3 to 38.3 percent.

In office cleaning, from 1920 to 1927–28, the proportion of women receiving 45 cents or more (the minimum set by law in 1921 was 37 cents) increased from 4.6 to 11.8 percent. (Annual report, Massachusetts Department of Labor and Industries, year ending November 30, 1929, pp. 74, 75.)

New Hampshire: Before the wage order for the laundry industry was issued 37 percent of the women employed in 66 laundries received 30 cents or more an hour (the legal minimum wage set was 28 cents); after the order 42 percent of the women in 62 laundries earned more than that amount.

New York: In November 1935, 2 years after the minimum wage order for laundries was issued, 58 percent of the laundries in the State were paying more than half their women and minor employees wages higher than the established minimum rates. Forty-two percent of the employees under the order were being paid wages above the minimum prescribed, an indication that the minimum had not tended to become the maximum wage. (Memorandum to Gov. Herbert Lehman, of New York from Industrial Commissioner Elmer F. Andrews, December 30, 1936, p. 22.)

In an attempt to discover whether the wage rates of women who had been receiving more than the minimum were reduced after the wage order became effective in order to compensate for increased earnings among the lower-paid groups, a detailed study was made by the Division of Women in Industry and Minimum Wage of New York of the effect of the order on the earnings of 952 women for whom wage data were available both before and after the order was issued. It was found that 81 percent of these women had higher hourly earnings in November 1933, 1 month after the order, than in May 1933; 13 percent were earning the same amounts; and only 5 percent were earning less. The increases ranged as high as 22 cents per hour. In May only 89 of the 952 women had received wages which were higher than the minimum rates later established under the wage order, but of these 89 women, only 5 had had their rates reduced to the established minimum in November; 52 had higher hourly earnings in November than in May. (Factual Brief for Appellant in the New York Minimum Wage Case before the United States Supreme Court, John J. Bennett, attorney general of New York State, 1935, pp. 69, 70.)

North Dakota: A Women's Bureau survey in North Dakota in the fall of 1931 showed that almost two-thirds of the 1,000 experienced women included had a wage rate above the minimum. (The minimum rates varied for different industries, $14.50 being the highest.)

Ohio: In October 1935, after the wage order for the cleaning and dyeing industry had been in effect a year, 63.2 percent of 114 establishments, for which wage data were available both before and after the order, were paying one-half or more of their women employees more than the minimum rate of 35 cents an hour; and 78.1 percent of the women employed in the 114 establishments were receiving more than the minimum rate.

Before the wage order, in May 1933, only 20.2 percent of these 114 establishments paid one-half or more of their employees more than the minimum wage; and only 19.1 percent of the women employed in the 114 establishments received more than the minimum.

In 60 laundries in Ohio 40.7 percent of the women were earning more than the minimum rate of 27½ cents in April 1935, as compared to 23.3 percent in these identical laundries in May 1933, before the order went into effect. (U. S. Department of Labor, Women's Bureau Bulletin, No. 145, pp. 56, 57, 76.)

LET US NOT FAIL OUR PRESIDENT

Mr. Chairman, in the words of our President:

Our problem is to work out in practice those labor standards which will permit the maximum but prudent employment of our human resources to bring within the reach of the average man and woman a maximum of goods and service * * *.

We have passed legislation to help the home owner, the farmer, the banker, the depositor, the businessman, and industrialist. Let us also help the oppressed and downtrodden wage earners. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 1 minute to the gentleman from Arkansas [Mr. TERRY].

Mr. TERRY. Mr. Chairman, although I believe in assisting unorganized labor to obtain higher wages and more reasonable hours than it is receiving in some sections, and I am also against child labor, still I do not feel that this is an opportune time to press passage of the bill now before us for discussion. The country is now suffering from a recession in business and we do not know what its duration will be, or the extent it will spread. Thousands of workers are now being put off the employment rolls and will be compelled to go on the relief rolls. In my opinion, the immediate effect of this legislation will be to put more and more unskilled workers on the relief rolls at a time when we should be straining every nerve and devoting whatever intelligence we may possess to reducing the relief rolls and to assisting business to stabilize itself.

In my section of the country hundreds of workers and their families are being maintained by the small industries that operate in the various localities—little industries that probably could not meet the requirements of better-established industries in regard to wage standards but which have been the means of furnishing the neighborhoods with a means of livelihood. In my opinion the small industries will be squeezed out in favor of the large and established industries of the larger centers of population.

Mr. Chairman, it is difficult to ascertain who is promoting the passage of this legislation at this time. The farm groups representing the agricultural sections are against it; and labor is against it. President William Green, of the American Federation of Labor, is bitterly opposed to it. The chairman of the Labor Committee is opposed to the bill which was withdrawn from the Rules Committee, and has stated that she intends to offer a substitute bill at the proper

time; and there are at least three other bills which their proponents intend to offer as substitutes. The House has not yet had an opportunity to see the bill which the Labor Committee intends to urge for passage. Why all this rush to pass this bill at the special session? I submit that the more reasonable and logical thing would be to send this bill back to the committee for further study along with the other bills that are being urged on the House.

Mr. Chairman, my State is largely agricultural, and its welfare and prosperity are largely affected and influenced by the price of agricultural products and the price that its farm population has to pay for manufactured products, and until there is more of a parity between the prices of farm products and the prices of manufactured products, my people cannot view with unconcern the mounting prices of industrial products, and we must all concede that the passage of this bill means higher prices for industrial goods.

Mr. Chairman, there is another thing about this bill that I do not like and which should concern all of the Members of this House who are in favor of assisting our great President in his laudable ambition to balance the Nation's Budget. This bill provides for the creation of another bureau here in Washington with ramifying branches reaching into every nook and cranny of the country. It will mean the hiring of thousands of additional Government employees, to be put on the Federal pay roll, whose salaries will constitute an ever-increasing burden on the shoulders of the citizens of our country who are compelled to obtain their living from the fruits of private industry.

Mr. Chairman, we should not add to this tax burden at this time. The people of the United States are looking to this Congress to sustain the President in balancing the Budget; and the creation of more and more bureaus and regulatory commissions with their myriad of expense and salaries is not a step in the right direction. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield the balance of my time to the gentleman from Massachusetts [Mr. CASEY].

Mr. CASEY of Massachusetts. Mr. Chairman, I thank the gentlewoman from New Jersey for giving me the privilege of winding up this debate.

In the brief time allotted to me I can direct my remarks only to one phase of this bill and that is to its attempt to improve and standardize hours and wages. I embrace, with President Roosevelt, the theory that it is the responsibility of this Government to see to it that those employed get their due. Indeed, there is no other agency except the Government which can accomplish this desirable end. Private enterprise cannot accomplish it because those engaged in business have no power to bind the inevitable minority of chiselers within their own ranks.

Human nature is so constituted that there will always be men in private industry who are so greedy and so selfish that they will seize the opportunity to exploit human labor in order to grow unscrupulously rich. Competitors, who are not so base, find themselves forced reluctantly to do the same thing in order to survive this cutthroat competition.

Unfortunately, there exist in this country today certain sections which cater to unscrupulous industrialists. These sections have spokesmen who defend this practice by talking about natural advantages; such as climate, nearby raw materials, and a lower standard of living. If these arguments were real and sincere, I would have no quarrel with them. Every section of this country is entitled to prosper because of its natural advantages. No section is entitled to prosper because it is indifferent and callous to the feelings of human beings who labor.

Make no mistake about it, the only real advantage these sections offer is cheap labor. We can garnish it with all the sauce we wish but it sticks in our throats. It will not go down until we take it with no sauce at all. The plain simple fact is that sections in this country are offering to industry the unrestricted right to exploit human beings. Having this in mind, there is but one course to follow and our duty is plain.

Wherever a wage scale exists that does not permit a decent standard of living we should abolish it as we would slavery. In the past my section of the country has been just as guilty of exploiting labor as any other section. I can remember as a boy in the little town where I was born and still live, the great procession of men and women going to work in the darkness of morning and not returning until the darkness of night. Their plight was so miserable that they were in fact slaves. Gentlemen, I have heard it said that in pre-Civil War days when the question of slavery was being debated, a Southern statesman challenged a Massachusetts antislave spokesman to debate in Massachusetts the question of whether the textile slaves in the North were not worse off than the slaves in the South. The Southern statesman might have won that argument because at least the slaves in the South enjoyed the benefits of fresh air and sunshine while the textile slaves of the North knew nothing but darkness. While that situation existed in Massachusetts no other section of the country could attract her industries.

But gradually there came an awakening of conscience and a feeling of social responsibility. Massachusetts passed humane laws establishing maximum hours, minimum pay, abolishing child labor, and the employment of women during certain hours. When these things had been accomplished, my State became an easy prey to other sections that openly invited capital to come in and exploit labor.

Gentlemen, there is cutthroat competition among our States as well as among our businessmen. This condition should not exist in our enlightened and liberty-loving country. The wage and hour bill offers us an apportunity to abolish it. Let us embrace this opportunity and make the emancipation of the laborer in every section of this broad country an accomplished fact as well as a theory. [Applause.]

Mrs. NORTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill S. 2475, the wage-hour bill, had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—PUERTO RICO ORDINANCES

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with accompanying papers, referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 38 of the act of Congress approved March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes," I have the honor to transmit herewith certified copies of each of five ordinances adopted by the Public Service Commission of Puerto Rico. The ordinances are described in the accompanying letter from the Secretary of the Interior forwarding them to me.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *December 13, 1937.*

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—FIRST ANNUAL REPORT OF THE FEDERAL FIRE COUNCIL

The SPEAKER laid before the House the following further message from the President of the United States, which was read, and together with the accompanying papers, referred to the Committee on Public Buildings and Grounds.

To the Congress of the United States:

I transmit herewith for the information of the Congress the first annual report of the Federal Fire Council.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *December 13, 1937.*

EXTENSION OF REMARKS

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to insert at this point in the RECORD an amendment to be offered by me after the reading of the first section of the bill tomorrow.

The SPEAKER. The gentlewoman from New Jersey [Mrs. NORTON] asks unanimous consent to have incorporated at this point in the RECORD an amendment which she proposes to offer to the bill after the reading of the first section tomorrow. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, I did not quite get the substance of the request.

The SPEAKER. The gentlewoman from New Jersey [Mrs. NORTON] asks unanimous consent to have incorporated in the RECORD at this point an amendment which she proposes to offer tomorrow after the reading of the first section of the bill. Is there objection?

Mr. MICHENER. Mr. Speaker, reserving the right to object, as I understood the lady today, she announced a new or clean bill would be introduced embodying the 159 amendments. I wonder if additional amendments have been concocted since the bill with its 159 amendments was sent to press this morning.

Mrs. NORTON. The gentleman misunderstood me. As a matter of fact, the difficulty with reference to not having a correct bill rose in the printing of the bill. There were two sections transposed and three amendments left out entirely. We were obliged to send the bill back to be reprinted. That is really what happened. It was not our fault but the fault of the Printing Office.

Mr. MICHENER. As I understand it, there are 159 amendments or more to be offered tomorrow. Now, are they or not included in this clean bill to be printed?

Mrs. NORTON. I may say to the gentleman nobody said there were 159 amendments; however, all of the amendments agreed to by the committee are to be included in this print. In other words, we merely wish to get the matter in concise form before the Committee of the Whole.

Mr. GRISWOLD. Mr. Speaker, reserving the right to object, will the amendments which the gentlewoman is now offering be available in the bill tomorrow morning?

Mrs. NORTON. Yes.

Mr. CURLEY. Mr. Speaker, reserving the right to object, may I ask the gentlewoman from New Jersey whether or not that will preclude me from offering an amendment to the bill which should be in it?

Mrs. NORTON. No.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The amendment referred to follows:

Amendment proposed by Mrs. NORTON to S. 2475: Strike out the first paragraph and insert:

"That this act may be cited as the Black-Connery Fair Labor Standards Act of 1937.

"PART I—LEGISLATIVE DECLARATION; DEFINITIONS; WAGE AND HOUR DIVISION OF DEPARTMENT OF LABOR

"LEGISLATIVE DECLARATION

"SECTION 1. (a) The employment of workers under substandard labor conditions in occupations in interstate commerce, in the production of goods for interstate commerce, or otherwise directly affecting interstate commerce (1) causes interstate commerce and the channels and instrumentalities of interstate commerce to be used to spread and perpetuate among the workers of the several States conditions detrimental to the physical and economic health, efficiency, and well-being of such workers; (2) directly burdens interstate commerce and the free flow of goods in interstate commerce; (3) constitutes an unfair method of competition in interstate commerce; (4) leads to labor disputes directly burdening and obstructing interstate commerce and the free flow of goods in interstate commerce; and (5) directly interfere with the orderly and fair marketing of goods in interstate commerce.

"(b) The correction of such conditions directly affecting interstate commerce requires that the Congress exercise its legislative power to regulate commerce among the several States by prohibiting the shipment in interstate commerce of goods produced under substandard labor conditions and by providing for the elimination of substandard labor conditions in occupations in and directly affecting interstate commerce.

"DEFINITIONS

"SEC. 2. (a) As used in this act unless the context otherwise requires—

"(1) 'Person' includes an individual, partnership, association, corporation, business trust, receiver, trustee, trustee in bankruptcy, or liquidating or reorganizing agent.

"(2) 'Interstate commerce' means trade, commerce, transportation, transmission, or communication among the several States or from any State to any place outside thereof.

"(3) 'State' means any State of the United States or the District of Columbia or any Territory or possession of the United States.

"(4) 'Administrator' means the Administrator of the Wage and Hour Division created by section 3 of this act.

"(5) 'Occupation' means an occupation, industry, trade, or business, or branch thereof or class of work or craft therein in which persons are gainfully employed.

"(6) 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee but shall not include the United States or any State or political subdivision thereof, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization.

"(7) 'Employee' includes any individual employed or suffered or permitted to work by an employer, but shall not include any person employed in a bona fide executive, administrative, professional, or local retailing capacity, or any person employed in the capacity of outside salesman (as such terms are defined and delimited by regulations of the Administrator) nor shall 'employee' include any person employed as a seaman; or any railroad employee subject to the provisions of the Hours of Service Act (U. S. C., title 45, ch. 3); or any employee with respect to whom the Interstate Commerce Commission has power to establish qualifications and maximum hours of service pursuant to the provisions of section 204 of the Motor Carrier Act, 1935 (U. S. C., 1934 ed., title 49, ch. 8): *Provided, however,* That the wage provisions of this act shall apply to employees of such carriers by motor vehicle; or any air-transport employee subject to the provisions of title II of the Railway Labor Act, approved April 10, 1936; or any person employed in the taking of fish, sea foods, or sponges; or any person employed in agriculture. As used in this act, the term 'agriculture' includes farming in all its branches and among other things includes the cultivation and tillage of the soil, dairying, forestry, horticulture, market gardening, and the cultivation and growing of fruits, vegetables, nuts, nursery products, ferns, flowers, bulbs, livestock, bees, and poultry, and further includes the definition contained in subdivision (g) of section 15 of the Agricultural Marketing Act approved June 15, 1929, as amended, or any other agricultural or horticultural commodity, and any practices performed by a farmer or on a farm as an incident to such farming operations, including delivery to market. Independent contractors and their employees engaged in transporting farm products from farm to market are not persons employed in agriculture.

"(8) 'Oppressive wage' means a wage lower than the applicable minimum wage declared by order of the Administrator under the provisions of section 4.

"(9) 'Oppressive workweek' means a workweek (or workday) longer than the applicable maximum workweek declared by order of the Administrator under the provisions of section 4.

"(10) 'Oppressive child labor' means a condition of employment under which (A) any employee (as defined in this act to exclude employees in agriculture) under the age of 16 years is employed by an employer (other than a parent or a person standing in place of a parent) in any occupation, or (B) any such employee between the ages of 16 and 18 years is employed by an employer (other than a parent or a person standing in place of a parent) in any occupation which the Chief of the Children's Bureau in the Department of Labor shall from time to time by order declare to be particularly hazardous for the employment of such children or detrimental to their health or well-being; but oppressive child labor shall not be deemed to exist by virtue of the employment in any occupation of any person with respect to whom the employer shall have on file a certificate issued and held pursuant to the regulation of the Chief of the Children's Bureau certifying that such person is above the oppressive child-labor age. The Chief of the Children's Bureau shall provide by regulation or by order that the employment of employees under the age of 16 years in any occupation shall not be deemed to constitute oppressive child labor if and to the extent that the Chief of the Children's Bureau determines that such employment is confined to periods which will not interfere with their schooling and to conditions which will not interfere with their health and well-being.

"(11) 'Substandard labor conditions' means a condition of employment under which (A) any employee is employed at an oppressive wage; or (B) any employee is employed for an oppressive workweek; or (C) oppressive child labor exists.

"(12) 'Fair labor standard' means a condition of employment under which (A) no employee is employed at an oppressive wage; or (B) no employee is employed for an oppressive workweek; or (C) no oppressive child labor exists.

"(13) 'Labor standard order' means an order of the administrator under section 4, 6, or 8 of this act.

"(14) 'Goods' means goods (including ships and marine equipment), wares, products, commodities, merchandise, or articles or subjects of commerce of any character, or any part or ingredient thereof, but shall not mean goods after their delivery into the

actual physical possession of the ultimate consumer thereof other than a producer, manufacturer, or processor thereof.

"(15) 'Unfair goods' means goods in the production of which employees have been employed in any occupation under any substandard labor condition, or any goods produced in whole or in part by convicts or prisoners except convicts or prisoners on parole or on probation, or inmates of Federal penal or correctional institutions producing goods for the use of the United States Government.

"(16) 'Fair goods' means goods in the production of which no employees have been employed in any occupation under any substandard labor condition.

"(17) 'Produced' means produced, manufactured, mined, handled, or in any other manner worked on; and for the purposes of this act an employee shall be deemed to have been engaged in the production of goods if such employee was employed in producing, manufacturing, mining, handling, transporting, or in any other manner working on such goods, or in any process or occupation necessary to the production thereof.

"(18) 'Sale' or 'sell' includes any sale, exchange, contract to sell, consignment for sale, shipment for sale, or other disposition.

"(19) 'To a substantial extent' means not casually, sporadically, or accidentally but as a settled or recurrent characteristic of the matter or occupation described, or of a portion thereof, which need not be a large or preponderant portion thereof.

"(20) The term 'person employed in agriculture' as used in this act, insofar as it shall refer to fresh fruits or vegetables, shall include persons employed within the area of production engaged in preparing, packing, or storing such fresh fruits or vegetables in their raw or natural state.

"(b) For the purposes of this act, proof that any employee was employed under any substandard labor condition in any factory, mill, workshop, mine, quarry, or other place of employment where goods were produced, within 90 days prior to the removal of such goods therefrom (but not earlier than 120 days after the enactment of this act), shall be prima facie evidence that such goods were produced by such employee employed under such substandard labor condition.

"(c) All wage-and-hour regulations under the provisions of this act shall apply to workers without regard to sex.

"ADMINISTRATIVE AGENCY

"SEC. 3. (a) There is hereby created in the Department of Labor a Wage and Hour Division which shall be under the direction of an Administrator, to be known as the Administrator of the Wage and Hour Division (hereinafter referred to as the Administrator). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary of $10,000 a year. The Administrator is authorized to administer all the provisions of this act except as otherwise specifically provided and his determinations and labor-standard orders shall not be subject to review by any other person or agency in the executive branch of the Government.

"(b) The Administrator and the Chief of the Children's Bureau, under plans developed with the consent and cooperation of the State agencies charged with the administration of State labor laws, may utilize the services of State and local agencies, officers, and employees administering such laws and notwithstanding any other provisions of law may reimburse such State and local agencies, officers, and employees for their services when performed for such purposes.

"(c) The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary to carry out the functions and duties of the Administrator and shall fix their salaries in accordance with the Classification Act of 1923, as amended. The Administrator may establish and utilize such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. In all litigation the Administrator shall be represented by the Attorney General or by such attorney or attorneys as he may designate. In the appointment, selection, classification, and promotion of officers and employees of the Administrator, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

"(d) The principal office of the Administrator shall be in the District of Columbia, but he may exercise any or all of his powers in any other place.

"(e) The Administrator shall submit annually in January a report to the Congress covering the work of the Administrator for the preceding year and including such information, data, and recommendations for further legislation in connection with the matters covered by this act as he may find advisable.

"PART II—ESTABLISHMENT OF FAIR LABOR STANDARDS

"MINIMUM-WAGE AND MAXIMUM-HOUR STANDARDS

"SEC. 4. (a) Whereas wages paid in interstate industries vary greatly between industries and throughout the Nation, reaching as low as $5 or less per week; and

"Whereas hours of labor in interstate industries also vary greatly between industries and throughout the Nation, reaching as high as 84 hours per week; and

"Whereas such wide variations create unfair competition for employers who wish to pay decent wages and maintain decent working hours; and

"Whereas the workers who receive the lowest wages and work the longest hours have been and now are unable to obtain a living wage or decent working hours by individual or collective bargaining with their employers; and

"Whereas it is necessary for the development of American commerce and the protection of American workers and their families that substandard wages and hours be eliminated from interstate industry and business; but

"Whereas it is impossible to achieve such results arbitrarily by an abrupt change so drastic that it might do serious injury to American industry and American workers, and it is therefore necessary to achieve such results cautiously, carefully, and without disturbance and dislocation of business and industry: Now, therefore,

"It is declared to be the policy of this act to establish minimum-wage and maximum-hour standards, at levels consistent with health, efficiency, and general well-being of workers and the profitable operation of American business so far as and as rapidly as is economically feasible, and without interfering with, impeding, or diminishing in any way the right of employees to bargain collectively in order to obtain a wage in excess of the applicable minimum under this act or to obtain a shorter workday or workweek than the applicable maximum under this act.

"(b) Having regard to such policy and upon a finding that a substantial number of employees in any occupation are employed at wages and hours inconsistent with the minimum standard of living necessary for health, efficiency, and general well-being, the Administrator shall appoint a wage and hour committee to consider and recommend a minimum wage rate or a maximum workday and workweek, or both, as the case may be, for employees in such occupation which shall be as nearly adequate as is economically feasible to maintain such minimum standard of living: *Provided, however,* That no such committees shall be appointed with respect to occupations in which no employee receives less than 40 cents per hour or works more than 40 hours per week.

"(c) Such committee shall be composed of an equal number of persons representing the employers and the employees in such occupation, and of not more than three disinterested persons representing the public, one of whom shall be designated as chairman. Persons representing the employers and employees shall be selected so far as practicable from nominations submitted by employers and employees, or organizations thereof, having due regard to the geographic regions which may be concerned, in such occupation. Two-thirds of the members of such wage and hour committee shall constitute a quorum, and the recommendations of such committee shall require a vote of not less than a majority of all its members. Members of a wage and hour committee shall be entitled to reasonable compensation to be fixed by the Administrator for each day actually spent in the work of the committee in addition to their reasonable and necessary traveling and other expenses and shall be supplied with adequate stenographic, clerical, and other assistance.

"(d) The Administrator shall submit to such a committee promptly upon its appointment such data as the Administrator may have available on the matter referred to it, and shall cause to be brought before the wage and hour committee any witnesses whom the Administrator deems material. A wage and hour committee may summon other witnesses or call upon the Administrator to furnish additional information to aid in its deliberations.

"(e) In recommending a minimum wage, a committee shall consider among other relevant circumstances the following: (1) The cost of living; (2) the wages paid by employers in the occupation to be covered by the order establishing such minimum wage who voluntarily maintain reasonable minimum wage standards; (3) the wages established in similar occupations through collective labor agreements negotiated between employers and employees by representatives of their own choosing; (4) local economic conditions; (5) the relative cost of transporting goods from points of production to consuming markets; (6) the reasonable value of the services rendered; and (7) differences in unit costs of manufacturing occasioned by varying local natural resources, operating conditions, or other factors entering into the cost of production.

"(f) In recommending a maximum workday and a maximum workweek, a committee shall consider among other relevant circumstances the following: (1) The hours of employment observed by employers in the occupation to be covered by the order establishing such maximum workday and workweek, who voluntarily maintain a reasonable maximum workday and workweek; (2) the hours of employment established in similar occupations through collective labor agreements negotiated between employers and employees by representatives of their own choosing; and (3) the number of persons seeking employment in the occupation to be subject to the order establishing such maximum workday and workweek.

"(g) A committee's jurisdiction to recommend labor standards shall not include the power to recommend minimum wages in excess of 40 cents per hour or a maximum workweek of less than 40 hours, but higher minimum wages and a shorter maximum workweek fixed by collective bargaining or otherwise shall be encouraged; it being the objective of this act to raise the existing wages in the lower wage groups so as to attain as rapidly as practicable a minimum wage of 40 cents per hour without curtailing opportunities for employment and without disturbance and dislocation of business and industry, and a maximum workweek of 40 hours without curtailing earning power and without reducing production.

"(h) Unless the Administrator finds that the standards recommended by a wage and hour committee have been made without

due consideration of the factors enumerated in this section he shall set down for public hearing pursuant to section 10 a proposed order containing such standards together with such regulations and conditions as he may deem necessary and incidental thereto pursuant to sections 6 and 9. If, after such hearing, the Administrator finds that the proposed standards, so far as is economically feasible, are at levels consistent with the health, efficiency, and general well-being of workers, he shall so declare, and shall issue a labor-standard order applying such standards, regulations, and conditions to the occupation involved pursuant to the procedure hereinafter provided.

"(i) If the recommendations of a committee are not submitted in such time as the Administrator may prescribe as reasonable, the Administrator may appoint a new committee. If the Administrator before or after hearing rejects the recommendations of a wage and hour committee, either in whole or in part, he shall resubmit the matter to the same committee or to a new committee, whichever he deems proper.

"(j) The provisions of this act with respect to maximum workdays or maximum workweeks shall not apply to employees engaged in processing or packing perishable agricultural products during the harvesting season; or to any person employed in connection with the ginning, compressing, and storing of cotton or with the processing of cottonseed; the canning or other packing or packaging of fish, sea foods, sponges, or picking, canning, or processing of fruits, or vegetables, or the processing of beets, cane, and maple into sugar and sirup, when the services of such person are of a seasonal nature; or to employees employed in a plant located in dairy production areas in which milk, cream, or butterfat are received, processed, shipped, or manufactured if operated by a cooperative association as defined in section 15, as amended, or the Agricultural Marketing Act.

"COLLECTIVE-BARGAINING AGREEMENTS PROTECTED

"SEC. 5. (a) Nothing in this act or in any regulation or order thereunder shall be construed to interfere with, impede, or diminish in any way the right of employees to bargain collectively or otherwise to engage in any concerted activity allowed by law in order to obtain a wage in excess of the applicable minimum under this act or to obtain a shorter workweek than the maximum workweek under this act or otherwise to obtain benefits or advantages for employees not required by this act, and a minimum wage so sought or obtained shall not be construed or deemed to be illegal or unfair because it is in excess of the minimum wage under this act, and a maximum workweek so sought or obtained shall not be construed or deemed to be illegal or unfair because it is shorter than the maximum workweek under this act.

"(b) A labor-standard order establishing minimum wages or a maximum workweek for any occupation shall be made only if the Administrator finds that collective-bargaining agreements in respect to such minimum wages or maximum hours do not cover a substantial portion of the employees in such occupation, or that existing facilities for collective bargaining in such occupation are inadequate or ineffective to accomplish the purposes of this act.

"(c) A labor-standard order covering any occupation shall not establish for any locality in which such occupation is carried on a minimum wage which is lower or a maximum workweek which is longer than the minimum wage or maximum workweek prevailing for like work done under substantially like conditions in such occupation in such locality, unless the minimum wage established by such order in highest wage or the maximum workweek is the shortest workweek that the Administrator is authorized to establish under this act.

"(d) The minimum wages and maximum workweek established by collective-bargaining agreements in any occupation shall be prima facie evidence of the appropriate minimum wage and maximum workweek to be established by the Administrator for like work done under substantially like conditions.

"EXEMPTIONS FROM LABOR STANDARDS WITH RESPECT TO WAGES AND HOURS

"SEC. 6. (a) Unless an applicable order of the Administrator under this act shall otherwise provide, the maintenance among employees of an oppressive workweek shall not be deemed to constitute a substandard labor condition if the employees so employed receive additional compensation for such overtime employment at the rate of 1½ times the regular hourly wage rate at which such employees are employed. But the Administrator shall have power to make an order determining that such overtime employment in any occupation shall constitute a substandard labor condition if and to the extent the Administrator finds necessary or appropriate to prevent the circumvention of this act. Any such order may contain such terms and conditions relating to overtime employment, including the wage rates to be paid therefor and the maximum number of hours of employment in each day and the maximum number of days per week, as the Administrator shall consider necessary or appropriate in the occupation affected.

"(b) The Administrator shall provide by regulation or by order that the employment of employees in any occupation at a wage lower or for a workweek longer than the appropriate fair labor standard otherwise applicable to such occupation shall not be deemed to constitute a substandard labor condition if the Administrator finds that the special character or terms of the employment or the limited qualifications of the employees makes such employment justifiable and not inconsistent with the accomplishment of the purposes of such one or more provisions of this act. Such regulations or orders may provide for (1) the employment of learners, and of apprentices under special certificates as issued pursuant to regulations of the Department of Labor, at such wages lower than the applicable minimum wage and subject to such limitations as to time, number, proportion, and length of service as the Administrator shall prescribe; (2) the employment of persons whose earning capacity is impaired by age or physical or mental deficiency or injury, under special certificates to be issued by the Administrator, at such wages lower than the applicable wage and for such period as shall be fixed in such certificates; (3) deductions for board, lodging, and other facilities furnished by the employer if the nature of the work is such that the employer is obliged to furnish and the employee to accept such facilities; (4) overtime employment in periods of seasonal or peak activity or in maintenance, repair, or other emergency work and the wage rates to be paid for such overtime employment not exceeding the rate of time and one-half; and (5) suitable treatment of other cases or classes of cases which, because of the nature and character of the employment, justify special treatment.

"PART III—UNFAIR GOODS BARRED FROM INTERSTATE COMMERCE AND INTERSTATE COMMERCE PROTECTED FROM THE EFFECT OF SUBSTANDARD LABOR CONDITIONS

"PROHIBITED SHIPMENTS AND EMPLOYMENT CONDITIONS IN INTERSTATE COMMERCE AND PRODUCTION FOR INTERSTATE COMMERCE

"SEC. 7. It shall be unlawful for any person, directly or indirectly—

"(1) to transport or cause to be transported in interstate commerce, or to aid or assist in transporting, or obtaining transportation in interstate commerce for, or to ship or deliver or sell in interstate commerce, or to ship or deliver or sell with knowledge that shipment or delivery or sale thereof in interstate commerce is intended, any unfair goods; or

"(2) to employ under any substandard labor conditions any employee engaged in interstate commerce or in the production of goods intended for transportation or sale in violation of clause (1) of this section.

"PROTECTION OF INTERSTATE COMMERCE FROM EFFECT OF SUBSTANDARD LABOR CONDITIONS

"SEC. 8. (a) Whenever the Administrator shall determine that any substandard labor condition exists in the production of goods in one State and that such goods compete to a substantial extent in that State with other goods produced in another State and sold or transported in interstate commerce, in the production of which such substandard labor condition does not exist, the Administrator shall make an order requiring the elimination of such substandard labor condition and the maintenance of the appropriate fair labor standard in the production of goods which so compete.

"(b) It shall be unlawful for any person, directly or indirectly, to employ any employee in violation of any term or provision of an order of the Administrator made under this section.

"(c) The United States Tariff Commission upon request of the President, or upon resolution of either or both Houses of Congress, or if imports are substantial and increasing in ratio to domestic production and if in the judgment of the Commission there is good and sufficient reason therefor, then, upon its own motion or upon the request of the Administrator or upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article resulting from the operation of this act, and shall recommend to the President such an increase (within the limits of section 336 of the Tariff Act of 1930) in the duty upon imports of the said foreign article, or such a limitation in the total quantity permitted entry, or entry without increase in duty, as it may find necessary to equalize the said differences in cost and to maintain the standards established pursuant to this act. In the case of an article on the free list in the Tariff Act of 1930, it shall recommend, if required for the purposes of this section, a limitation on the total quantity permitted entry. The President shall by proclamation approve and cause to be put into effect the recommendations of the Commission if, in his judgment, they are warranted by the facts ascertained in the Commission's investigation.

"(d) All provisions of title III, part II, of the Tariff Act of 1930, applicable with respect to investigations, reports, and proclamations under section 336 of the said Tariff Act, shall, insofar as they are not inconsistent with this section, be applicable with respect to investigations under this section Nothing in this section shall be construed as permitting action in violation of any international obligation of the United States. In recommending any limitation of the quantity permitted entry, or entry without an increase in duty, the Commission, if it finds it necessary to enforce such limitations or to carry out any of the provisions of this section, shall recommend that the foreign article concerned be forbidden entry except under license from the Secretary of the Treasury and that the quantity permitted entry, or entry without an increase in duty, shall be allocated among the different supplying countries on the basis of the proportion of imports from each country in a previous representative period. Any proclamation under this section may be modified or terminated by the President whenever he approves findings submitted to him by the Commission that conditions require the modification recommended by the Commission to carry out the purposes of this section, or that the conditions requiring the proclamation no longer exist.

"PART IV—GENERAL ADMINISTRATIVE PROVISIONS

"LABOR-STANDARD ORDERS

"SEC. 9. A labor-standard order—

"(1) shall be made only after a hearing held pursuant to section 10;

"(2) shall take effect upon the publication thereof in the Federal Register or at such date thereafter as may be provided in the order;

"(3) shall define the occupation or occupations, the territorial limits within which such order shall operate, and the class, craft, or industrial unit or units to which such order relates;

"(4) subject to the provisions of this act, may classify employers, employees, and employments within the occupation to which such order relates according to localities, the population of the communities in which such employment occurs, the number of employees employed, the nature and volume of the goods produced, and such other differentiating circumstances as the Administrator finds necessary or appropriate to accomplish the purposes of such order, and may make appropriate provision for different classes of employers, employees, or employment; but it shall be the policy of the Administrator to avoid the adoption of any classification which effects an unreasonable discrimination against any person or locality or which adversely affects prevailing minimum wage or maximum work-week standards and to avoid unnecessary or excessive classifications and to exercise his powers of classification only to the extent necessary or appropriate to accomplish the essential purposes of the act;

"(5) in case of an order relating to wages may contain such terms and conditions as the Administrator may consider necessary or appropriate to prevent the established minimum wage becoming the maximum wage; but it shall be the policy of the Administrator to establish such minimum-wage standards as will affect only those employees in need of legislative protection without interfering with the voluntary establishment of appropriate differentials and higher standards for other employees in the occupation to which such standards relate;

"(6) shall contain such terms and conditions (including the restriction or prohibition of industrial home work or of such other acts or practices) as the Administrator finds necessary to carry out the purposes of such order to prevent the circumvention or evasion thereof or to safeguard the fair labor standards therein established;

"(7) may modify, extend, or rescind at any time in the light of the circumstances then prevailing a labor-standard order previously made: *Provided*, That at least 90 days' notice from the date of the order must be given before any change is made effective if it increases wages or reduces hours.

"HEARINGS

"SEC. 10. A labor-standard order shall be made, modified, extended, or rescinded only after a hearing held pursuant to this section. Such hearing shall be held at such time and place as the Administrator shall prescribe on the Administrator's own motion or on the complaint of any labor organization or any person having a bona fide interest (as defined by the Administrator) filed in accordance with such regulations as the Administrator shall prescribe and showing reasonable cause why such hearing should be held. Such hearing shall be public and may be held before the Administrator or any officer or employee of the Wage and Hour Division designated by him. Appropriate records of such hearing shall be kept. The Administrator shall not be bound by any technical rules of evidence or procedure.

"INVESTIGATIONS; TESTIMONY

"SEC. 11. (a) The Administrator in his discretion may investigate and gather data regarding the wages, hours, and other conditions and practices of employment in any occupation subject to this act and may inspect such places and such records (and make such transcripts thereof) and investigate such facts, conditions, practices, or matters as he may deem necessary or appropriate to determine whether any person has violated or is about to violate any provision of this act or any labor-standard order, or to aid in the enforcement of the provisions of this act, in prescribing regulations thereunder, or in obtaining information to serve as a basis for recommending further legislation concerning the matters to which this act relates.

"(b) For the purpose of any investigation or any other proceeding under this act, a wage and hour committee, the Administrator, or any officer or employee of the Wage and Hour Division designated by him, is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, or other records of any employer deemed relevant or material to the inquiry. Witnesses appearing before the Administrator or any officer or employee designated by him, in obedience to subpenas of the Administrator, shall be entitled to such fees and mileage as the Administrator may by rules and regulations prescribe.

"(c) In case of contumacy by, or refusal to obey a subpena issued to, any person, the Administrator, or the wage and hour committee, as the case may be, may invoke the aid of any court of the United States in the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, correspondence, and other records. Such court may issue an order requiring such person to appear before the wage and hour committee, or before the Administrator, or officer or employee designated by him, as the case may be, and to produce records, if so ordered, or to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

"(d) No person shall be excused from attending and testifying or from producing books, papers, correspondence, or other records and documents on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture, but no individual shall be prosecuted or subject to any penalty or forfeiture for or on account of any transactions, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

"ENFORCEMENT

"SEC. 12. Whenever it shall appear to the Administrator that any person is engaged or about to engage in any act or practice which constitutes or will constitute a violation of any provision of this act, or of any provision of any labor-standard order, he may in his discretion bring an action in the proper district court of the United States to enjoin such act or practice and to enforce compliance with this act or with such labor-standard order, and upon a proper showing a permanent or temporary injunction or decree or restraining order shall be granted without bond. The Administrator may transmit such evidence as may be available concerning such acts or practices to the Attorney General, who, in his discretion, may institute the appropriate criminal proceedings under this act.

"RECORDS; LABELS

"SEC. 13. (a) Every employer subject to any provision of this act or of a labor-standard order shall make, keep, and preserve such records of the persons employed by him; and the wages, hours, and other conditions and practices of employment maintained by him and shall preserve such records for such periods of time, and shall make such reports therefrom to the Administrator as the Administrator shall prescribe by regulation or order as necessary or appropriate for the enforcement of the provisions of this act or the regulations or orders thereunder. Every employer subject to a labor-standard order shall keep a copy of such order posted in a conspicuous place in every room in which employees in any occupation subject to such order are employed, and a schedule of hours of employment on a form published by the Administrator shall contain the maximum number of hours each employee is to be employed during each day of the week with the total hours per week, the hours of commencing and stopping work, and the beginning and end of periods allotted for meals. If more than one schedule of hours is in operation at a particular place of employment, the posted schedule shall contain the names of the employees working on the different shifts and shall indicate the hours required for each employee or group of employees. The presence of any employee at the place of employment at any other hours than those stated in the schedule applying to him shall be deemed prima facie evidence of violation of such order, unless such employee is receiving the overtime rate provided in section 6 (b). Employers shall be furnished copies of such orders and forms upon request without charge.

"(b) No person other than the producer shall be prosecuted for the transportation, shipment, delivery, or sale of unfair goods who has secured a representation in writing from the person by whom the goods transported, shipped, or delivered were produced, resident in the United States, to the effect that such goods were not produced in violation of any provision of this act. If such representation contains any false statement of a material fact, the person furnishing the same shall be amenable to prosecution and to the penalties provided for the violation of the provisions of this act.

"POWERS OF THE SECRETARY OF LABOR AND OF THE CHILDREN'S BUREAU

"SEC. 14. (a) So far as practicable, the Administrator shall utilize the Department of Labor for all the investigations and inspections necessary under section 11 (a). The Secretary of Labor shall have the powers enumerated therein in the conduct of such investigations and inspections and shall report the results thereof to the Administrator.

"(b) The Administrator shall utilize the Chief of the Children's Bureau in the Department of Labor, or any of his authorized representatives, for all investigations and inspections under section 11 with respect to the employment of minors and to bring all actions under section 12 to enjoin any act or practice which is unlawful by reason of the existence of oppressive child labor.

"REGULATIONS; ORDERS

"SEC. 15. The Administrator shall have authority from time to time, to make, issue, amend, and rescind such regulations and such orders as he may deem necessary or appropriate to carry out the provisions of this act, including but not limited to regulations defining technical and trade terms used in this act. Among other things, the Administrator shall have authority, for the purposes of this act, to provide for the form and manner in which complaints may be filed and proceedings instituted for the establishment

of fair labor standards; to prescribe the procedure to be followed at any hearing or other proceeding before the Administrator or any officer or employee designated by him, or wage and hour committee appointed by him. For the purpose of his regulations and orders, the Administrator may classify persons and matters within his jurisdiction and prescribe different requirements for different classes of persons or matters. The regulations and orders of the Administrator shall take effect upon the publication thereof in the Federal Register or at such later date as the Administrator shall direct. No provision of this act imposing any liability or disability shall apply to any act done or omitted in good faith in conformity with any regulation or order of the Administrator, notwithstanding that such regulation or order may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

"VALIDITY OF CONTRACTS

"SEC. 16. (a) Any provision of any contract, agreement, or understanding made in violation of any provision of this act or of a regulation or order thereunder shall be null and void.

"(b) Any contract, agreement, understanding, condition, stipulation, or provision binding any person to waive compliance with any provision of this act or with any regulation or order thereunder shall be null and void.

"REPARATION; RELEASE OF GOODS

"SEC. 17. (a) If any employee is paid by his employer a wage lower than the applicable minimum wage required to be paid by any provision of this act or of a labor-standard order, or required to be paid to make it lawful under this act for goods in the production of which such employee was employed to be shipped in interstate commerce or to compete with goods shipped in interstate commerce, such employee shall be entitled to receive as reparation from his employer the full amount of such minimum wage less the amount actually paid to him by the employer. If any employee is employed for more hours per week or per day than the maximum workweek or workday required to be maintained by any provision of this act or of a labor-standard order, he shall be entitled to receive as reparation from his employer additional compensation for the time that he was employed in excess of such maximum workweek or workday at the rate of one and one-half times the agreed wage at which he was employed or the minimum wage, if any, for such time established by this act or by an applicable labor-standard order, whichever is higher, less the amount actually paid to him for such time by the employer.

"(b) Any employee entitled to reparation under this section may recover such reparation in a civil action, together with costs and such reasonable attorney's fees as may be allowed by the court. Any such claim for reparation shall not be the subject of any voluntary assignment, except to the Administrator as herein provided. At the request or with the consent of any employee entitled to such reparation, the Administrator or an authorized regional representative of the Administrator may take an assignment of any claim of such employee under this section in trust for the assigning employee and may bring any legal action necessary to collect such claim, and the employer shall be required to pay costs and such reasonable attorney's fees as may be allowed by the court. Employees entitled to reparations from the same employer may bring a joint action to recover such reparations or, if separate actions are brought, such employees or the employer shall have the right to have such actions consolidated for trial.

"(c) The Administrator shall, by order, exempt any goods from the operation of any provision of this act prohibiting the sale or transportation of such goods in interstate commerce if the Administrator finds that every person having a substantial proprietary interest (as defined by the Administrator) in such goods had no reason to believe that any substandard labor condition existed in the production of such goods or that such exemption is necessary to prevent undue hardship or economic waste and is not detrimental to the public interest. Any order of the Administrator under this subsection shall contain such terms and conditions as the Administrator considers necessary or appropriate in order to safeguard the enforcement and prevent the circumvention of this act. In the case of goods produced under any substandard labor condition relating to wages or hours of employment maintained by any employer having a substantial proprietary interest (as defined by the Administrator) in such goods, no such order shall be granted unless it is established to the satisfaction of the Administrator that adequate provision has been made for the payment, to every employee employed by him in the production of such goods under any such substandard labor condition, of the reparation to which such employee is entitled under this section on account of such employment.

"RELATION TO OTHER LAWS

"SEC. 18. No provision of this act or of any regulation or order thereunder shall justify noncompliance with any Federal or State law or municipal ordinance establishing a minimum wage higher than a minimum wage established under this act or a maximum workweek lower than a maximum workweek established under this act, or otherwise regulating the conditions of employment in any occupation and not in conflict with a provision of this act or a regulation or order thereunder.

"COMMON CARRIERS NOT LIABLE

"SEC. 19. No provision of this act shall impose any liability or penalty upon any common carrier for the transportation in interstate commerce in the regular course of its business of any goods not produced by such common carrier, and no provision of this act shall excuse any common carrier from its obligations to accept any goods for transportation.

"COURT REVIEW OF ORDERS

"SEC. 20. (a) Any person aggrieved by an order of the Administrator under this act may obtain a review of such order in the circuit court of appeals of the United States for any circuit wherein such person resides or has his principal place of business, or in the United States Court of Appeals for the District of Columbia by filing in such court, within 60 days after the entry of such order, a written petition praying that the order of the Administrator be modified or set aside in whole or in part. A copy of such petition shall forthwith be served upon the Administrator, and thereupon the Administrator shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm, modify, or set aside such order in whole or in part. The review by the court shall be limited to questions of law, and findings of fact by the Administrator when supported by evidence shall be conclusive unless it shall appear that the findings of the Administrator are arbitrary or capricious. No objection to the order of the Administrator shall be considered by the court unless such objection shall have been urged before the Administrator or unless there were reasonable grounds for failure so to do. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence may materially affect the result of the proceeding and that there were reasonable grounds for failure to adduce such evidence in the proceeding before the Administrator, the court may order such additional evidence to be taken before the Administrator and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Administrator may modify his findings as to the facts by reason of the additional evidence so taken, and he shall file with the court such modified or new findings, which if supported by evidence shall be conclusive, and his recommendation, if any, for the modifications or setting aside of the original order. The judgment and decree of the court shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

"(b) The commencement of proceedings under subsection (a) shall not, unless specifically ordered by the court, operate as a stay of the Administrator's order. The court shall not grant any stay of a labor-standard order relating to wages or hours unless the person complaining of such order shall file in court an undertaking with a surety or sureties satisfactory to the court for the payment to the employees subject to the order of the reparation to which they would be entitled under section 17 in the event that the order should be upheld.

"JURISDICTION OF OFFENSES AND SUITS

"SEC. 21. The district courts of the United States shall have jurisdiction of violations of this act or the regulations or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this act or the regulations or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation or an element thereof occurred. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this act, or regulations or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district in which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 225 and 347), and section 7, as amended, of the act entitled 'An act to establish a Court of Appeals for the District of Columbia,' approved February 9, 1893 (D. C. Code, title 18, sec. 26). No costs shall be assessed against the Administrator in any proceeding under this act brought by or against the Administrator in any court.

"PENALTIES

"SEC. 22. (a) Any person who willfully performs or aids or abets in the performance of any act declared to be unlawful by any provision of this act or who willfully fails or omits to perform any act, duty, or obligation required by this act to be performed by him shall be guilty of a misdemeanor and, upon conviction, shall be fined not more than $500 or imprisoned for not more than 6 months, or both. Where the employment of an employee in violation of any provision of this act or of a labor-standard order is unlawful, each employee so employed in violation of such provision shall constitute a separate offense. No person shall be imprisoned under this subsection except for an offense committed after the conviction of such person for a prior violation of this subsection.

"(b) Any person who willfully makes any statement or entry in any application, report, or record filed or kept pursuant to the provisions of this act or any regulation or order thereunder, knowing such statement or entry to be false in any material respect

shall be guilty of a misdemeanor and, upon conviction, shall be fined not more than $500 or imprisoned for not more than 6 months, or both.

"(c) Any employer who willfully discharges or in any other manner discriminates against any employee because such employee has filed any complaint or instituted or caused to be instituted any investigation or proceeding under or related to this act, or has testified or is about to testify in any such investigation or proceeding, or has served or is about to serve on an advisory committee, or because such employer believes that such employee has done or may do any of said acts, shall be guilty of a misdemeanor and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"(d) Any person who, without just cause, shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, or other records, if in his or its power so to do, in obedience to a subpena issued pursuant to this act, shall be guilty of a misdemeanor and upon conviction shall be subject to a fine of not more than $500 or to imprisonment for not more than 6 months, or both.

"(e) No producer, manufacturer, or dealer shall ship or deliver for shipment in interstate commerce any goods produced in an establishment situated in the United States in or about which within 30 days prior to the removal of such goods therefrom any oppressive child labor has been employed: *Provided*, That a prosecution and conviction of a defendant for the shipment or delivery for shipment of any goods under the conditions herein prohibited shall be a bar to any further prosecution against the same defendant for shipments or deliveries for shipment of any such goods before the beginning of said prosecution.

"SEPARABILITY

"SEC. 23. If any provision of this act or of any regulation or order thereunder or the application of such provision to any person or circumstances shall be held invalid, the remainder of the act and the application of such provision of this act or of such regulation or order to persons or circumstances other than those as to which it is held invalid shall not be affected thereby. Without limiting the generality of the foregoing, if any provision of this act or any regulation or order thereunder shall be held invalid insofar as it gives any effect to any substandard labor condition or requires the maintenance of any fair labor standard on the part of any person or in any circumstances, the application of such provision of this act or of such regulation or order shall not be affected thereby insofar as it gives any effect to any other substandard labor condition or requires the maintenance of any other fair labor standard on the part of the same person or in the same circumstances, or insofar as it gives any effect to the same substandard labor condition or requires the maintenance of the same fair labor standard on the part of any other person or in any other circumstances.

"EFFECTIVE DATE OF ACT

"SEC. 24. This act shall take effect immediately, except that no provision requiring the maintenance of any fair labor standard or giving any effect to any substandard labor condition shall take effect until the one hundred and twentieth day after the enactment of this act, and no labor-standard order shall be effective prior to that day."

Mr. HEALEY. Mr. Speaker, I ask unanimous consent to extend the remarks I made today and include therein certain charts and data published by the Department of Labor.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to extend the remarks I made in the Committee of the Whole this afternoon and include therein excerpts from the Supreme Court decision in the N. R. A. case, as well as excerpts from the testimony of Assistant Attorney General Jackson at the hearings on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, I desire to announce to the House that 218 Members have signed House Joint Resolution 199, discharging the Rules Committee from the further consideration of the resolution providing for consideration of the Ludlow amendment to the Constitution providing a referendum on war.

EXTENSION OF REMARKS

Mr. BARRY asked and was given permission to revise and extend his own remarks in the RECORD.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and include therein a letter from the Governor of Texas and my reply thereto.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CITRON. Mr. Speaker I ask unanimous consent to extend my remarks in the RECORD and include therein certain tables of the Department of Labor.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. ELLENBOGEN and Mr. KENNEY asked and were given permission to extend their own remarks in the RECORD.

Mr. TRANSUE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a poem dedicated to world peace, by Thomas H. Howard, a constituent in my district.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOOD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOOD. Have all Members been granted the right to extend their own remarks on the pending wage and hour bill?

The SPEAKER. Permission has already been granted to all Members to extend their remarks on the pending bill. The Chair is of the opinion, however, that if Members desire to incorporate in their remarks extraneous or additional matter, special permission will have to be obtained.

Mr. WOOD. Is this permission for 5 days or for the rest of the session?

The SPEAKER. Five legislative days after the conclusion of the consideration of the bill.

PERMISSION TO ADDRESS THE HOUSE

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I have just arrived in the Chamber. I understand the gentleman from New York has announced the completion of the signing of names to the discharge petition to bring before the House the resolution (H. J. Res. 199) which proposes to give the people of America the right to vote on participation in foreign wars.

I want to thank those who have signed the petition and to say to those who have not done so that under the operation of the rule I shall be in control of the time, and will be very just to all who desire to be heard in opposition to or in favor of the proposal. This opens a great peace discussion, which I believe will be very salutary for the country. [Applause.]

Mr. SUMNERS of Texas. Mr. Speaker, will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Texas.

Mr. SUMNERS of Texas. Can the gentleman tell me how much time is allowed for discussion under the rule?

Mr. LUDLOW. I may say to the gentleman the petition has been filed so long I have almost forgotten the terms of the resolution, but I believe the rule provides for 6 hours of debate. May I say, however, I shall have no objection to a most liberal allowance of time, 8 hours or any further amount. This is a matter of the utmost importance dealing with a subject that is uppermost in all of our minds—war and how to keep out of it. There should be a wide latitude of discussion, so that all who desire to present views may have their opportunity.

Mr. SUMNERS of Texas. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SUMNERS of Texas. How much time is allowed for debate on a motion to discharge a committee from further consideration of a measure?

The SPEAKER. The Chair may state, in answer to the inquiry of the gentleman from Texas, that under the discharge rule only 20 minutes are allowed on the motion to discharge the Committee on Rules from the consideration of the resolution, one-half controlled by those in favor of and one-half those opposed to the motion to discharge the committee.

The Chair has before him the resolution pending before the Committee on Rules and observes that the resolution itself provides not to exceed 6 hours of general debate in the event the matter should be considered.

Mr. SIROVICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SIROVICH. If the Ludlow resolution comes before the House and a vote is finally taken, is a two-thirds vote of the House required to pass the resolution?

The SPEAKER. Under the Constitution of the United States any proposal to amend the Constitution requires a two-thirds vote of the House of Representatives.

Mr. SIROVICH. Therefore, in order to pass the Ludlow resolution the House will have to pass it by a two-thirds vote?

The SPEAKER. Undoubtedly.

Mr. PATMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PATMAN. It is my understanding this resolution may come up on the second or fourth Monday of the month, providing 7 legislative days have elapsed before such second or fourth Monday. This being so, the resolution could not come up for consideration until the second Monday in January, in view of the fact that the fourth Monday in December will be the 27th.

The SPEAKER. The Chair may state to the gentleman the Chair has no calendar before him, but it is a matter of calculation. The Chair may say further the 7 days begin to run as of this date.

Mr. PATMAN. It is improbable we shall be in session on the 27th.

The SPEAKER. The Chair can make no statement as to that.

Mr. O'CONNOR of New York. Mr. Speaker, am I correct in understanding this discharge petition is aimed at the Committee on Rules?

The SPEAKER. The resolution seems to be aimed in that direction.

Mr. O'CONNOR of New York. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. O'CONNOR of New York. Mr. Speaker, this is another example of the anomalous situation caused by the method of legislating by petition. There is a great deal of confusion about that in the minds of representatives of the press as well as Members of the House. The Committee on Rules was never intended to be included in any such discharge rule, because no bills are ever before the Committee on Rules. It is not a legislative committee. For instance, the committee has never heard of this matter. The bill has not been reported by the Committee on the Judiciary. How the Rules Committee can be discharged in any reasonable or parliamentary sense I cannot imagine.

Take the case of the wage and hour bill. That bill was pending on the calendar and would have been reached in the ordinary course of the business of the House. I do not know yet from what the Rules Committee was discharged; but as to this monstrosity, the present petition, this bill is still pending in the Committee on the Judiciary; it has never come before the Rules Committee, which has never heard or had any knowledge of it. How the Committee on Rules can be discharged from the consideration of such a bill I cannot divine. Nor can I conceive of any reason for the existence of such an anomalous parliamentary procedure.

Mr. SNELL and Mr. LUDLOW rose.

Mr. O'CONNOR of New York. I yield to the gentleman from New York.

Mr. SNELL. The gentleman has stated the parliamentary inquiry I was about to submit to the Speaker with respect to how they can discharge the Rules Committee from the consideration of this bill.

Mr. O'CONNOR of New York. Well, we are living in strange days of parliamentary procedure, I will admit.

Mr. LUDLOW. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. LUDLOW. I may say to the gentleman from New York that the rules of the House are elaborately set forth in the book of rules. This is one of the rules of the House and we are following a perfectly proper parliamentary procedure.

Mr. O'CONNOR of New York. Why did not the gentleman direct his petition against the recalcitrant committee which has his bill? [Laughter.]

Mr. SNELL. I do not understand how we can discharge the Rules Committee when the bill is before the Judiciary Committee and there is nothing pending before the Committee on Rules.

Mr. O'CONNOR of New York. It can be done because of a misconception of parliamentary procedure which was put into the discharge rule and which everybody agreed should have been yanked out of there years ago. There is just as much sense in this procedure as there was in the criticism of the Rules Committee for not reporting the wage and hour bill when it was already on the calendar awaiting disposition by the House.

Mr. SNELL. This is worse, because the bill was not before your committee.

Mr. O'CONNOR of New York. This is somewhat worse; yes.

Mr. SNELL. It is a great deal worse, because it would seem that you cannot discharge a committee from the consideration of something it has not before it.

Mr. ELLENBOGEN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. ELLENBOGEN. If the motion had been filed to discharge the Committee on the Judiciary, then the gentleman might have been compelled to obtain 218 signatures to another petition to discharge the Rules Committee.

Mr. O'CONNOR of New York. No; the bill would go on the calendar.

Mr. ELLENBOGEN. And be called up in another year or two.

Mr. O'CONNOR of New York. The gentleman is one of those impatient young men who wants everything done overnight.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 4 o'clock and 42 minutes p. m.) the House adjourned until tomorrow, Wednesday, December 15, 1937, at 12 o'clock noon.

MOTION TO DISCHARGE COMMITTEE

APRIL 6, 1937.

To the Clerk of the House of Representatives:

Pursuant to clause 4 of rule XXVII, I, Hon. LOUIS LUDLOW, move to discharge the Committee on Rules from the consideration of the resolution (H. Res. 165) entitled "A resolution to make House Joint Resolution 199, a joint resolution proposing an amendment to the Constitution of the United

States to provide for a referendum on war, a special order of business," which was referred to said committee March 24, 1937, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. Louis Ludlow.
2. Herman P. Kopplemann.
3. Hamilton Fish.
4. Henry C. Luckey.
5. Fred Biermann.
6. Knute Hill.
7. Thomas F. Ford.
8. Ed. Izac.
9. Harold Knutson.
10. James C. Oliver.
11. R. T. Buckler.
12. Martin F. Smith.
13. Benjamin Jarrett.
14. Clare E. Hoffman.
15. William A. Ashbrook.
16. Maury Maverick.
17. Matthew A. Dunn.
18. Wright Patman.
19. J. G. Polk.
20. Henry Voorhis.
21. John M. Coffee.
22. Brooks Fletcher.
23. Wilburn Cartwright.
24. Anthony Fleger.
25. Compton I. White.
26. Otha D. Wearin.
27. Martin L. Sweeney.
28. Finly H. Gray.
29. Henry G. Teigan.
30. Charles H. Leavy.
31. Paul J. Kvale.
32. W. D. McFarlane.
33. Virginia E. Jenckes.
34. William T. Schulte.
35. John M. Houston.
36. Usher L. Burdick.
37. H. P. Fulmer.
38. Franck R. Havenner.
39. Herbert S. Bigelow.
40. Thomas O'Malley.
41. B. J. Gehrmann.
42. William Lemke.
43. A. Leonard Allen.
44. John K. Griffith.
45. Matthew J. Merritt.
46. Edward W. Patterson.
47. Edward C. Eicher.
48. Gerald J. Boileau.
49. John T. Bernard.
50. Merlin Hull.
51. Raymond J. Cannon.
52. Robert Crosser.
53. Richard J. Welch.
54. Jerry J. O'Connell.
55. A. G. Rutherford.
56. Joe Hendricks.
57. Francis H. Case.
58. John R. Murdock.
59. W. H. Larrabee.
60. Harry Sauthoff.
61. Fred H. Hildebrandt.
62. Robert Allen.
63. James W. Mott.
64. W. S. Jacobsen.
65. John J. Delaney.
66. William P. Connery, Jr.
67. Samuel B. Pettengill.
68. Robert F. Rich.
69. John Steven McGroarty.
70. Glenn Griswold.
71. N. M. Mason.
72. Gardner R. Withrow.
73. Frank Crowther.
74. George J. Schneider.
75. Donald L. O'Toole.
76. Paul W. Shafer.
77. Michael J. Stack.
78. Thomas R. Amlie.
79. Warren G. Magnuson.
80. W. P. Lambertson.
81. Charles W. Tobey.
82. Caroline O'Day.
83. W. J. Fitzgerald.
84. Eugene B. Crowe.
85. Joseph E. Casey.
86. Vincent F. Harrington.
87. Nan Wood Honeyman.
88. Fred A. Hartley.
89. James A. Shanley.
90. Edward A. Kenney.
91. James F. O'Connor.
92. Arthur B. Jenks.
93. C. Arthur Anderson.
94. August H. Andresen.
95. Clifford R. Hope.
96. U. S. Guyer.
97. J. Will Taylor.
98. Arthur W. Aleshire.
99. George W. Johnson.
100. John F. Dockweiler.
101. Byron N. Scott.
102. Ben Cravens.
103. Joseph A. Gavagan.
104. Ralph O. Brewster.
105. Elmer J. Ryan.
106. Frank Carlson.
107. Charles A. Wolverton.
108. Michael J. Kirwan.
109. Edward H. Rees.
110. J. E. Rankin.
111. Edward L. O'Neill.
112. Don Gingery.
113. Leo E. Allen.
114. Ralph E. Church.
115. James McAndrews.
116. Harold G. Mosier.
117. Frank W. Towey, Jr.
118. James J. Lanzetta.
119. Frank W. Boykin.
120. Nat Patton.
121. James Wolfenden.
122. Charles R. Eckert.
123. Jed Johnson.
124. John J. Boylan.
125. Jennings Randolph.
126. William F. Allen.
127. Earl C. Michener.
128. John Luecke.
129. Elmer H. Wene.
130. Hugh M. Rigney.
131. D. Lane Powers.
132. Walter M. Pierce.
133. J. W. Robinson.
134. Frank C. Kniffin.
135. Henry Ellenbogen.
136. George N. Seger.
137. J. Roland Kinzer.
138. Alfred F. Beiter.
139. Lewis M. Long.
140. Sam C. Massingale.
141. Noble J. Gregory.
142. John McSweeney.
143. Lewis L. Boyer.
144. William H. Sutphin.
145. Ross A. Collins.
146. Fred L. Crawford.
147. Kent E. Keller.
148. Thomas A. Jenkins.
149. Harry P. Beam.
150. Morgan G. Sanders.
151. Karl Stefan.
152. James M. Mead.
153. R. S. McKeough.
154. Monrad C. Wallgren.
155. Everett M. Dirksen.
156. Dewey Short.
157. Frank E. Hook.
158. Abe Murdock.
159. C. L. Garrett.
160. Edward A. Kelly.
161. Aime J. Forand.
162. James H. Gildea.
163. George G. Sadowski.
164. A. J. Elliott.
165. Charles Kramer.
166. George B. Kelly.
167. Orville Zimmerman.
168. Charles N. Crosby.
169. J. Hardin Peterson.
170. Harry R. Sheppard.
171. R. T. Wood.
172. John M. Robsion.
173. Richard M. Simpson.
174. John M. O'Connell.
175. Geo. A. Dondero.
176. Will Rogers.
177. Lyndon Johnson.
178. William B. Barry.
179. J. G. Scrugham.
180. Fred Cummings.
181. Frank L. Kloeb.
182. J. B. Shannon.
183. Thomas C. Hennings.
184. W. R. Poage
185 Charles A. Plumley.
186. Guy J. Swope.
187. M. K. Reilly.
188. Albert Thomas.
189. William I. Sirovich.
190. John H. Tolan.
191. Emmet O'Neal.
192. J. Harold Flannery.
193. Mary T. Norton.
194. Arthur D. Healey.
195. Joseph Gray.
196. J. O. Fernandez.
197. James I. Farley.
198. John F. Hunter.
199. Martin Dies.
200. Donald H. McLean.
201. Francis D. Culkin.
202. Daniel A. Reed.
203. Bruce Barton.
204. Roy O. Woodruff.
205. C. C. Dowell.
206. Harry L. Haines.
207. Martin J. Kennedy.
208. L. Arends.
209. Eugene J. Keogh.
210. Lawrence E. Imhoff.
211. Andrew J. Transue.
212. J. W. Ditter.
213. Carroll Reece.
214. Albert E. Carter.
215. W. L. Nelson.
216. René L. DeRouen.
217. Charles R. Clason.
218. Dudley White.

This motion was entered upon the Journal, entered in the CONGRESSIONAL RECORD with signatures thereto, and referred to the Calendar of Motions to Discharge Committees, December 14, 1937.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Wednesday, December 15, 1937, at 10 a. m.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m., on Wednesday, December 15, 1937, for hearing on H. R. 8549, for public consideration of bill to deny United States citizenship to persons advocating government by dictatorship.

COMMITTEE ON THE JUDICIARY

There will be a hearing before the Committee on the Judiciary in room 346, House Office Building, Wednesday morning, December 15, 1937, at 10:30 a. m., on House Joint Resolution 199, proposing an amendment to the Constitution of the United States to provide a referendum on war.

The Special Bankruptcy Subcommittee of the Committee on the Judiciary will hold a public hearing on the Frazier-Lemke bill (S. 2215) to amend section 75 of the Bankruptcy Act, in the Judiciary Committee room at 346, House Office Building, on Friday, December 17, 1937, at 10 a. m.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. CROSSER's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Thursday, December 16, 1937. Business to be consid-

ered: Hearing on House Joint Resolution 389, distribution and sale of motor vehicles.

There will be a meeting of Mr. MALONEY'S subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on S. 1261, through-routes bill.

There will be a meeting of Mr. MARTIN'S subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday, January 4, 1938. Business to be considered: Hearing on sales-tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, train-lengths bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

890. A letter from the Secretary of Agriculture, transmitting a draft of legislation relative to appropriations for the year 1939 for Federal-aid highways, secondary or feeder roads, elimination of grade crossings, forest highways, roads, and trails, and public-land highways; to the Committee on Roads.

891. A letter from the Acting Secretary of the Navy, transmitting the bill (S. 2629) to authorize an exchange of lands between the city of San Diego, Calif., and the United States, with a proposed amendment thereto; to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JOHNSON of Minnesota: A bill (H. R. 8698) to promote efficiency, progress, peace, and fair competition in business and industry; to establish fair standards of wages, employment, and conditions and periods of employment; to reward compliance and penalize noncompliance with fair labor standards; to provide for maximum local autonomy in relations between employers and employees; and for other purposes; to the Committee on Labor.

By Mr. HARLAN: A bill (H. R. 8699) to prohibit the interstate transportation of goods, wares, and merchandise in certain cases; to the Committee on Labor.

By Mr. KING: A bill (H. R. 8700) relating to the retirement of the justices of the Supreme Court of the Territory of Hawaii, judges of the circuit courts of the Territory of Hawaii, and judges of the United States District Court for the Territory of Hawaii; to the Committee on the Judiciary.

By Mr. ROGERS of Oklahoma (by departmental request): A bill (H. R. 8701) relating to the tribal and individual affairs of the Osage Indians of Oklahoma; to the Committee on Indian Affairs.

By Mr. LAMNECK: A bill (H. R. 8702) to extend the act of December 17, 1919, granting gratuities to dependents of members of the Regular Army dying from wounds or disease to certain Air Corps Reserve Officers, United States Army; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOEHNE: A bill (H. R. 8703) for the relief of Earle Embrey; to the Committee on Claims.

By Mr. DEMPSEY: A bill (H. R. 8704) for the relief of the estate of Lillie Liston; to the Committee on Claims.

Also, a bill (H. R. 8705) for the relief of Mr. and Mrs. B. W. Trent; to the Committee on Claims.

By Mr. EBERHARTER: A bill (H. R. 8706) for the relief of Robert John Williams; to the Committee on Military Affairs.

By Mr. LEWIS of Maryland: A bill (H. R. 8707) for the relief of Grace S. Taylor; to the Committee on Claims.

By Mr. POLK: A bill (H. R. 8708) granting a pension to Blanche Acton; to the Committee on Invalid Pensions.

By Mr. SCRUGHAM: A bill (H. R. 8709) to provide for the payment of war-risk insurance to the dependents of officers and enlisted men who lost their lives at the time the U. S. S. *Lakemoor* was torpedoed and sunk on April 11, 1918; to the Committee on Claims.

By Mr. SCOTT: A bill (H. R. 8710) granting a pension to Laura Murray; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3605. By Mr. WELCH: Resolution passed by the City Council of Redding, Calif., requesting the work on the Shasta Dam; to the Committee on Irrigation and Reclamation.

3606. By the SPEAKER: Petition of the Mobile Chamber of Commerce, Mobile, Ala., petitioning consideration of their resolution with reference to labor, dated December 9, 1937; to the Committee on Labor.

3607. Also, petition of the United Federal Workers of America, petitioning consideration of House bill 8431; to the Committee on the Civil Service.

3608. By Mr. LUTHER A. JOHNSON: Petition of Hon. James V. Allred, Governor of Texas, and Hon. George H. Sheppard, comptroller of public accounts of Texas, favoring House bill 8045, authorizing the Post Office Department to cooperate with the States in the collection of State cigarette and tobacco taxes; to the Committee on the Post Office and Post Roads.

3609. By Mr. KEOGH: Petition of the Merchants' Association of New York, concerning the undistributed-profits tax; to the Committee on Ways and Means.

3610. By Mr. COLDEN: Petition of 134 residents of San Pedro, Calif., and vicinity, protesting the levying of any excise or processing tax on wheat; to the Committee on Ways and Means.

3611. Also, resolution adopted by the Board of Supervisors of Los Angeles County, Calif., December 7, 1937, urging upon the Banking and Currency Committees of the House and Senate, respectively, to report out for action at this special session the proposed amendments to the National Housing Act now before Congress; to the Committee on Banking and Currency.

3612. By Mr. SWOPE: Petition of D. A. Robinson and 25 other citizens of Dauphin County, Pa., protesting against the levying of any excise or processing taxes on primary food products; to the Committee on Ways and Means.

3613. By Mr. POLK: Petition of Mayor Joseph L. Kountz, Vice Mayor John M. Salladay, J. Frank Bickett, Charles F. Schirrman, Albert H. Weghorst, councilmen for the city of Portsmouth, and submitted by City Clerk Evangeline Justice, urging the President and the Congress of the United States to use their offices and efforts to speed financing and construction of the flood defenses for the city of Portsmouth, Scioto County, Ohio; to the Committee on Flood Control.

3614. By the SPEAKER: Memorial of the Attorney General enclosing copies of House joint memorials, Senate joint memorials, and House memorials, relating to Territorial legislation; to the Committee on the Territories.

SENATE

WEDNESDAY, DECEMBER 15, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, December 14, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Pope
Andrews	Dieterich	La Follette	Radcliffe
Ashurst	Donahey	Lee	Reynolds
Austin	Duffy	Lodge	Russell
Bailey	Ellender	Logan	Schwartz
Bankhead	Frazier	Lonergan	Schwellenbach
Barkley	George	Lundeen	Sheppard
Bilbo	Gerry	McAdoo	Shipstead
Bone	Gibson	McCarran	Smathers
Borah	Gillette	McGill	Smith
Bridges	Glass	McKellar	Steiwer
Brown, Mich.	Graves	McNary	Thomas, Okla.
Brown, N. H.	Green	Maloney	Thomas, Utah
Bulkley	Guffey	Miller	Townsend
Bulow	Hale	Minton	Truman
Burke	Harrison	Moore	Tydings
Byrd	Hatch	Murray	Vandenberg
Byrnes	Hayden	Neely	Van Nuys
Capper	Herring	Norris	Wagner
Caraway	Hitchcock	O'Mahoney	Walsh
Chavez	Holt	Overton	Wheeler
Connally	Johnson, Calif.	Pepper	White
Copeland	Johnson, Colo.	Pittman	

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Missouri [Mr. CLARK], and the Senator from Illinois [Mr. LEWIS] are unavoidably detained.

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

RELIEF FROM LIABILITY OF CERTAIN VETERANS' ADMINISTRATION OFFICERS

The VICE PRESIDENT laid before the Senate a letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to relieve disbursing officers and certifying officers of the Veterans' Administration from liability for payment where recovery of such payment is waived under existing laws administered by the Veterans' Administration, which, with the accompanying paper, was referred to the Committee on Finance.

PETITIONS AND MEMORIALS

Mr. COPELAND presented a telegram in the nature of a petition from the Buffalo (N. Y.) Branch of the Women's International League for Peace, urging the immediate withdrawal of United States ships and troops from the Far Eastern war zone, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the annual convention of the Metropolitan Cooperative Milk Producers Bargaining Agency, Syracuse, N. Y., favoring the adoption of the so-called McNary amendment to the pending farm relief bill, looking to the protection of the livestock, dairy, and poultry industries, which was ordered to lie on the table.

He also presented resolutions adopted by the executive board of the Scarsdale League of Women Voters, of Scarsdale, and the League of Women Voters of the eleventh and thirteenth assembly districts, of New York City, both in the State of New York, protesting against the enactment of the bill (S. 3022) to amend the law relating to appointment of postmasters, which were ordered to lie on the table.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS and Mr. RADCLIFFE (by request):

A bill (S. 3137) authorizing the State of Maryland, by and through its State roads commission or the successors of said commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State; and

A bill (S. 3138) authorizing the State of Maryland, by and through its State roads commission or the successors of said commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State; to the Committee on Commerce.

By Mr. BILBO:

A bill (S. 3139) to amend the Judicial Code to provide for three judicial districts for the State of Mississippi, and for other purposes; to the Committee on the Judiciary.

By Mr. POPE:

A bill (S. 3140) to provide for the appointment of one additional district judge for the district of Idaho; to the Committee on the Judiciary.

By Mr. LODGE:

A bill (S. 3141) for the relief of Alfred E. Hibbard; to the Committee on Military Affairs.

By Mr. BYRD:

A bill (S. 3142) for the relief of Commander Herbert Dumstrey, Chaplain Corps, United States Navy; to the Committee on Claims.

CROP LOANS TO FARMERS—AMENDMENT

Mr. WHEELER submitted an amendment intended to be proposed by him to the bill (S. 3043) to provide for loans to farmers for crop production and harvesting during the year 1938, and for other purposes, which was ordered to lie on the table and to be printed.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. MURRAY submitted amendments intended to be proposed by him to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were ordered to lie on the table and to be printed.

SPECIAL COMMITTEE TO INVESTIGATE UNEMPLOYMENT AND RELIEF—LIMIT OF EXPENDITURES

Mr. BYRNES submitted the following resolution (S. Res. 209), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the special committee appointed by the Vice President, pursuant to Senate Resolution No. 36, agreed to June 10, 1937, to study, survey, and investigate the problems of unemployment and relief in the United States, hereby is authorized to expend from the contingent fund of the Senate $15,000 in addition to the amount heretofore authorized to be expended for such purposes.

FEDERAL CONTROL OF WATER POLLUTION—ADDRESS BY BOAKE CARTER

[Mr. MURRAY asked and obtained leave to have printed in the RECORD a radio address delivered on the 29th ultimo by Boake Carter on the subject of river pollution and Federal control of such water pollution, which appears in the Appendix.]

POLITICS AND PATRIOTISM—ADDRESS BY JAMES A. FARLEY

[Mr. HARRISON asked and obtained leave to have printed in the RECORD a radio address delivered on November 8, 1937, on the Evening Star Forum, by Hon. James A. Farley, chairman of the Democratic National Committee, on the subject Politics and Patriotism, which appears in the Appendix.]

THE FEDERAL BUDGET AND THE NATIONAL WELFARE—ADDRESS BY WAYNE C. TAYLOR

[Mr. MINTON asked and obtained leave to have printed in the RECORD an address delivered by Wayne C. Taylor before the Economic Club at the Hotel Astor, New York City, December 7, 1937, on the subject of The Federal Budget and the National Welfare, which appears in the Appendix.]

THE EQUAL RIGHTS AMENDMENT—ADDRESS BY SENATOR BURKE

[Mr. SCHWELLENBACH asked and obtained leave to have published in the RECORD an address delivered by Senator BURKE before the annual meeting of the National Woman's Party at Washington, D. C., on the subject of The Equal Rights Amendment, which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The VICE PRESIDENT. When the Senate recessed yesterday it had under consideration the committee amendment on page 78 of the bill, lines 15 and 16. The clerk will state the proposed amendment for the information of the Senate.

The CHIEF CLERK. On page 78, line 15, after the word "payments", it is proposed to insert "under this act such sums as are necessary."

Mr. McKELLAR. Mr. President, on yesterday I announced my intention to offer an amendment limiting the first year's expenses to $500,000,000—$275,000,000 to be spent for carrying out the parity payments of the act, and $225,000,000 for carrying out the provisions of the Soil Conservation Act.

Before that amendment could be offered and considered, the question arose on the Vandenberg amendment, which would have limited the expenditures to $500,000,000 for each year—an amendment which, in my judgment, should not have been adopted—and the Vandenberg amendment was defeated by a vote of 49 to 23, showing that the Senate did not care to put any limitation on the appropriation even for the first year. Therefore, I shall not offer the amendment which I proposed yesterday.

Mr. JOHNSON of California. Mr. President, I desire to call to the attention of the sponsors of the bill a resolution which has been adopted by the American Horticultural Institute. It relates to a subject matter which is of consequence to Florida, to California, and to other States that are indulging in fruit culture and tree culture.

The resolution adopted by the institute is as follows:

Resolved, That the American Horticultural Institute urge the early enactment of express legislative authority for making benefit payments either under the Soil Conservation and Domestic Allotment Act or under section 32 of the act of August 24, 1935, to encourage the removal of disease-infected or uneconomical orchards or vineyards.

I take it from a reading of the bill—I may be in error in regard to it, and that is the reason why I put the query to those interested in the bill—that the removal from an orchard of dead trees, infected trees, and the like, is within the power of the Secretary of Agriculture under the bill, and such appropriation as may be necessary he may use in that regard. Am I right in that?

Mr. POPE. Mr. President, if the Senator will yield, I will say that it is my opinion that there is nothing in the bill dealing with the matter to which the Senator has referred. It does not touch horticulture or the treatment of fruit trees in any way, so far as I understand the bill.

Mr. JOHNSON of California. Yes; but under the general powers which are given the Secretary, which are plenary in character, has not he the power, as a matter of soil-conservation—because it is that, in the last analysis—to remove infected trees, or trees that are dead, and the like?

Mr. POPE. The Soil Conservation Act does apply to lands on which fruit trees are grown. As I understand, a certain amount per acre is paid for conserving the soil. Just what practices are involved in that soil-conservation program, I do not know. I should have to check up to see just what is involved in that program. I think I could find out in a very few moments.

Mr. JOHNSON of California. I call the matter to the attention of the gentlemen who are sponsoring the bill, and ask if at some time during the afternoon they will not investigate and determine whether or not the power exists in the Secretary of Agriculture to do that thing.

Mr. POPE. Yes.

Mr. VANDENBERG. Mr. President, I understand that the question now comes on the committee amendment which has just been stated.

The VICE PRESIDENT. The Senator is correct.

Mr. VANDENBERG. I desire to make a final observation in connection with the amendment. This is the amendment which changes the original text of the bill, and changes the authorization of appropriation from a fixed sum to a totally unlimited sum.

Upon yesterday I endeavored to put a ceiling upon this expenditure. The Senate has demonstrated its complete hostility to any such limitation. I rise now simply to say for myself that I desire to join the able Senator from Colorado [Mr. ADAMS] in believing, and in proposing to vote accordingly, that the committee amendment should be defeated, and the original text of the bill should stand.

I desire to read the final paragraph in the letter which President Roosevelt sent to the distinguished Democratic leader, the Senator from Kentucky [Mr. BARKLEY], as printed in the CONGRESSIONAL RECORD for November 29. I read:

It is obvious that a constant increase of expenditures without an equally constant increase in revenue can only result in a continuation of deficits. We cannot hope to continue on a sound basis of financial management of Government affairs unless the regular annual expenditures are brought within the revenues. I feel that every effort should be made to keep the new farm program within the present limit of $500,000,000 per annum.

I interpolate the suggestion that that is the precise limit which my amendment suggested, and which the Senate declined to accept.

I continue the reading:

If it is not possible—

Says the President—

I then urge that steps be taken to provide the necessary increase in revenue to meet any expenditures under the new farm program in excess of this sum.

It has been rather freely suggested that the proposed legislation could not hope to win the Executive approval except as it comes within the specifications so plainly and bluntly set forth. I am unable to understand how the President could know whether he is entitled to sign the bill within his own definition of a national necessity if it comes to him with an authorization for "such sums as are necessary." I am unable to see how he can intelligently confront his responsibility, any more than I can see how we can intelligently confront our responsibility, if we conclude the legislation with an unlimited appropriation to measure an utterly mystifying and incalculable expenditure.

I rose simply in conclusion in my effort of yesterday to join the Senator from Colorado [Mr. ADAMS] in urging that the committee amendment be defeated and that the original text of the bill as written by the authors of the bill themselves shall be adopted.

Mr. ADAMS. Mr. President, I took occasion this morning to look over the debate of yesterday on the question of placing a limitation upon the authority to make appropriations. I find there is apparently a great and fundamental difference of opinion as to the purpose and intent of the bill on the part of those who oppose placing limitations upon it. It seems to me that ought to be made clear in advance; that is, either the bill contemplates parity payments or it does not contemplate parity payments.

Verifying my recollection I find that of those who opposed the amendment yesterday, two of the speakers, leaders in favor of the bill, took the position that the bill does not contemplate or require parity payments, while others took the position that it does require parity payments. If the bill does require parity payments we can readily understand why we would have to leave off the limit because we cannot know what the parity payments may be. On the other hand, if parity payments are not intended, as I contended yesterday, we ought to fix the limit so that when the prorating provision is applied we will have a definite fiscal pool for distribution.

I invite the attention of the Senate to page 1916 of the RECORD, where, in answer to an inquiry, the Senator from Kansas [Mr. MCGILL] said:

> Does the Senator from Colorado construe the bill, regardless of the amount appropriated, to guarantee at all times parity price to the farmer?
>
> Mr. ADAMS. I will say to the Senator from Kansas that I am afraid that while the bill does not guarantee the parity price, it holds out that expectation to the farmer.
>
> Mr. MCGILL. I will say to the Senator from Colorado that it does not hold out anything of the kind.

On an earlier day the Senator from Alabama [Mr. BANKHEAD] explained that he did not understand that the bill was to involve the necessity for parity payments.

Mr. MCGILL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Kansas?

Mr. ADAMS. I yield.

Mr. MCGILL. The Senator will agree, however, that my statement complete would have some bearing on the portion of it which the Senator read from my remarks?

Mr. ADAMS. I did not want to take up more of the RECORD than necessary, but the Senator will bear me out that I am correct in my understanding that the Senator does not take the position that the bill obligates the Government to make full parity payments.

Mr. MCGILL. Full parity price, and may not require full payments. However, the Senator read just a small portion of my remarks and read that portion accurately. I am not questioning that. The Senator from Kansas merely wants the RECORD of today to show that the Senator from Colorado did not read the entire answer. I think the Senator from Colorado should read the complete statement, because the portion of the statement appearing in today's RECORD as the Senator read it might leave an erroneous impression as to what my attitude is.

Mr. ADAMS. I would not want to have that happen, of course.

Mr. POPE. Mr. President——

Mr. ADAMS. I yield to the Senator from Idaho.

Mr. POPE. I understood the Senator from Kansas yesterday referred only to schedule A, which now appears on page 21 of the bill, so that under any circumstances full parity would not be paid under the section. For instance, if the normal supply is 114 or more, only 82 percent of parity would be paid. If it were 111, then 86 percent would be paid. The Senator was referring to the fact that even under the bill and under any appropriation that might be made only that percentage of parity would be paid.

Mr. MCGILL. I was stating, among other things, that the bill would not guarantee at all times full parity prices.

Mr. ADAMS. Is it a correct statement to say that the major scope of the bill providing the parity prices is based upon the limitation of production?

Mr. MCGILL. To my mind, that is the only way we can attain for the farmers of the country a parity price. In other words, I think production must be in line with what the markets, both domestic and foreign, will consume in order for the farmer to receive parity price, whether we have this bill or whether we do not.

Mr. ADAMS. Would the Senator go an additional step and say that if we eliminate from the bill the obligation to make parity payments, the bill would still have a measure of effectiveness left in it?

Mr. MCGILL. I do not know that I exactly understand the Senator.

Mr. ADAMS. As I have read the bill, if the premise upon which the bill is founded, that is the limitation of production, shall be retained, it will ultimately raise the price approximately to parity price, and we would accomplish the same thing, even though we might make and promise no payments on account of parity.

Mr. MCGILL. That result would be attained, and there is no question in my mind about it; but we cannot, regardless of acreage, absolutely control production. We recognize that. We also have provisions with reference to the matter of loans, and so forth. If the proper appropriations are made, the bill itself guarantees certain reserve loans and certain parity payments. Those parity payments, however, may not under all circumstances and would not under all circumstances reach what we denominate a parity price.

Mr. ADAMS. In fact, after the limitation on production in the case of cotton should be applied, if cotton were still to sell for 10 cents a pound the Senator would not expect under the terms of the bill that 6 cents a pound would still be paid in order to reach the 16-cent parity?

Mr. MCGILL. Oh, no.

Mr. POPE. Mr. President——

Mr. ADAMS. I yield to the Senator from Idaho.

Mr. POPE. That would all depend on the total supply. If the total supply were 100 percent, then the cotton grower, under those circumstances, might expect parity. But if it is higher than 100 percent of the normal supply, he would not get full parity.

With reference to the other question which the Senator from Colorado asked the Senator from Kansas, while the main feature of the bill is the making of supply meet the demand, yet in order to get the farmer to go along with the program, the parity payments are offered as an inducement.

Mr. ADAMS. Parity price is one thing, and parity payments are another thing.

Mr. POPE. Certainly.

Mr. ADAMS. If I may call attention to the comment of another Senator——

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. ADAMS. My time is limited; but I yield to the Senator from Louisiana, if he will be brief.

Mr. OVERTON. The Senator and I are both members of the Appropriations Committee. I do not have any difficulty in interpreting what the bill means when it comes to making appropriations. Insofar as parity payments are concerned, the bill contemplates an appropriation will be made to meet parity payments in accordance with schedule A, to be found on page 21 of the bill. If the supply of cotton is 14 percent more than the normal supply, as it will be next year, then the parity payments to be made on cotton would be 82 percent of parity, and that would be, I think, 13.9 cents, according to my recollection. At any rate, it would be 82 percent of whatever may be the parity price. Parity may be 16 or it may be 17 or 15. It would be only 82 percent of whatever it may be, and it is contemplated that the appropriation made under the bill to make parity payments must be upon that basis.

Mr. ADAMS. The Senator would have no difficulty in computing the amount of the appropriation, then, because he has in his mind the figures both as to the prospective production and the prospective price.

Mr. OVERTON. When it comes to making an appropriation I shall ascertain what is the parity price and what is the carry-over, and then I shall make a calculation in accordance with schedule A. There will be no difficulty about it.

Mr. ADAMS. Mr. President, I merely wanted to call attention to this matter. Several Senators took what seemed to me to be conflicting views as to the fundamentals of the bill. I had intended to quote from the remarks of other Senators, but I shall not do so, by reason of the fact that time is running against me, other than to say that it seems there is a fundamental difference of opinion as to the purposes of the bill, and it is extremely difficult for anyone endeavoring to compute what ought to be appropriated in view of that fundamental difference in the construction of the bill. If it is intended to make full parity payments, it involves one sum of money. If it is intended merely to make payments of parity to stimulate observance of crop restrictions, it involves another sum of money.

I want to reiterate what I said in the first discussion of the matter, that I think the very carefully worked out schedule of the original bill should stand. That is a much

more carefully worked out schedule than was contained in any of the amendments which were offered or discussed.

The Department of Agriculture obviously considered the matter, and had a hand in preparing the original bill. A limitation was placed in the bill, which limitation, Mr. President, will give $100,000,000 more than the amount of the soil-conservation appropriations, which the Senator from Kansas on yesterday stated he thought would in all probability be adequate. So that it seems to me that if we leave the limitations inserted by the authors of the bill, carefully worked out, specifying the amount of new money going into these payments, specifying the amount that is to come from the already appropriated soil-conservation payments, specifying the amount that is to come out of section 32 of the A. A. A., we have a definite, fixed amount. If it proves to be inadequate, there will be ample recourse, through deficiency appropriations, to meet the requirement, and to meet it in ample time.

I believe, therefore, that the Senate will only be performing its duty in this matter in fixing a limit, and leaving in the bill the provisions as to a limit which were put in the bill, after careful study, by the authors of the bill, after consultation with the Department of Agriculture.

Mr. SMITH. Mr. President, does not the Senator think that in common honesty and fair dealing, if this is accepted, parts of the bill, referring to restrictions, and like matters, ought to be rewritten, so that the farmer will understand that, after all of his regulation and his curtailment, he will get only what is provided at the arbitrary will of the Committee on Appropriations?

Mr. ADAMS. I think the Senator's committee, under the able leadership of the senior Senator from South Carolina, should have made the bill so plain on that point, just as he suggests, that there could not have been the difference of opinion which has demonstrated itself repeatedly on the floor of the Senate; and I think it ought to be done now.

Mr. SMITH. So far as the Senator is concerned, had he and his committee been given time——

The PRESIDING OFFICER (Mr. NORRIS in the chair). The Senator's time on the amendment has expired.

Mr. SMITH. I will finish my sentence; I am speaking in my own time. Had we, as a committee, been given time to draft a bill, I think these confusing elements would have been eliminated. But the Senator knows the conditions under which we had to act, and this is the result.

Mr. ADAMS. Mr. President, will the Senator permit an interruption?

Mr. SMITH. I yield.

Mr. ADAMS. The Senator has no doubt that if additional time were afforded the bill could be clarified, simplified, and changed, so that it would be a bill speaking in integrity and honesty?

Mr. SMITH. I have no doubt.

Mr. JOHNSON of Colorado. Mr. President, I desire to offer an amendment to the committee amendment, on page 78, line 16, after the word "necessary", to add the following:

To pay parity prices in accordance with schedule A on cotton, wheat, and corn, in order to maintain both parity of prices paid to farmers for such commodities marketed by them for domestic consumption and export and parity of income for farmers marketing such commodities.

Mr. President, the purpose of the amendment is to clarify this whole matter. If we are to pay parity prices, let us say so, and say it now. There is great confusion here, just as has been well said by my colleague the senior Senator from Colorado [Mr. ADAMS]. No one knows exactly what is meant, and the object of my amendment is to declare that we are to pay parity prices in accordance with schedule A. It should be said that the committee amendment as it is drawn, stopping with the word "necessary," as it does stop, leaves the whole matter up in the air.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. Gladly.

Mr. VANDENBERG. The Senator's amendment clarifies the language, but fails to clarify the mathematics. The Senator's amendment, if anything, adds to the mystery. How much would the Senator's amendment cost?

Mr. JOHNSON of Colorado. That can only be estimated in connection with carrying out the curtailment established in schedule A. I am unable to answer the question in dollars and cents, but it does at least tell the farmer what the formula is, together with the objective, and he can figure out that he is either going to receive parity payments or not. I maintain that the bill in its present form is misleading to the farmer. The farmers in my section of the country think they are to get parity prices.

Mr. VANDENBERG. Is the Senator in favor of giving them parity prices?

Mr. JOHNSON of Colorado. I am.

Mr. VANDENBERG. Is the Senator prepared to vote for the necessary taxes to give them parity prices?

Mr. JOHNSON of Colorado. I am.

Mr. VANDENBERG. Has the Senator any suggestion as to what those taxes may be, or how they may be raised?

Mr. JOHNSON of Colorado. I am going to wait for the House of Representatives, because providing for taxes is the function of the other body of Congress.

Mr. VANDENBERG. It seems to be the function of the other House to deal with all the mathematics of the matter, because it is nothing but a maze so far as the Senate is concerned.

Mr. BARKLEY. Mr. President, will the Senator from Colorado yield to me?

Mr. JOHNSON of Colorado. I yield.

Mr. BARKLEY. I appreciate the Senator's desire to clarify this provision, but I wonder what will happen if we state definitely and specifically, without any reservation, that we are going to make parity payments, and then later on Congress does not appropriate enough money to pay them. Just what would happen? Would all those who got in on the ground floor, or got the first consideration, receive parity, then those who were a little later not receive anything? Should we not apportion the amount Congress appropriates among all those entitled to it in proportion to their share of the appropriation? No matter what we say in the bill, unless Congress later appropriates the money to pay parity, there will be no way for the farmers to get it.

Mr. JOHNSON of Colorado. I think that is the position the farmers and Congress are in right now. The parity payments will only be made, as pointed out by the senior Senator from Nebraska [Mr. NORRIS] yesterday, after the crop has been made, a year from now, and under the terms of the bill the farmer will be expecting to receive parity, because the bill says he will. Why not say so, if that is our intention, and say it right now, when we are authorizing the appropriations? The bill very specifically provides on the first page:

It is hereby declared to be the policy of Congress to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide such adequate and balanced flow of such commodities as will, first—

And that is what we are talking about now—

maintain both parity of prices paid to farmers for such commodities marketed by them for domestic consumption and export and parity of income for farmers marketing such commodities.

I have copied the very language in the authorization, so as to make the bill in its authorization for the appropriation of funds conform with the purpose of the bill.

Mr. BARKLEY. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BARKLEY. What I am disturbed about it that the amount of the payments on parity or anything else depends on the amount Congress will appropriate. If we hold out the certainty to the farmer that he is to receive full parity, and then some Congress appropriates only enough to pay

half parity, what would happen? Should there not be a provision here as to how the money is to be paid, whether the payments are to be made in full to those who get the first payments and then deny everyone else, or should we allocate the payments among the farmers in proportion to their respective shares? Of course, I would like to have it made more definite, and I appreciate the Senator's desire to make it definite, but I do not see how we can ever make it definite until each year Congress appropriates the money to be available for parity payments. If Congress appropriates no money at all, although we promise parity, there will be no way to pay it.

Mr. JOHNSON of Colorado. It is my understanding that the farmer will be expecting, under this bill—in fact, I know he is expecting—to receive parity payments, and if we are not going to make parity payments, it seems to me we should either amend the section on page 78, or amend the section on page 2. I want to make this bill consistent in all of its parts. I want to make this an honest bill.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. JOHNSON of Colorado. Very gladly.

Mr. VANDENBERG. Is not the Senator making an excellent argument for the recommittal of the bill, in order that it can be so written that at least two Members of the Senate will understand it the same way?

Mr. JOHNSON of Colorado. I should be glad to see it recommitted, and some of these points clarified. I should be glad to vote for recommittal today for that purpose, because I think that some of the points must be clarified. I know that the farmers are being deceived by the bill, and I do not think it is fair to say in the bill that we are going to make parity payments and then not make any pretension of making them. Let us either make our declaration that we are not going to make them, or let us make arrangements to make them, one or the other.

Mr. McNARY. Mr. President, I discussed this subject 2 weeks ago, and pointed out the inconsistencies which involved the Senate yesterday afternoon. It was very clear then, and it is just as clear now, what Congress intends to do, and what was in the minds of the authors of the bill when it was introduced.

When the bill came to us, in the declaration of policy we were asked to pledge payment of parity prices as to those commodities mentioned in the adjustment contracts, namely, cotton, wheat, and corn. We made no promise to the tobacco and rice growers. On page 10 there was a mandatory declaration that the Secretary of Agriculture "shall" make parity payments. I called these two matters to the attention of the Senate at the time, stating that that was a committal by a declaration of policy, that it would be, further, a committal by a statutory enactment by the Congress.

The able Senator from Alabama stated at that time that he did not expect parity payments to be for cotton because it would cost too much. I asked him for the figures, and he said it would cost between three hundred million and four hundred million dollars. I suggested that the "shall" should be changed to "may," leaving it discretionary with the Secretary of Agriculture, and that change was made.

Mr. President, so far as the bill goes, the provision of the bill as to policy leaves it discretionary with the Secretary, which does not, in my opinion, improve our situation at all. It leaves us in a ridiculous position, and it was my intention, and is now, to offer an amendment, when we come to consider the text of the bill, to strike from the text the provision which commits us to parity payments and parity income.

Having in mind that discretion is left with the Secretary of Agriculture with respect to policy, and keeping in view the language in another portion of the bill which says that the money appropriated does not pay parity, it might be well then for us to provide that we shall pay all that is available pro rata.

Mr. President, I think that is a fair statement of the situation.

I desire to call attention to a matter that is before us now in connection with this bill on page 78, and I ask the opinion of the able Senators in charge of the bill.

On page 78, lines 12, 13, 14, and 15, will be found the following language:

There is hereby authorized to be appropriated, for each fiscal year—

First—

for the administration of this act—

Second—

and for the making of Soil Conservation Act payments and—

Third—

parity payments—

As much as is necessary. Properly to interpret that, we must remember that we are carrying $500,000,000 annually for soil conservation. If we do not change the words at this point in the bill, I think the $500,000,000 will be absorbed by cost of administration, parity payments, and soil conservation. I am distressed, because on page 86, wholly apart from this $500,000,000, I find the following authorization, in line 10:

The Corporation shall have a capital stock of $100,000,000, subscribed by the United States of America, which sum is hereby authorized to be appropriated.

Mr. President, that sum cannot be comprehended in the $500,000,000 which is set aside for soil-conservation, parity payments, and cost of administration. It is wholly an additional sum of $100,000,000. So, if the bill stands in the form that has been suggested by the sponsors, and we abide by the defeat of the Vandenberg amendment and the accomplishment of what is provided in the language that was agreed to by the Senate yesterday, we shall be carrying in the bill, according to my interpretation, $600,000,000. That does not pain me greatly; but, Mr. President, it does seem to be wholly contradictory to the wishes of the President when he said he did not want appropriated a sum in excess of $500,000,000.

I make this statement in a kindly spirit, and for the purpose of calling to the attention of the Senator from Kansas [Mr. McGILL] and the Senator from Idaho [Mr. POPE], who have the bill in charge, the fact that under their own language and under their own specifications in my opinion the bill carries $600,000,000 in its present form.

I have no illusion as to the matter of the payment of parity. I do not think parity could be touched at this session of Congress, in view of the President's attitude. When the Secretary of Agriculture carries out his policy of conservation, which becomes the established plan and treatment of crops, he is going to exhaust the same amount of money as heretofore. If we get any parity, it will be out of diminishing the sum which is provided for in one of the sections of the bill, which specifies that 55 percent of it may be used for that purpose. But, Mr. President, if my interpretation of the language of this amendment is correct, I think those in charge of the bill should give it further thought along that line. I suggest to them that when we reach the text, it be amended so that there shall not be language in it holding out to the farmers the impression that there will be a parity by the declaration of Congress, which I think is even more sacred than the language employed in the statutory portions of the bill.

Mr. KING. Mr. President, I have heretofore stated my opposition to this bill, and the longer it is debated and its oppressive and—I was about to say—iniquitous features are revealed, the stronger becomes my opposition to it. I have stated, and I repeat, that I regard it as unconstitutional. It is an attempt to delegate authority to bureaus and to the Secretary of Agriculture that may not be justified under our form of government. It contravenes to as great an extent the Constitution as did the A. A. A. Act, which was stricken down by the Supreme Court. In my opinion, this bill, with its infirmities and glaring violations of the Constitution, ought not to receive the approval of the legislative branch of the Government.

Mr. President, I believe that this bill, as well as the House bill, which is now in this body, should be referred to the Committee on Agriculture and Forestry, so that it may have an opportunity, during the recess and the early weeks of the regular session of Congress, to compare the two measures, eliminate those features that are irreconcilable and improper, and those that are unconstitutional, and report a bill that will meet the needs of the situation and commend itself to the conscience and judgment of the Congress as well as to the people.

I fear that my views in this respect may not prevail. There seems to be a determination upon the part of Senators—and I offer no criticism of their course—to force this bill through at the earliest possible moment, notwithstanding its many infirmities and unsound economic features. The chairman of the Committee on Agriculture and Forestry, the Senator from South Carolina [Mr. SMITH] has just indicated that due consideration was not given to this measure which its importance and magnitude required; that an effort was made to drive it to the floor for early passage; and it is apparent that there is an effort being made now upon the floor to drive it through the Senate.

Mr. President, I cannot understand why there should be this great haste in the consideration of a measure which, as I read it, aside from the unconstitutional and complex features, will make a draft upon the Treasury of the United States of not $600,000,000, as just indicated by my friend the Senator from Oregon [Mr. MCNARY], but perhaps more than a billion dollars.

It is certain that the bill carries a direct appropriation of $600,000,000 and an authorization for an indefinite amount to meet parity prices, whatever they may be—and they are as indefinite and uncertain as the floating clouds in the sky—in order to meet the commitments involved in authorization for the total payment of the so-called parity prices. I have heard it stated upon the floor that the amount required is $1,000,000,000. The Senator from Louisiana [Mr. OVERTON] yesterday stated, if I understood him correctly, that cotton alone would be entitled to $1,000,000,000. I am not certain whether the sum of $1,000,000,000 was in addition to the $500,000,000, but I understand from his observations that $1,000,000,000 would be required to meet the parity demands of the bill for cotton alone. No figures have been given of the amount required to meet the parity payments of the other commodities for which quotas are provided in this bill. If $1,000,000,000 are required to meet the demands for parity for cotton alone, then it is certain that the amount required will greatly exceed the sum which the President in his message indicated should be appropriated by Congress, and in my opinion far exceeds the amount which Congress should appropriate or authorize to be appropriated in this bill.

Mr. President, there have been intimations, if I have properly interpreted some of the statements made during the debate, that an authorization is not an appropriation and does not bind Congress. Permit me to state that I am not in entire sympathy with that view. I do not believe that Congress should coolly and deliberately pass measures containing provisions authorizing appropriations without any expectation that appropriations will be made in harmony with the authorized provisions.

If I were a member of the Committee on Appropriations I should feel a moral obligation to meet specific authorizations for appropriations. Certainly if laws are enacted carrying authorizations for billions of dollars, or any sum whatever, those who are to be benefited by the appropriations, as well as all branches of the Government and the people generally, would be justified in requesting that the amount authorized to be appropriated should be made.

I have sometimes been surprised at the position taken when measures were under consideration authorizing appropriations, at the attitude of Senators, as well as others; they have stated in substance that an authorization did not mean an appropriation and that the Committee on Appropriations would be under no obligation to include in appropriation bills the amounts so authorized. In other words, the position of some seems to have been that the authorization for an appropriation was not a requirement or a command, but an idle gesture or a futile declaration.

But I do not believe, Mr. President, that that position is fair or just. It seems to me that it is not to the credit of Congress to pass measures carrying authorizations with the expectation that the Appropriations Committee will not be bound by them and that the people who are expected to be the beneficiaries of the authorization will obtain no appropriation.

I have been somewhat surprised at the demands which have been made by the people for Federal appropriations, and I have been somewhat amazed at the alacrity with which Congress responds to such demands. I have before me some figures, which may be meaningless to the Senate, but it seems to me they should challenge our attention. They relate to Federal receipts and appropriations, and show the increase in appropriations and expenditures during the past few years. In 1930 the receipts were $4,885,000,000 plus, and the expenditures were $4,708,000,000, with a surplus of $185,000,000.

Mr. President, the receipts are exactions taken from the pockets of the American people. During Mr. Wilson's administration, except during the war, the expenditures were less than $1,000,000,000 and were met from taxes collected. They covered all expenses of the Government. But now, with nearly 2,000,000 Federal employees upon the pay roll, we will be asked to appropriate nearly $2,000,000,000 to meet their salaries and compensation. And the organization which will be created by this bill will increase the number of employees and, of course, the amount required to pay their salaries.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. TYDINGS. I should like to ask the Senator from Utah if it is not a fact that the President in making his recommendations in connection with the farm bill fixed a limit of $500,000,000 and said that if the Congress insisted upon appropriating more than that we ought to raise the revenue to provide for the extra expenditure. Therefore, is it reasonable to assume that the President wants the $500,000,000 limitation left in the bill?

Mr. KING. Mr. President, I think that the Senator has properly interpreted the views of the President; but I shall read the latter's statement so that Senators may determine for themselves the accuracy of the statement made by the Senator from Maryland.

The President says, "We must keep in mind the United States Treasury." I may pause to state that I fear we have not done so. It is certain we may not annually create enormous deficits, though heavy taxes are imposed, without leading to an inflationary condition. Heavy taxes and stupendous appropriations, largely exceeding revenues, ultimately impair the credit of governments and lead to inflation, which is destructive of capital and sound economic policies. Both Russia and Germany resorted to inflation with disastrous results and impoverishment of the people. Their destructive policies should be a warning to us and, for that matter, to all governments. A sound financial policy must rest upon a balanced Budget; upon the proposition that expenditures must be met from revenues; and that deficits, long continued, are the sure precursors of governmental disaster.

Proceeding further, the President states:

> I have already expressed my view that if the new farm bill provides for expenditure of funds beyond those planned in the regular Budget the means should be provided to yield the additional revenue.

Of course, we may not include in this bill provisions for the raising of revenues, but we certainly should not insert in the bill provisions which authorize enormous appropriations, for the payment of which no provisions have been made, and to meet which there is no certainty that direct appropriations will be made. I wonder if Senators who have been docile, as some contend, and amenable to suggestions

of the President, will follow his wise counsel with respect to this measure.

Mr. TYDINGS. Mr. President, will the Senator further yield?

Mr. KING. I yield, but I have only 15 minutes.

Mr. TYDINGS. In line with what the Senator has just said, I am wondering if there is anybody on the floor who can say, with this limitation taken out, whether either the President or the Secretary of Agriculture is in favor of the bill.

Mr. KING. Mr. President, I do not pretend to be a prophet, and I shall not interpret the views of the President other than as he himself interprets them; nor should I ever expect to interpret the varying views of the Secretary of Agriculture.

The President says:

> We must keep in mind the Constitution of the United States.

That is an admonition to Democrats, especially some of my southern Democratic friends. Pardon me when I say that I got my democracy from the South, and I tried to follow the Constitution of the United States as it was taught to me by eminent and distinguished Democratic leaders from the South.

The President further states:

> Although vital portions of the Agricultural Adjustment Act were set aside nearly 2 years ago by the Supreme Court, acts of Congress to improve labor relations and assure workers' security have since then been upheld.

I think that is the only part of the message that addresses itself to this subject.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. KING. Just one moment.

Mr. BARKLEY. I do not want to take the Senator's time; but in the President's message he suggested, and he has suggested all along, and that has been his position in every public statement he has made, that if the farm bill should carry any obligations beyond $500,000,000, Congress should raise the additional revenue necessary to meet it; and in this message he reiterates that suggestion. Is there anything inconsistent between that suggestion in the President's message and the bill now under consideration?

Mr. KING. I think so.

Mr. BARKLEY. Does the Senator think that we here on the floor of the Senate, in an agricultural bill, could provide the necessary revenue or any contingent revenue by which any increase might be met out of the Treasury? Is not that a matter which must be taken up by the appropriate committees of the House and the Senate at the proper time?

Mr. KING. The Senator is correct that legislation dealing with revenue must originate in the House of Representatives; but we are not under compulsion to pass a bill which will increase the burdens upon the taxpayers of the United States by perhaps a billion or a billion and a half dollars. No one knows the amount; nor are we justified in passing a bill which attempts to commit Congress and the Government to the duty or responsibility of appropriating one or two billions of dollars for so-called farm relief. The House of Representatives is now working upon a revenue bill, and at the next session of Congress its measure will come before the Finance Committee of the Senate and before the Senate itself; and if then it is deemed wise, if then the President shall recommend not $500,000,000, as I understand he has recommended, but a billion or $2,000,000,000, Congress will have the opportunity to determine what additional taxes will be imposed upon the people.

Mr. VANDENBERG. Mr. President——

Mr. KING. I yield to the Senator from Michigan.

Mr. VANDENBERG. The Senator did not intend to say that authorizations of appropriations had to originate in the House of Representatives, did he?

Mr. KING. No. An authorization is not a revenue bill, but it may become a basis for appropriations.

The PRESIDING OFFICER. The time of the Senator from Utah on the amendment has expired.

Mr. KING. I shall pretermit any further discussion now, but if opportunity affords will present additional figures dealing with revenues and expenditures.

Mr. BYRNES. Mr. President, if I correctly understood the Senator from Oregon [Mr. MCNARY] a moment ago, he stated that he believed the appropriation clauses in this bill made available $600,000,000. It seems that there are many opinions as to the amount of appropriations authorized. I have a different view, and I wish to state my view of the amount that is authorized by the bill.

Referring to page 78, to the text of the bill as introduced before the language affected by the committee amendment was stricken out, the bill provided $400,000,000 to remain available until expended, of which sum $250,000,000 is to be made available from the amount appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act.

We have $500,000,000 authorized to be appropriated for the Soil Conservation Act. Take $250,000,000 of that and put it over here to be available to carry out the purposes of this measure. That leaves the difference between $250,000,000 and $400,000,000, or $150,000,000, which is an additional authorization; so we will put $150,000,000 over here. That makes $400,000,000 available under this section. Add that to the $250,000,000 left in the authorization for the Soil Conservation Act, and we have $650,000,000.

Then we have one section of the bill authorizing an appropriation of $100,000,000 to the capital stock of a corporation to make loans. As I read the bill, it makes available $650,000,000 plus that $100,000,000 available for the capital stock of the Corporation to engage in loans, or a total of $750,000,000.

When the vote was taken yesterday on the Vandenberg amendment I was unavoidably absent. Had I been present, I should have voted for the Vandenberg amendment. I think certainly it would be better to restore the language stricken out by the committee, so that there would be a ceiling of $750,000,000 in the bill, rather than to leave it open with the sky the limit for the authorization.

Whenever the matter comes to the Appropriations Committee it is true that the committee is not obligated to appropriate the entire amount authorized; but all Members of the Senate who have served upon the Appropriations Committee know the force of the argument which is constantly made to the committee that the Congress intended that the amount authorized should be appropriated, else they would not have authorized it. If we fix no ceiling at all, and we have no limit except the amount necessary to make parity payments, then we must follow the suggestion of the distinguished Senator from Louisiana and find out what parity is; for instance, whether parity is 15 or 16 cents on cotton. In order to find out the authorization we would have to go into the parity price on other crops. I cannot see that there is any limit at all to the appropriations to be made.

Therefore I hope the Senate will not accept the committee amendment striking out this authorization, but, on the contrary, will restore the language of the bill as introduced. When we restore it, as I read the bill, we shall then have an authorization for the appropriation of $750,000,000.

Mr. HATCH. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from South Carolina yield to the Senator from New Mexico?

Mr. BYRNES. I do.

Mr. HATCH. I merely wish to call the attention of the Senator from South Carolina to some other changes which it would be necessary to make in the bill.

If the committee amendment should be rejected and the original text of the bill accepted, other changes in the original text would have to be made. I call that matter to the attention of the Senator from South Carolina, and ask him to have in mind the words "pursuant to adjustment contracts." Under the cotton section of the bill, as I recall, adjustment contracts were done away with as to cotton. We have no

adjustment contracts as to cotton, and we have no payments whatsoever for cotton.

I merely call that matter to the attention of the Senator from South Carolina.

Mr. BYRNES. I think that is exactly correct; and if it should be the will of the Senate that some limit be placed upon the authorization, I know the committee would perfect the language by striking out "adjustment contracts" and inserting the proper language.

Mr. THOMAS of Oklahoma. Mr. President, there are two rules which the Senate usually follows in preparing legislation. One rule is, where a small amount is to be appropriated for a specific purpose that the authorization act fixes the amount; but on larger contracts and indeterminate contracts the amount is left vacant.

For example, take the case of the law creating the Tennessee Valley Authority. When that law was passed it was not known how much money would be necessary, so the law provides that "sufficient funds are hereby authorized to carry out the provisions of this act." In practically all the larger developments that sort of language is used—sufficient funds are authorized.

In this particular case this is the way it occurs to me that the matter will be handled if the committee amendment shall be agreed to and the larger amount authorized. Then if the bill is passed and becomes law the Agricultural Department from year to year will make up estimates of the amount of money necessary to carry out the provisions of the law. The Agricultural Department each year will send its estimate to the Budget Bureau. There a hearing will be held and the Budget Bureau will pass upon the request as submitted by the Agricultural Department. After the Budget Bureau has passed upon the matter the whole proceeding goes to the President, and he must O. K. or approve the estimate. Then it comes to the respective Houses of Congress, and the committees of the House and of the Senate will have a chance to consider the item in the light of the recommendations made, first by the Agricultural Department, then by the Budget Bureau, and finally by the President.

So I can see no harm in leaving the authorization in accordance with the language of the committee amendment, and I shall so vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON] to the amendment reported by the committee.

Mr. McNARY. Let it be stated, please.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 78, line 16, after the word "necessary", it is proposed to insert the following:

> To pay parity prices in accordance with schedule A on cotton, wheat, and corn in order to maintain both parity of prices paid to farmers for such commodities marketed by them for domestic consumption and export and parity of income for farmers marketing such commodities.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado to the amendment reported by the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment.

Mr. VANDENBERG. I ask for the yeas and nays on the committee amendment.

The PRESIDING OFFICER. The yeas and nays are called for. Is the request seconded? [A pause.] The Chair is in doubt.

Mr. VANDENBERG. Then I shall have to suggest the absence of a quorum. I shall be very frank about the matter. We shall simply save time if we may have a roll call. I ask for the yeas and nays.

Mr. LEE. On what question, Mr. President?

Mr. VANDENBERG. On the committee amendment.

Mr. LEE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will please state it.

Mr. LEE. Where does that take us to in the bill; what page?

The PRESIDING OFFICER. Page 78, beginning at line 17.

The Chair is of the opinion that not a sufficient number of Senators have seconded the demand for the yeas and nays.

Mr. VANDENBERG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Johnson, Colo.	Pope
Andrews	Dieterich	King	Radcliffe
Ashurst	Donahey	La Follette	Reynolds
Austin	Duffy	Lee	Russell
Bailey	Ellender	Lodge	Schwartz
Bankhead	Frazier	Lonergan	Schwellenbach
Barkley	George	Lundeen	Sheppard
Bilbo	Gerry	McAdoo	Shipstead
Bone	Gibson	McCarran	Smathers
Borah	Gillette	McGill	Smith
Bridges	Glass	McKellar	Steiwer
Brown, Mich.	Graves	McNary	Thomas, Okla.
Brown, N. H.	Green	Maloney	Townsend
Bulkley	Guffey	Miller	Truman
Bulow	Hale	Minton	Tydings
Burke	Harrison	Moore	Vandenberg
Byrd	Hatch	Murray	Wagner
Byrnes	Hayden	Neely	Walsh
Capper	Herring	Norris	Wheeler
Caraway	Hitchcock	O'Mahoney	White
Connally	Holt	Overton	
Copeland	Johnson, Calif.	Pepper	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present. The question is on agreeing to the committee amendment on page 78.

Mr. BORAH. Mr. President, I want to understand definitely the question upon which we are about to vote. The first vote, I presume, would be upon the proposal to strike out, beginning in line 16, down to and including "1935", in line 24, and then a separate vote upon the question of whether we shall insert the provision beginning at line 24, page 78, and ending in line 4, on page 79. I understand there will be a separate vote on the two proposals.

The PRESIDING OFFICER. The question now before the Senate is on the committee amendment to strike out beginning in line 16 and ending in line 24 and to insert certain words.

Mr. McNARY. Mr. President, the usual procedure would be to vote on the proposal to strike out and insert. However, anyone will be entitled to a separate vote upon request and I understand that is the purpose of the Senator from Idaho.

Mr. BORAH. Mr. President, I should like to have a separate vote. I should like to have an opportunity to vote on the amendment proposing to strike out and insert and another vote on the proposal to insert.

Mr. ADAMS. Mr. President, I think the Senator from Idaho, if I heard him accurately, is mistaken as to the part to be inserted. The part to be inserted is found in lines 15 and 16 on page 78.

Mr. BORAH. I understood that; but what I am anxious to know is whether we are to have a separate vote on that portion which it is proposed to insert, beginning on page 78, line 24, and ending on page 79, line 4.

Mr. ADAMS. That is a different amendment.

Mr. McNARY. That is a separate amendment.

Mr. JOHNSON of California. Mr. President, I understand the first vote is to be taken on the question of striking out and inserting. That would mean, if agreed to, that we would insert in the bill the words "under this act such sums as are necessary"?

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of California. We are to have a vote upon each proposal?

The PRESIDING OFFICER. Yes.

Mr. VANDENBERG. Mr. President, the quorum call was precipitated because of my request for a record vote on the amendment. I respectfully submit that when the Senate is dealing with a proposal to appropriate half a billion dollars

we are entitled to have a record vote. I renew my request for the yeas and nays on the committee amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will state the pending question.

The CHIEF CLERK. On page 78, beginning in line 16, it is proposed to strike out "pursuant to adjustment contracts under this title, the sum of $400,000,000 to remain available until expended, of which sum $250,000,000 shall be made available from the amount appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended, and $50,000,000 shall be appropriated from the amount appropriated by section 32 of the act entitled 'An act to amend the Agricultural Adjustment Act, and for other purposes', approved August 24, 1935" and in lieu thereof to insert "under this act such sums as are necessary", so as to make the sentence read:

Beginning with the fiscal year commencing July 1, 1938, there is hereby authorized to be appropriated, for each fiscal year for the administration of this act and for the making of Soil Conservation Act payments and parity payments under this act such sums as are necessary.

The PRESIDING OFFICER. The yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk called the roll.

Mr. MINTON. The senior Senator from Illinois [Mr. LEWIS] is unavoidably detained. I am authorized to say that on this question he would vote "yea" if he were present.

Mr. FRAZIER. My colleague the junior Senator from North Dakota [Mr. NYE] is absent from the Senate. If he were present, he would vote "yea."

Mr. BARKLEY. I announce the unavoidable absence of the junior Senator from Tennessee [Mr. BERRY] on official business. If he were present, he would vote "yea."

Mr. MINTON. The Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. CLARK], the Senator from Nevada [Mr. PITTMAN], and the Senator from Indiana [Mr. VAN NUYS] are unavoidably detained.

The Senator from Utah [Mr. THOMAS] is detained in an important committee meeting.

The Senator from Florida [Mr. PEPPER] is detained in one of the Departments on matters pertaining to his State.

YEAS—48

Andrews	Frazier	Lee	Pope
Ashurst	Gillette	Logan	Reynolds
Bankhead	Graves	Lundeen	Russell
Barkley	Green	McAdoo	Schwartz
Bilbo	Guffey	McGill	Schwellenbach
Bone	Harrison	McKellar	Sheppard
Borah	Hatch	Miller	Shipstead
Brown, N. H.	Hayden	Minton	Smathers
Bulow	Herring	Murray	Smith
Caraway	Hitchcock	Neely	Thomas, Okla.
Connally	Johnson, Colo.	Norris	Truman
Ellender	La Follette	Overton	Wheeler

NAYS—38

Adams	Copeland	Holt	Radcliffe
Austin	Davis	Johnson, Calif.	Steiwer
Bailey	Dieterich	King	Townsend
Bridges	Donahey	Lodge	Tydings
Brown, Mich.	Duffy	Lonergan	Vandenberg
Bulkley	George	Maloney	Wagner
Burke	Gerry	McCarran	Walsh
Byrd	Gibson	McNary	White
Byrnes	Glass	Moore	
Capper	Hale	O'Mahoney	

NOT VOTING—10

Berry	Hughes	Pepper	Thomas, Utah
Chavez	Lewis	Pittman	Van Nuys
Clark	Nye		

So the amendment of the committee was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment passed over.

The CHIEF CLERK. On page 78, line 24, after the numerals "1935", it is proposed to insert the following:

There is hereby made available for parity payments with respect to cotton, wheat, and field corn under this act for any year commencing on or after July 1, 1938, 55 percent of all sums appropriated for the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, for such year.

Mr. JOHNSON of Colorado. Mr. President, I have an amendment which I desire to offer to this amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to add at the end of the amendment the following proviso:

Provided, That the proportion of such sums heretofore allocated for the purposes of said sections 7 to 17 of said act with respect to other crops shall not be diminished thereby.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. McNARY. Let us have order.

The PRESIDING OFFICER. There must be order in the galleries.

Mr. McNARY. The disorder is not in the galleries.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BORAH. Mr. President, what will be the effect should we adopt the amendment of the Senator from Colorado and then adopt the amendment as amended? Would we still not be reducing the soil-conservation fund to about $225,000,000? What would be the effect upon the soil-conservation fund?

Mr. POPE. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I yield.

Mr. POPE. It was so difficult to hear the amendment as it was stated that I did not fully understand it, but, as I caught the language, the amendment provides that soil-conservation payments on other crops than corn, wheat, and cotton would not be affected. Would that be the effect of the Senator's amendment?

Mr. JOHNSON of Colorado. The object of the amendment and the effect would be to restrict the 55 percent of soil-conservation money going to wheat, corn, and cotton from other crops. The object of the amendment is to clarify the committee amendment.

Mr. President, last night it was stated in the debate by the senior Senator from Kentucky [Mr. BARKLEY] that under the committee amendment $275,000,000 would be taken from the soil-conservation fund of $500,000,000 and used for parity payments. The object of my amendment is to provide that no money shall be taken from other crops, that no money shall be taken away from New Hampshire or from Colorado or from Idaho and sent over into Texas for the cotton people; or into Iowa for the corn folks; or into Kansas for the wheat people; but that that money shall be held under the soil-conservation program as it now exists for these other crops. That is the object of the amendment.

Mr. POPE. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. POPE. I think it has been stated several times during the discussion of the bill that according to the calculation of the Department of Agriculture 55 percent is equivalent to what has been paid on wheat, cotton, and corn under the soil-conservation program. If that is correct—and I have no doubt it is—the balance of 45 percent would be used for soil-conservation payments for all other crops. So that the Senator's amendment would not change the situation if I understand the amendment. I think the amendment is unnecessary, because under the soil-conservation program 45 percent of the total appropriation is being used for all crops other than wheat, cotton, and corn. The Department merely takes the soil-conservation fund, or the percentage of it which has heretofore been paid on corn, wheat, and cotton, and uses it for making parity payments, because in the program soil conservation would be carried out as to cotton, wheat, and corn in the same way it is now being carried out.

Mr. JOHNSON of Colorado. Mr. President, the statement made by the junior Senator from Idaho just now is the very reason for the amendment. He says that he believes that it would be correct to say that 55 percent of the soil-conservation money now goes for cotton, corn, and wheat. He says

he "believes" it goes in that direction. He did not say it actually does go to that purpose. The object of my amendment is to make it definite. If it does go to those crops, what is the harm of the amendment? It merely clarifies the language and makes it impossible for the money to go to other crops.

Mr. POPE. Mr. President, I see no objection to the amendment, since I understand that it is to do the very thing the committee amendment is calculated to do. I have no objection to the amendment offered by the Senator from Colorado.

Mr. BORAH. Mr. President, assuming the amendment should be adopted, what would be the effect on the soil-conservation fund of the committee amendment as amended? It would take a very large portion of the soil-conservation fund and devote it to parity payments, would it not?

Mr. POPE. Yes.

Mr. BORAH. I understood my colleague to say that it would not change the amount that would go to corn and wheat.

Mr. POPE. Corn, cotton, and wheat.

Mr. BORAH. Would it go to the same people?

Mr. POPE. To the same people exactly. The people who cooperate with the soil-conservation program would get it.

Mr. AUSTIN. But if they do not cooperate, they will not get it.

Mr. POPE. Exactly. Under the bill, those who sign contracts and would be entitled to parity payments are under the soil-conservation program, and as a part of their contract they agree to carry out the soil-conservation practices, diversion of acres, and all the rest; and if no more shall be appropriated in addition to the $500,000,000, they will get the same money for carrying out the purpose of this act and the Soil Conservation Act that they have been getting under the Soil Conservation Act.

Mr. BORAH. Let us assume that those now getting the benefit of the Soil Conservation Act should conclude not to sign. Then they would be deprived of their soil-conservation fund.

Mr. POPE. Then the payments would not be made on the commodity, but would be made for soil-conserving practices. They would still be entitled to payments under that part of the Soil Conservation Act dealing with soil-conserving practices, but not the part with respect to diverting acreage.

Mr. TYDINGS. Mr. President, a few moments ago the Senate took action upon an amendment which, in my humble judgment, was an injury to agriculture as well as to the country as a whole; namely, when it adopted an amendment which in effect does not specify any particular sum of money which may be required to service this program.

I will start out by saying that an agricultural problem exists in our country. If we look at the price of agricultural products for the past 10 years, or the past 20 years, or the past 30 years, we find that the price the farmer gets for the crop he produces has changed very little in 10, 20, or 30 years. We have dollar wheat today; we had dollar wheat 30 years ago; and so the situation might be illustrated by citing other products. On the other hand, everything the farmer has to buy in the way of fertilizer, or machinery, or harness, or almost any other commodity he requires to operate his farm to live, has increased in price two or three times in the past 20 or 30 years. So I do not think any sensible person can deny that a farm problem exists, and that the farmer is entitled to some adjustment.

The other day the President of the United States sent a message to the country and the Congress. In my judgment it was a very fine message, in the main conciliatory, exhibiting a desire to be helpful, most tolerant in its construction, and was evidently sent to the Congress because the President felt that it was necessary to give business that indefinite but important thing called confidence, so that the increasing unemployment in the country could be at least arrested, if not sent back in the other direction.

The President likewise said that a drain of $500,000,000 on the Federal Treasury now for agriculture was a heavy drain, but that he was perfectly willing to support a program of $500,000,000 for agricultural relief. The President likewise said that if the Congress thought the problem required more money than $500,000,000 the Congress should provide the additional funds, so as not to increase the constantly recurring and in some ways deepening deficit in the Federal Treasury.

Everyone in the Senate Chamber realizes that in the next session in January measures will be fought for which will modify, and accordingly probably reduce, some of the taxes which are now being paid by the corporations of the country, in an effort to give them funds for expansion and to carry them over periods of depression. Everyone realizes that in a time of depression we are all reluctant to levy additional taxes if they can possibly be avoided, and certainly it is not going to help the farmers of the country if those who buy the farmer's products have to pay an increasing amount out of their income and give it to the support of government.

Therefore, I cannot help believe that it is unwise to let this bill go through and to have the Appropriations Committee face the fact that as it is we can appropriate $500,000,000, $750,000,000, a billion dollars, $1,250,000,000, or $1,500,000,000 for agriculture. First of all, we do not have cash funds to appropriate at all. In all likelihood the money, or a large part of the money we are going to appropriate, will have to be raised by loans. We shall have to borrow the money in order to get it. Faced with that fact at this time, when confidence is gone, when business does not know where it stands, when thousands are out of employment, and the future looks black, is it wise for the Congress to have no regard for the psychological effect of passing bills without any monetary limitation whatsoever on them?

I wanted to say this before the vote was taken, but did not out of deference to the majority leader, who asked us all to cooperate in the interest of saving time. It was my hope that the Senate would take a different attitude than that which it has just taken. I did not want the opportunity to go by without pointing out the fact that, in my judgment, nothing is calculated to injure the farmer more than to help create the psychology of fear and uncertainty with which business is now confronted and to create a situation where new taxes are inevitable.

Tomorrow morning the people of the Nation will read their daily papers. They will find that Congress struck out a limitation which would fix the amount of money which could be appropriated under the proposed farm relief bill. They will find that there is no top or bottom to it. They will find that some say it may cost a billion dollars, some say it may cost only $500,000,000; others say it may cost $1,250,000,000. Coupled with that we have the expression of the President that we ought not at this time to appropriate more than $500,000,000 for agricultural relief; and all of us, particularly on this side of the aisle—and, I think, those on the other side of the aisle as well—are pretty much in agreement that the President's message was calculated to be and was helpful to the business people of the country.

I think it is most unfortunate that we have disregarded that message and disregarded the unimpeachable wisdom of it, because it was sound in every respect that there should be a limitation on any appropriation that we pass. If the country is to believe that Congress has no regard for appropriations when deficits of $1,000,000,000, $2,000,000,000, or $3,000,000,000 have been part of the Nation's economy for the past 3, 4, 5, 6, or 7 years, and when now we are facing an era, the outcome of which none of us can predict, which is full of portents of disaster—if the country is to believe that we have no regard to the limitation on an appropriation—our action with respect to this bill is not going to help the business of the country; and if it is not going to help the business of the country, it is inevitably going to hurt the farmer.

I want to appeal to my friends who have constantly stood by the President in his recommendations—I have not done so in some cases; sometimes I have—I want to appeal to them now and say that nothing is more important, in my judgment, than the statement of the President that we ought not to appropriate more than $500,000,000 unless we are prepared to levy new taxes to take care of any amount over $500,000,000. I am going to ask them not to desert the President now in his recommendation, particularly when business all over the Nation is in such a precarious condition. It seems to me that that is the way of good sense; that is the way we shall eventually get out of this depression; and it would be doing an injustice to the leader in the White House to leave him with a bill with no top or bottom on it, which may cost twice as much as the amount he recommended.

I think psychologically it is bad. I think it is going to hurt the farmer to pass legislation in this way. I think it is going to instill more fear in business, when business wants confidence, and wants to know where it stands, and wants to know what the Federal Government proposes to do. It seems to me the time has come when we ought to address ourselves to putting some business into the conduct of fiscal affairs by the Government.

I am very sorry that the amendment to the committee amendment was not adopted, and I feel that the action taken by the Senate in agreeing to the committee amendment has presented a problem to me as to whether or not I shall be justified in supporting the bill.

Mr. BANKHEAD. Mr. President, it is very gratifying, of course, to find the Senator from Maryland so enthusiastically supporting the President on this occasion. I extend to him the right hand of fellowship. I am glad he has climbed in the boat, and I hope he will ride in the boat even when the farmers are not involved.

Mr. President, I cannot see any reason for the alarm manifested by the Senator from Maryland, who is a member of the Appropriations Committee. I also happen to be a member of that committee. The Senator from Maryland well knows that the Appropriations Committee does not feel any moral obligation or legal obligation to follow in all instances, and to the full limit, authorizations made by the Congress. I remember the time in the last session when the distinguished Senator from New York [Mr. COPELAND], now presiding, was interested in certain appropriations for the Air Service, when, instead of making them immediate, some contractual arrangement was made which left the appropriations to be completed by subsequent legislation if Congress saw fit to do so.

I myself in the last session was interested in an authorization increasing the funds for the Extension Service. Congress passed the authorization. The Senate Appropriations Committee—and I think the Senator from Maryland took part in the proceedings—declined to grant the appropriation for the full amount that Congress had just authorized to be appropriated, and the full amount was not appropriated.

What the Senate did today it did yesterday, Mr. President. There has been no alarm about it today. We do not find today any great, screaming headlines because of the action taken yesterday. Yesterday we voted on the Vandenberg amendment, which proposed a limitation of $500,000,000 as the total amount to be available. There was really taken yesterday, by vote of the Senate, the same action that just now was taken again, to the apparent consternation and dismay of the Senator from Maryland.

Mr. President, I am in accord with the Senator's views on the subject of increasing appropriations at this time. I have frequently stated since this debate started that I did not advocate at this time an increase in the appropriations for carrying out this program.

On the other hand, Mr. President, I have felt, and I have indicated, that as time passed, and as possibly the condition of the farmers grew worse in comparison with the condition of the industrial organized laborers, Congress might feel it incumbent upon it to increase the appropriations made for the benefit of the suffering farmers, even if it became necessary—and doubtless it will become necessary—to levy additional taxes for that purpose. If, under the constantly changing conditions of agriculture, it is desired later in this session, or at some subsequent session, to levy additional taxes for the benefit of the farmers, why should it be necessary to pass two bills, separate and distinct, one authorizing the additional appropriation, the other making the appropriation?

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Alabama yield to the Senator from Texas?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. If the views of certain Senators are correct, that the Senate is obligated either morally or legally to appropriate the full amount of authorizations, why should we ever have any appropriations? Why not simply authorize the amount, and automatically that would be the amount fixed?

Mr. BANKHEAD. That would be the result of it.

Mr. CONNALLY. That is contrary to all our practice.

Mr. BANKHEAD. Yes.

Mr. CONNALLY. The action criticized does, as a matter of fact, provide a double check. We authorize the amount, and simply make it then in order for the Appropriations Committee to appropriate it or not, as it sees fit.

Mr. BANKHEAD. We leave it to the Budget Director, to the Appropriations Committee, and to the man in the White House.

Mr. CONNALLY. If the authorization were the final word, and that much money had to be used for the purpose, there would be no sense in going over the matter again through the Appropriations Committee.

Mr. BANKHEAD. I absolutely agree with the Senator; but it has been stated here by the authors of the bill, by members of the committee who have sponsored the bill, and by friends of the bill from time to time, almost from the time the debate upon the bill was opened upon the floor of the Senate, that there is no present purpose to obligate Congress or obligate the administration to increase the amount now made available under the bill. We have all understood that the President is extremely anxious to balance the Budget. Personally, I am in full accord with his views. I wanted him to take that position sooner than he did. I stood here last year and voted on the relief bill for the Byrnes 40-percent requirement, in the hope that many sponsors of projects would not put up the 40 percent, and therefore the Government's expenses would be reduced. I voted for the Robinson 35-percent requirement. I was prepared to vote to reduce the billion and a half of general relief appropriations. So it is no new position with me. I am glad we are heading toward a serious, genuine, earnest effort to balance the Budget of our country.

Mr. HATCH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from New Mexico?

Mr. BANKHEAD. I yield.

Mr. HATCH. The Senator was discussing the attitude of the members of the Agricultural Committee with regard to the appropriation authorized or desired by those advocating this bill. I know what the Senator's views are, and I know what the views of the committee were; but in order that the Appropriations Committee may have full knowledge of the view entertained by the Agricultural Committee, I ask the Senator from Alabama what sum the members of the Agricultural Committee had in mind would be provided for carrying out this bill in the event no additional taxes were authorized.

Mr. BANKHEAD. Does the Senator mean including the Soil Conservation Act?

Mr. HATCH. Yes.

Mr. BANKHEAD. The Agricultural Committee had in mind—and I think it was unanimous in regard to the matter, so far as I know, although some members would have

liked to appropriate more money—that under existing conditions the Appropriations Committee would be requested to appropriate only the sum of $500,000,000 heretofore authorized under the Soil Conservation Act, plus the $100,000,000 for a revolving fund under the loan program, which is not intended as an appropriation to be expended, but merely as a capital asset to back and be a basis for loans from the banks and otherwise in making loans upon agricultural commodities. We did not intend to increase by one dime, by virtue of this general authorization, the amount now appropriated for carrying out this bill and the Soil Conservation Act.

Mr. HATCH. Yes; and if the Senator will yield further, I merely wish to add my own testimony to that given by the Senator from Alabama and say to the Appropriations Committee that there is no desire whatever on the part of the Agricultural Committee to shirk any responsibility. We are perfectly willing for the Appropriations Committee to know that the limits which the Senator from Alabama has just stated are the limits which the Agricultural Committee had in mind at the time the amendment was written into the bill; but we did not want to be frozen to that particular sum in the event Congress should afterward otherwise authorize additional appropriations.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield to the Senator from Georgia.

Mr. RUSSELL. As a member of the Appropriations Committee and charged with the responsibility of handling the agricultural bill, I anticipate that when the bill providing appropriations for carrying out the terms of this bill reaches the floor of the Senate next April or May doubtless amendments will be offered to the bill which will provide appropriations considerably in excess of those indicated by the Senator from New Mexico and the Senator from Alabama.

I sincerely hope that when those amendments are presented on the floor of the Senate the members of the Committee on Agriculture and Forestry will be as zealous in protecting the estimates which are submitted as they have shown themselves to be here today.

As evidence of my confidence in their good faith, I have voted with the members of the Committee on Agriculture and Forestry to leave this bill without limitation as to the amount that may be appropriated. It is possible that from some source additional funds will be made available, and I did not think it wise to put in the bill a limitation which would prevent those sums being appropriated without an amendment to the basic law.

Mr. BANKHEAD. Mr. President, the Senator from Georgia who has just made that statement is, as most of us know, chairman of the subcommittee of the Committee on Appropriations having charge of the bill for the Agricultural Department. As a member of the Committee on Agriculture and Forestry, I shall be glad in the Committee on Appropriations to take the same position that I have taken here and help hold this appropriation within the limits indicated, the main reason for that position being because we know that without additional taxes having been levied and having been made a certainty the President will not approve either this bill or an additional appropriation for carrying out this bill. Therefore no true friend of agriculture, if he believes the statements of the President upon that subject—and I do believe them 100 percent—wants to take the risk of having this bill vetoed or having any appropriation bill vetoed by reason of having additional appropriations not supported by additional taxes.

Mr. President, in conclusion, I desire to make note of the fact that the Senators who seem most concerned about additional appropriations are those who are not for this bill and who do not want to see it passed in any form.

Mr. McNARY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oregon?

Mr. BANKHEAD. I yield.

Mr. McNARY. I think the Senator's statement is a logical one in view of the candid remark the Senator made on the floor in the discussion with the Senator from Oregon last week, when the Senator from Alabama said he did not expect parity payments to be made to cotton producers this year.

Mr. BANKHEAD. At this time.

Mr. McNARY. Yes; at this time. So I assumed from what the Senator said—and I am in accord with his candid and fair statement—that he would advocate a limitation of $500,000,000, part of which only this bill carries.

Mr. BANKHEAD. On this year's appropriation.

Mr. McNARY. On this year's appropriation.

Mr. BANKHEAD. Unless additional taxes in the meantime have been levied.

Mr. McNARY. Then I ask this question: That, then, would exclude all parity payments for any of the commodities mentioned in the bill for this year, would it not?

Mr. BANKHEAD. I do not know what the Senator means when he says "parity payments." If he means payments on parity, the bill does not exclude them. I think the Senator ought to make that distinction.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. TYDINGS. Mr. President, I move to strike out the last sentence in the pending amendment.

The PRESIDING OFFICER. Is that in accordance with our rules?

Mr. TYDINGS. I think so. I am offering an amendment to the pending amendment.

Mr. BARKLEY. Mr. President, let us see just where we stand on this rule.

Since I have been a Member of the Senate, a pro forma amendment—a practice which prevails in the House—has not been recognized as an amendment upon which a Senator might speak.

Yesterday the Chair ruled that the Senator from Texas [Mr. CONNALLY] was in order in moving to strike out certain words of an amendment, while announcing that it violated the spirit of the unanimous-consent agreement to limit debate on amendments.

A committee amendment, it seems to me, is an amendment in the first degree. An amendment to that is an amendment in the second degree. Another amendment is an amendment in the third degree. If we are to adopt the pro forma rule in the Senate, we might as well understand that unanimous-consent agreements to limit debate are of no value whatever; and the occupant of the chair on yesterday so announced.

Mr. TYDINGS. Mr. President, in order to save time, I will speak on the bill.

Mr. BARKLEY. I simply want to save embarrassment in the future, because, if the Senate is to have any stated policy with respect to limitation of debate, it certainly would not be effective if any Senator could move to strike out the last word or any number of words in a pending amendment which was offered in the second degree, and we should never get anywhere in the limitation of debate.

I call attention to the matter simply in order that we may not get up a blind alley on that question.

Mr. TYDINGS. For the time being, I withdraw my amendment.

The PRESIDING OFFICER (Mr. COPELAND in the chair). The present occupant of the chair takes exactly the same view as that expressed by the Senator from Kentucky; but the Senator from Maryland is recognized to speak on the bill.

Mr. TYDINGS. Mr. President, I do not desire to prolong the discussion. I feel that I should like to say that I have been much reassured by the remarks of the Senator from Alabama [Mr. BANKHEAD], namely, that as the matter now stands he and the Senator from Georgia [Mr. RUSSELL], who is likewise on the Agricultural Committee, would not feel inclined to increase the appropriation for carrying out this bill beyond the $500,000,000 point.

Mr. RUSSELL. Mr. President, I wish to correct the statement that I am a member of the Agricultural Committee. I have not that honor.

Mr. TYDINGS. I beg the Senator's pardon.

Mr. RUSSELL. I serve on the subcommittee of the Appropriations Committee which handles the Agricultural Department appropriation bill.

Mr. TYDINGS. It seems, however, that we have taken a rather optimistic view of the new taxes we are going to raise, and the balancing of the Budget.

I doubt very much if it will be possible to balance the Budget now, even if we cut down appropriations. The number of unemployed is growing. I hope it will not continue to grow. I hope the unemployed will soon find positions again; but the naked truth is that unemployment today is increasing, and not decreasing. The naked truth is that business is not in a position, so it says, to go ahead; and the further truth is that the Government is going to have a deficit of at least a billion dollars at the end of this fiscal year. Whether we spend only $500,000,000 or less to carry out this bill, if we did not spend a cent of this money we should still be faced with a deficit of at least a billion dollars for this fiscal year.

Referring to the new taxes which we are going to raise with such ease, I can see Senators fighting for the opportunity to levy these new taxes on the people when the time comes to vote. I can see the taxes being levied on those in the lower brackets of the income tax. I can see every Senator here fighting with all the power at his command to increase the taxes on the lower brackets. I can see them voting extra taxes on commodities, until the time comes to vote new taxes upon the people; and then I think Senators will find that they will be singing a different tune. Then I think Senators will hear that the people are not inclined to accept new taxes without at least a vigorous protest. So, since we have a billion-dollar deficit staring us in the face, I should like to see a limitation of $500,000,000 put on this bill.

As I said in the beginning, I do not deny that there is a farm problem. The prices of farm products today are about what they were 20 or 30 years ago. The prices of everything the farmer has to buy are three or four times as much as they then were. There is a farm problem, and I am not criticizing the men who have attempted to solve it. The solution may not be what I should like, but it is the best that can be gotten. What I have risen to say is that with the country in the shape that it is in, there is no excuse for leaving to conjecture the question whether the amount to be expended annually under this bill will be $500,000,000 or a billion dollars.

Mr. BORAH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. I yield.

Mr. BORAH. We have a provision now in the bill for $500,000,000 for the purpose of soil conservation.

Mr. TYDINGS. That is correct.

Mr. BORAH. If we should limit the amount to $500,000,000 what would be the use of passing the bill?

Mr. TYDINGS. The bill itself provides for taking 55 percent of the soil-conservation money and using it in one way, and 45 percent and using it in another way.

Mr. BORAH. Even though the farmer would have $500,000,000, all he could get under the bill would be soil-conservation payments.

Mr. TYDINGS. That is correct.

Mr. BORAH. That is all he would get if he complied with the provisions of this bill and of the Soil Conservation Act, but we would have no regulation, and that would be all.

Mr. TYDINGS. That is true. I do not want to inject my views into other States, but for my part I believe the farmers of my own State of Maryland would be perfectly well satisfied to proceed another year under the Soil Conservation Act. I think, however, in the Southern States there is a peculiar condition with the tremendous surplus of cotton, and that the southern farmer is entitled to be figured into the expenditure of the $500,000,000, so he can be relieved so far as possible without serious additional injury to the farmers who raise other crops.

But that is not the point. The point is that Senators say they will not favor a larger appropriation than $500,000,000 unless there are new taxes. We will need all the new taxes we can get to take care of the deficit of $1,000,000,000, and I think everyone is in favor of new taxes until the time comes to vote for them. I do not believe we are going to help the progress of the country very much by raising the taxes of the people and correspondingly cutting down their ability to buy.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Alabama.

Mr. BANKHEAD. I have stated that I do not favor any new taxes at this time.

Mr. TYDINGS. The Senator has also stated that he does not favor more than $500,000,000 unless there shall be new revenue, so I take it the position of the Senator is that he is opposed to new taxes in the aggregate now, and therefore he is in favor of a $500,000,000 limitation, because if we increase the limitation we have got to increase taxes. The two things are inseparable, at least if we follow the leadership of the President.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. TYDINGS. I am glad to yield to the Senator from Virginia.

Mr. BYRD. With reference to the Senator's statement in regard to a deficit, I invite attention to the fact that on December 11 the deficit for this fiscal year was $740,000,000, and we have more than 6 months yet to go to the end of the fiscal year.

I further invite attention to the fact that the fiscal statement issued by the Treasury shows that up to this time in the present fiscal year we have spent $300,000,000 more than we spent in the corresponding period of the last fiscal year.

Mr. TYDINGS. I thank the Senator from Virginia for his accurate contribution to the colloquy. I selected the figure of $1,000,000,000, believing it to be ultraconservative. In my judgment the deficit will be in excess of $1,000,000,000. The point is that we will need new taxes some time. Perhaps this year, perhaps next year, perhaps 5 years from now, we are going to have to have new taxes if we are going to spend so much money, because there must be a limit to the time when we can go on with the expenditure of $1,000,000,000 or $2,000,000,000 a year which is not provided for and which we are borrowing in order to spend.

The President very appropriately called attention to the fact that he is desirous, without too much hardship, of making expenditures and income meet. He has asked us to cooperate with him. He further sent a subsequent message here in which he said in effect, "If you gentlemen insist on expending more than $500,000,000 on the agricultural program you will have to raise the extra money to do it." Now, no one is raising or proposing to raise the extra money to do it, and, Mr. President, you can take my word for it, no one is going to propose to raise the extra money to do it. There is going to be no increase in taxes of any consequence by this Congress, and every Senator knows it.

Who will venture to propose a new tax bill? I do not mean there may not be some adjustment of present taxes with a slight increase in revenue, but no billion dollars of new taxes are coming into the Federal Treasury and everyone knows it.

I should like to see the Senator who would come here and say, "I am the author of a bill to put a billion dollars of new taxes on the country." No one in the Capitol would take the responsibility for a tax bill that would put a billion dollars of new taxes on the people of the country. Therefore, I say, as we are spending money which we have not got, if our deficit is going to be in excess of a billion dollars a year—and it is, and heaven knows what emergency appropriations we may need in the way of relief, because we cannot see ahead for the next 2 or 3 months—if all of that is true, and it is true and cannot be denied, then what

right have we to pass a bill without limitation in it at a time when business is staggering, when unemployment is increasing, when deficit after deficit is being written on the financial books of the country year after year? What right have we, if we really want to contribute to the stability of America and the foundation under America in the end, to enact laws which at least psychologically, if not actually, are only going to undermine further the confidence of everyone as to where we are going and how we are going to get there?

I have no doubt the Senator from Alabama [Mr. BANKHEAD], who worked hard in the preparation of the farm bill and who at the same time is a member of the Appropriations Committee, will make good every statement he has uttered on the floor of the Senate. We will find his support in that committee. However, mark my words, the drive will come, if we pass this bill—and it will come from the South where the cotton farmer has all sorts of difficulties and where the paid lobbyists will stir it up—to increase that $500,000,000 to $600,000,000 or $750,000,000 or $1,000,000,000 without any new taxes. When the drive comes I shall be surprised if many of those who today feel they would not vote for anything but the $500,000,000 appropriation will find that on second thought, even without new taxes, they are going to have to make it $750,000,000 or $800,000,000 or $1,000,000,000.

Now is the time to lock that door, and certainly with our Federal finances in the shape in which they are now is the time to let the country know that our program will cost $500,000,000. Then we can tell, as members of the Appropriations Committee, what we shall have to appropriate in order to carry out the program.

Mr. President, I do not want to delay further the passage of the bill, and I am going to yield the floor with this assertion:

First. There will be a deficit of at least $1,000,000,000 this year. With a $500,000,000 farm bill it will be in excess of that.

Second. I suggest that no new tax bill raising any substantial amount of new revenue will be forthcoming.

Third. Leaving the amount indefinite on the assumption that we may have to appropriate $1,000,000,000 eventually is only catering to the downward trend of economic and industrial and business life all over the country.

Fourth. Mark my word that when the time comes to write that appropriation into the agricultural appropriation bill we will find a powerful lobby and a powerful spearhead here who will say that $500,000,000 is not enough; and Senators who now think they can dispose of this matter so easily in December 1937 are going to wish, in April or May or June of 1938, that the limitation had been placed in the bill, and it will be a miracle if the final appropriation bill goes through with only a $500,000,000 appropriation.

Mr. SHIPSTEAD obtained the floor.

Mr. FRAZIER. Mr. President, if the Senator will yield I should like to suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Minnesota yield for that purpose?

Mr. SHIPSTEAD. I yield.

Mr. FRAZIER. I suggest the absence of a quroum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Byrnes	Graves	Lonergan
Andrews	Capper	Green	Lundeen
Ashurst	Caraway	Guffey	McAdoo
Austin	Chavez	Hale	McCarran
Bailey	Connally	Harrison	McGill
Bankhead	Copeland	Hatch	McKellar
Barkley	Davis	Hayden	McNary
Bilbo	Dieterich	Herring	Maloney
Bone	Donahey	Hitchcock	Miller
Borah	Duffy	Holt	Minton
Bridges	Ellender	Johnson, Calif.	Moore
Brown, Mich.	Frazier	Johnson, Colo.	Murray
Brown, N. H.	George	King	Neely
Bulkley	Gerry	La Follette	Norris
Bulow	Gibson	Lee	O'Mahoney
Burke	Gillette	Lodge	Overton
Byrd	Glass	Logan	Pepper
Pittman	Schwellenbach	Thomas, Okla.	Van Nuys
Pope	Sheppard	Thomas, Utah	Wagner
Radcliffe	Shipstead	Townsend	Walsh
Reynolds	Smathers	Truman	Wheeler
Russell	Smith	Tydings	White
Schwartz	Steiwer	Vandenberg	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present.

Mr. SHIPSTEAD. Mr. President, I wish to take a little time to discuss the bill now before the Senate. First, I compliment the authors of the bill for the zeal they have shown both in the committee and on the floor of the Senate. They have been very earnest and patient during the consideration of the bill.

There are some particular features of the bill which I should like to mention. In the statement of policy the aims of the bill are enumerated and defined. For 5 years we have been trying to change the policies which brought on the depression. For 5 years we have been attempting to bring about a more balanced national economy. It was generally conceded a few years ago that the depression was brought on by an unbalanced national economy. It was generally conceded that, among other things, the most important cause of the depression was that during the 10 preceding years the income of the Nation had been gradually drifting away from labor and agriculture to industry and finance.

We had the report of the Department of Commerce when Mr. Hoover was in charge as Secretary of Commerce to the effect that even so far back as from 1920 to 1927 there had been such a change of income from labor and agriculture to industry and finance that finance and industry had had an increase of income during those years of 70 percent at the expense of agriculture, and that agriculture had lost 40 percent of its aggregate income as it existed before that period, and there was a loss of 30 percent in the aggregate income of labor compared with the income labor had enjoyed in the preceding period.

We have been trying to adjust that maldistribution of income. Since 1932 we have been attempting to change the policies. In fact, we began before 1932. Some efforts were made in 1931. In 1932, during the Hoover administration, we passed a bill creating the Reconstruction Finance Corporation. We appropriated $500,000,000 for relief, and the policy back of that legislation has been continued until this day. So far as balancing the National Budget or the budget of the individual is concerned, we are in very much the same boat we were in 1932. There has been some improvement, it is true, but in the future we shall have to pay for that in taxes.

When the Congress passed the Soil Conservation Act at the last session, in my opinion, it passed the most constructive piece of agricultural legislation we have considered since I came to the Senate some years ago. Five hundred million dollars was authorized to carry out the purposes of that act. I think that is about as well spent an appropriation as Congress ever provided for. We are going to spend that not only for the purpose of assisting the farmer, which is incidental, but the great benefit will be that we are building up a national asset through the preservation of soil.

In the report of the National Resources Board 2 years ago the statement was made that in the United States there has been soil depletion, through erosion and constant use, which has destroyed a hundred million acres which cannot be reclaimed—an area equal to that of the States of Illinois, Ohio, West Virginia, and Maryland. According to the report, another 100,000,000 acres are going, and another 125,000,000 are threatened. In my opinion, the expenditure of this $500,000,000 should be confined exclusively to soil conservation.

Now, I wish to say a word about the provisions of the pending bill. There is one feature in the bill which I have never seen in any other agricultural bill. There is a provision for parity prices, and we have had such provisions before. We have now come to the realization that parity prices will not accomplish the purpose we are seeking to accomplish by raising the income of the farmer back to the

relative income he received during the base period, 1909 to 1914. We have been experimenting with this matter, and at last we have learned that parity prices will not bring the farmer the income which will put him on the relative parity he enjoyed during the base period. So, in the statement of policy in the pending bill, we have added another provision, a provision which calls for parity of income. We have now come to the point where we know that we can have parity of prices without having parity of income.

In substantiation of this, I wish to quote what the Secretary of Agriculture said on that subject in his report of 1937. He stated:

> Another principle in adjustment policy, often overlooked, should be kept in view. Agricultural programs must be judged by their effect on income—farm income and national income. This is not synonymous with their effect on prices. Income may be sacrificed through overemphasis on prices. Individual farmers know well that the reward for their season's work depends not only on the unit prices they receive for their commodities but on how many units of production they sell. This is true for agriculture as a whole and for its different branches. There is no point whatever in lifting prices above the purchasing power of the consumer. High prices sometimes may mean low sales. It is imperative to strike the golden mean, and to balance price against volume in such a way as to get the largest net return consistent with good farming practice.

Mr. President, what has been the purpose of farm legislation containing provision for parity prices and processing taxes, which we have enacted in the last few years, if it was not to give the farmer an income commensurate with what it is considered he was entitled to out of the national income? The purpose, which the pending bill is hoped to furnish the machinery to accomplish, is that the farmer may receive the share of the national income he received during the base period, which was 15½ percent of the national income.

The question is, Can we accomplish the purpose under the pending bill, and will we accomplish it under the bill? Will parity payments accomplish it? In addition to that, will the $500,000,000 paid for soil conservation accomplish it?

If the pending bill will not accomplish the purpose, and it will not, where are we to get the funds with which to raise the farmer's share of the national income to which in the pending bill we say he is entitled? Will we take it out of taxes? Are we willing to pay the cost, or are we willing to take the blame and cost of disaster if we do not give the farmer the status to which he is entitled?

In my opinion, the failure of the Congress in past years to give the farmer parity of purchasing power and that share of the national income to which he is entitled has cost the American people and the taxpayers very much more than it would have cost the taxpayers and the general population of the country if we had given the farmer that to which he was entitled.

It would have been much cheaper to put the farmer on a parity with the industrial and the nonagricultural population than it has cost to make a pauper out of the farmer.

If we want to live, we must pay the price. If we want to give the farmer something which is admitted to be a little bit better than nothing, we shall continue those policies which have brought the country to the condition in which it is today. The expenditures of public money for relief, the expenditures of public money to help business, is something that can be done of a temporary character or a temporary nature, but as a permanent program it can lead only to one end. Some day it must be paid for.

I know it is popular to ask for large appropriations and to be against all taxes. The tragedy is that the poor people seem to think they do not have to pay taxes. The Northwestern National Life Insurance Co. has made a survey of what the average man pays in taxes in the ordinary things he buys to maintain life, and it is found that about 15 cents out of every dollar goes to pay indirect taxes.

As I understand the purpose of the bill, it is to control production, to provide a normal granary, and to prevent surpluses. And so to control prices through the control of production and control of the surpluses as to be able to get a parity price for those agricultural products that are mentioned in the bill, and now limited, as I understand, to corn, wheat, and cotton. There are to be no benefit payments for any other crop. I may be wrong, and Senators may disagree with me—and I have never found any fault with any man who disagrees with me—but it seems to me that here is a problem in this bill, along with other problems, which bothers me.

Assuming that this bill will accomplish what it is hoped it will accomplish so far as concerns control of prices, maintaining parity prices, and controlling production. In the first place, I do not find any fault with those aims, but I call attention to what we shall probably have to face in that regard, in that, as the Secretary of Agriculture says—and I quote him indirectly—we shall meet purchaser resistance.

Another thing is that if the machinery provided in the bill shall so operate that we have no surplus—that we have a normal granary but we have no surplus—how will it affect the trade reciprocity which we promised to use to trade products out of the country to foreign countries? If we have no surplus we shall have nothing to trade because we will have nothing to sell. If we have a surplus, which we are trying to prevent when prices rise above parity, that surplus will have to be sold. Where are we going to sell it? We cannot sell it at parity price abroad because we cannot sell in a cheap market. We will have to sell at the price of the world market. If we sell at the price of the world market will we be charged with dumping on the world market? That is a problem which I think we ought to take into consideration.

I have been reading the CONGRESSIONAL RECORD and I have also searched in other places for information concerning this subject. I have received from the Bureau of Agricultural Economics, from the Department of Agriculture, from the Brookings Institution, and from the Department of Commerce statistics bearing upon this problem. These statistics are quite voluminous, and statistics and figures in large numbers are always bothersome and a bore. So I asked Dr. Stein, of the Bureau of Agricultural Economics of the Department of Agriculture, if he could have someone make for me a graph or a chart which would show more clearly the problem that we were trying to solve—the farm problem—so we can have it before us, in order that we may be able to understand the problem more clearly.

I know the chart was of great help to me, and I hope that some of my colleagues will look at this chart to see from where we come, where we have been, and where we hope to go as a result of the provisions contained in this bill.

Mr. President, the base period on which we have been basing our farm legislation since 1932 has been taken, in order to give to the farmer his share of the national income, to give him parity according to this base period, which was a period in the Nation's history since 1900, when the farmer was more on a parity than at any other time. During that period the farmer had 15½ percent of the national income, and if we carry out the purposes of this bill and succeed—if this bill will accomplish the purposes for which it is being considered—then we must restore, and it will restore to the farmer 15½ percent of the national income, whatever that income may be.

The black line on the chart refers exclusively to the percentage figures which I indicate. It has nothing whatever to do with the portion of the chart I now indicate. The years are shown on the chart. The figures to which I now call attention represent the national income we have had during the various years.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. McNARY. It occurs to me that the figures in the left-hand column represent billions of dollars. In 1909 and in 1912 the national income was around $57,000,000,000.

Mr. SHIPSTEAD. No, Mr. President. Is that according to the chart?

Mr. McNARY. I am simply trying to interpret the chart.

Mr. SHIPSTEAD. No; the farm income in 1909 was $28,000,000,000.

Mr. McNARY. I am speaking of 1909.

Mr. SHIPSTEAD. Yes; 1909.

Mr. McNARY. The chart starts with 1909.

Mr. SHIPSTEAD. Yes. That would be right; $28,000,000,000.

Mr. McNARY. Then I was trying to work out what the crooked line represented. It looks like a streak of lightning. What does that represent?

Mr. SHIPSTEAD. This line has nothing to do with anything on the chart except the figures on the right-hand side which indicate the percentage of the national income which the farmer has received.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. O'MAHONEY. As I understand the chart the "total" column opposite each year represents the total national income of all kinds received for all purposes during that year.

Mr. SHIPSTEAD. That is correct.

Mr. O'MAHONEY. The black spot represents the amount that the farmer received.

Mr. SHIPSTEAD. That is correct.

Mr. O'MAHONEY. And the jagged line to which the Senator from Oregon refers represents the rise and fall of the percentage of the black part of the column to the "total" column.

Mr. SHIPSTEAD. That is correct. The irregular line referred to refers specifically to the percentage of national income received by the farmer.

As will be seen, during the base period we had a very fine balance. At least it has so been recognized. Then came the days of "happy insanity," when agricultural income rose somewhat during the war years, and the industrial income and the nonagricultural income rose in greater proportion to such an extent that we entered upon the period when Secretary of Commerce Hoover's report said that during this period, 1920–27, industry had an income of 70 percent and agriculture had a loss of 40 percent of the national income.

Here is the year 1920. The agricultural income fell to about 12 percent of the national income from 1919. Then it gradually began dropping, until in 1932 the farmer received 5 percent of the national income.

Mr. President, if we are going to do what this bill proposes and what we have been talking about for 5 years, it seems to me that we must take this graph or get the percentages up to where the farmer has his relative share of the national income. The question is, How far from where we are now shall we have to go, and how much is it going to cost?

In 1936, including benefit payments, the farmer received approximately 9 percent of the national income, which is six points less than he is entitled to under this bill and six points less than he had during the base period. So it will be seen that we have a long way to go; and if we want to travel that way and achieve that aim, we must pay the price. As I asked before, are we willing to pay it, or are we going to take a chance of paying the cost of not restoring the farmer to the even balance and to his relative position, that we have decided and talked about for many years, that we must restore him to if we are going to have a balanced economy in the Nation?

There are some things about this bill that bother me. I assume that it will pass the Senate and go to conference, and it is stated that the conferees will rewrite the bill.

If that is the case—which I think is a very reasonable proposition—there are certain things which I want the conferees to bear in mind if we are going to carry out the program which we state in this bill to be the policy of the Congress. If we do not intend to do that at whatever cost, let us not try to fool the farmers, and say, "We give you something that will give you parity."

I am firmly convinced that parity prices will not give the farmer parity income, nor will benefit payments under the Soil Conservation Act give him parity income. The question is, How far can we go? We have had parity prices, you know, in the past few years. I have these figures from the Bureau of Agricultural Economics:

The price of corn was above parity from September 1936 to September 1937.

The price of cotton never reached parity.

The price of hogs in the fall of 1935 reached parity, though not for a long period, but remainded closed to parity through 1936, and exceeded parity through the period down to October 1937.

Beef-cattle prices almost reached parity in 1935, remained fairly close to the parity level through 1935, declined to some extent in 1936, and again reached parity in 1937.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Wyoming?

Mr. SHIPSTEAD. I do.

Mr. O'MAHONEY. I have observed that on numerous occasions during the course of his remarks the Senator has referred to the income of the farmer as such in a very understandable way, and I have been following his discussion with a great deal of interest. Now he is reading from some figures from the Bureau of Agricultural Economics tending to show the prices which have been received by certain kinds of farmers for their products.

The bill before us deals with a limited number of commodities. Is the Senator of the opinion that by the method of dealing with surpluses outlined in the bill, the method outlined in the bill for increasing the price to specific farmers, we can increase the price to all farmers?

Mr. SHIPSTEAD. I think it is claimed that the bill will do that. Personally I cannot see it. I must confess that I cannot see that it will.

Mr. O'MAHONEY. I come from a State in which the production of livestock, statistics concerning which the Senator is about to quote, is a very important industry. The people of my State are just as much interested in encouraging the farmer as are the people of any other State; but this bill does not deal, directly at least, with those who are interested in that particular commodity, and there are a score of other commodities which will not be touched by the bill. Therefore, unless it is demonstrated that by providing parity for the growers of cotton, wheat, corn, tobacco, and rice we are indirectly to provide parity also for other farmers, the bill cannot in justice be called a bill for farmers. It is merely a bill for some farmers.

Mr. SHIPSTEAD. I thank the Senator. I do not care to discuss that phase of the matter at the present moment, but I have given it a great deal of thought, and I must say that I have had that theory in my mind. I know that the feed of the dairy farmer will be more expensive. I do not know what he is going to do to have a differential increase to offset it; and the same thing is true of the poultry farmer. There is something in what the Senator says. The trouble is, there are usually two sides to every question, and that is something which bothers me very much in this case. There is nothing in this bill for the dairy farmer.

Tobacco reached parity in the 1936–37 marketing season.

The prices of most types of tobacco were above or quite close to parity in the 1935–36 marketing season.

The price of lambs and wool was above parity through 1937 to date. The price of wool reached parity in the late months of 1934 and the early months of 1935, then declined, but advanced above parity in 1936.

So, you see, with the exception of cotton and some commodities not mentioned in the bill, we have had at various times during the past few years parity prices without giving the farmer parity income.

To show how far we have gone, in the one year of 1909 the farmer had 16.8 percent of the national income.

In 1936, including benefit payments, the farmer had 9 percent of the national income. That is 6½ points below what, for 5 years, we have said we must raise the farmer to. Then the question is, Are we going to make provision to carry the matter through to that point? I am convinced that parity prices will not do it because they have not done it in the past.

I have here the figures of the prices which the farmer got under the processing tax and under benefit payments.

In 1933, including benefit payments, the farmer got $3,023,000,000.

In 1934 the farmer got $3,816,000,000. This is income available for living. There are three different ways in which some of these statistics are figured—either income available for living, or income produced, or income per individual on the farm, from whatever source. I have taken the figures available for living.

In 1934, as I say, the farmer got $3,816,000,000.

In 1935 he got $4,928,000,000.

In 1936 he got $5,725,000,000.

These amounts include benefit payments.

The farmer got benefit payments of $400,000,000 in 1936; but with all of the processing taxes and crop control and benefit payments, in 1933 he had 6.2 percent of the national income; in 1934 he had 6.4 percent of the national income; in 1935 he had 8.1 percent of the national income; and in 1936 he had 8.5 percent of the national income available for living.

In 1936 the American farmer, including benefit payments, had only 45 percent of the share of the national income that he had in 1909. In 1936, after all these benefit payments, processing taxes, acreage reduction, and crop control, without compulsion, even without compulsory regulation on many of these articles, he had parity payments without having parity income.

The cost has been mentioned here. How much will this cost? How much will it cost to raise the farmer's income from 8.5 percent of the national income to the 15.5 percent which he had during the base period? I do not know where Congress is going to get the money unless by taxes. The President said, and I think rightly said, that the appropriation of $500,000,000 was authorized, and if anything else was appropriated for agriculture, taxes must be levied. We shall either have to take the necessary amount out of taxes, or we shall have to provide some other method, some change of policy.

I have not the figures for 1937 because they are merely an estimate. Of course these figures are all estimates by these experts. They may be more or less wrong, but they are all that we have.

In 1936 the farmer had $5,725,000,000, including benefit payments. To give him the share to which the bill says he is entitled, and to which we have said he is entitled, and which we have based all our farm legislation on during the past 5 years—to give him the extra 7 points to which he is entitled, he will have all that he had in 1936, including benefit payments, and then he will have to have $2,750,000,000 more, if he is to be restored to the position in the national economy which he enjoyed during the base period which we have been talking about for the past 5 years.

It is said that it will cost too much. How much has it cost us to take the farmer away from that position? How much is it going to cost us to leave him in that position? It is said that this is price fixing, that this is control of production. Admit that it is; that is the national policy today in industry, in finance, in every activity of life. There is price fixing in every industry, either by law or by economic power.

We passed a bill under which a Government commission fixes the price of coal. We passed a bill under which the manufacturer may dictate to the retailer the price at which the retailer shall sell the manufacturer's product. The Senator from Montana [Mr. WHEELER] will bear me out in the statement that 2 years ago we had the steel and cement manufacturers before our committee to find out why the price of their products was uniform and why they raised prices when the Government started to spend money to give labor employment and to help business. There was one man who could tell us all about it, after all the others said they did not know why all prices were uniform on all contracts, both for steel and for cement. They said they followed the market; but there was one man who was man enough to tell us. He was the head of the biggest steel industry in the United States, the United States Steel Corporation, Mr. Irvin. When he was asked if he could explain the uniformity of prices, he said, "That is easy. I fix the price, and the rest follow me." Steel men and cement men have told me what would happen to them if they did not follow, through economic pressure; and they are operating under a policy of scarcity. They either get their price or they shut off production. It is very easy for them to shut off production, because they can cut expenses by turning their men out in the streets and keeping their plants closed until the public is willing to pay the price they ask. The farmer cannot do that. He has to feed his horses whether he produces or not. He cannot turn out his horses into the bare street, as the industrialists turn their laboring men out into the street. Of course, in connection with this policy of scarcity, we have high prices, and then we meet sales resistance, and the consumer has to pay more for less of a product and go broke.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes; I yield.

Mr. WHEELER. My recollection of the facts with reference to the pressure is that steel showed an 80-percent reduction in production, and only about 6 or 8 percent—6 percent, I think—reduction in the price of the product, whereas agricultural income showed a decrease in price of about 80 percent, and something like 6 percent drop in the production in the United States. So that practically all during the depression the price of steel remained about 6 percent lower than it was, while the production dropped 80 percent, and just the reverse was the case with reference to the farmer's products.

Mr. SHIPSTEAD. Does the Senator have reference to the beginning of the depression?

Mr. WHEELER. This was over a period of several years, as I recall.

Mr. SHIPSTEAD. The years of the depression?

Mr. WHEELER. Yes.

Mr. SHIPSTEAD. That is correct. The production went down to 12 percent, and when the Governments—Federal, State, county, and municipal—started to buy steel and cement the price was immediately raised. It was handled in such a way that some of the prices of steel to the smaller manufacturers and dealers were raised as high as 800 percent. When one of the chief producers of steel was asked why they raised the prices, he said they had not made any money for so long that it was time they made some. They continued raising prices until they met with sales resistance, and we now have another drop in production and increase of unemployment.

It has to do with the policy of scarcity. It seems to me it is a vicious circle. If we now have the courage to restore the farmer to that economic position to which we have all said he is entitled and where we must place him if we are going to have a balanced economy and save our economic life we must pay the price but there is no sign that Congress will.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. I understood the Senator to say that he perceives a vicious circle because industry is so organized that it can fix the prices of industrial products, the products which the farmer must buy; that industry is so organized that it can keep up prices and reduce its production. The answer to that is twofold: First, Government price-fixing upon the one hand, and, second, control of agricultural production on the other hand. Does the Senator believe that would put an end to the vicious circle?

Mr. SHIPSTEAD. No; I do not think so. This bill without sufficient funds to give parity income to the farmer will continue the vicious circle.

Mr. O'MAHONEY. I wonder if I may take sufficient of the Senator's time to suggest——

Mr. SHIPSTEAD. I do not know how much time I have left. May I ask, Mr. President?

The PRESIDING OFFICER. The Senator has 2 minutes left.

Mr. SHIPSTEAD. I beg the Senator's pardon for not yielding further.

I have taken the time of the Senate, but I know Senators will believe me when I say I have not entered into the discussion from the standpoint of political partisanship. I have not done that today or any other time. I have tried to discuss the issues along the road whence we have come and to where we have to go, in order that we may come to the place where we say we want to go. The question is, Are we willing to pay the price? Are we willing to pay the fare? Or are we going to experiment with shots in the arm or primings of the pump? In the olden days we used to have considerable experience at times in observing the effect of hypodermic injections. While for the moment they make the people feel very healthy and optimistic, it is only a short time until the people have to have another one and in a larger dose.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SHIPSTEAD. May I take a few minutes on the amendment?

Mr. KING. Mr. President, may I be permitted, out of the 15 minutes to which I am entitled on the amendment, to ask the Senator a question so he may answer it?

Mr. SHIPSTEAD. I hope the Senator will do that.

Mr. KING. I ask the Senator in my time, and I hope he can answer, whether the philosophy of the Senator would not compel the conclusion that we must regiment everybody and everything, and does it not lead to complete totalitarianism?

Mr. SHIPSTEAD. The whole country, except the farmer, is regimented. I do not like it, but if it is to be the national policy to regiment everyone and anyone, and if the farmer wants to be regulated, he is just as wrong as any of the rest of them. Under our national policy, I may say to the Senator from Utah, we have traveled the wrong road since the days of the happy insanity which started us on this path. The farmer loses his income because those who have much have been, and still are, permitted by law to take it away from him.

Mr. President, I ask permission to include in the RECORD as a part of my remarks a table of statistics issued by the Bureau of Economics, Department of Agriculture.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

National income available for living, 1909–37 [1]

Year	Total	Farm	Nonfarm	Percentage farm is of total
1909	$25,787,000	$4,345,000	$21,442,000	16.8
1910	27,446,000	4,640,000	22,806,000	16.9
1911	27,790,000	4,229,000	23,561,000	15.2
1912	29,660,000	4,596,000	25,064,000	15.5
1913	31,349,000	4,573,000	26,776,000	14.6
1914	31,140,000	4,552,000	26,588,000	14.6
1915	32,403,000	4,808,000	27,595,000	14.8
1916	38,091,000	5,838,000	32,253,000	15.3
1917	46,290,000	8,903,000	37,387,000	19.2
1918	54,080,000	10,581,000	43,579,000	19.4
1919	58,966,000	11,598,000	47,368,000	19.7
1920	62,945,000	8,074,000	54,871,000	12.8
1921	52,790,000	4,327,000	48,463,000	8.2
1922	56,063,000	5,437,000	50,626,000	9.7
1923	64,474,000	6,551,000	57,923,000	10.2
1924	66,916,000	6,780,000	60,136,000	10.1
1925	71,129,000	7,151,000	63,978,000	10.1
1926	73,298,000	6,588,000	66,740,000	8.9
1927	74,338,000	6,702,000	67,636,000	9.0
1928	75,815,000	6,633,000	69,182,000	8.7
1929	77,866,000	6,722,000	71,144,000	8.6
1930	71,472,000	4,722,000	66,750,000	6.6
1931	59,843,000	3,007,000	56,836,000	5.0
1932	46,775,000	1,857,000	44,918,000	4.0
1933	44,209,000	2,745,000	41,464,000	6.2
1934	50,347,000	3,221,000	47,126,000	6.4
1935	54,749,000	4,430,000	50,319,000	8.1
1936	62,513,000	5,325,000	57,188,000	8.5

[1] Not including benefit payments.

Including benefit payments in recent years the farm income figures would be: 1933, 3,023; 1934, 3,816; 1935, 4,925; 1936, 5,725; 1937, 6,000 (in million dollars).

Mr. KING. Mr. President, I did not have the pleasure of listening to the entire address of the able Senator from Minnesota [Mr. SHIPSTEAD]. I understood, however, from the limited part of his address that I heard, that he contends that to carry out the idea of parity would cost about $2,000,000,000 or $3,000,000,000 in addition to the $500,000,000 carried in the farm bill, and he contends that in order to attain that parity we will be compelled to pay the price. Of course, "the price" means the imposition of $2,000,000,000 more of taxes upon the American people.

From the views expressed by the Senator I was led to believe that his position would lead to the policies now followed in Germany and particularly Italy; policies which subject the people to governmental control, fix wages and hours and limit production, and also fix the prices of all commodities. The philosophy governing authoritarian States is finding support in this as well as in other countries.

This philosophy is the antithesis of democracy; it is hateful to every man who loves liberty; and if it is to be imposed upon the American people it will inevitably result in revolutionary outbursts, if the American people have the spirit and courage possessed by our forefathers. There are some who are beginning to doubt whether that spirit is pervasive in all parts of our country. There are many who apparently desire to be controlled, to be regimented, to have some Federal department or agency or bureau control them, and determine what they shall do and what they shall think and speak.

If all business enterprises and agricultural activities are to be controlled by Federal authority, then it will be urged that labor should be controlled, wages fixed, and the entire economic and industrial life regimented by governmental authority. We should carefully weigh the plans and measures submitted for consideration and legislative enactment. We should reject every measure and oppose every policy that is hostile to democratic institutions, to the liberty and freedom of the citizen, the integrity of the State, and the Constitution of the United States, which stands as a bulwark for the protection of all citizens.

Mr. President, earlier in the day I attempted to speak for a few minutes on some of the costs of government and had not concluded my remarks when my time on the then pending amendment expired. I called attention to the fact that approximately 2,000,000 men are upon the Government pay roll at a cost to the Government of $2,000,000,000. I am concerned because, as a member of the Finance Committee, I have to try to determine whence the taxes are coming. We will be compelled at the coming session of Congress, notwithstanding the recession, notwithstanding the reduced income of the American people, to increase their taxes because of the enormous appropriations which we are called upon to make. But—and I do not want to be critical—Senators rise and advocate increased appropriations with no limitation upon the appropriations which we are to make.

Mr. President, I think the time has come for us to indulge in a little economy. Apparently the President, and I hope I am not misinterpreting him, has indicated that there must be a reduction in Federal expenses. He has indicated with respect to this bill that $500,000,000 will be the limit to which we should go. Yet the address of my friend the Senator from Minnesota [Mr. SHIPSTEAD], one of the thinkers of the Senate, indicates that he believes, notwithstanding the difficulties that will be encountered, the bill really contemplates a total cost of $2,000,000,000. The address of my friend from Louisiana [Mr. OVERTON] indicated yesterday that we must appropriate $1,000,000,000 to raise the cotton farmers to parity.

I was calling attention a little while ago to the appropriations and the receipts during a number of years. I had reached the year 1931. The receipts then from taxes were $3,846,000,000 and the expenditures were $4,748,000,000, a deficit of $1,147,919,455.

In 1932 the receipts were $2,593,897,000, the expenditures were $5,744,491,000 and the deficit was $3,065,256,000.

In 1933 the receipts were $2,667,000,000, in round numbers, and the expenditures $5,725,000,000, a deficit of more than $3,000,000,000.

In 1934 the receipts were $3,702,000,000, the expenditures $7,685,000,000, and the deficit nearly $4,000,000,000.

In 1935 the receipts were $4,451,000,000, the expenditures were $8,000,000,000 plus, and the deficit was $3,575,000,000.

In 1936 the receipts were $4,781,000,000, the expenditures were $9,547,000,000 and the deficit was $4,733,000,000.

In 1937 we had $6,000,000,000 of income—we increased the taxes more than $1,000,000,000—and our expenditures were $8,836,000,000, with a deficit of $2,815,000,000.

The estimated receipts for the present fiscal year are $7,293,000,000, but we are falling far below the estimated receipts. In my opinion they will not reach $7,000,000,000. Our expenditures will be, in my opinion, considerably more than $8,000,000,000, so we will have a deficit of more than $2,000,000,000. Yet on top of that we are now asked to appropriate, if we carry out the philosophy of the pending farm bill, at least $1,000,000,000 in addition to the $500,000,000, and if we adopt the philosophy of my friend the Senator from Minnesota [Mr. SHIPSTEAD] it would be an additional $1,000,000,000.

So we are now embarking upon a policy of restricting production; of course, to be followed by increased taxes in order to pay for that reduced production. I do not understand how we can expect a prosperous country, how we can lift the country out of the depression by reducing production. The President of the United States has indicated that one-third of the American people are ill-housed, ill-fed, and ill-clothed, and yet we are to reduce production and thus add to the number who lack food and clothing. The bill revives the indefensible policy of reducing production and of price fixing. It calls for the resurrection of that policy where we plowed under one-third of the cotton and one-third of other agricultural products, and where we threw into the rivers thousands of cattle and pigs though there were American people by the thousands and hundreds of thousands who lacked food and clothing.

If that is the kind of leadership we are to follow, if that is the kind of philosophy that is to be adopted then I submit the Government our fathers gave us is being changed. We would be abandoning democracy and those fine qualities which have manifested themselves in the lives of the American people, under which we have lifted our country to the heights where this Republic is the richest and most powerful and progressive country in the world.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from Utah yield to the Senator from Kentucky?

Mr. KING. I yield for a question.

Mr. BARKLEY. What method would the Senator suggest to get the surpluses the farmers produce, in the way of food or clothing or any other of the necessaries of life, to those who need them? Suppose we produce them and continue to produce them; how are we to get them translated into food and clothing for the benefit of those who do not have those articles?

Mr. KING. Mr. President, we had no difficulty in transporting the produce in the seventies, the eighties, the nineties, and in subsequent years to those who were in need. We had no difficulty in clothing and in feeding the American people. It is true that in some sections there may have been at times deficiencies in the income of the people, but the policy now advocated means reducing production, and when production is reduced, in view of the fact that one-third of the people now, according to the views of the President, do not have sufficient food and clothing, obviously it will be made more difficult for that one-third to get food and clothing. Food and clothing will be made scarcer, and when they are scarcer, they are dearer.

I have only 2 or 3 minutes remaining and can but imperfectly reply to the Senator. However, if we will adopt a wise and sound policy—remove the hand of the Federal Government from industry and labor, where it is needlessly and improperly and illegally imposed, there will be immediate increase in production, sufficient to meet the one-third deficiency of which the President spoke; the people will be fed and clothed, wages will be increased, and the entire economy of the country strengthened and improved. This condition will—to use the Senator's expression—translate the increased productions into the satisfaction of the needs and wants of the American people; prosperity will return and those now suffering from adverse conditions will have their positions reversed.

Better times will come to our country if we will relieve the people of some of the taxes which are imposed, if we will say to the American people, particularly to the business people of the United States, those who employ millions of our citizens, "We intend to give you a square deal. We intend that the Federal Government shall not adopt socialistic policies, or the policies of a totalitarian state. We are going to maintain democratic principles and a democratic form of government. We are going to say to the American people, those upon the farms and those in the factories, and wherever they are found, that they may go forward increasing production and expanding all forms of business." With a policy of that kind and a message of that kind we will find that factories which are now closed and factories which are employing a limited number, far less than they should employ, will expand their business, increase their production, increase the number of employees, and add to the wealth and resources of our country.

The PRESIDING OFFICER. The time of the Senator from Utah on the amendment has expired.

Mr. O'MAHONEY. Mr. President, it is a matter of great regret to me that the Senator from Minnesota [Mr. SHIPSTEAD] was compelled to abandon his discussion of the bill before he had completed an analysis of it. I am sure I speak the mind of every Member of this body when I say that the Senator from Minnesota is regarded as one of the most studious and objective Members of this body. I would like to have him given the opportunity, in my time if necessary, to pursue his discussion.

I wanted to ask the Senator what alternative he would suggest for the measure which is before the Senate at this time. But before propounding that question to him I wish to point out from his chart on the wall a rather interesting situation as, it seems to me, it has been developed by his discussion.

The Senator shows by this chart that the farm income began to rise about 1914 or 1915 in proportion to the national income of the country, so that in 1916 the farm income was, according to the chart, 15 percent of the total. In 1917 it was much greater, in 1918 much greater, and in 1919 and 1920 it was greater, and not until 1920 did it begin really to drop to a serious level. In other words, it is obvious from this chart that the farm income was at its greatest height at the time when we had markets abroad by reason of the war. Following the conclusion of the war and the resumption of agricultural production abroad, the farm income in proportion to the total income began to drop, until in 1921 it had reached a point which, according to this chart, is practically the same where it is now.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Certainly.

Mr. SHIPSTEAD. The drop shown on the chart was not due to resumption of production in Europe. Europe was exhausted by the war, and it took Europe 10 years to come back to the resumption of production.

Mr. O'MAHONEY. If I may say so to the Senator, according to the chart, the farm income in 1919 represented almost 18 percent of the total income.

Mr. SHIPSTEAD. That is correct.

Mr. O'MAHONEY. According to the chart, in 1920 the farm income was approximately 13 percent of the total. The fall took place immediately after the war. Perhaps the resumption of production abroad had not been completed at that time; but we were not supplying the armies of Europe to the extent that we had been.

Mr. SHIPSTEAD. In the year 1920, indicated by the Senator on the chart, we exported the greatest amount of

agricultural exports we ever sent abroad in the Nation's history.

Mr. O'MAHONEY. That is correct.

Mr. SHIPSTEAD. The drop was not due to the fact that there was so much production in Europe. The production was here, and continued here, and we continued exporting. The Senator comes from a cattle country, and he remembers how the loans on cattle were called. I remember the Senator from South Dakota, Senator Norbeck, told me that the loans were called, and ranchers had to take their cattle into town in such quantities they died in the streets for lack of transportation.

Mr. O'MAHONEY. Yes; the policy of deflation was adopted in 1920.

Mr. SHIPSTEAD. I do not want to mention the name of a man who is dead, but he was a very powerful man in finance at the time, and he told a friend of mine the reason for the deflation and the reason for the calling of the loans. It was a bankers' deflation, and it was because Europe had no food; that is, they had not come to a normal production of food; they owed a great deal of money; they could not produce enough wealth to buy food at prevailing prices in the United States and have something left with which to pay interest. So, he said, we had to reduce prices to Europe so that we could feed the European people and have them save something so that we could get some interest. So we had to order this deflation, he said, and he stated that we had to take it out of somebody, and he said the question was, "Who can we take it out of with less harm than out of the farmers, because they can always keep something to eat, and they will not starve?"

Mr. O'MAHONEY. Whatever may have been the cause of it, the argument is exactly the same. It may be that the same amount of farm commodities was going abroad as before; it may be that the prices of those commodities were so reduced by reason of the policy of deflation to which the Senator has referred, but the point to which I am trying to call attention is that the American farmer had a large and satisfactory market for a time.

Mr. SHIPSTEAD. Oh, yes. He always had a foreign market until 1930.

Mr. O'MAHONEY. That large and satisfactory market was cut off.

Mr. SHIPSTEAD. Yes. It progressed gradually until the last blow came in 1930.

Mr. O'MAHONEY. And when it was cut off, the farmers' prices began to fall. Then, during the period from 1921 through 1924 and 1925, the proportion of the farm income began to go up again, and it leveled off. That was the period during which we thought we were enjoying prosperity in this country.

Mr. SHIPSTEAD. Yes; and we were making foreign loans then.

Mr. O'MAHONEY. Exactly. We were trying to maintain a market, even though at a low figure, but the foreign market was gradually being cut off because we had not been shipping as much abroad as before. Then, when the industrial recession began to set in, which finally terminated in the depression of 1932, the decline on this chart is clearly shown from 1928 and 1929 to 1932——

Mr. SHIPSTEAD. Yes.

Mr. O'MAHONEY. The farmer lost his market at home.

The question I wish to ask the Senator is whether or not it does not seem to him that the answer to the problem is not another "shot in the arm," to use the phrase which he aptly employed a moment ago, but a thoroughgoing, well-rounded program to stimulate consumption in the United States; in other words, to give the farmer the home market once more for his capacity to produce.

I ask the Senator whether in his opinion a measure which undertakes by curtailing production to maintain prices on a limited number of commodities is likely, in the circumstances, to provide the market which this chart so clearly shows the farmer must have for all products if his price is to improve and if his share of the national income is to be restored.

The Senator was good enough to indicate to me a moment ago that he would suggest what his alternative is.

Mr. SHIPSTEAD. Mr. President, I think it is true of a nation, as it is true of an individual, that if a nation is sick we should try to find out what policies have been pursued which made the nation sick. If a man is sick, a doctor tries to find out what he has done to make him sick. Sometimes it is difficult to make a diagnosis, as the Senator from New York [Mr. COPELAND], who has done me the honor to listen to my remarks, knows.

It seems to me that the policy we pursued brought on the depression and took from the farmer his share of the national income, and we are still pursuing it.

Mr. President, I think the high tariff had a great deal to do with it. Behind that we had monopolistic practices, price fixing by the monopolies, and I think that was about as potent a factor in driving the farmer to the wall and into poverty and bankruptcy as anything. Of course, other factors entered into the situation. We had a raise in freight rates in 1920. Now, in order to do something for the railroads, it is proposed that we shall give them a 15-percent increase. That means 30 percent to the farmer. That is a tax on the transportation of his product, and he pays the freight both ways. If that freight raise goes into effect, I venture to say it will take away from the farmer any benefits he may receive under the terms of this bill.

Mr. President, it is said we must help business. Who received the money paid out as the result of Government spending in the past 5 years if it was not big business? Who was in position to fix prices and profits on cement, steel, and other commodities that went into work done under the Works Progress Administration and P. W. A. and other administrations? Big business does not pay any taxes. They are the collectors of taxes. They add the taxes to the cost of their product, and they hand it over to the Government as a sort of a license fee in order that they be permitted to go on and rob the people through high prices, just as the pirates in the olden days received letters of marque from the king, permitting them to go out on the seas and rob vessels, and the king protected those robbers so long as they gave him a part of the loot. That is about all the corporation taxes amount to so far as the monopolies of the country are concerned. They do not pay any taxes. They are the collectors of taxes. Under that system whereby public money is siphoned out of expenditures for public contracts, by way of increased prices that these people charge the Government and citizens by increasing prices of materials used in connection with Government contracts and necessities of life, we still have the same maldistribution of income, the same maldistribution of wealth.

We say we will take it away in taxes, but under that system if we take all they have, and if we continue that policy, the people are going to be more and more deprived of their possessions and their income until the whole population is pauperized, and the Government will have to take money from those who have taken it from the people, and feed the people. Then the man who goes out and promises the biggest relief will get the most votes, and that will destroy any government.

It cannot be a permanent policy. We shall either have to abolish or reduce our tariff and give the farmer a chance to buy in a market in which he used to sell. He has been selling in a cheap market and buying in a dear market. We must eliminate monopoly, price fixing, and robbery of the people because of high prices charged by monopolies. We must do those things or we shall have to carry out the provisions of this bill and take from the taxpayer enough money to restore the farmer to the position to which we say he is entitled. Or another alternative is to pay soil-conservation payments large enough to give the farmer parity income or dissolve monopolies, restore competition to industry on a combination of these things. When I can again get time I shall elaborate.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me for a moment. I have the floor.

Mr. SHIPSTEAD. Yes; I beg the Senator's pardon.

Mr. O'MAHONEY. I wanted to invite the Senator to pursue this thought. Is it not a fact that by reason of the program which lies at the bottom of this bill the monopolistic price fixer, the master of industry, will himself suffer, because the total farm income is curtailed with the curtailment of production; so there is a vicious circle operating the other way as well as in the manner which the Senator indicated a moment ago.

Mr. SHIPSTEAD. I think the industrialist is suffering now.

The PRESIDING OFFICER. The time of the Senator from Wyoming on the amendment has expired.

The Senator from Colorado [Mr. JOHNSON] has offered an amendment modifying the committee amendment, which will be stated.

The LEGISLATIVE CLERK. On page 79, line 4, after the word "year", it is proposed to insert the following:

Provided, That sums due and payable under the Soil Conservation Act for payments and practices as to crops other than corn, wheat, and cotton, shall not be diminished by reason of such diversion of funds.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BORAH. Mr. President, what amendment are we now considering?

The PRESIDING OFFICER. The committee amendment beginning in line 24 on page 78 and going to line 4 on page 79, as amended by the amendment offered by the junior Senator from Colorado [Mr. JOHNSON].

Mr. BARKLEY. Mr. President, in view of the fact that an amendment probably will be offered a little later to that committee amendment, I ask that it go over for a little time while we are working out that amendment.

Mr. ADAMS. Mr. President, perhaps an inquiry regarding legal status, which was suggested once before, should be made at this time.

This amendment makes available for parity payments any appropriation for any year after July 1, 1938, up to 55 percent, if made for soil conservation and domestic allotment. I am inquiring of the authors of the bill as to the legal status of a provision in this bill seeking to allocate appropriations made in appropriation bills which have not been passed. If, by an appropriation bill subsequently passed, a certain amount of money is designated for a certain use, can a bill of this kind, if passed, divert the money from the use for which it is then designated?

In other words, to illustrate my inquiry by a more extreme case, if the Appropriations Committee and the Senate in 1940 should make an appropriation for battleships, could this session of Congress in such a bill as we are now considering provide that 55 percent of any money appropriated in any year for the construction of battleships can be and must be diverted to the payment of parity payments?

I was led to make the inquiry by comments of the Senator from Texas [Mr. CONNALLY] earlier in the day when he said that the Appropriations Committees need never be uneasy over their authority or their obligation, because they were not bound by any declarations which were made in this bill; that their discretion continued, and that even though authorizations for appropriations were made, final action depended upon the decision and judgment of the Appropriations Committee.

I am not objecting to the provision under discussion. I am merely inquiring whether or not in the farm bill we can dispose of appropriations to be hereafter made, not next year only but in any year.

That is, if we said in 1940 that we think $700,000,000 or $1,000,000,000 should be appropriated for soil-conservation purposes, and that were the genuine intention of the Senate and the Appropriations Committee, this amendment, regardless of what the Senate might then mean and regardless of what the Appropriations Committee might then mean, would divert 55 percent of that money to parity payments, if the provision is a binding one.

It may be that no parity payments will be required. We are hoping that there will be no occasion for parity payments. But by this amendment we are seeking to divert, regardless of the need for it, 55 percent of moneys appropriated in any year for the payment of parity payments. So I am questioning in part the wisdom of the long-time diversion, and I am asking whether or not these provisions will carry out the purposes of those who have them in mind, and will protect the funds for the use to which the sponsors of the bill wish to put them.

Mr. BORAH. Mr. President, I understand that an amendment is to be drafted to take the place of the committee amendment now pending. Is that correct? I understood the Senator from Kentucky [Mr. BARKLEY] to say that an amendment was being drafted to take the place of the committee amendment.

Mr. BARKLEY. No, Mr. President; an amendment is being prepared in addition to the amendment of the committee, not to take its place.

Mr. BORAH. Mr. President, I desire to call attention a little further to this amendment. It says:

There is hereby made available for parity payments with respect to cotton, wheat, and field corn under this act for any year commencing on or after July 1, 1938, 55 percent of all sums appropriated for the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, for such year.

Then the amendment was amended by the able Senator from Colorado [Mr. JOHNSON]. I ask the Senate to consider what takes place with respect to the provision on page 7, line 6:

Soil Conservation Act payments shall, if the farmer is eligible to enter into an adjustment contract, be paid to him only if he has entered into such a contract.

If a farmer who is interested in conservation, who has a program of conservation, does not enter into a contract, he would by this amendment be cut out of any conservation support entirely.

Mr. POPE. Yes; except as I pointed out briefly; the so-called Conservation Act payments will be received by him. The payments formerly known as class 1 payments will be eliminated, and parity payments will be made to him. If he is eligible to cooperate, but has not cooperated at all, he will not get the soil-conservation payments.

Mr. BORAH. Of course, if he has not cooperated at all, he is not entitled to soil-conservation payments.

Mr. POPE. That is true.

Mr. BORAH. But if he has cooperated under the Soil Conservation Act, and does not see fit to cooperate under the bill now under consideration, he is cut out from any support under this amendment.

Mr. POPE. Yes; that is, as to class 1 payments.

The PRESIDING OFFICER. Without objection, the committee amendment beginning in line 24, on page 78, and ending in line 4, on page 79, will be passed over.

The question now recurs on the committee amendment on page 79, beginning in line 17, subsection (d), which will be stated.

The LEGISLATIVE CLERK. On page 79, line 17, it is proposed to strike out:

(d) The Secretary shall determine the character and necessity for its expenditures under this act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other laws governing the expenditure of public funds and such determination shall be final and conclusive upon all other officers of the Government.

And to insert the following:

The Secretary shall determine the character and necessity for expenditures under this act; the Soil Conservation and Domestic Allotment Act, as amended; and the Sugar Act of 1937; the manner in which they shall be incurred and allowed, the persons to whom payments shall be made including the persons entitled to

receive the payments in the event of the death, incompetency or disappearance of the persons who otherwise would have been entitled to receive the payments, and shall also prescribe voucher forms and the forms in support thereof, without regard to the provisions of any other laws governing the expenditure of public funds, and such determinations and forms shall be final and conclusive upon all other officers of the Government.

Mr. BYRD. Mr. President, I have offered an amendment to that section, which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Virginia to the amendment of the committee will be stated.

The LEGISLATIVE CLERK. On page 79, beginning with line 17, it is proposed to strike out all down to and including line 10 on page 80.

The PRESIDING OFFICER. The Chair will advise the Senator from Virginia that the parliamentarian states that it will be necessary for the committee amendment first to be acted upon, and the section perfected, before a motion to strike out the entire section will be in order.

Mr. BARKLEY. Mr. President, I understood that the committee was going to suggest the elimination of this committee amendment. It might simplify the situation and save a good deal of time if that were done.

Mr. POPE. Yes, Mr. President; I said to the Senator from Virginia the other day, when he brought up the matter, that I was perfectly willing that his amendment should prevail; in other words, that this portion of the bill should be stricken out.

Mr. BYRD. That statement applies also to section (e), which relates to the same matter.

The PRESIDING OFFICER. The Chair will say to the Senator from Virginia that since section (e) is an original section of the bill, an amendment to it would not be in order at this time, inasmuch as the Senate, under an order heretofore made, is now considering only committee amendments.

Mr. POPE. Mr. President, since this is a committee amendment, the purpose of the Senator from Virginia, as I understand, could be accomplished by the Senate refusing to adopt the italicized portion of the committee amendment, and striking out subsection (d). Is not that correct?

The PRESIDING OFFICER. There seems to be no objection to striking out the section.

Mr. VANDENBERG. Mr. President, when this section was up before I asked for certain information respecting it, and I should like to ask for it again before any action is taken. I desire to know what additional powers the section gives the Secretary of Agriculture with respect to the Sugar Act of 1937.

Mr. POPE. If it is to be taken out, it makes no difference. However, I think it would be a legal question as to what powers would be given under this section with respect to disbursements under the Sugar Act. I see no reason why this sort of a provision could not be made in this bill; it would amount, in effect, to an amendment to the Sugar Act; but I have not given the matter further consideration, because I agreed with the Senator from Virginia that the whole matter might be stricken out.

Mr. VANDENBERG. The Senator means that this reference to the Sugar Act is to be entirely eliminated?

Mr. POPE. Yes; the whole section.

The PRESIDING OFFICER. If there is no objection, both the language of the original text and the proposed committee amendment to subsection (d) on page 79 will be stricken from the bill.

Mr. McNARY. Mr. President, I desire to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. McNARY. Is the language stricken out from lines 17 to 23 to go out with the italicized language?

The PRESIDING OFFICER. All of the language appearing on page 79, commencing at line 17 down to and including line 10 on page 80, is stricken from the bill.

Mr. BYRD. Mr. President, while section (e) is part of the original text, I ask unanimous consent that the amendment proposing to strike out that section be now considered, because it relates to the previous section.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Virginia that the Senate now consider the amendment proposed by him to section (e), appearing on page 80? The Chair hears none, and the amendment will be stated.

The LEGISLATIVE CLERK. On page 80, it is proposed to strike out all of subsection (e) and in lieu thereof to insert the following:

(e) The Secretary shall at all times maintain complete and accurate books of account.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BYRD. Yes.

Mr. BYRNES. I understood that the Senator was not going to ask for the insertion of that language.

Mr. BYRD. I think it is immaterial.

Mr. BYRNES. It is immaterial and unnecessary. The Secretary has to keep books, anyway.

Mr. BYRD. It is governed under general law.

Mr. BARKLEY. Why does not the Senator move to strike out the whole subsection?

Mr. BYRD. I modify my amendment, and move to strike out the whole of subsection (e).

The PRESIDING OFFICER. If there is no objection, all of section (e), commencing on line 11, down to and including line 23, on page 80, will be stricken from the bill. The Chair hears no objection.

The clerk will state the next amendment of the committee passed over.

The LEGISLATIVE CLERK. On page 81, beginning in line 11, it is proposed to insert:

(h) No payment shall be made with respect to any farm pursuant to the provisions of this act and of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, with respect to cotton, wheat, corn, tobacco, and rice unless, where the area of cropland on the farm permits and it is otherwise feasible, practicable, and suitable in accordance with regulations prescribed by the Secretary there is grown on such farm an acreage of food and feed crops sufficient to meet home consumption requirements.

The PRESIDING OFFICER. This amendment was passed over at the suggestion of the Senator from Oregon [Mr. McNARY].

Mr. BORAH obtained the floor.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Oregon?

Mr. BORAH. I do.

Mr. McNARY. I simply desire to state that I made that suggestion at the request of the Senator from Idaho, who now is about to address the Senate.

Mr. BORAH. Mr. President, I wish to ask the Senate to consider that amendment carefully. It seems to me a very important one, and it seems to me objectionable for two reasons: In the first place, the question of administration; in the second place, the question of authority to do this thing.

I invite the attention of the Senate to the fact that under no possible consideration could this section come under the interstate-commerce clause of the Constitution, for the simple reason that all of the transaction in question is domestic. The entire product is to be consumed on the farm. It is never to be taken off the farm. The language of the amendment itself shows that it must be regarded as purely a domestic matter, all of the product to be consumed on the farm.

Under what theory can the Government, without any regard whatever to the question of the interstate-commerce clause, deal with a subject of this kind?

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. ELLENDER. Is not that a condition imposed on the farmer, which condition is along the same lines as that imposed on him for diverting acreage so as to receive payments under the Soil Conservation Act?

Mr. BORAH. It is a wholly different proposition, for the reason that it is provided that—

No payment shall be made with respect to any farm pursuant to the provisions of this act and of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, with respect to cotton, wheat, corn, tobacco, and rice unless where the area of cropland on the farm permits and it is otherwise feasible, practicable, and suitable, in accordance with regulations prescribed by the Secretary, there is grown on such farm an acreage of food and feed crops sufficient to meet home-consumption requirements.

The amendment deals exclusively with what the farmer raises on his farm, what he eats on his farm, and not what he sells from his farm. I suggest that there is no possible way by which that product can be brought under the interstate-commerce clause of the Constitution. In fact, I do not presume any will contend to the contrary.

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. BORAH. I yield.

Mr. SMITH. Even if it were practicable and constitutional, who would determine the feasibility of the farmer raising what he consumed in the way of milk, meat, vegetables, and so forth?

Mr. BORAH. Mr. President, this section does not deal exclusively with corn, wheat, or cotton, or tobacco, or rice. It undertakes to determine all the things which it is feasible to raise upon the farm for the purpose of feeding the persons who live on the farm, and the horses and cattle, and so forth, on the farm. This is all apart from the main purpose of the bill. We are now taking charge of the garden.

Mr. SMITH. That is the point I am making. I wonder if any of the Senators here have any idea of the cost that would be involved in our section of the country in providing pastures sufficient to raise the meat that the farmer would consume, and to raise the potatoes and the other vegetables that he would consume? I wonder if anyone has studied the practicability of any such absurd thing in a bill containing requirements of law which persons are to observe?

Mr. BORAH. I had a long letter on this subject from a man who has been a farmer for many, many years. The letter is a little too hot to read into the RECORD; but he goes into the matter and undertakes to demonstrate how utterly impossible it would be for him, situated as he is, and for the class of farmers of which he is one, to comply with this regulation, even if he himself were the sole judge of whether or not he had complied with it; but, in addition to that, he is not the judge of whether or not he has complied with it. He must comply with it under the rules and regulations of the Secretary of Agriculture.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from South Carolina?

Mr. BORAH. I yield.

Mr. BYRNES. Does the Senator interpret that provision as meaning that the Department should adopt a regulation prescribing the kind of vegetables the farmer should be required to raise upon his place?

Mr. BORAH. I would not say that the Department could designate the kind of vegetables the farmer should raise; but the Secretary could say that the farmer was not entitled to his compensation under this bill unless he had produced on his farm the different articles which were necessary to feed his stock in sufficient amount to feed them. The Secretary might not say, "You shall raise cabbage instead of artichokes," but he could say, and should say, "You are not entitled to compensation under this act unless you have produced sufficient food upon your farm to feed your stock, to feed your family, and to take care of the domestic situation."

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. BORAH. I yield to the Senator from Washington.

Mr. SCHWELLENBACH. Suppose there were somebody in the Department who did not think a person was really getting properly fed unless he ate carrots or spinach: Would not the Department then be inclined to say that a farmer was not providing sufficient food if he did not raise any carrots or spinach?

Mr. BORAH. I think that is true.

The fact of the matter is that the able Senator who is the author of this amendment has in his mind a perfectly sound proposition, to which I agree—that the farmer, where he can, ought to produce what he consumes—but no one in the world can determine that except the farmer himself, knowing his land and the conditions under which he tills his land. To subject him to the rules and regulations of the Department as to the kind of foodstuffs he shall produce upon his farm in order to entitle him to compensation under this bill in my opinion makes the measure utterly impossible of execution; and bear in mind that before the Secretary of Agriculture could pay out any of this compensation, he would have to be satisfied that every farmer who was claiming it had complied with his regulations.

Mr. MILLER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. I yield.

Mr. MILLER. Aside from other features of the bill, does the Senator think there is any authority of any kind or character for the enactment of this provision giving to the Secretary of Agriculture such authority over products which we do not attempt to deal with at all in the bill, and which are not moving in interstate commerce?

Mr. BORAH. No; I do not think there is any authority whatever for it. It is purely a domestic matter. It is purely an internal affair. It is purely local. The farmer must raise the commodity on his farm. He must consume it on his farm.

Mr. MILLER. Aside from the moral right of the Congress or the Government to attempt to dictate to a man, I do not see any reason or any excuse in the world for this provision being in the bill.

Mr. BORAH. Mr. President, I cannot see any reason for it, and it would require a tremendous additional expense in the administration of the bill. It would be a job separate and apart from all the others. After everything else has been concluded, the Department officials would have to be satisfied that the man had complied with this particular provision, making it necessary for him, before he could get his compensation, to have complied with this provision. I do not feel it necessary to detain the Senate. There is not a semblance of constitutional authority for it, and there is not a semblance of justification on any grounds for this amendment. It would wipe out the last vestige of independence on the American farm.

Mr. AUSTIN. Mr. President, I should like to apply to section (h) on page 81 the following language, which I think will have a familiar sound in the United States Senate. I will identify it after I shall have finished reading it:

The Government asserts that whatever might be said against the validity of the plan, if compulsory, it is constitutionally sound because the end is accomplished by voluntary cooperation. There are two sufficient answers to the contention. The regulation is not in fact voluntary. The farmer, of course, may refuse to comply, but the price of such refusal is the loss of benefits. The amount offered is intended to be sufficient to exert pressure on him to agree to the proposed regulation. The power to confer or withhold unlimited benefits is the power to coerce or destroy.

Again:

The coercive purpose and intent of the statute is not obscured by the fact that it has not been perfectly successful.

Again:

It is clear that the Department of Agriculture has properly described the plan as one to keep a noncooperating minority in line. This is coercion by economic pressure. The asserted power of choice is illusory.

Again:

If so, constitutional guaranties, so carefully safeguarded against direct assault, are open to destruction by the indirect but no less effective process of requiring a surrender, which, though in form voluntary, in fact lacks none of the elements of compulsion.

And I pass over to other familiar words:

But if the plan were one for purely voluntary cooperation, it would stand no better so far as Federal power is concerned. At best it is a scheme for purchasing with Federal funds submission to Federal regulation of a subject reserved to the States.

And again:

The Congress cannot invade State jurisdiction to compel individual action; no more can it purchase such action.

Mr. President, that is the language of the Supreme Court in the case of the United States against Butler and others. When we undertake by this committee amendment to withhold payment in this manner—

No payment shall be made with respect to any farm pursuant to the provisions of this act and of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act * * * unless * * * there is grown on such farm an acreage of food and feed crops sufficient to meet home-consumption requirements—

we are just fooling the people if we undertake to say to them that we vouch for the soundness and the constitutionality of this law. It seems to me it is perfectly absurd for the Congress to enact this amendment, which is so plainly an attempt to coerce every farmer, wherever he may be, who comes within the scope of the provisions of the bill, to follow regulations by the Secretary of Agriculture with respect to what foods he shall raise for his family on his farm and with respect to what feed he shall raise to be fed to his cattle.

Mr. GEORGE. Mr. President, I earnestly hope that those in charge of the bill will eliminate this provision. There are other kindred sections which have been proposed that can do nothing but weaken the legal foundations or the foundations upon which the validity of the bill must rest.

As an illustration, if we turn to the cotton section of the bill, we find a very well thought out scheme to regulate commerce in cotton. It is true that, assuming the power to regulate cotton in interstate and foreign commerce, the bill proceeds upon the theory that the Congress may reach back and do those essential and necessary things preliminary to the orderly regulation and production of the commodity for commerce, interstate and foreign. But that section of the bill undertakes to regulate commerce in cotton—that is, interstate and foreign commerce.

Is is of course permissible to take a view against the validity of the cotton title in the bill, but it does not follow by any manner of means that the courts will not sustain the validity of the title so long as it is confined to the regulation of interstate and foreign commerce. Once the power to regulate is conceded or is found to exist, then it must necessarily be very largely in the discretion of the legislative branch to say what antecedent things shall be done in furtherance of the regulation and control of commerce in the particular commodity which the Congress deems it wise to regulate.

But when the bill is loaded down with provisions of this kind it becomes obvious that it has no reasonable relation to interstate commerce, it has no possible relation to interstate and foreign commerce in corn, cotton, wheat, and tobacco; that it goes clear outside and undertakes to compel somebody to do something, not in any reasonable manner connected with commerce in any of the products named.

Exactly on the same basis is the proposal to say what shall not be done with lands from which we have already stripped the products which it is proposed to regulate in interstate commerce. In other words, when through an act of Congress which the courts may hold within the power of Congress to enact, regulating commerce in cotton, and when under the compulsion of that law the land has been stripped of cotton and cannot be planted in cotton, the proposal to prohibit the growing of other and unrelated crops on that land is exactly on a par and a level with the provision here. For the sake of sustaining the validity of the bill I express the hope that those in charge of the bill will eliminate from it, rather than include in it, all of those provisions which can serve no purpose beyond weakening the legal status or standing of the bill if it should become a law.

Mr. President, we ought not to desire to pass a bill relating to agriculture and hold out to the farmers the hope that we now have a bill which will pass the courts, and at the same time inject into it these inescapable evidences of a purpose wholly foreign to the regulation of interstate commerce or to commerce at all, because this particular provision, as the Senator from Idaho [Mr. BORAH] has pointed out, deals entirely with something grown on the farm and used on the farm and is not to be carried away at all. It is foodstuff and feedstuff for the farmer and his stock on the farm.

But Mr. President, that is not the most serious objection to this provision of the bill. The most serious objection to it, to be perfectly plain, is that the thought is in precise harmony with the 5-year program which was tried out some time ago in Russia. There is not a single syllable in this paragraph that is not in exact accord with the whole spirit of the 5-year farm program adopted by the Soviet Government of Russia.

What do we say? We are taking the taxpayers' money—and every little farmer has made his contribution to the money in the Treasury of the United States. He may not pay an income tax, he may not pay any direct tax, he may be a little tenant farmer who has nothing beyond the shirt on his back and the dingy bedclothing that he used at night, but he has paid his part of the tariff, he has paid his part of the hidden taxes which enter into the cost of living in America. It is proposed to take his money and offer it back to the farmer—and he is a farmer—if certain things shall be done voluntarily by the farmers.

Then another act comes along predicated upon the theory that we have the right to regulate commerce in certain commodities and impose very rigid civil penalties for violations of the rules and regulations and terms of the law, and we say to this little farmer, "If you do not do something with your land that perhaps you do not want to do with your land—perhaps it is not your judgment to do it with your land—we will take all benefits given farmers by the act away from you." There is no moral right to do it, to say nothing about the legal right.

It may be the farmer ought to grow enough feedstuffs and foodstuffs on his farm to support his stock and his family. I undertake to say that he should. But, Mr. President, I hope that my right arm will fall limp by my side should I dare say to the farmer, "You must raise enough of whatever the Secretary of Agriculture says is good for your family and for the beasts of burden on your farm or you cannot participate in a fund to which you have contributed in the sweat of your brow and which is offered to all farmers who do certain things. You cannot participate in it unless you do some other things that have no possible connection with the main objective and purpose of this legislation."

Mr. President, I do not understand, except that we have traveled so fast in the United States away from the concept of the rights of the individual, how this kind of a provision can be seriously proposed in the Senate of the United States. I grant that as a farmer I should raise my food and I grant that I should raise my feed on the farm. I have known good farmers who did not do it. I have known good farmers who produced what they wished to produce on the farm, and bought their feedstuffs. As a farmer I have tried to follow a different course.

But what moral right, to say nothing of the legal right, has the Senate of the United States to say that the taxpayer's money, which the Congress has said shall go back to a particular group of our fellow citizens, cannot reach those citizens unless they do what the Secretary of Agriculture says they shall do, not with respect to what we are trying to accomplish in the bill—that is to regulate commerce in cotton, rice, tobacco, wheat, and corn—but with respect to how they shall order their daily lives on their little farms.

What would the Secretary do if this provision should be left in the bill? Of course, he would issue an order pursuant to it in an effort to comply with it, which would be entirely unenforceable, but he would do so and he would say

that every farmer who came in and participated in any of the benefits and bounties that Congress had provided for the farmers of the United States must have a garden. He would probably say how many rows of asparagus and corn and potatoes and what not he should grow in that garden.

He would probably say how long the rows should be and how far apart they should be, that is, the width in the drill, and how many plants the farmer should put in the drill.

Can it be proposed that we lay down this sort of rules for American farmers, undertake to say to them, "You have to do so and so on your garden spots, on the little patch of ground on which you do not plant anything for the market, even the nearby town market. You are not even planting anything in your gardens and in your patches to sell to your neighbors. You have to do so and so in your garden and on your little family patches. You have to do what the Secretary of Agriculture says you may do."

The Secretary of Agriculture is a good man; he probably would not say they should do very much under the provision, but he would try to comply with the law. The shocking thing is that this is seriously proposed in the Senate of the United States.

Mr. President, I hope the committee will withdraw the provision. I do not want to make another argument on this provision or this kind of provision in the bill, but if I wanted the Court to strike the proposed law down, if I wanted to furnish evidence to the Court of the purpose to regiment the farmer and prescribe to the farmer what he should do and what he should not do in his garden and his patch, I would sit here and let this provision remain in the bill.

Mr. ELLENDER. Mr. President, I assume full responsibility for the committee amendment which is now under discussion, and I must say that I am just a little surprised at the position taken by the senior Senator from Georgia [Mr. GEORGE]. How he can conclude that this proposal is symbolic of or related to any plan in Russia is beyond my comprehension. I will not take the time of the Senate to discuss conditions in Russia—the much-talked-of 5-year plan—because it has no application to the issues involved in this debate. Our farmers are not forced to follow any of the regulations that we are suggesting for their welfare unless they desire to do so. We say to them only this: "We will reward you if you follow certain agricultural practices."

The able Senator from Idaho [Mr. BORAH] joins the able Senator from Georgia [Mr. GEORGE] in arguing that, because the entire product is consumed on the farm, and is never taken off the farm, and therefore never goes into the channels of interstate commerce, that this practice would make the provision unconstitutional.

The junior Senator from Arkansas [Mr. MILLER] takes the further position, in a question propounded by him to Senator BORAH, that because the bill would give the Secretary of Agriculture jurisdiction over products not covered by the bill, that this would affect the constitutionality of the amendment.

Mr. President, I cannot subscribe to those views because they are beside the question at issue. The amendment provides, in effect, that payments will be made under the bill to all farmers who grow cotton, wheat, corn, tobacco, and rice, provided they grow on their farm, if it is feasible, if it is practicable, and if the land is suitable, an amount of food and feed crops sufficient to meet home-consumption requirements. The Secretary of Agriculture is authorized to prescribe regulations as to the feasibility, the suitability, and the practicability of the farmer raising such food crops. The Secretary would not have authority to tell the farmer what to grow or what to eat, but simply to say to him, "Whatever you are able to grow on your farm and that you can and do use for home consumption, I expect you to produce it before I make any payments to you under the provisions of the bill." Should the farmer use cabbage, turnips, or any other food that he can grow, he would be expected to grow them if he can. He would not be compelled to produce a food that he does not use at home. The test would be whether he consumes it and whether his farm is adaptable to its growth.

In effect the amendment provides that the farmer should not buy any food for home consumption that he can grow at home on his farm. It reflects the much talked of "live at home" program, which I have been advocating for the past 20 years. Now, I believe I made it plain that this amendment simply imposes an obligation on the farmer before he should expect his Government to pay him money out of the Public Treasury. I contend that the obligation is a fair and reasonable one. It simply suggests to the farmer a road leading to his economic salvation, and for following that road the Government offers him a reward. It is needless for me to argue to the Senate that the Government cannot impose reasonable conditions before a gift is made to an individual or a political subdivision from the Public Treasury. It is done every day. Money is paid over to States for road building provided certain conditions are met by the recipients of those gifts. Under the social security plan the Government pays to those States that subscribe to certain rules and regulations prescribed in the law. Why, Senators, the very bill we are now considering imposes conditions that must first be complied with by the farmers before payments are made. Is it not provided that certain specific soil-building and soil-conserving practices must be adhered to by any farmer before he is amenable to any payments under the bill? Is he not, in effect, told that he must plant certain legumes so that his soil might be enriched before he receives payment? In that regard we are not dealing with specific methods contained in the bill, but only such as may be prescribed by the Secretary.

I ask the able Senators who oppose this plan on the grounds suggested whether the legumes that are planted to enrich the soil ever go into interstate channels? Can you not see that we have simply imposed certain conditions for payments, and this amendment represents one of those conditions and has no earthly connection with interstate commerce? Under the theory of the bill it is the overproduction of any of the commodities dealt with and not the obligations imposed on the farmers that interferes with or affects interstate commerce. The farmer simply makes himself eligible for payment by complying with certain conditions imposed.

It was my privilege to attend every meeting held by the subcommittee of the Senate Committee on Agriculture and Forestry, and I made it my business to find out how the farmers of the Nation feel toward the proposition that is now under discussion. Look at the record. Read the hearings and you will find no opposition to the plan. I wish to say to the Senate that there was no disagreement among the farmers as to the feasibility of this proposal. I asked one farmer if he would subscribe to the bill if I should incorporate the plan in it. His answer was, "I am for it; put it in the bill twice if you can."

The trouble today with a good many of the small farmers of the Nation is that they do not try to help themselves. Most of the food they buy they could grow at home. We interrogated many farmers and found that where there was some prosperity on the farm, and no suffering, usually the farmer grew his own living, and that, together with my own experience on my own farm, is what prompted me to suggest this provision to the committee.

I grant that if the amendment should be rigidly enforced it might cause some hardship, but I am perfectly willing to trust the judgment of the Secretary of Agriculture. He would not impose the obligations on those who could not perform. I know that this amendment would be inoperative in sections where it is dry and no vegetables will grow and where livestock cannot be successfully raised. I refer in particular to the West and Northwest. In such localities the Secretary would, I am certain, be justified in not imposing the conditions contained in the amendment.

Mr. President, the adoption of this amendment would be, to my mind, the salvation of the cotton farmers of the South. On many occasions when the cotton price was good I have seen cotton planted in the South in the very back yards of the farmers. A few weeks ago, on one of my trips in Ar-

kansas, I saw cotton planted to the very edge of the railroad bed. In many towns and villages, and even fairly large cities, I saw cotton planted on vacant lots.

When the amendment was being debated, I think the junior Senator from Georgia [Mr. RUSSELL] stated that many of the landlords prevented tenant farmers from growing garden crops because they wanted the tenant farmers to buy from the commissaries which were on the plantation, and which were owned by the landlords themselves. Such a condition is prevalent throughout the cotton regions of the South. In addition to getting their share of the crop from their tenants, these landlords have their own stores and make a nice profit out of their share-tenants' portion of the crop. Small wonder they issue instructions that no gardens are to be planted by their tenants.

What happens on the farm today? Every dollar the farmer collects from his cotton, every dollar that he collects from his wheat or from his corn, is used to buy food which in many instances could be grown by him on his farm. That applies not only to the food that is consumed by the family of the tenant, or the family of the farm owner, but also the food consumed by the livestock used in the making of the crop.

I know of many instances where the cotton farmer deemed it more profitable to grow cotton for market than to grow corn for feeding his work stock. In other words, he grew cotton on every acre of available land, and in turn, used some of the money from the cotton crop to buy corn. That condition, Mr. President, should not be permitted to exist.

If the farmers expect help from the Government, I repeat, they ought first to try to help themselves, and my amendment will encourage them to do this. Under the Soil Conservation Act and under the present bill we say to the farmer: "In order for you, Mr. Farmer, to be eligible for a subsidy, you have to follow certain farm practices." If their farms are in the hill lands, they have to follow certain practices so as to prevent the land from washing off. In other places they have to plant legumes in order to keep the soil fertile. In other places they have to keep the land in fallow. They are further told that they will be paid so much for doing those things. Now, Mr. President, all the pending amendment would do would be solely to add a further condition. As I stated a while ago, I cannot for the life of me see that it makes any difference if we should impose the obligations suggested in the amendment in addition to those already provided for in the bill.

Mr. President, for the future welfare of the small farmers of the Nation I hope that we will adopt this amendment. Let us provide the way to make our farmers self-sustaining. I dislike attempting to force free Americans to follow the dictates of our Government when it affects the management of their own property, but I am conscious of no harm that can befall them should the pending amendment be retained in the bill.

Mr. MILLER. Mr. President, the statement made by the able junior Senator from Louisiana is, to my mind, further and ample proof that the agricultural extension agents were rather prominent in the hearings on the bill. I know something about farming. I live in a rural community, as is evident to all my colleagues, and it does make a considerable difference in the enforcement and operation of this law whether or not we incorporate in it the pending amendment.

It is not for the Senate to judge of farming practices, or to dictate, or attempt to dictate, to the American farmer what he shall grow of crops which do not move in interstate commerce.

Of course, diversification is desirable, but the American farmer is not a fool by any means. The American farmer is just about as much interested in making a living for himself and his family as we are. But in my opinion the farmer is the last great individualist in this Nation, and we are fast destroying the individualism of the American farmer by the enactment of such measures as that now before us. We are asked to restrict his activities, to restrict his efforts, in making a living according to his own judgment.

We have certainly gone far enough in this bill in saying to him, "You may produce only so much cotton, so much corn, and so much rice and other commodities." Now it is proposed to carry the provision further and to say to him, "While you may produce only so much, and you must take out of cultivation certain acreage, after you have done this or done that, after you have complied with the law and complied with your contract, still your Government in its wisdom has decided that you must raise so and so much for your own consumption. What that production shall be will not necessarily be decided by the Secretary of Agriculture. Of course, the Secretary of Agriculture is the head; but the Extension Service, which is now operating in the Department of Agriculture, is the organization in our Government which would regiment every man who ever set his foot upon a farm. I protest against that body of men—men who never stuck a plow in the ground and would not know how to harness a mule—going to the farmer in Arkansas or elsewhere and saying to him, "You have a patch of land across the creek over there in the bend on which you could have planted turnips, and your family could have lived on those turnips, and your stock could have been fed on them; but inasmuch as you did not do it, the contract which was entered into between you and your Government does not mean anything."

I am willing to go a long way in trying to help the farmer and trying to help any other business in this country; but I cannot, and I doubt very seriously whether any Senator can, fully subscribe to the philosophy of this bill in all of its implications and in all of its terms.

Certainly the Government cannot afford, and this body cannot afford, to attempt to take from the American farmer the last vestige of independence he has.

Over a period of the past few years we have done more to make mendicants out of good citizens in this country than it was thought possible to do a few years ago; and now it is proposed, in the utmost of good faith, that we further circumscribe the activities of the boy and the man on the farm. That is inconceivable to me.

As I said, I know that the able Senator from Louisiana [Mr. ELLENDER] is prompted by nothing but pure and good motives. He wants to be helpful; but one can associate with a bunch of men until finally he gets to think as they do.

Mr. President, I have attended some hearings during my service in Congress. Several years ago, when I first came to the House of Representatives, we undertook to reorganize certain departments of the Government. We were confronted by men from the departments who had all the facts and the figures, and the first thing we knew we were absolutely helpless in their hands. So it is with these Extension agents. A farmer may associate with those fellows, and if for a minute he forgets his own common sense and his own training which he received on the farm, they can convince him in a minute that they know more about a man's farm 10 miles away from where he is sitting than the man who was born there and who has raised a family on it.

Mr. President, for my part I assume that I shall go along with this bill and help create compulsory control of the production of the necessities of life that move in interstate commerce; but to ask me to go further and attempt to control those things which do not move in interstate commerce is just going one step too far.

I think I know a little something about the American people and the farmers. They will stand just so much, and that is all. You can tell them certain things that they may do; but when you enter into a contract with them, and then have some fellow go to a man's farm and go to measuring it and go to looking it over, and have him tell the farmer, "You would be entitled to your soil-conservation payments or you would be entitled to your parity if you planted this patch or that patch into something else," then it seems to me, Mr. President—and I say it with all deference to the able Senators who have proposed the amendment—that it is carrying the bill beyond the limits of consideration on the part of anyone, and certainly the Senate is not going to subscribe

to the destruction of the last vestige of independence that is left in the American farmer.

Mr. BAILEY. Mr. President, I have always understood that every monument ought to have a capstone, and every arch a keystone, and every work of art a motif. If that is right, I suggest that the most appropriate thing Senators who propose to vote for this legislation can do is to vote with great heartiness for the amendment now before us.

If we are going to have this sort of thing in America in the matter of agricultural legislation, why not have it all? Why not go the whole length? Why not, with one masterful stroke, make the work of art perfect and leave it for all posterity hereafter to admire?

Let us draw the picture of the farmer as the subject of Federal control under the commerce clause regulating commerce between the States, or among the States, and with foreign nations. Let us have the regulation of the canning of tomatoes and the requirement of the production of a certain amount of turnips as a part of our great Federal system of control of the farmer!

Mr. President, I protest against the animadversion of our most newly acquired Member of the Senate. Had he been here longer, I think he would have been inclined not to protest but to fall in with us as we do our perfect work, and by no means to interfere with us as we put the finishing touches upon the most beautiful portrait of congressional agriculture that could well be conceived of.

Mr. President, I very deeply regret that I am really estopped from voting for this amendment; but I wish to say to all the Senators here who are for the bill that they could not by any possible means find a way more perfectly to adorn their votes than by heartily sustaining this illustrious contribution to the regulation of commerce under the commerce clause of the Constitution.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 81, subsection (h). [Putting the question.] The nays appear to have it.

Mr. ELLENDER. I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. On page 82, after line 21, the Senator from Oklahoma [Mr. THOMAS] has offered an amendment. The junior Senator from Oklahoma [Mr. LEE] also has an amendment pending at the same point.

Mr. GEORGE. Mr. President, I inquire upon which page are we now considering an amendment.

The PRESIDING OFFICER. Page 82, after line 21.

Mr. LEE. Mr. President, the amendment which I have proposed to that section was agreed to by a member of the committee, and I suppose we are ready to vote on it.

The PRESIDING OFFICER. Without objection, the amendment of the senior Senator from Oklahoma [Mr. THOMAS] will be temporarily passed over. The amendment of the junior Senator from Oklahoma [Mr. LEE] will be stated.

The CHIEF CLERK. On page 82, between lines 21 and 22, it is proposed to insert the following new subsection:

(k) The payments paid by the Secretary to farmers under this act, and the Soil Conservation and Domestic Allotment Act, shall be divided among the landowners, tenants, and sharecroppers of any farm, with respect to which such payments are paid, in the same proportion that such landowners, tenants, and sharecroppers are entitled to share in the proceeds of the agricultural commodity with respect to which such payments are paid; and such payments shall be paid by the Secretary directly to the landowners, tenants or sharecroppers entitled thereto: *Provided*, That, notwithstanding the other provisions of this act and the provisions of the Soil Conservation and Domestic Allotment Act, if the total amount of such payments (except payments computed under section 6 (c) of this act) to any person with respect to any year would, except for the provisions of this proviso, exceed $600, such amount shall be reduced by 25 percent of that part of the amount in excess of $600 but not in excess of $1,000; by 60 percent of that part of the amount in excess of $1,000 but not in excess of $1,500; by 90 percent of that part of the amount in excess of $1,500 but not in excess of $2,500; and by 95 percent of that part of the amount in excess of $2,500.

Mr. POPE. Mr. President, so far as I am concerned, I am willing to accept that amendment in order that it may go to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. LEE] to the amendment reported by the Committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment passed over.

The CHIEF CLERK. On page 97, after line 23, Mr. BILBO proposes to insert the following new section:

SEC. 96. Nothing in this title No. 9 shall be construed to authorize the Secretary to pay the assignee or any holder of such cotton pool participation trust certificates, Form C–51 (other than the original owner or holder), more than the purchase price paid by the assignee or holder of such certificate or certificates provided such purchase price is $1 per bale, or twenty one-hundreds of 1 cent per pound or less. If the assignee or holder other than the original holder receives less than $1 per bale, or twenty one-hundredths of 1 cent per pound, then the remainder between such payment so received by the assignee or holder and $1 per bale, or twenty one-hundredths of 1 cent per pound, shall be paid to the producer or original holder of such certificate or certificates.

The PRESIDING OFFICER. The question is upon agreeing to the amendment of the Senator from Mississippi to the amendment of the committee.

Mr. BILBO. Mr. President, I desire to modify or perfect my amendment. I wish to include interest to the purchaser of the certificate.

The PRESIDING OFFICER. The Senator has a right to modify his amendment. Will he send the modification to the desk, so that the clerk may state it?

Mr. BILBO. I send the modification to the desk and ask that it be stated.

The CHIEF CLERK. In line 6 of the amendment of the Senator from Mississippi, after the word "certificates", it is proposed to insert the words "with interest at the rate of 4 percent per annum from date of purchase", so the amendment as modified would read:

SEC. 96. Nothing in this title No. 9 shall be construed to authorize the Secretary to pay the assignee or any holder of such cotton pool participation trust certificates, Form C–51 (other than the original owner or holder), more than the purchase price paid by the assignee or holder of such certificate or certificates, with interest at the rate of 4 percent per annum from date of purchase, provided such purchase price is $1 per bale, or twenty one-hundredths of 1 cent per pound, or less. If the assignee or holder other than the original holder receives less than $1 per bale, or twenty one-hundredths of 1 cent per pound, then the remainder between such payment so received by the assignee or holder and $1 per bale, or twenty one-hundredths of 1 cent per pound, shall be paid to the producer or original holder of such certificate or certificates.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Mississippi, as modified, to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

RECESS

Mr. BARKLEY. Mr. President, in accordance with the previous announcement and understanding, I think we should suspend at this point until 8 o'clock. Accordingly, I move that the Senate take a recess until 8 o'clock p. m.

The motion was agreed to; and (at 5 o'clock and 2 minutes p. m.) the Senate took a recess until 8 o'clock p. m.

AFTER RECESS

At the expiration of the recess the Senate reassembled, and the Vice President resumed the chair.

The VICE PRESIDENT. The Senate will be in order.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Byrd	Donahey
Andrews	Borah	Byrnes	Duffy
Ashurst	Bridges	Capper	Ellender
Austin	Brown, Mich.	Chavez	Frazier
Bailey	Brown, N. H.	Connally	George
Bankhead	Bulkley	Copeland	Gerry
Barkley	Bulow	Davis	Gibson
Bilbo	Burke	Dieterich	Gillette

Graves	Lee	Murray	Shipstead
Green	Lodge	Neely	Smathers
Guffey	Lonergan	Norris	Smith
Hale	Lundeen	O'Mahoney	Steiwer
Harrison	McAdoo	Overton	Thomas, Utah
Hatch	McCarran	Pepper	Townsend
Hayden	McGill	Pope	Truman
Herring	McKellar	Radcliffe	Vandenberg
Hitchcock	McNary	Reynolds	Van Nuys
Holt	Maloney	Russell	Wagner
Johnson, Colo.	Miller	Schwartz	Walsh
King	Minton	Schwellenbach	Wheeler
La Follette	Moore	Sheppard	White

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

When the Senate took a recess there was nothing pending. The clerk will state the first amendment passed over by the Senate.

Mr. BARKLEY. Mr. President, when we recessed we were discussing, as I understand, an amendment at the bottom of page 78 and the top of page 79. I am not certain whether or not that amendment had been agreed to; but that section was passed over in order that we might prepare an amendment with reference to the limitation of the overhead expenses for the administration of the measure, in view of the fact that the Senator from Georgia [Mr. RUSSELL] had offered an amendment, or had given notice that he would offer an amendment, limiting the expenses for administration to a certain percentage of the total amount appropriated.

If it is agreeable, I should like at this time to submit an amendment to the committee amendment, on page 79, after line 4, which we have agreed to, and which is satisfactory to all those who are interested in the limitation of the expenses of administering this bill. I will say that I have consulted the Senator from Georgia [Mr. RUSSELL], the Senator from New Mexico [Mr. HATCH], the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. BYRNES], the Senator from Kansas [Mr. MCGILL], the Senator from Idaho [Mr. POPE], and others who are interested in this matter, and we have agreed on an amendment, which I think I might as well offer at this time, to be inserted at the end of the committee amendment at the top of page 79.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from Kentucky to the amendment reported by the committee.

The CHIEF CLERK. On page 79, after the amendment heretofore agreed to, following line 4, it is proposed to insert the following new subsection:

(c) In the administration of this act, the Soil Conservation and Domestic Allotment Act, as amended, and section 32, as amended, of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes," approved August 24, 1935, the aggregate amount expended in any fiscal year for administrative expenses in the District of Columbia, including regional offices, shall not exceed 1 percent of the total amount available for such fiscal year for carrying out such acts, and the aggregate amount expended in any fiscal year for administrative expenses in the several States (not including the expenses of county and local committees) shall not exceed 2 percent of the total amount available for such fiscal year for carrying out such acts. In the event any administrative expenses of any county or local committee are deducted from Soil Conservation Act payments, parity payments, or surplus reserve loans, each farmer receiving benefits under this act shall be apprised, in the form of a statement to accompany the check evidencing such benefit payment or loan, of the amount deducted from such benefit payment or loan on account of such administrative expenses. The names and addresses of the members and employees of any county or local committee, and the amount of such compensation received by each of them, shall be posted annually in a conspicuous place in the area within which they are employed.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BARKLEY] to the amendment reported by the committee.

Mr. HATCH. Mr. President, I merely wish to say that the amendment which has been read includes the propositions which I gave notice the other day I should offer in the way of an amendment, not only for myself but also for the Senator from Virginia [Mr. BYRD]; and we are both agreeable to this amendment.

Mr. McKELLAR. Mr. President, I should like to ask the Senator from New Mexico a question. What is it estimated that the total expenses will be? Three percent is allowed for general administrative purposes, but what about the county expenses? What is it estimated that they will be?

Mr. HATCH. I will say to the Senator from Tennessee that the county expenses come altogether from the pay received by the farmer, and the amendment provides that each farmer shall be notified of the exact amount which is deducted from his check. It was my idea all the time that the farmer should have that information. I believed, and still believe, that if he is given the information as to what his county expense is, if it is too high he will find a way to correct it.

Mr. McKELLAR. Then, as I understand the Senator, the cost of administration to the Government will be reduced to 3 percent?

Mr. HATCH. That is correct.

Mr. BORAH. Mr. President, I desire to ask the Senator from New Mexico a question. A statement of this item of expense is to be furnished to the farmer. It is to be published so that those paying it will know what it is.

Mr. HATCH. That is exactly correct. That is what I have contended for.

Mr. BORAH. After the farmers know it, what can they do about it?

Mr. HATCH. They have it within their power to regulate their own expenses. They themselves can fix that.

Mr. RUSSELL. Mr. President, the amendment I had offered proposed to limit the total expenditures for the purpose of administration to 6 percent of whatever amount the Congress might appropriate for the purpose of paying the farmers the various benefits provided in this bill. The amendment offered by the Senator from Kentucky is a compromise of the amendment I have offered, and embraces the philosophy of the amendment offered by the Senator from New Mexico [Mr. HATCH]. It provides that not more than 1 percent of the total amount appropriated shall be used for expenses within the District of Columbia, including the expenses of the regional offices, and that not more than 2 percent of the total amount appropriated shall be used for the expenses of the various State offices.

The amount of expenditure for administration by the various county committees is left somewhat in the air, but it is provided in the amendment that the various checks which are sent out to participating farmers shall show the amounts which have been deducted for administrative expenses within the counties and within the various townships or districts.

Last year out of $100 appropriated to a farmer under the soil-conservation program the sum of $12.92 was consumed in expenses. If the farmer is advised of the total amount that is being consumed in county and local committee expenditures, having authority to elect the members of the committee, it has been felt by those of us who have consulted on this program that if the committee did not reduce the amount of the expenditures, the farmer would get a new committee which would reduce the amount of the expenditures.

While the amendment is not all that I should like to have, I think it will have a most salutary effect in reducing the present enormous overhead expense.

Mr. McKELLAR. Mr. President, one other question is cognate to that. Was there any discussion at the conference held with the Secretary concerning the accounting by the General Accounting Office with reference to expenses?

Mr. RUSSELL. I understand that matter is not involved in any way in this amendment.

Mr. McKELLAR. No; it is not involved in the amendment, but it is involved in the expenses.

Mr. BARKLEY. Mr. President, if the Senator will yield I will say that the provision of the bill giving the Secretary exclusive authority to pass on these matters was stricken out this afternoon so that under the reorganization bill they will be under the control of the General Accounting Office. That was satisfactory to all parties concerned.

Mr. POPE. Mr. President, I do not have a copy of the amendment before me. Is it to take effect July 1, 1938?

Mr. BARKLEY. Yes; it would become effective July 1, 1938.

Mr. SCHWELLENBACH. Mr. President, I wish to ask the Senator from Georgia a question. Of the $12.92 how much can be expended for each committee?

Mr. RUSSELL. I have not broken down the figures to that extent. However, out of the total amount of $45,000,000 approximately $20,000,000 was spent by the county and local committees, so it would be approximately $5 or $5.50 consumed in local expenditures.

Mr. POPE. I am informed the Senator is not correct as to the amount of expenditure by county committees. The information I have is that they spent about 7 of the 10 percent in the county committees.

Mr. RUSSELL. I think the Senator from Idaho has confused and combined the States and local expenditures. So far as county expenses are concerned the total amount expended for administration was approximately $23,000,000 of the $45,000,000.

Mr. BARKLEY. Mr. President, let me say just a word further in explanation of the amendment. The farmers in any township or district select representatives and the representatives so chosen meet in a sort of county convention and select the county committee. The average membership of the county committees is three and in some cases it is five. The amendment provides that each farmer shall receive his benefit check and at the same time shall receive a statement showing the amount that has been deducted from his check by reason of the expenses of the county committee. We have felt if that knowledge is brought home to the farmers, having control of the committee and having control of the selection of the committee, they have it within their power to change the committee if they desire or if they think the committee is too extravagant. It was the belief that that is the most democratic way to make the selection.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Kentucky to the amendment of the committee, as amended.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment passed over.

The LEGISLATIVE CLERK. The next amendment passed over is on page 34, line 24, subsection (c), as amended, which reads as follows:

(c) The amount of the national marketing quota allotted to each State shall be apportioned by the Secretary among the several counties or subdivisions thereof in such State upon the following basis:

(1) The proportion that the land devoted to tilled lands on cotton farms in the county is of the land devoted to tilled lands on all cotton farms in the State.

(2) The proportion that the normal production of cotton for the county is of the State marketing quota.

(3) The number of families composed of two or more persons actually residing annually on and actually engaged in the production or growing of cotton, together with other farm crops on the tilled lands of the county.

Mr. McKELLAR. Mr. President, this matter was discussed yesterday. The purpose of the amendment, as I gather, is to rearrange the growing of cotton produced in each county in a State. We had maps here yesterday which indicated the effect it would have. It would cut down the quota of cotton in a number of cotton counties and would increase the quota of the smaller counties and counties situated in other portions of the State. In my judgment that ought not to be done.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. OVERTON. Was the information to which the Senator refers based on the bill as reported by the committee or was it based on the bill as amended by the so-called Overton amendment?

Mr. McKELLAR. It is based on the bill as amended by the so-called Overton amendment.

Mr. OVERTON. Were those maps which were circulated here based on the Overton amendment?

Mr. McKELLAR. I was so informed. I am going to discuss that for just a moment if the Senator will permit me.

Mr. OVERTON. The Senator has been advised erroneously.

Mr McKELLAR. I cannot say who is in error and who is not in error. All I can say is that yesterday, when we were discussing the matter, a question was raised as to whether the percentages, the changes from the big cotton counties to the small cotton counties, if I may so express it, the changes in acreage, adding to the acreage in some counties and subtracting from the acreage in other counties, were correct. A question was raised also as to whether Mr. White, the man who prepared the maps and the percentages, had before him the so-called Overton amendment or did not have before him the so-called Overton amendment.

I called up Mr. White and asked him about it. He said the Overton amendment really made no difference except in a very few counties. He said in the State of Mississippi it would have no effect at all; that in the State of Arkansas it would affect two counties which are given over principally to rice. He said the northern part of Louisiana would be affected slightly, but not enough to make any difference, while certain other counties in the lower part of the State would not be affected at all; that generally speaking the figures were the same whether the Overton amendment was adopted or was not adopted.

Mr. OVERTON. Mr. President, will the Senator yield at that point?

Mr. McKELLAR. I yield.

Mr. OVERTON. In my conversation with Mr. White he made the statement that the difference in the Arkansas quotas, for example, was based on the fact that there are two counties which are devoted to rice production. Rice production would be considered under the bill as reported by the committee, but rice production would not be considered at all under the Overton amendment. I made that explanation to Mr. White and I also made an explanation of the situation with reference to Louisiana and Georgia. In Louisiana we grow sugarcane and rice. In Georgia, peanuts are grown. The peanut lands, the rice lands, and the sugar lands would not be considered at all under the Overton amendment. All that would be considered would be lands devoted to the cultivation and growing of cotton and to home-consumption crops.

Mr. McKELLAR. That is not at all what Mr. White told me. He told me directly the contrary, with certain exceptions. He made an exception of two or three counties in Tennessee where tobacco is largely grown. He made an exception of two counties in Arkansas where rice is largely grown. He made an exception of several counties in Louisiana where sugarcane is largely grown. Those are the only exceptions he made.

It is a question whether we should legislate the growth of cotton out of one county into another. I do not think Congress ought to do any such thing as that. My judgment is that we ought to let the farmers of those counties carry on for themselves and get the proper proportion as is provided for in the second paragraph of the amendment.

I say that for the reason that we cannot safely legislate to make such a change. It has been stated that there is danger of an antilynching bill being passed. If we undertake to change the quotas of the various counties of our States—in other words, where a county has heretofore been planting, say, 200,000 bales and we cut off 40,000 bales from that crop and put it into various other counties where they have planted cotton scarcely at all—I do not know whether some of us may not be lynched when we go back home. It is not a wise provision and ought not to be in the bill. We ought not to undertake to legislate where cotton shall be planted. Cotton is planted where it is to the best interests of the farmer to plant it. We ought not, by legislation, undertake to distribute the planting of that cotton.

Mr. BILBO. Mr. President——

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Tennessee yield to the Senator from Mississippi?

Mr. McKELLAR. I yield.

Mr. BILBO. The Senator from Tennessee seems to object to the formula under which and by which the allocation of the State allotment shall be distributed to the counties. If he objects to the formula set out in the bill, upon what basis would the Senator propose to make the allotment to the counties?

Mr. McKELLAR. I would make them just as they have been made heretofore. The 5-year average has been taken and upon that basis the amount allotted to each county has been determined. That is fair enough. I do not like the idea suggested here. I invite attention to the State of Mississippi, for instance. In Bolivar County during the 5-year period an average of 289,000 acres, nearly 300,000 acres, was planted to cotton. That acreage allotment has been reduced 17 percent.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. OVERTON. I submit that those figures were predicated on the bill as recommended by the Committee on Agriculture and Forestry, and they are absolutely untrue and without foundation under the bill as it has been amended by the so-called Overton amendment. They are palpably without any foundation and without any application to the bill as amended.

Mr. McKELLAR. I asked the Senator from Alabama [Mr. BANKHEAD], who has charge of the bill so far as the cotton section is concerned, what official in the Department had charge of making the allocations. He told me it was Mr. White, and I called Mr. White on the telephone. Mr. White said that in the State of Mississippi, for instance, the Overton amendment would not make one particle of difference so far as the allocations were concerned.

He said that there was a difference in the State of Arkansas, in the two counties I mentioned, and in several counties in Louisiana, where the farmers plant cane, and perhaps 2 or 3 counties in Tennessee, where they plant tobacco; but otherwise these figures are correct in my judgment. At any rate, they are furnished by the Department which is to administer the act. Whether they are dishonest and corrupt figures or not, I do not know, but I got them from the Department of Agriculture, and I think they are correct.

Mr. OVERTON. Mr. President, if the Senator will yield to me, I think I can be of assistance to him.

Mr. McKELLAR. I yield.

Mr. OVERTON. My sole purpose in offering the amendment I present to paragraph (1) of subsection (c) on page 35 was to modify the provision so that it would not have the drastic effect it would have unless it were modified. I am not at all wedded to the Overton amendment. If it is the desire of the Senate to leave out of the bill the provisions of paragraph (1) of subsection (c), that is perfectly agreeable to me. I do not think it would be agreeable to the Senator from Mississippi.

Mr. McKELLAR. I have not the slightest doubt that the Senator from Louisiana intended to correct by his amendment the situation of which I am complaining. But when I submitted the matter to the man who makes the allocations of acreage he told me it would have application to but very few counties.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. GEORGE. Is the Senator from Tennessee proposing to strike paragraphs (1) and (3) of this subsection?

Mr. McKELLAR. That would be the effect, but I think we ought to vote down paragraphs (1) and (3), and that would leave it as it has heretofore been.

Mr. GEORGE. This is merely a committee amendment?

Mr. McKELLAR. These are paragraphs of the committee amendment which ought to be disagreed to.

Mr. GEORGE. The Senator is merely asking that the Senate reject paragraphs (1) and (3)?

Mr. McKELLAR. Paragraphs (1) and (3). I think that ought to be done. A few moments ago I started to state just what effect these amendments would have. Let us take the county of Bolivar, in Mississippi, where 289,000 acres have been allotted. There will be taken off in the neighborhood of between forty-five and fifty thousand acres in that county.

Let us see what effect it will have in Hancock County in Mississippi. The acreage will be increased 400 percent in that county alone. As I understand, in Hancock County last year only 300 or 400 acres were planted to cotton. Why give the acreage to the counties in which cotton is not raised and take it away from the counties where it is raised? I cannot understand how we can legislate in that way. It is not fair, it is not just, it is not good legislation.

Mr. BAILEY. Mr. President, I just entered the Chamber. Are they now legislating so that one county can produce cotton and another county cannot?

Mr. McKELLAR. No.

Mr. BAILEY. I am glad to hear that.

Mr. McKELLAR. These two amendments would change the general allotment of acreage, and I do not believe Senators will agree to that at all if they understand it. I am quite sure that the Senator in charge of the cotton section of the bill, the distinguished Senator from Alabama [Mr. BANKHEAD], would not be willing to state that in his judgment it was proper for the Congress to legislate a change in cotton acreages in the various counties in the Cotton Belt.

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. BILBO. Mr. President, I desire to have the attention of Senators for a moment, because I am afraid the Senator from Tennessee may have left a wrong impression, though not intentionally, of course.

The purpose of the formula set out in the bill as it came from the committee is not to effect such radical shifts from the black lands, the alluvial lands, of the Cotton Belt to the hill sections of the Cotton Belt, but it is to effect an adjustment of a great wrong which has been done to the hill sections of the Cotton Belt. Under the former programs of control the production of cotton under the reduced quotas was allotted to the counties or to the farms upon a farm-base acreage, and as a result of that base acreage the hill sections were literally robbed of the opportunity to grow cotton, whereas the alluvial lands, the black lands, of the Cotton Belt were given the lion's share of the production of cotton under the reduced quotas.

I hold in my hand a chart which was prepared by the Department showing the ratio of the 1936 cotton base to the croplands of the farms in Mississippi. This shows the percentage of croplands in each county which has been permitted under the control programs of the past and under the soil-conservation campaign at present, which will be the bases resorted to under the new control program we are now planning to enact. I wish to show the Senate the great injustice which has been done to the farmers of the hill sections.

Boliver County was permitted, under the control programs, to plant 80.4 percent of her cropland in cotton. This is the land in Mississippi which will produce a bale to the acre or two bales in many cases.

In Attala County, every hill of which is covered with white farmers with families to raise, only 42.8 percent of the cropland of that county is permitted to be planted under the former control program, and that is what we will get under the pending bill.

In the populous county of Neshoba, 55 percent is alloted, whereas Sunflower County, in the Delta, is given 80.7 percent.

In my home county, which is a hill county, we were permitted to plant only 24.5 percent of the croplands of the county to cotton under the control programs in the past, which you are trying to enforce on us in the pending bill,

whereas Sharkey County was permitted to plant 73.7 percent of her croplands in cotton. That ratio prevails throughout the State.

The Senator from Tennessee tries to predicate his argument upon this estimate prepared by Mr. White of the Department of Agriculture. I conferred with the secretary to the junior Senator from South Carolina [Mr. BYRNES] this afternoon, and he told me he had had a conference with Mr. White, and he said that the Overton amendment would change the whole percentage basis.

The Senator makes great capital out of the fact that under this formula we are asking the Senate to approve, Hancock County will get a 400-percent increase. Let us see what happens in Hancock County. Hancock County had only 416 acres in cotton, and if we give them a 400-percent increase, it will be only 1,600 acres. Will anyone object to one great county, settled by white people with families trying to make a living in new territory, where the timber has been recently removed, having 1,600 acres in cotton?

Jackson County, with only 1,364 acres, has a 330.2-percent increase, which would give them about 3,000 acres.

Then there is Harrison County with 1,300 acres in cultivation under the former programs, which gets a 500-percent increase, which will give them about 6,000 acres.

In four or five counties in the particular section of the State where my home is located, after this program is in force under the provisions of the pending bill, there will not be as many acres planted to cotton as on one plantation in the alluvial lands of the State.

It should be remembered that on these lands it takes from 2 to 3 acres to produce 1 bale of cotton, whereas on the alluvial lands from 1 to 2 bales will be produced to the acre. So Senators can see the injustice being done to the small farmers of the hill sections not only of my State but of every State in the Cotton Belt.

In the House of Representatives, Mr. FORD, of my State, secured the adoption of an amendment which allocated the cotton to the counties upon tillable lands alone. I thought that was harsh, and the House decided to leave it out. So, in the preparation of the formula upon which the allotment shall be made, an effort is made to cure an injustice which was done in the past.

I am not trying to take away from the Delta lands their just share of the right to grow cotton; I am not trying to rob the black lands of Louisiana or Arkansas, nor is the Senator from Louisiana [Mr. OVERTON], of the opportunity to which they are entitled, but we are trying to cure an injustice that was put on the hill counties in the former program, under the former bases, which still exist, and which will exist in the Department when the new law goes into effect. I am trying to correct a thing that happened in the past, an injustice that has been heaped upon the people of that section of the State in the past.

I suggest that since there is a question as to whether these figures are correct or not—and I contend they are not, and that the Overton amendment will correct a great deal of the complaint made by the Senator from Tennessee—we ought to leave these amendments in the bill as they are now, and leave the matter to the conference committee, and I am sure that the members of the conference committee will get a corrected estimate as to the effect of the amendment before they report back to us the bill in its perfected form.

Mr. President, I am not willing to create such a shift from one section of my State to another. I represent all sections of the State. I am not willing to stand for a shift that would disturb the economic condition of these counties, because they are geared up to make cotton. They have all their lands in cotton. They have been planting all their lands in cotton for 40 years. So have the hill farmers, but they have been taught diversification. The farmers in the Delta lands are more or less commercial farmers. Most of those farmers live in the cities and in the towns of the counties. Many of them live in Memphis, and a large percentage of them live in the East. They are insurance companies engaged in growing cotton in the Mississippi Valley. Oscar Johnson, who has had a lot to do with the cotton situation in the Department of Agriculture, is representing an English syndicate which farms 50,000 acres in the Mississippi Valley.

I am not willing to rob the one-horse farmer, the small farmer, the man with a wife and five or six or seven children, who is trying to make a living on the farm. I am not willing to deny him the opportunity to grow enough cotton to be able to buy shoes and clothes for his children simply for the sake of some insurance company in the East or some English syndicate which handles a great amount of Delta land. A great many of these Delta farmers are resorting to commercial farming. They buy their tractors; they break the land; they disk the land; they lay the land off; they plant it and cultivate it; they do everything to the crop until picking time comes; and then, in order to get the cotton picked, they send out over the State and get relief labor that the Government is taking care of for the rest of the year.

The Delta man wants to grow a great amount of cotton. It is a commercial proposition with him. He is not trying to raise a family. He is trying to make money out of raising cotton. The poor devils in the hills are trying to make a living for their families. That is why I am pleading that this injustice shall be adjusted and that the small farmers in the hills be given a chance. In the old days many a farmer with five or six or seven children was told by Government agents, "You can grow only 200 pounds of lint," or perhaps 300 or even 600, but not enough to buy shoes for one-half the members of the family. Yet that is the same basis which my friend the Senator from Tennessee (Mr. MCKELLAR] wants to carry into this new program.

Mr. President, we are going to be permitted to grow only about 10,000,000 bales in this country. I want production allocated so that the rank and file of the hill section of the Cotton Belt will have an equal and just part in the growing of this limited crop for 1938.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. OVERTON. Under paragraph (1) as amended by the so-called Overton amendment, the Secretary of Agriculture will consider as one of the three factors simply the land that is devoted to the planting of cotton and the land that is devoted to home-consumption crops, and the only difference made in that particular one of the three factors upon which the Secretary of Agriculture will determine the basis, is with respect to home-consumption crops.

Mr. BILBO. Home-consumption crops.

Mr. OVERTON. Home-consumption crops is all that is added. The Secretary of Agriculture then under the Overton amendment is to take into consideration two things in this one particular factor, among the three factors, and that is the home-consumption crop plus land devoted to cotton. Is that correct?

Mr. BILBO. The Senator is correct. I am indebted to the Senator from Louisiana for perfecting that amendment. I desire to call the attention of the Senate to the third basis in this formula, which is the number of families. In making this allocation certainly the number of families that must be supported by growing cotton on these cotton lands ought to be taken into consideration. That, of course, will operate against the commercial farmer, who is using improved machinery and who is trying to get a mechanical cotton picker so he will not have to use any families at all. The purpose of that provision is to protect the bona fide family man, the man with the wife and children, who is trying to raise and educate and support his family, and that ought to be a consideration in making the allocation.

After the allocation is made to the county, then we have another rule here by which we allocate to the farms within the county, in which we started out by giving each family 7½ acres. That has already been agreed to. But that will not do any good unless justice is exercised in making the allocation of the State's allotment to the counties. The county must first get it before it can be allocated to the farms in the county.

I am keenly interested in having these three bases remain in the bill. Let us get the correct information from the Department under the amendment offered by the Senator from Louisiana [Mr. OVERTON] and let the conferees pass on the question of whether it is just or not.

Mr. HATCH. Mr. President, reference has been made by the Senator from Mississippi [Mr. BILBO] to the amendment offered by the Senator from Louisiana [Mr. OVERTON]. I am not familiar with that amendment. Has the Senator from Louisiana offered an amendment to subsection (c), beginning on page 34?

Mr. OVERTON. I offered an amendment, and the amendment has been agreed to, in paragraph (1) of subsection (c).

Mr. HATCH. Will the Senator state what his amendment was?

Mr. OVERTON. In a nutshell, it is simply this: As the committee reported the bill, the Secretary of Agriculture was to take into consideration the proportion that the land devoted to tilled lands on cotton farms in the county is of the land devoted to tilled lands on all cotton farms in the State. "Tilled lands" is defined elsewhere to be lands used for soil depleting row crops and soil depleting feed crops. Therefore, under the bill as reported by the committee, the Secretary of Agriculture would have to take into consideration all of the soil-depleting crops in making the allocation for the production of cotton. He would have to take into consideration the lands that were devoted to wheat culture, the lands that were devoted to sugarcane culture, the lands that were devoted to peanuts, the lands that were devoted to rice. It appeared to me to be—with all due respect to the committee—an absurd proposal.

Mr. HATCH. Mr. President, I wish to say to the Senator from Louisiana that he and I have discussed this particular amendment, and I do not think we were in disagreement about it at all.

Mr. OVERTON. I am very happy to say that the Senator from New Mexico has agreed with me in the amendment that I proposed. Therefore the amendment I proposed was simply this in a nutshell, that the Secretary of Agriculture should consider under paragraph (1) only the lands that are devoted to cotton culture, plus the lands that are devoted to home-consumption crops. I added home-consumption crops—and that is the effect of the amendment, but I am not giving the exact phraseology—in the interest of the small farmer under the curtailment program that was inaugurated several years ago, and which has been in existence and in operation for several years. It was the small farmer who curtailed his production, and he devoted his few acres of land to cotton and to home-consumption crops. He ought to be considered as well as the cotton farmer who undertook to devote as much of his land as he could to the production of cotton for commercial purposes.

The little farmer depends upon his farm for a livelihood. Cotton is his cash crop, and, as the Senator from Mississippi has well observed, if we follow the old plan, then we give to the little hill farmer a production that would be equivalent to only some two or three hundred or four hundred pounds of cotton in many instances. He ought to have an allocation that would correspond to the lands that he devotes to the production of cotton and to the lands that he devotes to home-consumption crops, and that is the effect of the Overton amendment.

Mr. HATCH. I thank the Senator from Louisiana for his explanation and also for his amendment. I think it is a valuable contribution to the bill.

Mr. MILLER. Mr. President, I do not like to detain the Senate, but since the able Senator from Tennessee [Mr. MCKELLAR] has inserted in the RECORD some figures pertaining to Arkansas and the effect that these amendments will have upon the allocation of acreage in Arkansas, I feel duty-bound to submit some facts to which I think the Senate ought to give some consideration in determining whether it will agree to the suggested amendments.

In the first place, Mr. White, who is a former Arkansas man, and with whom I talked this afternoon at 5 o'clock, will tell Senators that these maps which were prepared, dealing with Mississippi and Arkansas, were drafted without giving consideration to the Overton amendment. It is true he says that, in his opinion, he doubts whether the Overton amendment will materially change the allocation.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. MCKELLAR. Was that Mr. White to whom the Senator referred?

Mr. MILLER. Mr. E. D. White.

Mr. MCKELLAR. He said that the Overton amendment would not materially change the allocations?

Mr. MILLER. He said that in his opinion it would not materially change the allocations, except in certain regions of Arkansas and in certain regions of Louisiana.

Mr. MCKELLAR. Mr. President, I ask the Senator to permit me to interrupt him again in order that we may be accurate about this matter. In my talk with Mr. White he said that it would effect a change in two counties in Arkansas which produced rice, and two or three counties in Tennessee which produced tobacco, and several counties in Louisiana which produced sugarcane, but otherwise it would have no effect on the figures that were given. He said it would not effect a change otherwise in Mississippi, Tennessee, and other cotton States.

Mr. MILLER. As I stated, Mr. President, Mr. White said he did not think it would materially affect many counties in the State. But I desire to submit that one man's judgment is just as good as that of another on that question. I have never found any substitute for common sense.

Mr. MCKELLAR. Mr. President, will the Senator again yield?

Mr. MILLER. I yield.

Mr. MCKELLAR. I think the Senator from Arkansas is generally correct. I have great respect for the views of the Senator, but the trouble is that Mr. White makes these allocations.

Mr. MILLER. I am going to get to that in a minute. It is true that Mr. White may be called upon to make the allocations, and that is all the more reason why we should lay down a formula for the making of that allocation. There is no use of fooling ourselves about the allocations heretofore made. We talk about sending the bill to conference and letting the conferees work out the disputed questions. I know that a great part of this bill must be written in conference, but I may call the attention of the Senate to the fact that there is no dispute between the Senate bill and the House bill insofar as the allocation of the quotas to States is concerned. In other words, subsection (b) on page 34 is identical practically with the provision in the House bill; and if the Senate rejects the committee amendments or fails to agree to the amendments now under consideration, there will be no dispute, and no question to send to conference on the allocations to the counties.

It has been suggested, I believe, by the brilliant Senator from Georgia that we reject subsections (1) and (3) and adopt subsection (2). I submit that that is unfair, unless we are willing to say to the Secretary of Agriculture and to the men in his employ, "You go out and go into a county after the allocation is made, and then you make the allocation to the individual farm just as it has heretofore been done." That is what the House bill means, and it is what the Senate bill will mean unless we adopt these provisions.

What does that mean? It simply means that those farms which heretofore have been discriminated against will continue to be discriminated against; and there is not a Senator here but who knows that there is a rank discrimination and there has been a rank discrimination in the allocation of cotton acreage, because the Secretary of Agriculture completely overlooked everything except acreage, and acreage alone. If we are going to have a farm bill with any semblance of justice in it, we must recognize the fact that an American citizen has a right to work and to earn a living on the land he owns.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. MILLER. Just a minute.

Therefore subsection (3) is vital to the welfare of the cotton farmers in this country, unless we want further to drive the small cotton farmer out of business, and unless we want to favor the Delta counties at the expense of the others. We have many Delta counties in Arkansas. As fine land as is anywhere to be found is found in eastern Arkansas in the Delta; but I do not want that territory to be devoted to raising cotton at the expense of the other part of the State, and highly mechanized farming engaged in there, leaving out entirely the human element.

We have appropriated money during the past few years for resettlement projects. In Arkansas alone, and in every State in the Union, there has been more money squandered in resettlement projects that it would take to finance a farm bill.

During the past 18 months in Arkansas alone, in Mississippi County, the greatest cotton-producing county in the world, and in Phillips County and Desha County and Chicot County, and Crittenden County, there have been more families resettled than the Federal Government has been able to resettle at other places in the country during its entire program, and it has not cost the Federal Government a single dime.

Talk about the expense of this thing! If we will cut out some of the wild resettlement schemes and other ideas that we have and get back to fundamentals, and give the people some liberty to settle themselves, and take into consideration the human element in the allocation of acreage, and the right to make a living, we shall make some progress in this country and not before.

Subsection (3) as amended and as now before the Senate simply provides that in allotting this acreage the Secretary shall take into consideration the proportion that the number of families composed of two or more persons actually residing annually on and actually engaged in the production or growing of cotton in the county is of the total number of such families in the State. What is fairer than that? We know how many families there are. The number is very readily ascertained. Why not give that consideration and why not require the Secretary to take that fact into consideration? You will add more injustice to the bill by failing to agree to these amendments than you will by striking them out.

I know the argument is, "Why interfere with it? We have been running along under the A. A. A., and why should we undertake to legislate on particular matters?" Well, in my opinion, we deal in too many generalities as it is. We are always delegating somebody some authority.

We have already delegated too much authority in this bill. Now, when we have a chance to lay down a simple formula for the Secretary to follow, and a formula which is in accord with common sense, which is in accord with the rights of humanity, which is in accord with the right of the people to move freely about and select their own homes, for the life of me I cannot see why we cannot provide that formula; and I do not see why anybody should object to it unless we want further to make it a definite policy in this country that only the acreage shall be considered and the human element shall pass entirely out of consideration.

Mr. BILBO, Mr. President, will the Senator yield for a question?

Mr. MILLER. I yield to the Senator from Mississippi.

Mr. BILBO. Since the hill counties that have been discriminated against have had so many mass meetings, and have passed resolutions calling on the Congress to give them a square deal, if we will leave these subsections out of the bill and refuse to give the hill counties that square deal, after they discover that they have been discriminated against in the new deal, is it not the judgment of the Senator from Arkansas that it would defeat any referendum for the enforcement of this bill?

Mr. MILLER. It ought to defeat any referendum, and it probably would. I do not know. But I am firmly convinced that if we will retain sections (2) and (3) of these proposals we shall have an equitable bill. Section (1), as amended by the amendment of the Senator from Louisiana [Mr. OVERTON], does provide a portion of a formula that is rather hard to figure; but notwithstanding the fact that there may be some difficulties in it, it is a contributing factor to justice. I think all three of the provisions ought to be agreed to.

Mr. McKELLAR. Mr. President, before the Senator concludes his remarks will he yield to me?

Mr. MILLER. I yield.

Mr. McKELLAR. I notice on the map furnished by the Department that in the late Senator Robinson's county of Lonoke there will be a reduction in the acreage of about 25,000 acres, a reduction of nearly 20 percent, while in the county of Marion, nearby, the increase will be 110 percent. In other words, the cotton-production business will be transferred to that extent in just two counties in the Senator's own State.

Mr. MILLER. I believe I know more about my State than the distinguished Senator from Tennessee does.

Mr. McKELLAR. I am quite sure the Senator does.

Mr. MILLER. Lonoke County, the county mentioned by the Senator, has recently, and within the past 18 months, devoted practically the entire south end to the production of rice. Marion County, in the northwest or north central part of Arkansas, is one county that raises wheat, corn, and very little cotton. So I will say to the distinguished Senator that whenever those figures are adjusted in accordance with the Overton amendment, I am absolutely certain we will find, that that calculation is entirely wrong.

Mr. McKELLAR. Take Mississippi County, which I believe is the leading cotton county in the Senator's State, if I remember correctly. Is that correct?

Mr. MILLER. That is correct.

Mr. McKELLAR. In that county 251,000 acres were planted to cotton in the 5-year period. The acreage in that county is increased by 16 percent. I am doubtful if there is that much acreage that can be put into cotton in Mississippi County, because I have been over that county very frequently; it is near my home; and nearly the entire county is planted in cotton today.

Mr. MILLER. Oh, no! Let me say about Mississippi County that there are thousands and thousands of acres in one drainage district alone that could be planted to cotton. Drainage district 17 has just been opened in Mississippi County, and that was the reason why the argument arose the other day over the 3 percent. I was trying to get more acreage for the Mississippi County farmers in that drainage district.

Mr. President, I submit those facts in order that the Senate may adopt these amendments and send the bill to conference, so that some question will be before the conferees, rather than just to have the authority vested in the Secretary, as heretofore.

Mr. RUSSELL. Mr. President, the debate we have just heard is sufficient to convince anyone of the complexities of this section of the bill.

I have been interested to hear the Senator from Mississippi and the Senator from Arkansas advocate subsection (1), on page 35, as a fair proposition on account of the fact, as they say, that there is a tremendous difference in farming in the Delta areas and the hill sections of their respective States.

In the State which I have the honor in part to represent in this body we do not have any Delta areas. We are not confronted with the proposition of the mechanized farmer as against the farmer who is compelled to follow a mule and use a hoe in cultivating his crop and to pick his cotton by hand. In my judgment, subsection (1), on page 35, will be manifestly unfair to the counties of the South that do not have Delta areas and that cannot use mechanized farms. Its effect would be, in my State, to move the base of the cotton that is allotted from the recognized cotton areas in part to the mountain area of Georgia, where it is impossible to grow a stalk of cotton.

In the long run it would have the effect of reducing the State quota, because if the quota and the acreage are taken

away from the counties where cotton can be produced and removed to the mountain counties where it is impossible to grow cotton, it will in the long run reduce the State allotment.

So I say we should not legislate here merely on account of a local situation in States that have delta areas and have hill areas. This bill should apply uniformly throughout the entire Cotton Belt, and subsection (1) should be stricken out by the Senate. It will cause unending confusion in all of the Southeastern States, where cotton has been produced for 150 years, if we attempt to change the base cotton allotment and move the cotton production from the sections where it can be grown up into the mountain areas and sections or down into the flat woods on the coast where it is impossible to grow cotton.

I hope subsection (1) will be stricken out.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from Louisiana.

Mr. OVERTON. The remarks made by the junior Senator from Georgia are based upon subsection (1), or paragraph (1) as it reads in the bill reported by the Agricultural Committee. Has the Senator considered paragraph (1) as it has been amended under the Overton amendment?

Mr. RUSSELL. I entered the Chamber a few moments ago when the Senator from Louisiana was explaining his amendment in response to some inquiry by the Senator from New Mexico [Mr. HATCH]. I am not altogether familiar with the so-called Overton amendment; but I do know that it is manifestly unfair to base any cotton allotment in a county in north Georgia, in the mountain area, on the proportion that the farms in that area bear to the total amount devoted to cotton within the entire State. It is unfair, and it is not only unfair but it will reduce the amount of cotton which can be produced in the State of Georgia even though we are given a full allotment under the other provisions of the bill, because cotton cannot be grown in that area. In one-third of my State, cotton cannot be grown.

Mr. OVERTON. If the Senator will yield to me further, I will say that I agree with the Senator in his condemnation of paragraph (1), as reported by the Senate Agricultural Committee; but paragraph (1) has been amended, and as amended, it now reads as follows—if the Senator will follow me, on line 5, page 35, after the word "State", insert:

Provided, however, That the land devoted to crops for market other than cotton shall be excluded in determining tilled lands under this subsection (1).

Mr. RUSSELL. I will say to the Senator from Louisiana that that is a great improvement over the original amendment.

Mr. OVERTON. I think that makes it perfect.

Mr. RUSSELL. Perhaps, in the opinion of the Senator from Louisiana, it does make it perfect; but if I understand the section as amended, there is absolutely no necessity for including it in the bill, because the practical effect of it would be to place us back under paragraph (2), and to have the allotments based on the proportion that the normal production of cotton for the county is of the State or marketing quota.

Mr. OVERTON. The Senator is in error in that respect, because the difference between paragraphs (1) and (2) is this: Paragraph (1), as amended by the Overton amendment, requires the Secretary to take into consideration the lands that are devoted to home-consumption crops; and that is helpful to the small farmer.

Mr. RUSSELL. Mr. President, I yield to no Member of the Senate in my devotion to the small farmer. I have consistently supported every amendment that has been proposed to undertake to protect the small farmer. I recall when the original Bankhead Cotton Act was pending the senior Senator from North Carolina [Mr. BAILEY] proposed an amendment which allowed expansion of a certain number of bales to the small farmer, and I supported that amendment. I have been gratified to observe in this bill an exemption of 5 acres without regard to any production that might be proposed by the Secretary of Agriculture.

Mr. OVERTON. Mr. President, as amended, it is now 7½ acres.

Mr. RUSSELL. I had temporarily overlooked the fact that the Senator from Mississippi [Mr. BILBO] had offered an amendment which increased the exemption to 7½ acres. I think so long as we have allowed a minimum allotment of 7½ acres to the small cotton farmer we have eliminated the manifest and indisputable injustice that we encountered under the cotton allotment in the original cotton legislation.

I see no reason now to undertake to write into the bill a provision that will take cotton production away from one county and give it to another county. The Senator from Mississippi [Mr. BILBO] frankly said his proposal would take the cotton away from the Delta area and carry it into the hill areas of Mississippi. I see no objection to an amendment that would apply only to Mississippi, but I object to an amendment that will permit the Secretary to go into my State of Georgia, where we have no delta section, where no part of the Cotton Belt can be farmed by mechanized means, where machinery cannot be used, where we have to do it all by hand, and move the production of cotton from one county where we have produced cotton for years to another county where cotton perhaps will not grow at all.

Mr. BILBO. Mr. President, I did not mean to convey the idea that I wanted to take cotton away——

The PRESIDING OFFICER. The Chair regrets to inform the Senator from Mississippi that he has already spoken on the amendment.

Mr. RUSSELL. Mr. President, I yield to the Senator from Mississippi.

Mr. BILBO. I did not intend to convey the idea that I wanted to take cotton away from the Delta lands. I merely want to bring about an adjustment of the unjust condition which has existed. According to his own statement, the Overton amendment should not be objectionable to the Senator from Georgia.

Let me state to the Senator a case in point. I know this to be true. In one hill county a farmer has 325 acres in cultivation, and his allotment would be 50 acres. A farmer across the highway in the same county and on the same kind of land has an allotment of 55 acres out of 80 acres. Still another man has 60 acres of allotment out of a farm of 100 acres. These are examples of the injustices we have brought about under the former control.

The injustices brought about between farmers in the same neighborhood are on a parity with the injustices of the hill farmers of the entire Cotton Belt in comparison with the farmers in the alluvial-land sections. The only purpose of the formula is to give the Department of Agriculture some latitude so they might be in a position to adjust all such inequalities. It is not taking away from the Delta lands too much. Under the statement given us by the Department, there is not a county in the Mississippi Delta that will not have 65 percent of the croplands still left upon which to grow cotton under the new allotment. Certainly, under the limited-control program, 65 percent of the cultivated land in a county is enough to put in cotton, whereas in other sections they are still getting 40 percent or 45 percent or 35 percent, while the alluvial lands are getting 65 and even 70 percent of their land in cotton.

Mr. RUSSELL. I do not know the effect the provision would have on the State of Mississippi, but I apprehend it would cause great confusion and a great deal of resentment in the State of Georgia. I may say to the Senator from Mississippi that the illustration he uses of one farmer living on one side of the road and having a certain number of acres upon which he is permitted to plant cotton, and another farmer on the other side of the road having a much smaller number of acres upon which he may plant cotton, would not be cured by this amendment as I understand it. The amendment merely operates between various counties and States, and therefore the situation to which he refers would not be affected by the amendment.

Mr. BILBO. Mr. President, let me say that——

The PRESIDING OFFICER. The Senator from Georgia [Mr. RUSSELL] having taken his seat, the Senator from Mississippi may not speak further. The question is on agreeing to the amendment as amended.

Mr. GEORGE. Mr. President, the matter is too important not to be fully discussed. While I had not expected to discuss it, I want to say very frankly to the Senator from Mississippi [Mr. BILBO] and the Senator from Louisiana [Mr. OVERTON] that I gained the impression that the three provisions would work a great injustice or a great dislocation of the cotton-growing areas in the respective States. I think yet that it would do so, but I am not so sure that it will do the injustice which I thought originally it would accomplish.

I want to submit this to the Senator from Mississippi, and he is at liberty to interrupt me reasonably within my time, because I am trying to assist in arriving at the facts. I suggest to the Senator from Mississippi that I share with him heartily his purpose to correct the injustice that has been borne by the small cotton farmer and by the cotton farmer who has pursued a sensible balanced farm program during the so-called base period.

It is as bad for the large farmer if he has not pursued a sensible program, especially after the coming of the boll weevil, which very greatly reduced his cotton acreage, as it has been for the small farmer.

The principle the Senator from Mississippi has in mind, with the Overton amendment, I think may well be applied within the county. When the county quota has been ascertained, then I think unquestionably the general principle that is sought here to apply in the allocation of the State quotas between the several counties may well apply and will apply in justice to the small farmers and to the farmers who have maintained a balanced program.

Mr. BILBO. Mr. President, may I have permission of the Senator to respond to that observation?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Mississippi?

Mr. GEORGE. I yield.

Mr. BILBO. The Senator from Louisiana [Mr. OVERTON] has offered an amendment, and it has already been adopted, providing for allocation of the lands to the individual farms. That has already been done.

Mr. GEORGE. I think that amendment was properly made to the provision which directed the manner of allocating the lands to the individual farms. I think also that in the amendment of the Senator from Mississippi, which gave to each farm family 7½ acres of exemption, coupled with other provisions in the bill and coupled with the general provision that notwithstanding the actual quota fixed by the Secretary of Agriculture the cotton produced upon the allotted acreage would actually fix the quota so far as marketing was concerned, a long step has been taken to correct the injustice suffered by the small farmer or the farmer maintaining a balanced farm program under the old A. A. A. Act and even under the soil-conservation program.

But let me submit this to the Senator from Mississippi. For instance, in the State of Georgia we have in the southeastern section of the State, the coastal plain section of the State, farms with large open acreage; that is to say, we have a great many farms on which there is a large acreage of tillable land and land actually in cultivation. They do not raise cotton. They do raise some cash crop, but the Senator from Louisiana knows as well as the Senator from Mississippi that a tobacco crop requires only a few acres. The average farmer can cultivate only about 4 acres of tobacco, and that is a fair-sized crop for one family so far as tobacco is concerned. On those farms other cash crops are grown, but the acreage devoted to home consumption crops in the coastal section of the States, particularly along the Atlantic, is rather large, and not many of those counties immediately on the coast grow any cotton.

Under the bill an allocation would be made to those counties of a considerable cotton acreage, because when we exclude all the lands that are devoted to the production of money crops or cash crops——

Mr. OVERTON. Mr. President, will the Senator yield before he proceeds further with the analysis?

Mr. GEORGE. Certainly; I yield.

Mr. OVERTON. There must be a cotton farm before there can be any allocation at all. If there is no cotton farm, then there is no allocation to that particular farm.

Mr. GEORGE. This is the county allotment.

Mr. OVERTON. Even in the county allotment. The proportion of tilled land on cotton farms——

Mr. GEORGE. But there are some farms in the county on which cotton is grown, and there are a great many farms on which no cotton is produced.

Mr. OVERTON. Those farms would not be entitled to any allocation at all.

Mr. GEORGE. No; but the point I am trying to bring home is that the county would get the advantage.

Mr. BILBO. Oh, no.

Mr. GEORGE. I am quite sure that under this amendment, if the Senator will carefully consider it, the county would get the advantage of the allocation. For instance, take a county in southeastern Georgia on the Atlantic in which there are only two farms that grow cotton, but there are 500 farms that have large open acres. Under the proposal that county would get a considerable quota.

Mr. BILBO. Oh, no.

Mr. OVERTON. Mr. President, may I submit the observation to the Senator from Georgia that he is in error, and I think, upon reflection, he will discover his error?

Mr. GEORGE. I should be glad to know about that. If I am in error on that point I have no objection to the amendment.

Mr. OVERTON. I think all that is necessary is to read to the Senator the paragraph as amended. It reads as follows:

> The proportion that land devoted to tilled lands on cotton farms in the county is of the land devoted to tilled land on all cotton farms in the State; provided, however, that the land devoted to crops for market other than cotton shall be excluded in determining the tilled lands under this subsection.

Therefore, we have to start with a cotton farm in order that the farm may get any allocation at all. Then when we have the cotton farm we exclude all tilled land except the land devoted to the actual production of cotton or home-consumption crops.

Mr. GEORGE. And no open or tilled land on a farm that did not grow cotton during the 5-year period would be considered in making the allocation to that county.

Mr. OVERTON. That is correct.

Mr. GEORGE. That would help a great deal if that is the correct construction. I have not thought it correct, however. That would not cure it entirely, because we have in Georgia large areas formerly devoted to the growing of sea-island cotton. With the advent of the boll weevil, the growing of sea-island or long-staple cotton was practically abandoned or entirely abandoned for the most part.

On those farms there is some cotton farming, but it is very meager, rather on patches, small acreage. I can see that there would be some increase in the acreage in many counties in Georgia, and also some decrease in acreage in other sections of the State.

Mr. BILBO. To what commodity is this land which was formerly used for sea-island cotton devoted?

Mr. GEORGE. In some instances tobacco, in some instances cane, and in some instances other money crops, but for the most part the greater portion of the tilled land is devoted to home-consumption crops—corn, and feed, and food crops.

Mr. OVERTON. Mr. President, under the Overton amendment all market crops are excluded.

Mr. GEORGE. I understand that.

Mr. OVERTON. Tobacco, peanuts, wheat, sugarcane, or any other market crop would be absolutely excluded, and the allocations are made on the basis of the cotton crop, plus the little home-consumption crop that might be grown.

Mr. GEORGE. I quite agree with the Senator that that amendment was of very great help, and if the construction

which the Senator from Mississippi and the Senator from Louisiana put on paragraph (1) is the correct construction—and on close observation it seems to be—the difficulty which I had in my mind would be very largely obviated.

Mr. President, I wish to express myself again as being in thorough accord with the purpose to correct the injustice which may have been done to the small farmer, and to the farmer who maintains a balanced program, cuts down his crop, and who today, although he possesses large acreage, is cultivating only a mere patch of land that might be put into cotton because of the old allotments that were given him. I have very great sympathy with the purpose to obviate that injustice, and to correct it, and I must recognize that that injustice has existed in my State.

Under the construction which has been given to paragraph (1), and in view of the amendment offered by the Senator from Louisiana, I can see that no very great injustice will result, that is, there will be no very great, drastic shifting of the cotton areas within a State. Within the county, I think the principle is sound, and ought to be retained.

I am not so sure how the third paragraph of the amendment, that is, as to the number of families, would affect the allocation to the county. But I can see, of course, a very strong reason for taking into consideration the number of families, because, after all, the allocation should be made upon the basis of those who live on the land, and who must have their support from the land, as well as on the previous history of the base acreage method of arriving at an allotment, which we have heretofore employed. I think unquestionably these principles should be preserved.

I desire to make one observation in conclusion: That if the allocation of the State's quota should be made on the basis of the formula set out in paragraph (2), due regard should be given also by the Secretary to the formulas set out in paragraphs (1) and (3). Perhaps we might be able to correct the injustice in allocations between counties and yet at the same time save an unusual allocation to a few counties in almost every cotton-growing State which they perhaps are not demanding, and which perhaps they would not use. It might follow, as my colleague has pointed out, that the State's whole quota would be thereby reduced. If cotton farmers in one particular county or section did not utilize the allotted acreage given them, naturaly, those acres could not be utilized by the farmers in other sections, and the result would be that the total quota of the State might be reduced.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BYRNES. Mr. President, because I am not familiar with the cultivation of wheat I have never attempted to discuss the question of wheat production, and I assume that to Members of the Senate from States other than the cotton-growing States any discussion of the cotton question would be tiresome. I wish to say to them, however, that it is of great importance to those of us who do represent cotton-growing States.

It occurred to me several days ago to endeavor to ascertain the effect of the bill upon my State. I learned that at the other end of the Capitol, during the consideration of the farm bill, some Member of the House of Representatives had asked the Department of Agriculture for information as to the effect the provisions of the bill would have upon the allotments to States and to counties in the States. I asked for that information from the Department based upon the provisions of the Senate committee bill. In response to my inquiry, I received information as to the States of Arkansas and Mississippi, but no information as to the effect upon my own State.

A map sent to me as to Arkansas I gave to the Senators from Arkansas, and as to Mississippi to the Senators from Mississippi, but before giving those maps to those Senators I did look at them, and I will state what the maps disclose, based upon the provisions of the bill as reported by the committee.

In Mississippi there is a county called Harrison, and in the county of Harrison last year cotton was raised on 353 acres. Under the provisions of the Senate committee bill the farmers there would be entitled to an increase of 511 percent over last year's production.

I do not know the home county of the junior Senator from Mississippi [Mr. BILBO], but I think it is Pearl River County. In that county there would be an increase of 191 percent. Am I right that the Senator comes from Pearl River County?

Mr. BILBO. The Senator is correct. Will the Senator tell the Senate how many acres we would then have in cultivation, in one of the largest counties of the State?

Mr. BYRNES. Mr. President, I would be delighted to give the information, but I do not know, and I would be glad to have the Senator do it.

Mr. BILBO. We had 4,076 acres in cultivation. The 191 percent will give us 7,805 acres, about half the size of one plantation in the Mississippi Valley, for the whole county.

Mr. BYRNES. Mr. President, what I am referring to is the map sent by the Department.

Mr. OVERTON. Mr. President, will the Senator yield for one question?

Mr. BYRNES. I have but a few minutes; but I yield.

Mr. OVERTON. The figures the Senator is quoting apply to the Senate bill before it was amended.

Mr. BYRNES. I have said so several times, that it was the bill as it was reported by the committee. I was prompted to make the inquiry because of the map furnished by the Department based upon the House bill.

Mr. President, I came from the coast section of my own State, and I noted that in the county of Charleston, where I was born, under the provisions of the bill in the House there would be an increase of more than 500 percent. I knew the farmers there could not use that much land and that if a 500-percent increase were allotted to that county it would mean that the cotton would not be planted, that the farmers would plant vegetables and truck; but that increase had to come from other counties.

The county in my State in which I now live is the largest cotton-producing county, and under the provisions of the House bill, as reported, it would be allowed next year just 70 percent of the acreage of this year.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. BYRNES. I must decline to yield now.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. BYRNES. Let me state what it would mean in my county to reduce the acreage to 70 percent of this year's crop. In the county in which I live there are small farmers; men who live on their farms and do their own work with their families working in the fields. To reduce the acreage to 70 percent of this year's crop would result in nothing short of civil war next year. That provision in the House bill disappeared, and I am informed that as the bill passed the House it was improved upon.

In the Senate the Senator from Louisiana [Mr. OVERTON] offered an amendment to paragraph (1) which has improved it to a great extent. But let me state the situation which confronts the cotton-growing States.

A new basis is being provided. I do not know what effect it will have in my State; I have not been able to ascertain. Paragraph (3) provides:

> The number of families composed of two or more persons actually residing annually on and actually engaged in the production or growing of cotton, together with other farm crops, on the tilled lands of the county.

What does that mean? I do not know. I know the theory of the bill, and I know that if I were administering the law I would have to take a census before I could make an allotment. I would have to take a census to find out how many families there were, how many families of two or more, and how many of such families were actually residing on the land and actually engaged in the production of cotton; and I could not put the law into effect in 12 months.

What are we to do about it? Whoever framed the bill had an entirely different theory. We find, on page 34, in subdivision (b), the provision:

> The national marketing quota shall be apportioned by the Secretary among the several States—

How?—

> on the basis of the proportion that the normal production of cotton for such State is of the national marketing quota.

That is how it is to be divided among the States. Then, when we get to the next page, having gotten a quota for the State, the question is, How will we divide it within the State?

Paragraph (2) on the next page follows the policy set forth as to the States, and in paragraph (2) it is provided that the quota allotted to the State shall be divided among the counties in "the proportion that the normal production of cotton for the county is of the State marketing quota." Following the exact statement upon which the allotment for the State is based, we fix a basis for the county in paragraph (2). But then there are put into it two entirely different factors, subsections (1) and (3). What they mean, the Lord only knows.

I feel better about No. (1) by reason of the amendment of the Senator from Louisiana [Mr. OVERTON], because I think it destroys No. (1). If I did not think that, I would feel terrible about No. (1). But I know that No. (3) can never be enforced unless the Census Bureau is called in to take a census of the farmers. If whoever drew the bill or whoever introduced it had the logical idea of saying that the production for the State shall be so and so, and the same principle shall apply to the county, we would then know what would happen under its provisions. If we look into the definition, we find that the bill provides that the normal yield shall be the yield for 5 years. Whatever trouble may have arisen during the 5 years—and trouble did arise—it was settled 5 years, or 4 years, or 3 years ago, and now the farmers have become reconciled to it.

The basis is established. Just as soon as we establish it, then the proponents of this plan come along and say we are going to uproot it all, and we are going to make a new division. To call for a census of the families and make a new apportionment, when nobody knows what it is going to do, will cause more dissatisfaction than anything else that could possibly be done.

Mr. President, so far as I am concerned, this is the most important part of this bill; and if it would cause in my State the result that it caused in the State of Mississippi, so far as the map heretofore presented shows, then, so far as I am concerned, I will vote against the whole bill, because I am not prepared to see the individual farmers engage in civil war in my State—the little fellows about whom we have heard so much.

The Senator from North Carolina [Mr. REYNOLDS] spoke for about a half hour the other day about the little farmer. The Senator is not here now. When we tell the little farmer who lives on his farm and who cultivates his farm, the man concerning whom we have heard so much oratory, that he can plant next year only 70 percent of the acreage planted this year, and that we are going to take his acreage and give it to another county in which they cannot plant that acreage, we might as well tell him we will give it to Michigan or Indiana, because they can use it just as well.

The Department of Agriculture has worked this thing out over a period of 5 years. It has worked it out with the county committees and the State committees, and they arrived at the basis they now have. When we disturb it we ought to have some good reason for doing so. We should at least know where we are going. I am willing to leave it to the Department; but if we are not going to do that, then we ought to stick to subsection No. (2) in respect to allotment. That provides the same basis that we use in allotting cotton to the States. If we are going to do it on the basis of the analysis of the number of families who are actually engaged in the cultivation of cotton, whether on their own home farms or as tenants or sharecroppers, we will not put this plan into operation for 2 years after the bill is passed.

Mr. President, I hope that subdivision (2) will be agreed to, but that subdivision No. (1) and subdivision No. (3) will be stricken out.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. BILBO. The Senator made the statement that during the last 4 or 5 years they have been operating on this basis and that the farmers are now all satisfied.

Mr. BYRNES. I said "reconciled."

Mr. BILBO. Reconciled, or satisfied, or contented, or any way the Senator wants to put it. I simply want to state for the Senator's information that in practically three-fourths of the counties in my State the farmers have held mass meetings and have said that unless there is a change in the allotment they do not want any control bill. If the Senator wants to kill the cotton-control program in respect to the referendum vote to be taken, if the Senator does not agree to some equitable adjustment of the injustice that has been done, why, then, let him defeat the whole program.

Mr. BYRNES. Mr. President, I am entirely content to do this. I understand that subdivision No. (1) and subdivision No. (3) were inserted in the bill by the Senator from Mississippi [Mr. BILBO]. I am entirely agreeable to have an amendment providing that those factors shall apply to the State of Mississippi. I am entirely willing that that should be done. The Senator knows the State of Mississippi, but I know the State of South Carolina. I am entirely content to have him provide that allotment for the State of Mississippi, but I do not want him to destroy all the other cotton States in order to help the State of Mississippi.

Mr. BANKHEAD. Mr. President, I occupy a rather difficult position in this matter, but I feel it is my duty to express my convictions in view of all that has taken place here. The bill as originally introduced broke down into county apportionments on exactly the same basis as the apportionments were made between the States, namely, on the basis of the average for the last 5 years, and that included the year just behind us, 1937, with the wonderful yield and production in every State and in every county in the Cotton Belt. The bill was so introduced. At least the cotton section was so prepared and so presented by me as the author of the cotton title in the main.

The Senator from Mississippi [Mr. BILBO] desired amendments to that, which he frankly stated were intended to shift production, and he frankly stated here on the floor that he desired under some formula to shift production from some counties in his State to other counties in his State. He thinks that is right. I have no quarrel with that. We went along with this bill for some time and a number of suggestions which were presented were rejected, and finally I agreed that these two amendments proposed by the Senator from Mississippi may be put in the bill. If it had been left to me alone I would not have raised any controversy about the matter. Controversy has been raised, however. I think it is demonstrated that an overwhelming majority of the Senators from the cotton States are opposed to the amendments presented by the Senator from Mississippi.

It seems to me that the fair thing to do, and the best thing to do, is to preserve as best we can the status quo especially as presented by the most current, up-to-date experience in the production of cotton. That status quo was preserved, and is preserved without controversy here in the division of the allocations between the States. If the argument for the shifts from one area to another is justified, then it would be equally justified for shifts from one State to another on the same principle. But we worked out a basis here, and it seems to me that the safest plan, the most equitable plan, the one that will do the least injustice to localities is to preserve a situation that has been built up by the farmers themselves.

The Senate has heard more or less about correcting injustices that were done under the former control program.

The truth is that we never had but 1 year under a control program except as it was worked out by voluntary agreements. The Bankhead Cotton Act was not passed until 1934, and not approved until late in April, and by that time all the cotton had been planted, and planted under the voluntary contracts made under A. A. A. So that measure at that time did not change in any material way the quantity of cotton produced or planted on the farms. It did work injustice in limitations upon the sale of cotton produced on many farms, but not in the matter of cotton planted or acreage planted, and the total yield from the farms and from the counties and from the States. That is a well-known fact, probably to every Senator in the Cotton Belt. The first year was not changed by the control program. I am not talking about the injustice in the baleage allotments; but the acreage and the production were not brought under the provisions of that control program until after the cotton crop had been planted. The injustices came in the baleage allotment.

So the matter proceeded, and in 1935 the Department of Agriculture followed the basis adopted in 1934, very much against my protest and my earnest appeals. But for one year, in 1935, the crop was planted after the control program went into operation.

The Senate will recall that the A. A. A. was invalidated early in January 1936, and that was followed by the repeal of the Bankhead Act, so that all planting of cotton in 1936 and all planting of cotton in 1937 has been entirely voluntary. The acreage adopted on every farm has been as the result of the voluntary action of the farmer engaged in farming the farm. There has been no compulsory control of any sort.

So that instead of acreage being taken away from one county and added to another, under the old program it was simply built up upon the historical experience of the farmers in those counties themselves. They made a record of production. Of course, in some counties where there were cut-over timber lands, additional farms had been brought in, but cotton cultivation itself had practically all been voluntary, both the planting and the failure to plant. That applies to the allotment to the States as well as it does to the counties.

I think it will be unfortunate, Senators, to bring about any general shift in production from county to county. County economy has been built up over a number of years in various counties, upon the basis of the volume of cotton produced in those counties and the probable return from the sale of that cottonseed.

If we do adopt the plan which brings about important shifts, we upset and disjoint a long built-up voluntary situation in the various counties in the Cotton Belt. I submit to the Senate that it is a dangerous thing to do.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. Complaint has been made to me that if we adopt the basis referred to now by the Senator from Alabama it would also bring in those who do not cooperate, and those who did not theretofore diversify. Is that true?

Mr. BANKHEAD. No; that would have no effect at all. This is a program which provides within the county the number of bales that should be allotted in that county, without regard to cooperation or noncooperation. That has nothing to do with the allotment to the individual farms.

Mr. CONNALLY. I may again interrupt the Senator to say that my view is that the counties ought to be prorated on the same basis as the States. I think some consideration ought to be given to the matter I just pointed out within the county.

Mr. BANKHEAD. The committee did, as the Senator will find. We have adopted in the main a percentage of the cultivated acreage on each farm, regardless of past history, regardless of cooperation or noncooperation. We put the farms upon the basis of a percentage of the tilled land upon the farms and therefore gave to every farm the same proportion of tilled land to be planted to cotton, regardless of historical experience. We wiped out all of those old injustices. We wiped out all the previous formulas and rules for allotment.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. BANKHEAD. Yes; I yield to the Senator from Mississippi.

Mr. BILBO. If the Senator contends that no injustice is being done to the hill sections of the Cotton Belt, how does he explain the fact that there have been so many mass meetings of the cotton farmers in the hill sections, demanding that in any control program passed by this Congress the injustices or grievances be wiped out and adjusted?

Mr. BANKHEAD. In the first place, I have not heard of any such meetings. I myself live in a hill county, live in the mountains, and I have not heard of any such meetings.

Mr. BILBO. Will the Senator agree to pass over this part of the bill, and let me present to the Senate tomorrow resolutions showing what has happened and is happening?

Mr. BANKHEAD. I do not think that would change the program. It would not change my judgment, because I do not know what representations were made. I have in my desk now a petition which came from one of the counties in the State of Mississippi, signed apparently by several thousand farmers in a congressional district down there, where the representative came up here and claimed that his people were all against compulsory control. The petition was sent to me. I showed it to the Senator.

Mr. BILBO. That is an entirely different question.

Mr. BANKHEAD. I showed the Senator the signatures of several thousand voters upon the petition, showing that on the representations made by the representative from that district, they may have opposed compulsory control, but that on a full consideration they were in favor of compulsory control.

I agree with the Senator, but I call his attention to the fact—and I think he will find, if he will examine his resolutions, that they are consistent with what I am saying—that they have protested against the individual farm allotments, and not the State or the county allotments.

Mr. BILBO. No; the Senator is wrong about that.

Mr. BANKHEAD. I assume they have urged, in the Senator's territory, as they have in mine, that the basis for farm allotments be changed to a percentage of the cultivated acreage upon the farms.

Mr. BILBO. With all due deference to the Senator from Alabama, he is wrong in that statement; and I want to make this observation——

Mr. BANKHEAD. I may be, but I would not change my mind if some of the Senator's constituents in the hills down there wanted to take cotton away from other counties. That would not change my judgment.

Mr. BILBO. I am convinced that the Senator from Alabama has his mind made up; but I shall not desist from trying to get before the Senate the great wrong that is being done to the hill farmers in the Cotton Belt.

Mr. BANKHEAD. The Senator will admit that under this program the hill farmers get their proportion based upon the production they have had for the past 5 years.

Mr. BILBO. Very well; but that production has been cut down by the program which has been in force heretofore. That is what I was complaining about.

Mr. BANKHEAD. How was it cut down?

Mr. BILBO. It has been cut down for the past 2 years under the soil-conservation campaign. I hold in my hand the Government's estimates of the percentages in which the farmer was permitted to plant cotton if he enjoyed any soil-conservation payments, which show that many counties were getting 80 percent and others 25 percent, some 24 percent, some 17 percent——

Mr. BANKHEAD. Mr. President, I cannot yield any more of my time.

The PRESIDING OFFICER. The Senator declines to yield further.

Mr. BANKHEAD. The Senator from Mississippi has had a great deal of time. He is now talking, as everybody familiar with this situation knows, about farm allotments, and not county allotments. The county allotments have always been made upon the basis of the official ginning records.

Mr. BILBO. These are the allotments by counties.

Mr. BANKHEAD. Yes; and they are made, not upon the basis the Senator has indicated, but they have been made all the time upon the basis of the percentage that the county's ginning bears to the State's ginning, a matter of official record from the ginning records. Under that basis, of course, no allotment could be taken away from any county, nor could any injustice be done it in the matter of making county allotments.

As to the third proposition, for a census, my friend from South Carolina [Mr. BYRNES] has discussed it. I do not know what effect it would have. I do not know whether it would make any changes or not. I know it would take a long time to develop it when you go to count each family on each cotton farm in each county and in each State in the Cotton Belt. If you should delay until that count was completed and that census taken before you could make an allotment to counties, it would be too late to do it.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. OVERTON. Mr. President, when the bill was reported by the Agricultural Committee of the Senate it provided, in paragraph (1) of subsection (c) of section 31, that the Secretary of Agriculture, in making allotments for cotton production, should take into consideration the proportion that the land devoted to tilled lands on cotton farms in the county is of the land devoted to tilled lands on all cotton farms in the State.

"Tilled lands" are defined in the bill to be all lands that are devoted to soil-depleting row crops and soil-depleting feed crops. Therefore, as the bill was reported by the committee, the Secretary of Agriculture would have to take into consideration on any cotton farm not simply the land that was devoted to the production of cotton, but the land that was devoted to any other crop; as, for instance, peanuts or wheat or corn or sugar. It was manifestly unfair that we should undertake to allocate among the different counties an allotment of cotton based on the production of wheat or sugar or peanuts or other crops.

I offered an amendment the purpose of which was to correct what I conceived to be that error. That was the sole purpose of my amendment. Paragraph (1), therefore, under my amendment, calls upon the Secretary of Agriculture to take into consideration the lands on cotton farms that are devoted to the cultivation of cotton and to home-consumption crops.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. OVERTON. Yes; I yield to the Senator from New Mexico.

Mr. HATCH. I stated to the Senator from Louisiana a while ago that in my opinion his amendment did greatly improve paragraph numbered (1), which I think it does. I ask the Senator from Louisiana now if in his opinion it would not be better from an administrative standpoint and every other standpoint to eliminate paragraph (1) altogether? Would not the bill be better if that paragraph were eliminated?

Mr. OVERTON. I may say to the Senator from New Mexico that he and I discussed paragraph (1), and I was largely influenced in the amendment I proposed by his analytical consideration of paragraph (1). The reason why I worded my amendment so that the Secretary of Agriculture could take into consideration home-consumption crops was to do justice to the cotton farmers who had undertaken to diversify, who had undertaken to plant a portion of their lands to feed crops for their livestock, and to vegetables and other products that went upon their tables.

I did not think it was proper for the Secretary of Agriculture not to take into consideration the little farmer—and it is especially the little farmer who has undertaken to produce home-consumption crops in the way of food for his family and feed for his livestock—in making these allocations, because, as a matter of fact, the great complaint I have received from the small farmers is that under the old regime; whether it was under the A. A. A. or under the Bankhead Act or what not, in the past the little farmer has, under the allocations, been reduced to a mere pittance. He depends on cotton as his cash crop, and some of them have received an allocation below one-half a bale; and how can the little farmer subsist upon the income that would be produced from the sale of a half bale of cotton?

Mr. HATCH. Mr. President, if the Senator will yield further——

Mr. OVERTON. I shall be very glad to yield.

Mr. HATCH. That would hardly be possible under the other amendment providing for 7½ acres.

Mr. OVERTON. I think that is a great help.

Mr. McKELLAR. Mr. President, does not that wholly protect the farmer?

Mr. OVERTON. I want to say that if paragraph (1) is retained in the bill it certainly ought to be retained as modified by the amendment I have proposed. Otherwise a very great injustice will be done to the cotton farmer, and I think everybody agrees to that. Whether paragraph (1) shall be retained or not, as far as I am concerned, I have no recommendation to make to the Senate; but if it is retained, I think it ought to be retained as modified by the amendment I propose.

I shall be very glad now to yield to the senior Senator from Tennessee.

Mr. McKELLAR. Mr. President, I was just going to ask the Senator if the essential provision for the small farmer, the one that protects him, is not the amendment offered by the Senator from Mississippi of 7½ acres?

Mr. OVERTON. I think that is a great protection to him.

Mr. McKELLAR. I think so, too. I think that protects him.

Mr. OVERTON. I think the little fellow who did under the past regime, during the past 5 years, undertake to plant home-consumption crops for the sustenance of his family and the livestock on his farm ought to be given consideration for the acreage that he has devoted to that purpose.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. OVERTON. I shall be glad to yield.

Mr. CONNALLY. I understand that the Senator's amendment to paragraph (1) has already been adopted.

Mr. OVERTON. It has already been adopted.

Mr. CONNALLY. So it is now a part of paragraph (1).

Mr. OVERTON. It is a part of paragraph (1).

Mr. CONNALLY. The vote will come on the retention of paragraph (1). If it is retained, the Senator's amendment will be retained. If it is not retained, as I understand, the Senator is indifferent.

Mr. OVERTON. I thank the Senator from Texas for that suggestion, because that is the parliamentary situation.

Mr. CONNALLY. As I understand, then, the Senator is satisfied whether his amendment goes out or whether it is retained, because his amendment will be a part of the paragraph if it is retained.

Mr. OVERTON. Yes; that is correct.

The PRESIDING OFFICER. The question is on the subsection as modified.

Mr. BYRNES. Mr. President, is the pending question on the adoption of the paragraph?

The PRESIDING OFFICER. On the adoption of the paragraph as amended.

Mr. BYRNES. On page 35, beginning with line 3, I move to strike out subsection (1); and beginning on line 8, I move to strike out subsection (3).

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. I understood that under the ruling we have been considering these paragraphs separately, so that each one would come up automatically.

Mr. BYRNES. I thought as did the Senator from Texas.

The PRESIDING OFFICER. The Chair will state that these subparagraphs went in with the section, and they have been amended. They were simply passed over, so that until the amendment was proposed by the Senator from South Carolina the question recurred upon the paragraph as amended.

Mr. CONNALLY. What is the paragraph—(c)?

The PRESIDING OFFICER. Paragraph (c).

Mr. CONNALLY. The entire paragraph (c)?

The PRESIDING OFFICER. That is correct.

Mr. CONNALLY. If that is correct, it is necessary to offer the amendment.

Mr. BYRNES. I offer the amendment.

Mr. OVERTON. Mr. President, before I vote upon that amendment I should like to submit a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. OVERTON. Does the RECORD show that the amendment I have proposed on page 36, line 6, has been agreed to?

The PRESIDING OFFICER. That has been agreed to.

Mr. OVERTON. I desire to know whether it has been agreed to, and does the RECORD show that it has been agreed to?

The PRESIDING OFFICER. It has been agreed to, and the RECORD shows that it has been agreed to.

Mr. BYRNES. The first amendment I offer is to strike out paragraph (1), beginning in line 3, page 35.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina [Mr. BYRNES].

Mr. BILBO. Mr. President, I presume I have a right to speak on the amendment?

The PRESIDING OFFICER. The Senator has 15 minutes on the amendment.

Mr. BILBO. Mr. President, being a member of the Committee on Agriculture and Forestry and knowing the demands of the people of my State representing three-fourths of the State, I sought to respond to their wish and their appeal by perfecting all of subsection (c) by the addition of the two proposals of this formula.

I am very anxious that the control program be voted for when the referendum is held, but knowing the temper and attitude of the people of my State, knowing of the injustices which I have repeatedly enumerated here tonight, and that unless there is placed in the hands of the Secretary of Agriculture some authority and some discretion so that he will be in a position to correct those inequalities, I am fearful of the final adoption of the farm program by the people of the Cotton Belt. I think the whole program will be jeopardized. I can tell by the resolutions adopted by mass meetings in my State, the telegrams, letters, and petitions that come to me from the hill sections of my State, that they are keenly interested, and even if they are not aroused at this time, when they find out what will happen to them and how they have been discriminated against, I prophesy that the storm will increase and will jeopardize the whole program.

Again I want to call the attention of the Senate to how this injustice has been operating as disclosed by a sheet that has been prepared by the Department as to the cotton-base ratio of 1936 as compared with the croplands of various counties.

I invite attention to the county of Alcorn, Miss., one of the most populous white counties in the State, where there is a cotton farmer on every hill and in every valley. Under the soil-conservation campaign and under the A. A. A. campaign they have been permitted to grow only 43.8 percent of their croplands in cotton.

In the county of Leflore, where they do large plantation farming, insurance-company farming, city farming, they are permitted to plant 73.5 percent of the croplands of that county to cotton.

In Chickasaw County only 43.4 percent of the croplands are permitted, under the control program of soil-conservation and the cotton-control program under the Bankhead Cotton Act, to be planted to cotton, and that is all that will be permitted to be planted to cotton under this bill unless the amendment is adopted, but in Coahoma County 83.2 percent of the croplands may be planted to cotton.

I note in the splendid county of Greene only 30.6 percent of the croplands of the county are permitted to be planted to cotton. In Tunica County, 75 percent of the croplands may be planted to cotton. In Neshoba County, which is one of the populous counties of the State, 55 percent of the croplands are permitted to grow cotton, and that is the same basis that my friends the Senator from South Carolina [Mr. BYRNES] and the Senator from Alabama [Mr. BANKHEAD] are trying to enforce under this bill. Only 55 percent of their base acreage today of the croplands in that county will be permitted to grow cotton, and if there is any additional reduction, it must come off that percentage. Yet right across the way in Humphreys County 78.5 percent of the croplands are permitted to be grown in cotton.

The percentage in some of the other counties is as follows: Jones County, 43.7 percent; Smith County, 49.7 percent; Lee County, 48.6 percent; Stone County, 24 percent. Stone County is a splendid agricultural county, and yet under the crop-control basis those farmers have been discriminated against until they are permitted to grow only 24 percent of their croplands in cotton, while the rich fertile county of Bolivar may grow 84.4 percent. This is the result of the program which my friends, the Senators from Alabama and South Carolina, want to put into this bill.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Washington?

Mr. BILBO. I yield.

Mr. SCHWELLENBACH. I should like to make inquiry about the status as between the text of the House bill and the provisions of the Senate bill. In making that inquiry I should like to make this statement, with which I think the Senator from Mississippi will agree.

I am a member of the Committee on Agriculture and Forestry. The question of all the details of the cotton title of the bill was very largely, almost exclusively, left to the representatives of the States in which cotton is grown.

Mr. BILBO. That is correct.

Mr. SCHWELLENBACH. Those representatives reported back to the committee on a title. So far as I am concerned, and I think so far as the committee was concerned, there was not involved in that title any dispute such as we have before the Senate now. If there was a dispute it should have been presented to the committee and should have been argued there. It is extremely difficult for those of us who are not familiar with the problems of the cotton States even to understand the meaning of this discussion. It seems to me that, if possible, this dispute should be left to the conferees with the hope that there the problem may be worked out.

I should like to inquire whether or not there is a sufficient difference between the text of the House bill and the provisions of the Senate bill, if the amendment of the Senator from South Carolina is adopted or if the amendment of the Senator from South Carolina is rejected, to have this question fought out by the conferees?

Mr. BILBO. If the amendment of the Senator from South Carolina is adopted it would do away with any opportunity to correct the inequities in conference, because there is nothing in the text of the House bill that would enable us to put this proposition into conference. It is my understanding, as a member of the committee, that this formula, with three legs on it, was agreed to by the committee and that the committee came before the Senate as a body recommending it. I am sorry to see that one of the members of the committee has gone astray.

What I am contending is that if there be any question about the effect this is going to have, then let the amendments go to conference with the House conferees, and let us

find out in the meantime if there is any possibility of adjusting the differences.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BILBO. Certainly.

Mr. OVERTON. I have been informed that if the amendment of the Senator from South Carolina is adopted there will be nothing in conference, because the provision in the text of the House bill is similar to subparagraph (2).

Mr. BILBO. That is correct.

Mr. OVERTON. That is all that under the amendment of the Senator from South Carolina would be retained in the Senate bill.

Mr. BILBO. That is correct. I appreciate the Senator's contribution because it is the truth about the situation. If we adopt the amendment offered by the Senator from South Carolina it would destroy any opportunity on the part of the conferees even to consider adjustment of the wrongs about which three-fourths of the counties of one Commonwealth have complained. I certainly think the three proposals ought to go to conference so we may have an opportunity to try to bring about an adjustment.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. McGILL. I believe the Senator is mistaken with reference to the cotton provisions of the House bill. I should like to inquire of the Senator, from his examination of the bill, if there is anything in the House bill similar in language or any language having a meaning that would be similar in character to subparagraphs (1) and (3) on page 35 of the Senate bill.

Mr. BILBO. I yield to the Senator from Arkansas [Mr. MILLER] to answer the Senator's question.

Mr. MILLER. Mr. President, the provision in the House bill with reference to the allotment or apportionment to the counties is found on page 67 in paragraph (c), and a reference to it discloses that no formula is prescribed in the House bill, so that if subparagraphs (1) and (3) are taken out of the Senate bill in accordance with the amendment proposed by the Senator from South Carolina [Mr. BYRNES], then the only method of apportionment would be under subparagraph (2) of the Senate bill, which corresponds to paragraph (d) of the House bill, so there would really be nothing in conference except some language which, when analyzed, means the same thing.

Mr. McGILL. The Senator from Arkansas is of the opinion that if subparagraphs (1) and (3) are retained, the subject matter would be in conference?

Mr. MILLER. There is no doubt about it.

Mr. NEELY. Mr. President, for reasons that should be obvious to anyone who has listened to the 32 utterly conflicting speeches on the subject of cotton that have been made here since 4 o'clock, I move to amend the pending amendment by adding after the last word thereof the following:

> The Chair shall immediately appoint a committee of three, who, by peaceful means, shall endeavor to prevail upon at least two Senators from cotton-growing States to agree before Christmas upon at least one sentence of the pending bill relative to the production and control of cotton.

[Laughter.]

The PRESIDING OFFICER. The amendment is not in order. The question is on agreeing to the amendment of the Senator from South Carolina. [Putting the question.] The Chair is in doubt.

Mr. McGILL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McGILL. Are we voting on the amendment proposed by the Senator from South Carolina or upon the committee amendment?

The PRESIDING OFFICER. The question is upon the motion of the Senator from South Carolina [Mr. BYRNES] to strike out subparagraph (1) of paragraph (c) on page 35 of the bill.

Mr. BILBO. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McKELLAR (when his name was called). On this vote I have a pair with the senior Senator from Delaware [Mr. TOWNSEND], but I have been informed that on this question he would vote as I shall vote. I vote "yea."

The roll call was concluded.

Mr. AUSTIN. I desire to announce the following general pairs:

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN];

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Virginia [Mr. GLASS];

The junior Senator from North Dakota [Mr. NYE] with the Senator from Illinois [Mr. LEWIS]; and

The senior Senator from North Dakota [Mr. FRAZIER] with the Senator from Massachusetts [Mr. WALSH].

I am advised the Senator from North Dakota [Mr. FRAZIER] would if present vote "nay."

Mr. MINTON. The Senator from Florida [Mr. ANDREWS], the Senator from Tennessee [Mr. BERRY], the junior Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Rhode Island [Mr. GERRY], the Senator from Iowa [Mr. GILLETTE], the senior Senator from Virginia [Mr. GLASS], the Senator from South Dakota [Mr. HITCHCOCK], the Senator from Illinois [Mr. LEWIS], the Senator from Kentucky [Mr. LOGAN], the Senator from Nevada [Mr. PITTMAN], the Senator from New Jersey [Mr. SMATHERS], the Senator from South Carolina [Mr. SMITH], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Massachusetts [Mr. WALSH] are unavoidably detained from the Senate.

The Senator from Delaware [Mr. HUGHES] is absent on account of illness.

Mr. BARKLEY. On this vote I have a pair with the senior Senator from Michigan [Mr. VANDENBERG], who is absent. Not knowing how he would vote if present, I withhold my vote.

The result was announced—yeas 47, nays 19, as follows:

YEAS—47

Adams	Chavez	Holt	Pope
Ashurst	Connally	King	Radcliffe
Austin	Copeland	Lee	Reynolds
Bailey	Dieterich	Lodge	Russell
Bankhead	Donahey	McAdoo	Sheppard
Bone	Duffy	McCarran	Steiwer
Bridges	Gibson	McKellar	Thomas, Utah
Brown, N. H.	Graves	McNary	Truman
Bulkley	Hale	Maloney	Wagner
Bulow	Hatch	Murray	Wheeler
Burke	Hayden	O'Mahoney	White
Byrnes	Herring	Pepper	

NAYS—19

Bilbo	Guffey	Lundeen	Neely
Brown, Mich.	Harrison	McGill	Overton
Ellender	Johnson, Colo.	Miller	Schwartz
George	La Follette	Minton	Schwellenbach
Green	Lonergan	Moore	

NOT VOTING—30

Andrews	Davis	Lewis	Thomas, Okla.
Barkley	Frazier	Logan	Townsend
Berry	Gerry	Norris	Tydings
Borah	Gillette	Nye	Vandenberg
Byrd	Glass	Pittman	Van Nuys
Capper	Hitchcock	Shipstead	Walsh
Caraway	Hughes	Smathers	
Clark	Johnson, Calif.	Smith	

So Mr. BYRNES' amendment to the amendment of the committee was agreed to.

The PRESIDING OFFICER. The question now is on the amendment offered by the Senator from South Carolina [Mr. BYRNES] to strike from the committee amendment paragraph (3), which will be stated.

The CHIEF CLERK. On page 35, line 8, it is proposed to strike out the following:

> (3) The number of families composed of two or more persons actually residing annually on and actually engaged in the produc-

tion or growing of cotton, together with other farm crops, on the tilled lands of the county.

The amendment to the amendment was agreed to.

Mr. CONNALLY. Mr. President, I have consulted the members of the Committee on Agriculture and Forestry, and I offer an amendment to the committee amendment to be inserted at the end of line 7.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to insert at the end of line 7, page 35, the following:

The marketing quota for irrigated lands within irrigation districts wherein because of injury to or destruction of irrigation works or lack of a normal supply of water or other cause such lands have not for the past 5 years had a normal production of cotton, shall not be less than 70 percent of the amount of cotton produced on such lands in 1937.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. LEE. Mr. President, I wish now to offer a substitute for the cotton title to the bill.

The PRESIDING OFFICER. The amendment is now in order, all the amendments to the cotton title having been acted on.

Mr. BAILEY. Mr. President, I had understood that I would be allowed to offer an amendment to the cotton title.

Mr. BARKLEY. Mr. President, when the title was being considered a day or so ago, the Senator from North Carolina suggested that he desired to offer an amendment to the title, and I assured him that when the time came there would be no objection so far as I was concerned; and if he has the amendment to offer, it should be offered before the substitute for the entire title is presented.

Mr. BAILEY. I will detain the Senate but a moment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky that the Senator from North Carolina be permitted to offer an amendment to the cotton title? The Chair hears none, and the amendment will be stated for the information of the Senate.

The CHIEF CLERK. It is proposed to insert at the proper place in the bill the following:

Sec. —. If any producer of cotton shall have contracted with the Department of Agriculture (1) to sell not less than 30 percent of his cotton crop for export, (2) to comply with the stipulations of the Department as to soil conservation and the planting of non-soil-depleting crops, and (3) not to plant a larger acreage to cotton than his 10-year average (1927–37), he may elect at his option to receive in lieu of all other rewards, except loans under title VII, a bounty of $10 per bale of 500 pounds for that portion of his annual crop of cotton sold by him for export not exceeding, however, 60 percent of his production for any year, and the penalty herein provided shall not be imposed upon such farmer save in respect to such cotton as he produces in any year in excess of said 10-year average. This section shall apply whenever the spot market price of Middling cotton is 12 cents or less per pound.

The Secretary of Agriculture shall prepare and publish appropriate rules and regulations to carry into effect the purpose and intent of this section.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Carolina.

Mr. BAILEY. Mr. President, is it too late for me to explain the amendment? I am satisfied that Senators will favor it.

The PRESIDING OFFICER. The Senator is in order if he wishes to explain the amendment.

Mr. BAILEY. I will be very brief because it is late, and I do not wish to detain the Senate.

The amendment is an amendment which does not add to the expense of the bill. It does provide, however, that a cotton farmer complying with the terms of the law and the stipulations of the Department of Agriculture shall be permitted, at his option, to take a bounty of $10 a bale in lieu of all other benefits under the law.

My reason for putting forward the amendment is that there is nothing in the proposed legislation, there is not a word in the bill, tending to preserve to the American people their export trade in cotton. We know that that trade has been lost very rapidly the last 5 years. We know that the foreign production of cotton has increased by 84 percent in the last 5 years. We know that unless we do something to preserve our export trade in cotton practically all the remainder of our cotton trade abroad, about 5,000,000 bales now, will go the way of the other 5,000,000 bales.

I offer the amendment in order to get before the Senate, in the first place, and through the Senate, before the conferees, the principle of a substitution of benefits under the bill in order to encourage and I hope to preserve to some extent our export trade in cotton. Upon that I will be perfectly willing to have a vote.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. CONNALLY. Does the Senator's amendment require that in order to get the $10 the farmer must cooperate like every other farmer?

Mr. BAILEY. Absolutely. I put down the stipulation seriatim. He must comply with all the terms.

Mr. CONNALLY. When does he have to exercise his option?

Mr. BAILEY. He exercises the option when he agrees to sell his cotton, either 30 percent—that is the minimum—or up to 60 percent of his cotton. He can do that when he gets the cotton in his hands.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. OVERTON. Does the Senator's amendment apply only to cotton that is exported, or to cotton that has to be used?

Mr. BAILEY. Just to the export cotton; that is all; and that is only for 60 percent of his crop. It cannot be more than that.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina [Mr. BAILEY].

The amendment was agreed to.

Mr. BANKHEAD. Mr. President, the senior Senator from South Carolina has a very important amendment that he wishes to offer. He is unable to be here tonight. It is an amendment with respect to purchase of cotton. I want to see if the right can be preserved to him to present that amendment tomorrow. I told him when he left that I did not think we would finish the consideration of the bill tonight and he went away with the understanding that it would not be finished.

Mr. BARKLEY. Mr. President, is that an amendment to the cotton title?

Mr. BANKHEAD. It is not necessarily an amendment to the cotton title, but it relates to cotton. It is an amendment directing the Commodity Credit Corporation to go into the market and buy a certain quantity of cotton.

Mr. BARKLEY. Would that be an amendment in the cotton title?

Mr. BANKHEAD. Not necessarily at all; but I did not want to take any chance about it.

Mr. BARKLEY. My reason for inquiring is that if it is not essentially offered to the cotton title, the Senator from Oklahoma [Mr. LEE] desired to offer his substitute to the cotton title and speak on it for 15 minutes; so if that amendment has to be offered in another place in the bill we might be able to dispose of the substitute with no prejudice to the Senator from South Carolina.

The PRESIDING OFFICER. Will the Senator from Kentucky permit the Chair to make a statement? The Chair is informed that the amendment presented by the Senator from South Carolina [Mr. SMITH] was ordered to be printed and to lie on the table. The Senator asks that it be inserted at page 82.

Mr. BARKLEY. That is not in the cotton title, so there is no prejudice.

Mr. BANKHEAD. That is entirely agreeable. I wanted to see that the Senator's rights were preserved, and that he did not lose his rights through any technicality.

Mr. President, before the Senator from Oklahoma [Mr. LEE] speaks, I wish to say that several days ago I gave notice that I would offer an amendment defining parity payments. It is not necessarily a part of the cotton title, because it relates to all of these commodities—wheat, cotton, and corn. I do not want to lose the right to present that amendment.

I am sure it is not controversial in any way; but if it is necessary to present it now, I should like to do it.

The PRESIDING OFFICER. Is the amendment to be inserted in the cotton title?

Mr. BANKHEAD. No, Mr. President; it is to go on page 73 of the bill.

The PRESIDING OFFICER. Then the Senator will not lose any rights so far as the cotton title is concerned.

Mr. BANKHEAD. That is all I wanted to know.

Mr. POPE. Mr. President, has the Senator from Oklahoma the floor?

The PRESIDING OFFICER. No; the Senator from Oklahoma has not the floor now, but the Chair proposes to recognize him if all the amendments to the cotton title have been disposed of, since the Senator from Oklahoma desires to offer an amendment in the nature of a substitute for the cotton title.

Mr. POPE. Then I yield the floor, because my amendment is to another part of the bill.

Mr. CONNALLY. Mr. President, I have an amendment which does not modify any language of the cotton section, but it does relate to the establishment of a cotton research laboratory. If it can be done without prejudice it might be well for that amendment to go over until tomorrow.

Mr. BARKLEY. Yes; there is no question that it can be passed over until tomorrow without prejudice.

Mr. LEE. Mr. President, I am perfectly agreeable to deferring consideration of my substitute until tomorrow; but if it is desired that I do so, I shall speak on it and take advantage at this time of the opportunity to offer my amendment to the bill in the nature of a substitute for the cotton title.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Oklahoma [Mr. LEE] in the nature of a substitute will be printed in the RECORD at this point and considered as having been read.

Mr. LEE's amendment is as follows:

In lieu of the matter proposed to be inserted by the committee amendment, page 31 to line 11, page 40, insert the following:

"TITLE III—DOMESTIC ALLOTMENTS FOR COTTON

"SEC. 30. The Congress herewith finds as follows:

"(a) The marketing of cotton constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Cotton produced for market is sold on a Nation-wide market and practically all of it and its products move almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The manufactured products of cotton are used for necessary clothing by nearly every person in the United States. The farmers producing such commodity are subject in their operations to uncontrollable natural causes, are widely scattered throughout the Nation, and are not so situated as to be able to organize effectively, as can labor and industry, for joint economic action; and in many cases such farmers carry on their farming operations on borrowed money or leased lands. For these reasons, among others, the farmers are unable without Federal intervention to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide and foreign markets.

"(b) The disorderly marketing of excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, (4) depleting the soil resources of the United States, and (5) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

"(c) Whenever an excessive supply of cotton exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of supply in such commerce.

"(d) It is hereby declared to be the policy and the purpose of the United States to encourage the annual production of an ample supply of cotton of suitable grade and staple to supply all domestic and foreign consumption of such cotton and in addition thereto to maintain at all times a large enough surplus to meet all offers from all sources to buy American cotton at fair and reasonable prices, and never in excess of the world-market price for cotton of similar quality.

"SEC. 31. (a) For the marketing year ending in 1939 and each marketing year thereafter, there shall be established for each farm of any farmer producing cotton a domestic allotment with respect to the sale of cotton. The normal year's domestic consumption of cotton shall be allotted by the Secretary among the several States and among the counties or other administrative areas in such States deemed by him the most effective in the region for the purposes of the administration of this act. Such allotment shall be on the basis of the annual average production of cotton within such States and administrative areas during the preceding 10 years, with adjustments for abnormal weather conditions, trends in production, and the diversion of acreage under the agricultural adjustment and conservation programs during such period.

"(b) The allotment for each such administrative area shall be allotted, through the State, county, and local committees of farmers hereinafter provided, among the farms within the local administrative area on which the cotton is produced for market, on the basis of the average annual production of cotton on such farms during the preceding 10 years, with equitable adjustments for abnormal weather conditions, crop failures, diversion of acreage under the agricultural adjustment and conservation programs, and the cotton productivity of the total cultivated ground on such farms (considering land used for growing alfalfa and other temporary hay crops as cultivated ground): *Provided*, That the minimum allotments of cotton for any farm shall not be less than the smaller of the following amounts: (1) The amount of the average production of cotton on such farm during the preceding 10 years, or (2) an amount of cotton for each family engaged in the production of cotton on such farm having a value of $300, computed at the loan value hereinafter provided. Not less than 3 percent of the allotment of each such commodity to each administrative area shall be available for allotment to farms on which none of such commodity was produced during the preceding 10 years.

"(c) The amount of cotton allotted to a farm under this section shall be its domestic allotment with respect to such cotton.

"SEC. 32. (a) The domestic allotment of cotton for each farm shall be apportioned among the persons continuously engaged as share-tenant, sharecropper, or, as the case may be, as owner or cash tenant, in the production of cotton on such farm in the calendar year in which the apportionment is made on the basis of each such person's share in the cotton produced on such farm: *Provided*, That if the amount of the allotment apportioned to any person under this section would otherwise exceed 10 standard bales (of 500 pounds each), such amount shall be reduced by 25 percent of that part of the amount in excess of 10 bales but not in excess of 14 bales; by 50 percent of that part of the amount in excess of 14 bales but not in excess of 18 bales; and by 75 percent on that part of the amount in excess of 18 bales.

"(b) If the Secretary during any year finds that the national domestic allotment previously announced for such year will not meet current domestic consumption requirements, he shall increase such national domestic allotment to an amount which will meet such requirement and individual farm allotments for such year shall also be increased proportionately.

"SEC. 33. (a) The Secretary of Agriculture shall issue bale tags (hereinafter referred to as "domestic allotment tags") to each person who has received an allotment, covering an amount of cotton in pounds equal to such person's allotment.

"(b) Whenever any person shall have "domestic allotment tags" in excess of his actual production of cotton, such person may (1) sell or otherwise dispose of such excess tags, (2) use such tags for a succeeding year's production of cotton, or (3) surrender such excess tags to the Commodity Credit Corporation. The Commodity Credit Corporation shall operate "excess domestic allotment tag pools" and shall offer such tags in such pools for sale on the first day of each month and shall transmit to each person who has contributed to such pool his proportionate share of such sale of such excess tags.

"SEC. 34. (a) After July 31, 1938, it shall be unlawful for any person to process any cotton to be used in domestic consumption in the United States, which is not cotton accompanied by domestic allotment tags issued pursuant to this act. Such unlawful processing of cotton shall be a misdemeanor and shall be punished by a fine of not more than $1,000 for each day such offense continues.

"(b) The Secretary shall issue, without charge, for each of the marketing years 1938–39 and 1939–40 to any persons owning any cotton on the date of enactment of this act, domestic allotment tags for an amount of cotton equal to 25 percent of the amount so owned by him on such date.

"(c) Any processor of cotton in the United States desiring to process cotton for export may purchase same without regard to the

existence of domestic allotment tags upon the posting of a bond with the Secretary of Agriculture equal to double the value of a like poundage of cotton eligible for domestic consumption, conditioned that the processed cotton, or its products, would be exported from the United States within 1 year from the date of such purchase.

"(d) All persons engaged in the processing or sale of cotton shall, from time to time, on request of the Secretary, report to the Secretary such information, and keep such records, as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be recorded and such records shall be kept in accordance with the forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of any such person. Any such person failing to make any report or keep any records as required by this subsection, or make any false report or record, shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500 for each offense.

"SEC. 35. In order to effectuate the declared policy of this act, the Commodity Credit Corporation is hereby authorized and directed to make loans on all cotton accompanied by domestic-allotment tags. Such loans on cotton shall be made at the parity price or 20 cents per pound, whichever is the higher, on cotton of ⅞-inch staple and Middling grade, with proportionate increase or decrease in the amount of said loan, depending upon the grade and staple of such cotton. Such loans shall be made without recourse and on the security solely of the stocks of cotton with respect to which the loan is made, which are insured and stored under seal in accordance with regulations of the Secretary. The Commodity Credit Corporation shall not dispose of any cotton acquired by it except at a price equal to the parity price thereof plus carrying charges or 20 cents a pound, plus carrying charges, whichever is the higher, at the time of sale.

"SEC. 36. The President and the Tariff Commission are hereby authorized and directed to promulgate such rates of import duties on cotton, articles processed from cotton, and cotton substitutes as will bring the basic price of raw Middling cotton to the parity price fixed by the Secretary.

"SEC. 37. The Secretary is authorized to make such regulations in connection with the administration of this title as he deems necessary or advisable.

"SEC. 38. Notwithstanding the provisions of title I of this act, the provisions of such title shall be applicable with respect to cotton only for the marketing year ending in 1938.

"SEC. 39. The Commodity Credit Corporation is hereby authorized and directed to extend the maturity date of all notes evidencing a loan made by that Corporation on cotton produced during the crop year 1937–38 from July 31, 1938, to July 31, 1939.

"The Corporation is further authorized and directed to waive its right to reimbursement from warehousemen accruing because of the improper grading of cotton as provided in the loan agreement. Except insofar as herein specifically modified, all the terms and conditions of the loan agreement shall remain applicable."

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. LEE. Mr. President, my amendment affects only cotton, and applies only to the cotton title. It is a substitute for the entire title. It does not deal with any other commodity but cotton. It is based on a domestic allotment to the farmers of their share of the domestic market for cotton. It provides that the farmer shall be issued tags, one tag for each bale allotted to him, and that it shall be unlawful for any processor or miller to manufacture untagged cotton. That means that the untagged cotton will seek its level in the world market and flow in the channels of trade unregulated. It simply tags the cotton that has, according to the estimates, been designated as the part we will use in this country.

The amendment provides that the Commodity Credit Corporation shall loan the farmer either parity or 20 cents a pound, whichever is lower. If parity were higher than 20 cents a pound for cotton, then he could borrow parity on his cotton; or, if not, then he could borrow up to 20 cents a pound on his cotton. There is no recourse on these loans. It amounts to a temporary purchase, but the cotton will not be in the hands of the Commodity Credit Corporation long, because the processor knows that he can process only tagged cotton; therefore, he must purchase it.

The amendment also provides that the manufacturer may purchase untagged cotton for export trade at the regular world price. That is, if he wants to manufacture shirts and ship them abroad, he may buy cotton at the world cotton price, but for what we use in this country he must buy tagged cotton. That tagged cotton will bring the farmer 20 cents. That device, that method of pegging the price by means of a loan, has been used before. This method requires no appropriation from the Treasury. It is a means of giving the farmer a reasonable price for the part of his cotton which we wear in the United States.

The amendment also provides that if a farmer takes home some of his surplus cotton and stores it, he may use that cotton the next year for part of his allotment if he so desires. That will have a tendency to cause him to provide his own crop insurance; and also, as he stores that bale or three or four bales of cotton in his warehouse, and passes it every day or two, it will remind him of the surplus of cotton; and when he goes to plant next year he will not have to allow as much margin as if he did not have any cotton stored, because he knows he can use those bales as part of his domestic cotton on which he can receive 20 cents a pound.

Mr. BONE. Mr. President, will the Senator yield to me for a question?

Mr. LEE. I yield.

Mr. BONE. I notice that the Senator made the statement that his substitute covers only cotton. I have the printed amendment, dated November 29, which refers to cotton, wheat, and corn.

Mr. LEE. The Senator has the wrong amendment. There is another one which refers to the cotton title only.

Mr. President, my amendment also takes care of the surplus that is on hand, by allowing the holders of cotton at the present time an allotment for the next year of one-fourth of what they have. Each farmer, whatever he has on hand, is allowed one-fourth of that, which he may sell to the domestic market, and one-fourth the next year. That will mean that at least one-half of the cotton that is on hand can go into the domestic market. Of course, that amount will have to be deducted from the total allotment to the farmers.

The amendment also provides a graduated scale of allotment, beginning with 10 bales to the family, and then for the next 4 bales a reduction of 25 percent, leaving them 3 bales, and for the next 4 bales a reduction of 50 percent; and then, above that, a reduction of 75 percent in order to give the family-size farm some advantage in the allotment.

Most of the cotton that is on hand at the present time is already out of the hands of the farmer; so anything we do now toward the purchase of that cotton, anything we do toward taking care of the cotton that is on hand now, is not going to help the actual dirt farmer very much. It will help the speculators, it will help the manufacturers, but it will not help the actual farmer very much, because by the middle of December most of the cotton is out of his hands.

There are a few bolls left, and in a few days the farmers will gather those bolls. They are not valuable. The cotton lint is not of a very high type. Therefore, the purchase of the cotton on hand is not really contemplated to be of much aid to the real cotton farmer himself.

I am going to read some questions which I want to ask the committee members, and I hope they will answer them in their time, not in mine. I hope the Senators will give ear to these questions and answer them before we vote on this amendment.

First. Is it a fair analogy to compare big-business control of production with the farmer's situation if there is a difference with respect to the following points: First, big business can lay off its employees and decrease its overhead. The farmer cannot stop feeding his mules. Second, big business is headed by a few people, and they can easily organize. Two men in the steel business can determine the price of steel. Perhaps one man can do so. The four big packers can determine the price of beef. Two concerns, the Standard Oil and the Dutch Shell, can determine the price

of oil. But the farmers are legion in number. They cannot get together so easily.

Big business can determine today exactly what its production will be a year from today. The farmer cannot because of the numerous hazards he faces.

Therefore, the first question: When speaking of reducing production, is it fair in making an analogy to compare the farmer with big business?

Second. Do you think the referendums provided in your bill offer the farmer any choice? Does not the economic pressure of desiring to have a living leave the farmer no choice in the matter? Yesterday in Russia an election was held, and I notice that Joseph Stalin was unanimously elected, because the voters in Russia had no chance to vote for anyone other than Stalin. There is just about that much choice provided in the referendums on cotton for which provision is made in the bill. It is either that "or else."

Third. Is it fair to allow a little over one-third of the farmers to prevent the other farmers from receiving benefits either from loans or from parity payments as provided in the bill?

Fourth. Is it not reasonable to believe that the production control provided in your bill will foment strife in every community? When we see how the cotton Senators on the floor fight among themselves, what do you think the cotton farmers are going to do when we clamp this thing down on them? They will burn each other's barns. I have already heard the word "chiselers" used here on the floor, Senators calling those farmers "chiselers" who want to follow their God-given right to raise what they want to raise on their land. Why, they will burn each other's barns. They will burn the crops. They will destroy them, and it will lead to bloodshed.

Fifth. If the price of American cotton does not materially affect foreign trade, then how do you account for the fact that we lost some of our foreign trade at the same time that world consumption was increasing?

Sixth. Under your bill, if you increase the price of cotton to parity—which is 16½ cents a pound at present, and the world market is 7½ cents a pound at present—do you believe we can still sell to foreign markets at 16½ cents a pound the same amount of cotton we are now selling? Do you believe we would still be able to export 5,000,000 bales of cotton, as at present, particularly when there is 9 cents a pound difference between the American price and that of world cotton?

Seventh. Under your bill, what do you propose to give the cotton farmer next year that he is not already receiving besides strict control? In other words, what help do you offer him next year, or even the next year, more than he is now receiving?

Eighth. What do you propose to do with the unemployed that will result from your program of curtailment?

Ninth. What do you propose to do to prevent the diverted acres from raiding the markets of other farm commodities?

Remember, Senators, when you vote on this matter, that the question is not, "Is the substitute perfect?" You are not voting on the question, "Are there any defects in the substitute?" You are voting on the question, "Which is better, the substitute or the cotton title of this bill?" That is the only question you have to decide.

I have only a few minutes left, and I am going hurriedly to make a comparison of seven differences:

(1) This proposal will give the farmer an actual money benefit. I cannot see how that title of the committee bill will give him any money benefit next year over what he is receiving at the present time. This proposal will give him benefit without cost out of the Treasury, whereas the committee bill provides for payments out of the Treasury.

(2) This proposal will result in voluntary control, whereas the committee bill requires compulsory control—the voluntary control of the farmer who is not willing to spend what he gets for the amount allotted to him in order to raise a great deal of cotton at a loss.

(3) The committee bill will increase unemployment. This substitute will decrease unemployment.

(4) The committee bill will destroy and lose our foreign markets. The substitute will save our foreign markets.

(5) The substitute will increase the buying power of the farmer. Give us 20-cent cotton in Dixie, and we will start buying from the factories and mills of the North and the East, and this little recession that is being talked about will be overcome. We will begin out at the grass roots, where recovery must start. The people there will start buying the many things they need, and that is the way to start the world on the road to recovery; but, with your program, in my opinion, you will decrease the gross income of the farmers in cotton.

(6) The committee bill will destroy the independence of the farmer. The substitute will save the independence of the farmer.

(7) The committee bill will divert acres that will go into competition with the dairy farmers, the fruit growers, and the vegetable growers when you take cotton off those fertile acres. The substitute will protect your other markets, whereas the committee bill will destroy your other markets.

I wish to read a telegram from Peter Loran, president of the Texas State Farmers' Union:

Understand that you are introducing domestic allotment bill; wish you success. We are with you. Thanks.

Many farmers have telegraphed me. These telegrams I have selected as being from real farmers. I have many other telegrams; but I ask permission to have these telegrams from farmers printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegrams are as follows:

CROCKETT, TEX., *December 3, 1937.*

Hon. JOSH LEE,
Senator of Oklahoma:

We are east Texas planters and endorse the farm bill which you have introduced.

R. L. SHIVERS.
P. CAPRIELIAN.
W. F. COOPER.
C. L. HOOKS.

DUNCAN, OKLA., *December 7, 1937.*

Senator JOSH LEE,
Senate Building, Washington, D. C.:

We the undersigned producers and businessmen wholeheartedly endorse your domestic allotment plan.

E. C. Brooks, farmer; W. D. Weldon, farmer; H. F. Doyle, farmer; D. N. McEntye, farmer; G. I. Jones, farmer; J. B. Nichols, farmer; Lon Prater, farmer; M. S. Cook, farmer; F. A. Brown, ginner, Farmers Gin Co.; Lee Carter, farmer; Dave Jackson, farmer; J. A. Blaydes, farm and other business; Ira M. Lang, banker; Farmers Union Cooperative Gin, 300 members; W. A. Sage, ginner; W. R. Williams, farmer; Claud Underwood, farmer; Luther Howard, ginner; M. H. Peddy, farmer; Earl Williams, farmer; James Pinson, farmer; L. A. Morton, farmer; Percy Stogsdill, pharmacist; P. C. Coombs, insurance.

ALTUS, OKLA., *December 5, 1937.*

Hon. JOSH LEE,
Senate Building, Washington, D. C.:

Domestic allotment bill is only solution to cotton problem of Oklahoma. This will create home labor and help salvage our export trade. Your support of this measure is respectfully requested by the undersigned cotton farmers.

J. Boyd McMahan, J. O. Clowdus, J. T. McNeely, Sam Watson, N. W. Lavender, U. B. G. Gray, H. C. Shive, L. C. Jones, John B. Walker, J. D. Drewery, Sam Adams, Luther Bush, J. R. Stout, Mrs. J. D. Littlefield, J. A. Doughty.

OKMULGEE, OKLA., *December 1, 1937.*

Hon. JOSH LEE,
Senate Chamber:

We as farmers prefer that you do not impose restrictions on us. If you must do something, give us domestic allotment. If the Federal Government cannot help us, then we prefer to be let alone. We believe this is the sentiment of almost all farmers.

Brown McEwen, Alva Morgan, Geo. Abernathy, Lige Dotson, Joe Beidleman, Tom Stanley, Andy Crawford, Eugene Pete, Jess Aldridge, Pete Cato.

LUBBOCK, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
Strongly favor your proposed bill allowing subsidy payment on domestic allotment, no acreage reduction. Believe bill would be instrumental in regaining world markets.

M. E. HEARD,
Head Textile Engineering Department,
Texas Technological College.

HOUSTON, TEX., *December 2, 1937.*

Senator JOSH LEE,
Washington, D. C.:
We are in favor of your bill with the domestic allotment, but without the acreage control, because it would increase unemployment on farms and among longshoremen and railroad workers, thereby creating economic disaster to business in Texas. If we are able to export the surplus, say 6 or 8 million, we heartily endorse cotton bill for domestic allotment. We favor legislation that will help the cotton grower and will not destroy cotton exports. The longshoremen and other laborers in the South depend largely on export cotton for their livelihood.

M. J. DWYER,
President, Gulf Coast District
International Longshoremen's Association.
A. E. ANDERSON,
Secretary, Gulf Coast District
International Longshoremen's Association.

LOS ANGELES, CALIF., *November 30, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
The California-Arizona Cotton Association has wired Senators and Congressmen from both California and Arizona, as well as growers' representatives from both States now in Washington, requesting that they give your bill their earnest support, as feel this bill the solution to cotton situation. Best regards and good luck on this bill.

DAVE LOWRY.

MADERA, CALIF., *December 1, 1937.*

Senator JOSH LEE,
Washington, D. C.:
Please oppose Pope bill. I favor your bill introducing the incorporation of domestic-allotment program with subsidy to growers on proposition of each man's crops equal to proportion domestically consumed out of entire crop, eliminating all production-control features.

C. A. RIDGEWAY.

NORMAN, OKLA., *December 2, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Very much in favor your domestic allotment plan bill. Believe this the best thing possible for the cotton farmer. Unless something like this is done foreign countries will take the cotton business away from us.

F. W. TRAYLOR.

ALTUS, OKLA., *December 2, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Believe your stand on domestic allotment cotton bill for best interests of this section. Cotton our primary crop and its extensive production essential to general prosperity. Kindest personal regards.

HARRINGTON WIMBERLY,
Editor, Altus Time Democrat.

ABILENE, TEX., *December 2, 1937.*

Senator JOSH LEE,
Senate Office Building:
Your domestic allotment bill with no acreage reduction seems to be fairest plan to all concerned and undoubtedly will hold larger percent of world markets to South's cotton.

GEORGE A. WALL.

FREDERICK, OKLA., *December 2, 1937.*

Hon. JOSH LEE,
Senate Building, Washington, D. C.:
Your domestic allotment plan suitable for the South; push hard. In fact the only thing that will keep the South from going into bankruptcy. All my farmer neighbors for it.

L. N. GILLILAND.

WASHINGTON, D. C., *December 1, 1937.*

Senator JOSH LEE:
I am in favor of the objective of your bill.

RALPH W. MOORE,
Master Texas State Grange.

SPUR, TEX., *December 3, 1937.*

Senator JOSH LEE,
Washington, D. C.:
Endorse your domestic allotment plan in full. Put it over.

GLENN DOBKINS,
Cotton Producer, Roaring Springs, Tex.

OKLAHOMA CITY, OKLA., *December 3, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Congratulations on your domestic allotment plan program. Hope you receive enough support for same to carry. Believe farmers much prefer this than a compulsory control program.

R. C. MOSS.

ALTUS, OKLA., *December 4, 1937.*

Hon. JOSH LEE,
United States Senator, Washington, D. C.:
Congratulations upon your position and speech on the domestic-allotment plan, and please push it with all your might.

WALDO T. ODEN.
W. B. FORRESTER.
GLEN PUTMAN.

CHILDRESS, TEX., *December 5, 1937.*

Senator JOSH LEE,
Washington, D. C.:
Am very much in favor of your bil. introduced in the Senate concerning cotton. Think Senator BANKHEAD's proposed bill would ruin the South.

GEO. L. BARRY.

BAKERSFIELD, CALIF., *December 1, 1937.*

Hon. JOSH LEE,
Senate Office:
We heartily endorse your stand on cotton domestic allotment proposal.

G. E. GILMORE.

BERTRAM, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
We heartily agree with your bill.

C. N. MOSES.
JOHN L. RUSSELL.

VERNON, TEX., *December 1, 1937.*

Hon. JOSH LEE,
United States Senator, Senate Office Building:
Understand you have endorsed the domestic allotment plan for cotton. I am convinced that this plan is most suitable and will produce long-range benefit for the South. The farmer will be helped financially and America will be able to regain her foreign markets lost under the restricted acreage program.

AUBREY L. LOCKETT.

MCLOUD, OKLA., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
We commend the position you have taken on agriculture, particularly cotton.

JOHN S. SEIKEL.
ARTHUR LYLE.

LONGVIEW, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
In considering any farm legislation, I trust you and your colleagues will seriously bear in mind that any acreage control of cotton means disaster to the agriculture, textile, and industrial interests of the South. Certainly some form of subsidy on domestic-used cotton can be worked out which the farmer is undoubtedly entitled to, and leave him to work out his exportable surplus. Your bill seems to be most workable.
Sincerely,

O. H. GRISSOM.

CHECOTAH, OKLA., *December 1, 1937.*

Hon. JOSH LEE,
United States Senator:
We heartily approve of the domestic farm allotment bill which you are sponsoring. We think it the best solution yet offered.

R. J. KOCH.
W. A. YOUNG.

PRAGUE, OKLA., *December 1, 1937.*

Hon. JOSH LEE,
Senate Office Building:
Wish to compliment you on your farm bill amendment.

GEORGE T. JEPSEN.

TERRELL, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
Your domestic allotment plan as against compulsory acreage control meets with my hearty approval, and I commend you highly in your effort to save the cotton farmer and the one hundred and one other interests that are dependent on cotton and cottonseed.
W. P. ALLEN.

BOSTON, MASS., *December 1, 1937.*

Senator JOSH LEE,
United States Senate:
Congratulations. Hope other Senators will concur with your views regarding adjustment payments on a domestic quota of cotton in the farm bill.
ROLAND M. BAKER, JR.,
141 Milk Street.

DALLAS, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
Wish to express my agreement with you in regard to your domestic allotment bill. Also wish to endorse the position you have taken against passage of compulsory acreage-control legislation.
J. H. JONES.

STAMFORD, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Wish to endorse your cotton plan. Believe subsidy payments on domestic allotments plan without restricted production fair to producers and only way keep foreign markets.
W. B. HARRISON.

OKLAHOMA CITY, *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Self and friends much pleased at your introduction of domestic-allotment bill. Consider this plan feasible and equitable to all interested parties.
M. F. JONES.

MANGUM, OKLA., *December 2, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
I concur with you in your domestic allotment plan, and your interest in the unfortunate price handicap of your constituents will make them know you have harbored no selfish motives. Best personal regards.
R. C. PONDER.

CORCORAN, CALIF., *December 2, 1937.*

Senator JOSH LEE,
Washington, D. C.:
I endorse wholeheartedly the proposal presented by you based on domestic allotment. This country will support this plan.
R. C. SLAYBAUGH.

SNYDER, TEX., *December 1, 1937.*

Senator JOSH LEE,
Care Senate Office Building, Washington, D. C.:
Want to say we heartily endorse your proposed cotton bill, which understand is the domestic allotment plan, with no acreage restrictions. If this bill, or some such bill, is not enacted, there will come a time in the near future that 9,000,000-bale crop will be too much for the South to raise.
W. J. ELY.

ROSCOE, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Am very much in favor of your proposal, cotton bill. Think domestic allotment plan, and no restrictions on acreage, our best bet.
L. S. HOWARD.

SNYDER, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Strongly favor your cotton bill based on domestic allotment with no restrictions on acreage. Believe only way to retain our position in the world markets.
A. W. ARNOLD.

PORTERVILLE, CALIF., *December 2, 1937.*

Hon. JOSH LEE,
Senatorial Building, Washington, D. C.:
As I am in the cotton business here in California and know the sentiments of the cotton growers in the San Joaquin Valley, I feel free to say that they are backing your proposal based on the domestic allotment plan 100 percent.
H. E. CAMPBELL.

WYNNEWOOD, OKLA., *December 1, 1937.*

Hon. JOSH LEE,
Member, United States Senate:
Appreciate your efforts reference to cotton production. Think your stand as to parity payments meets with approval of the community. Let us not forsake the South's cotton crop.
A. R. WRIGHT.

LUBBOCK, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
Strongly favor your proposed cotton bill of subsidy based on domestic allotment and no restrictions on acreage.
D. L. MITCHELL.

OKLAHOMA CITY, OKLA., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Am very favorable toward domestic allotment plan and believe most cotton producers feel the same way.
CLAUDE S. HILL.

WAGONER, OKLA., *December 1, 1937.*

Hon. JOSH LEE,
Senator, Washington, D. C.:
Your domestic allotment plan seems to be the way out for the southern farmer, the small businessman, and labor in general in the South. We heartily endorse the bill.
C. H. WELDON.
W. A. LAYMON.
C. P. RUSHING.
W. M. WILKEY.
DALLASH FAUTCH.

MADERA, CALIF., *December 1, 1937.*

Senator JOSH LEE,
Washington, D. C.:
Please oppose Pope bill. I favor your bill introducing the incorporation of domestic-allotment program with subsidy to growers on proposition of each man's crop equal to proportion domestically consumed out of entire crop, eliminating all production-control features.
SHERMAN THOMAS.

OKLAHOMA CITY, OKLA., *November 30, 1937.*

Senator JOSH LEE,
Washington, D. C.:
We are heartily in accord with your domestic-allotment plan and trust it will receive support necessary for its passage.
PAT PORTEL.

MADERA, CALIF., *December 1, 1937.*

Senator JOSH LEE,
Washington, D.C.:
Please oppose Pope bill. I favor your bill introducing the incorporation of domestic allotment program with subsidy to growers on proposition of each man's crop equal to proportion domestically consumed out of entire crop eliminating all production control features.
V. B. LEWIS.

HANFORD, CALIF., *December 2, 1937.*

Hon. JOSH LEE,
Senatorial Building, Washington, D. C.:
I endorse heartily the proposal presented by you based on domestic allotments. This country will support this plan.
C. E. JOHNSON.

GRANITE, OKLA., *December 1, 1937.*

Hon. JOSH LEE,
United States Senate, Washington, D. C.:
The domestic allotment plan is the best farm bill introduced. It will return many farmers from the relief rolls to the farm. I urge your continued support of same and hope you will be successful in making it a law.
FRANK KOURI.

GALVESTON, TEX., *November 30, 1937.*

Hon. JOSH LEE,
United States Senate, Washington, D. C.:
Understand that you are introducing a domestic allotment bill dealing with cotton situation. Certainly trust that it will prevail. This is, in my opinion, a scheme which can be of immediate benefit to the farmers with the least harmful long-range effects.
HARRIS KEMPNER.

GREENVILLE, TEX., *November 30, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Heartily endorse bill providing payment to farmers on cotton for domestic consumption without acreage control. Feel this best method to protect farmers, also our foreign markets.
PAUL FAGALA.

HOUSTON, TEX., *December 1, 1937.*

Senator JOSH LEE,
United States Senate:
Congratulations on your cotton relief bill. May you be successful.

T. J. CALDWELL.

LUBBOCK, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
Think your cotton bill allowing subsidy payments on domestic allotment only solution to our farm problem and at same time allow us to regain our foreign markets with surplus acreage. Strongly recommend its passage.

I. W. BRISCOE.

LUBBOCK, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
Heartily endorse your ideas cotton bill domestic allotment indemnity no acreage restrictions. Believe only way retain our position in world cotton production and recover world market.

K. N. CLAPP.

LUBBOCK, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
Believe this section strong for your cotton bill favoring subsidy payment on domestic allotment and no acreage reduction.

T. L. PATTERSON.

LUBBOCK, TEX., *December 1, 1937.*

Senator JOSH LEE,
Senate Office Building:
In our opinion your cotton bill allowing subsidy payment on domestic allotment only solution to regain foreign markets.

T. H. CALVIN.

HOUSTON, TEX., *November 30, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Compliment you on your able exposition of absurdities and inequities Senate bill 2787. You are on right track in advocacy domestic allotment with compensatory payments on proportion each farm crop corresponding to proportion whole crop domestically consumed. This formula preserves employment of 2,000,000 cotton-growing families, a large proportion of which will be thrown on relief if Farm Bureau's production-control program adopted. It also preserves employment of several hundred thousand people engaged in ginning, compressing, oil milling, storing, transporting, and other allied activities. In my opinion, Farm Bureau program would wreck southern agriculture and the South as a whole and would have serious repercussions elsewhere by forcing Cotton Belt into competition with North and West in other products.

LAMAR FLEMING, JR.

GREENVILLE, TEX., *November 30, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Wish to encourage you in your fight for bill protecting cotton farmers under domestic allotment plan, leaving acreage uncontrolled to protect our position in foreign markets.

L. L. ATTWELL.

ABILENE, TEX., *December 2, 1937.*

Hon. JOSH LEE,
Senate Office Building:
Speaking not as an Oklahoman, my legal residence being Oklahoma, where it has been all my life, but as one interested in the cotton industry in all its phases, I fully agree with your domestic allotment bill, which I understand you propose to introduce. Your plan being undoubtedly the only salvation for the present deplorable conditions, resulting in loss of foreign markets, to the detriment and loss of the American producer. I hope you get ELMER THOMAS in line with your views. Please show him this wire.

W. D. MAXWELL.

ABILENE, TEX., *December 2, 1937.*

JOSH LEE,
United States Senator of Oklahoma, Washington, D. C.:
As a farmer of the Abilene territory, I heartily endorse and congratulate you on your proposed domestic allotment plan of unlimited acreage, no processing tax, and same soil-conservation program as present one, and am wiring my Congressman and Senator to that effect.

R. L. BLAND.

DUNCAN, OKLA., *December 2, 1937.*

Hon. JOSH LEE,
Senate Office Building, Washington, D. C.:
Congratulations on your domestic allotment bill. I heartily endorse same.

EMMETT HALL.

DUNCAN, OKLA., *December 2, 1937.*

Hon. JOSH LEE,
Senate Office Building, Washington, D. C.:
Fully in accord with your domestic-allotment bill introduced yesterday.

A. P. BURNS.

DUNCAN, OKLA., *December 2, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
Very much in favor of your domestic-allotment bill.

WILLIAM PETERS.

BALLINGER, TEX., *December 2, 1937.*

Senator JOSH LEE,
Senate Office Building, Washington, D. C.:
I heartily endorse your bill for adjustment payments on domestic quota to bring the farmers' return up to parity. Trust you will meet success with this bill.

C. L. BAKER.

DUNCAN, OKLA., *December 2, 1937.*

Hon. JOSH LEE,
Senate Office Building, Washington, D. C.:
Heartily endorse your domestic allotment bill introduced yesterday.

V. L. BROWNE.

OKLAHOMA CITY, OKLA., *December 13, 1937.*

Hon. JOSH LEE,
Senate Office Building, Washington, D. C.:
Have telegraphed ELMER THOMAS asking him give your domestic allotment farm bill his support. Growers income must not be cut down and hope your substitute farm bill wins Senate approval.

W. M. HYNDS.

OKLAHOMA CITY, OKLA., *December 14, 1937.*

Hon. JOSH LEE,
Senate Office Building, Washington, D. C.:
Strongly oppose any Government-control program. Have wired Senator ELMER THOMAS to endorse your domestic allotment plan to Senate farm bill.

W. P. HULBERT.

DALLAS, TEX., *November 30, 1937.*

Hon. JOSH LEE:
Understand you are presenting agricultural bill in connection with domestic allotment plan. I congratulate you and wish you success in your undertaking as this is the only sensible way to help agriculture.

NATHAN ADAMS.

MEMPHIS, TENN., *December 11, 1937.*

Senator JOSH LEE,
Senate Office Building:
There is a continually growing sentiment in this territory in favor of the domestic allotment principle of your amendment. We feel that any fixed price loan is dangerous and against the best interests of the producer. The close vote on reinstatement House bill indicates decided change in feeling. The Senate committee bill definitely would make growers income less than this year. Be assured that your bill is gaining friends and supporters every day.

C. W. BUTLER.

Mr. LEE. Here is a letter from J. E. McDonald, commissioner of agriculture of Texas, which I also ask to have included in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

DEPARTMENT OF AGRICULTURE,
STATE OF TEXAS,
Washington, D. C., November 30, 1937.

Hon. JOSH LEE,
United States Senate, Washington, D. C.

DEAR SENATOR: As Texas commissioner of agriculture, I am tremendously interested in the passage by the Congress of an agricultural measure which will be constructive and permanent in character and which will give to each American farmer his equitable share of the domestic market, upon which portion he will receive a parity price.

Any agricultural measure which does not have the support of a price structure which would give the American farmer an offset to the tariff burdens will prove disappointing.

Compulsory Government acreage control for cotton will not solve the problem, and such legislation would further encourage foreign production, further loss of foreign markets, and further unemployment of cotton growers.

America is no longer the dominating factor in cotton production and cotton marketing, as you will see by the annual foreign production of recent years:

In 1934 foreign countries produced 13,300,000 bales.
In 1935 foreign countries produced 15,800,000 bales.
In 1936 foreign countries produced 18,400,000 bales.
In 1937 it is estimated that foreign production will be 20,000,000 bales.

With continued compulsory cotton-acreage control and encouragement of foreign production, it is my opinion that within 5 years American cotton farmers will be asking Congress to erect a tariff barrier to prevent foreign cotton grown with pauper labor coming to America to compete with American farmers for the American mill business.

It is my opinion that what is known as the domestic allotment plan for agriculture offers the most practical solution of the agricultural problem; and it is my opinion that 95 percent of the Texas farmers who understand the domestic allotment plan, which would provide a two-price system and give them benefits and protection now enjoyed by manufacture operating behind the tariff walls, favor and approve it.

It is my opinion that Senate bill 2787, now before the United States Senate, is impracticable and, if passed, would fail to give the farmer adequate benefits protection, and would prove disappointing to the American farmers, and I trust that you will endeavor to have the Senate pass the domestic allotment plan for agriculture instead of Senate bill 2787.

The domestic allotment plan, if adopted by Congress and wisely administered, would meet the five agricultural objectives of the Roosevelt administration, namely: Production control (self-preservation control), crop insurance, ever-abundant supplies or normal granary, soil conservation, and parity prices.

Appreciating your ability and your interest in agricultural welfare, I am,

Sincerely yours,

J. E. McDONALD, *Commissioner.*

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

ADDITIONAL PETITION

Mr. DAVIS presented a resolution adopted by Star of Bethlehem Lodge, No. 1409, Amalgamated Association of Iron, Steel, and Tin Workers of North America, Bethlehem, Pa., favoring revision of present rules and regulations governing W. P. A. and other relief agencies so that unemployed industrial workers may be eligible to obtain work on public works projects immediately upon the closing of commercial plants or other termination of employment without first having to be placed on the relief rolls, which was referred to the Committee on Apropriations.

EXECUTIVE SESSION

Mr. BARKLEY. Mr. President, I understand that there will be some further discussion of the substitute offered by the Senator from Oklahoma [Mr. LEE], so I do not expect the Senate to dispose of it tonight.

I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair) laid before the Senate messages from the President of the United States submitting nominations in the Army, which were referred to the Committee on Military Affairs.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEE ON POST OFFICES AND POST ROADS

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

THE CALENDAR

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

SECURITIES AND EXCHANGE COMMISSION

The legislative clerk read the nomination of John W. Hanes, of North Carolina, to be a member of the Securities and Exchange Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Jerome N. Frank, of New York, to be a member of the Securities and Exchange Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters on the Executive Calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That concludes the Executive Calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 11 o'clock and 6 minutes p. m.) the Senate took a recess until tomorrow, Thursday, December 16, 1937, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate December 15 (legislative day of November 16), 1937

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO ORDNANCE DEPARTMENT

Capt. Theodore Addison Weyher, Corps of Engineers, with rank from June 14, 1937.

APPOINTMENT TO TEMPORARY RANK IN THE AIR CORPS IN THE REGULAR ARMY

Capt. Courtland Moshier Brown to be major with rank from December 12, 1937.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 15 (legislative day of November 16), 1937

SECURITIES AND EXCHANGE COMMISSION

John W. Hanes to be a member of the Securities and Exchange Commission.

Jerome N. Frank to be a member of the Securities and Exchange Commission.

POSTMASTERS

GEORGIA

Homer Roy Cobb, Ball Ground.
Royce G. Braselton, Braselton.
Emma S. Brindle, Surrency.

IDAHO

John W. Hays, Dubois.

LOUISIANA

Joseph Hugh Goldsby, Amite.

MICHIGAN

Robert S. Fish, Big Rapids.
Maud B. Perham, Lakeside.
Edward F. Carpenter, Levering.
William B. Welles, Marshall.
Leo F. Flynn, New Lothrop.
George W. Francisco, Newport.
Elizabeth Treiber, Norway.
Mildred Irene Asher, Orchard Lake.
Patrick H. Kane, Port Huron.

NORTH CAROLINA

Effie Adams Brickhouse, Columbia.
Benjamin F. Bird, Grover.

OHIO

Dora H. McGonagle, Junction City.

SOUTH CAROLINA

Washington M. Ritter, Cope.

HOUSE OF REPRESENTATIVES

WEDNESDAY, DECEMBER 15, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty and everlasting God, by searching we cannot find Thee out; we approach toward the light, but its source and glory we cannot measure. O let our prayer be the eternal within us, waiting at the gates of the invisible. Blessed Lord, brood over us as a loving, merciful presence as Thou didst when the morning stars sang together for joy over man's entrance into the family of God. Do Thou hold our hands, for so often we cannot see the way we should go; lead us that we may own no will but Thine. Grant that we may touch common toil and dignify it; meet weak and wearied people and help them and sanctify the hard and homely things of life. We earnestly pray Thee to help us to where the Master's mind is ours, where His ideals control, where His motives sway, and where all selfishness has lost its power to rule. In His holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a speech delivered by Senator WILLIAM H. DIETERICH at the waterways banquet in Chicago on December 3.

The SPEAKER. Is there objection?

There was no objection.

Mr. MITCHELL of Illinois. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the Civil Service Commission, and to include a short letter from the Civil Service Reform League and my answer thereto.

The SPEAKER. Is there objection?

There was no objection.

Mr. SIROVICH. Mr. Speaker, on May 24, 1928, the late Speaker, Mr. Nicholas Longworth, asked me to deliver a eulogy upon the death of Hideyo Noguchi, which I did. I have received many requests to republish that address. I ask unanimous consent to extend my remarks in the RECORD by publishing the speech delivered on the floor of the House at that time.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks by inserting the speech referred to in the RECORD. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting a letter therein, which I addressed to the editor of the New York Times.

The SPEAKER. Is there objection?

There was no objection.

Mr. THOMAS of New Jersey. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief communication which I have received on the wage and hour bill.

The SPEAKER. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks at this point in the RECORD, and to include therein an Associated Press article from London, dated December 8, which states that Mr. MacQuisten, a member of Parliament, told Parliament that many British women prefer American shoes, but that they are denied the reduction in tariff the member asked for. This shows the protection other countries are giving their last and shoe manufacturers and employees. It also shows appreciation of our very fine American shoes by English women. I trust, Mr. Speaker, that the administration will be equally diligent in protecting, by tariff, industry and workers in the United States.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

The matter referred to is as follows:

BRITISH WOMEN DENIED FAVORED AMERICAN SHOES—REDUCTION IN DUTY IS SOUGHT BY SCOT IN PARLIAMENT

LONDON, December 8.—The British Government has no intention of reducing tariff on American-made women's shoes despite a Scottish member of Parliament's protest against pinching footwear made in Britain.

F. A. MacQuisten, Scottish Conservative, told Parliament yesterday that many British women prefer American shoes.

He asked Oliver Stanley, president of the Board of Trade, "whether he is aware that many women in this country prefer boots and shoes made in the United States of America as being more in conformity with and less liable to injure the foot than those made in this country, but are unable to purchase the same on account of the prohibitive tariff; and will take steps to have the tariff reduced?"

Mr. Stanley replied that any variation in the import duty on shoes was a matter for consideration of the import duties advisory committee.

ORDER OF BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Speaker, this is Calendar Wednesday. I have consulted with the gentleman from California [Mr. LEA], chairman of the committee with which the call rests. He and his committee do not feel that they are prepared to go along. Furthermore, Mr. Speaker, it is the intention to dispose of the wage and hour bill this week, even though it involves a Saturday session, or possibly night sessions. In order that we may gain this day, I ask unanimous consent that the business in order on Calendar Wednesday today be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

CALL OF THE HOUSE

Mr. SNELL. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from New York makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and ninety-three Members present, not a quorum.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[ROLL No. 19]

Biermann	Collins	Kleberg	Wallgren
Boylan, N. Y.	Costello	Lewis, Md.	Weaver
Brooks	Daly	Maverick	Whelchel
Buckley, N. Y.	Gavagan	Quinn	White, Idaho
Caldwell	Goldsborough	Reilly	Wolfenden
Carter	Hennings	Towey	
Cole, Md.	Kerr		

The SPEAKER. On this roll call 405 Members have answered to their names. A quorum is present.

On motion by Mrs. NORTON, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FRED M. VINSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a speech delivered by our friend and colleague the distinguished gentleman from North Carolina, Mr. ROBERT L. DOUGHTON.

The SPEAKER. Is there objection?

There was no objection.

WAGE AND HOUR BILL

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 2475) to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2475, with Mr. MCCORMACK in the chair.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentlewoman will state it.

Mrs. NORTON. Mr. Chairman, at what point in the reading of the bill will it be in order for me to offer an amendment in the nature of a substitute for the Senate bill?

The CHAIRMAN (Mr. MCCORMACK). The Chair feels that ordinarily on bills other than revenue, appropriation, and rivers and harbors matters, the bill is read by section for amendment. The Chair feels constrained to follow that practice. In answer to the parliamentary inquiry the Chair would state that an amendment would be in order, with the proper notice of intention to strike out other provisions of the pending bill, if the amendment is adopted, after the Clerk has completed reading the first section on line 22, page 2, of the pending bill.

Mr. SNELL. Mr. Chairman, may I make an inquiry if it is proper?

The CHAIRMAN. The gentleman will state the inquiry.

Mr. SNELL. It seems to me there is a very complicated parliamentary situation here. It is different from any I have ever been up against in my service here. I think we should have a pretty definite understanding as to just how we are going to consider these various amendments in the clean bill, the dirty bill, and the various other bills. In the first place, I would like to inquire if all of these amendments which the gentlewoman from New Jersey spoke of last night are offered as committee amendments or personal amendments?

Mrs. NORTON. They are all included in the committee amendment.

Mr. SNELL. They will be offered as committee amendments?

Mrs. NORTON. Yes.

Mr. SNELL. As a general rule, Mr. Chairman, it seems to me when the first section of the bill is read, all perfecting amendments should be considered before a committee amendment in the nature of a substitute is offered.

The CHAIRMAN. Of course, in answer to the gentleman's inquiry, and, of course, the Chair is making no ruling, because the matter is not presented to the Chair requiring a ruling at this time, but it is the opinion of the Chair, reserving the right to change that opinion if a direct point of order is raised and the matter is argued and the Chair has the benefit of the argument, that it would be in order for the gentlewoman from New Jersey to offer her amendment by way of a substitute for the Senate bill after the reading of the first section, if accompanied with notice of intention to strike out the remaining sections of the Senate bill if her amendment is agreed to. Either that or the gentlewoman could wait until the entire Senate bill has been read for perfecting amendments, and then move to strike out all after the enacting clause and substitute the new bill.

The Chair might also say it is the opinion of the Chair at this time, in the absence of the direct matter being presented for a specific ruling, that if the gentlewoman adopts the method which the response of the Chair would indicate she might adopt, the first section of the bill would still be open for perfecting amendments while the amendment offered by the gentlewoman is pending.

Mr. SNELL. Then after the substitute is adopted, provided it is adopted, will that be considered as an original bill, as far as amendments are concerned?

The CHAIRMAN. In answer to that inquiry, and again with reservation, the Chair is of the opinion that that would conclude the bill.

The Chair might also state that it is the opinion of the Chair that if the gentlewoman from New Jersey should offer an amendment which is in the nature of a substitute, there could be pending at one time an amendment to that, and there could also be pending one substitute to her amendment, with one amendment to the substitute, pending.

Mr. SNELL. So all of these matters would be pending at the same time?

The CHAIRMAN. That could happen.

Mr. BLAND. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLAND. Would the substitute be open to amendment with like benefit and privilege as if it were the originally reported bill?

The CHAIRMAN. In response to the gentleman's inquiry, the Chair will state that, in the opinion of the Chair, one substitute to the amendment offered by the gentlewoman from New Jersey will be in order, if the gentlewoman offers her amendment, and to that substitute there can be pending at one time one amendment. To the gentlewoman's amendment there can also be pending one amendment at a particular time.

Mr. BLAND. After the substitute is adopted, will that substitute then be open to amendment as to its various sections?

The CHAIRMAN. In the absence of a direction from the House, the Chairman of the Committee of the Whole House would feel constrained to rule that it would not; that the adoption of the substitute would preclude further amendment to it.

Mr. BLAND. In that event, Mr. Chairman, amendments that are necessary to all the bills would be precluded and could not be offered.

The CHAIRMAN. Not after the substitute is agreed to.

Mr. RAYBURN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RAYBURN. Is this not established: That when the gentlewoman from New Jersey offers her amendment in the form of a substitute, the substitute is open to the same amendments and substitutes as the original bill?

The CHAIRMAN. In the opinion of the Chair, the amendment offered by the gentlewoman from New Jersey would occupy the same status as an amendment offered by any other Member.

Mr. RAYBURN. But it would be subject to amendment.

The CHAIRMAN. It would be subject to amendment.

Mr. RAYBURN. That is my inquiry. It is subject to one amendment at a time, but when one amendment is disposed of it is then subject to another amendment.

The CHAIRMAN. The gentleman is correct.

Several Members rose.

The CHAIRMAN. The Chair feels that in recognizing Members to submit parliamentary inquiries the Chair should recognize as equally as possible Members on both sides of the aisle. For what purpose does the gentleman from Michigan rise?

Mr. MAPES. To submit a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. MAPES. Assuming that the gentlewoman from New Jersey offers her committee bill as a substitute at the end of the reading of the first section of the Senate bill, will it then be in order for the gentleman from California, or some other Member, to offer the bill which he has introduced as a substitute for the bill offered by the gentlewoman from New Jersey, and thus to have both the so-called American Federation of Labor bill and the substitute offered by the gentlewoman from New Jersey pending at the same time?

The CHAIRMAN. That could be done. The question, of course, as to what substitute will be pending will depend upon the recognition of the Chair.

For what purpose does the gentleman from Tennessee rise?

Mr. MCREYNOLDS. To submit a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McREYNOLDS. I understand that the Chair has ruled that if the substitute is adopted it is read as one amendment and subject to amendment in that way.

The CHAIRMAN. Prior to its adoption it is open to amendment.

Mr. McREYNOLDS. Then, I submit as a parliamentary inquiry and ask unanimous consent that it be done, that when the substitute is up for consideration——

The CHAIRMAN. The gentleman will state which substitute.

Mr. McREYNOLDS. The committee substitute.

The CHAIRMAN. Will the gentleman from Tennessee permit an inquiry?

Mr. McREYNOLDS. Certainly.

The CHAIRMAN. In other words, assuming any substitute that is pending is adopted——

Mr. McREYNOLDS. That is not what I am talking about; I am talking about the committee substitute, which is a new bill, and which I am very glad the Members have been furnished with this morning, that we may have it for consideration.

My inquiry and my request is that the substitute offered by the committee be read for amendment under the 5-minute rule as an original bill.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mrs. NORTON. I had intended to submit such a request myself.

Mr. McREYNOLDS. The gentlewoman from New Jersey joins in my request.

The CHAIRMAN. Will the gentleman from Tennessee permit an inquiry?

Mr. McREYNOLDS. Certainly.

The CHAIRMAN. The Chair might say that there is nothing pending at the present time. Will the gentleman from Tennessee again submit his request?

Mr. McREYNOLDS. Mr. Chairman, I ask unanimous consent that when the substitute to be offered by the gentlewoman from New Jersey is pending that it be read for amendment under the 5-minute rule section by section as an original bill.

Mrs. NORTON. Mr. Chairman, if the gentleman from Tennessee will yield, that is entirely agreeable to me.

The CHAIRMAN. The Chair feels that it would be better procedure to wait until the amendment is offered before submitting any request relating to the amendment that the gentlewoman from New Jersey or any other Member might offer.

Mr. McREYNOLDS. Mr. Chairman, I withdraw my request at the present time.

Several Members rose.

The CHAIRMAN. The Chair, as stated before, desires to recognize as equally as possible Members on both sides of the aisle; that is, the Democrats and the Republicans. For what purpose does the gentleman from Minnesota rise?

Mr. KNUTSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KNUTSON. In the event that none of the substitutes are adopted, how many bills will then be before the House?

The CHAIRMAN. Of course, that is a matter which the Chair will pass upon when occasion arises.

Mr. BLAND. Mr. Chairman, I ask unanimous consent that any substitute which may be offered for the pending bill and adopted shall, when adopted, be open to amendment as though it were the original bill.

The CHAIRMAN. The Chair has already suggested to the gentleman from Tennessee [Mr. McREYNOLDS], who propounded a similar unanimous-consent request, that the gentleman withhold temporarily his request.

Mr. BLAND. I prefer to submit mine now as to the offering of a substitute.

The CHAIRMAN. The Chair exercises the right of declining to recognize the gentleman for that purpose.

Mr. MICHENER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MICHENER. Can the rules of the House be changed or suspended by unanimous consent in Committee of the Whole?

The CHAIRMAN. The gentleman has asked a very important inquiry. It was for that reason the Chair suggested to the gentleman from Tennessee that he hold in abeyance his unanimous-consent request until an amendment was pending, because the Chair, while not making a specific ruling, recognizes a distinction between the reading of an amendment in the nature of a substitute for a proposed amendment and reading it after its adoption. Does that answer the gentleman's inquiry?

Mr. MICHENER. It does.

The regular order was demanded.

Mr. ELLENBOGEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ELLENBOGEN. Mr. Chairman, I have before me two copies of the bill S. 2475, Union Calendar No. 535. While the two copies are identical, they vary according to pages and lines. It is important for those who desire to offer amendments to know which copy the Clerk will read from.

The CHAIRMAN. The Chair will try to be as fair as possible to all Members. In reply to the inquiry made by the gentleman from Pennsylvania [Mr. ELLENBOGEN] the Clerk will proceed to read the Senate bill. Of course, the Chair has no control over amendments which may be offered or what situation might develop as a result of the adoption of amendments. The Clerk will read from the Senate bill and will proceed to do so.

Mr. O'MALLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'MALLEY. My understanding of the 5-minute rule is that each section of the Senate bill now before us will be read by the Clerk. As each section is read amendments will be offered. Is it the purpose to submit an entirely new bill after the reading of the first section, and may that be done under the 5-minute rule?

The CHAIRMAN. The Chair is unable to advise the gentleman as to what will occur. The Chair has answered certain parliamentary inquiries and has undertaken to convey as much information as possible. The Chair has stated that in his opinion, after the reading of the first section, it would be in order, if the gentlewoman from New Jersey desires, to offer an amendment which would be in the nature of a substitute for the entire bill, with an accompanying notice to move to strike out if the amendment is adopted.

Mr. DOCKWEILER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DOCKWEILER. The Chairman has just stated that after commencement of the reading of the bill and after the first section has been read, the gentlewoman from New Jersey may offer an amendment to strike out the first section of the bill. During the pendency of her amendment a substitute may be offered for her amendment?

The CHAIRMAN. The gentleman's understanding is correct.

Mr. DOCKWEILER. Will that substitute have to be acted upon first before another substitute can be offered to the amendment?

The CHAIRMAN. The substitute will have to be disposed of before another substitute may be offered.

Mr. O'CONNOR of New York. Mr. Chairman, I do not think the matter is cleared up. There will be two substitutes pending.

The CHAIRMAN. One amendment in the nature of a substitute for the Senate bill.

Mr. O'CONNOR of New York. Yes.

The CHAIRMAN. The other a substitute for the amendment.

Mr. O'CONNOR of New York. What the Chair intended to say, and probably did say, was that the substitute for the amendment would have to be disposed of before another substitute may be offered?

The CHAIRMAN. That is correct. The Chair is of the impression that is what the Chair stated and, if the Chair did not say so, he intended to say just that.

Mr. DOCKWEILER. Mr. Chairman, I have the floor.

The CHAIRMAN. It is within the discretion of the Chair to recognize the gentleman. The Chair will continue to recognize the gentleman from California.

Mr. DOCKWEILER. Mr. Chairman, I hope the Chair will be considerate of me because it is common knowledge in this House that I propose to offer a substitute. I have not had a chance to make a 5-minute speech on the subject. I have not been given the opportunity. I do not know whether that is the result of a general conspiracy or not.

The CHAIRMAN. The gentleman, I am sure, is not intimating that the Chair has not been and will not be fair to the gentleman from California?

The regular order was demanded.

Mr. DOCKWEILER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The Chair may say that after this parliamentary inquiry of the gentleman from California he will recognize another Member to propound a parliamentary inquiry. The gentleman from California [Mr. DOCKWEILER] will state his parliamentary inquiry.

Mr. DOCKWEILER. As soon as the first substitute is disposed of before the amendment to the section is considered another substitute may be proposed?

The CHAIRMAN. After the first substitute to the amendment offered by the gentlewoman from New Jersey is disposed of adversely another substitute will be in order.

Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Would the substitute amendment or any substitute amendment thereto be read under the 5-minute rule?

The CHAIRMAN. Not unless the Committee so orders.

Mr. RAYBURN rose.

The CHAIRMAN. The Chair may state he welcomes these parliamentary inquiries at this time, because they may have a tendency to bring about a better understanding of the probable procedure. The Chair is very pleased to have the inquiries made. The Chair has no desire to curtail the propounding of parliamentary inquiries unless the Committee acts otherwise, and the Chair is simply the agent of the Committee.

The Chair recognizes the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I realize it is within the discretion of the Chair to recognize Members for parliamentary inquiries on and on, but I was going to suggest it might expedite the matter if we began the reading of the bill, with the parliamentary inquiries being made when the particular situations may arise.

The CHAIRMAN. The Chair believes that would be the more orderly procedure. However, the Chair does not feel he should undertake to compel such a course under present conditions.

Mr. CURLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CURLEY. Last night when I reserved the right to object to the request of the gentlewoman from New Jersey [Mrs. NORTON] I asked whether an amendment I proposed to introduce would be precluded from being offered, and the Speaker's answer was "no." My inquiry now is whether my amendment, which will be in the nature of a perfecting amendment to the substitute the gentlewoman from New Jersey intends to offer, will be in order before the adoption of her amendment?

The CHAIRMAN. The Chair will repeat what he has already stated to the distinguished minority leader: That there can be pending at one time one amendment to the amendment in the nature of a substitute which the gentlewoman from New Jersey may offer, a substitute to her amendment, and one amendment to the substitute. The gentleman may offer his amendment, but there can be only one amendment to the amendment pending at one time.

Mr. WOOD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOOD. Mr. Chairman, I believe Roberts' Rules of Order, under which we are working, provides, and it is my understanding—and I should like to know whether it is also the understanding of the Chair—that when the gentlewoman from New Jersey presents her amendment as a substitute in the shape of an amendment, next in order will be an amendment to that amendment, or a substitute. If an amendment to her amendment is submitted, then is it not in order to submit immediately a substitute amendment, and then, after the submission of such substitute amendment, the next and last thing in order is an amendment to the substitute? Further, all these four propositions may be pending at the same time. If an amendment is presented to the amendment of the gentlewoman from New Jersey and is defeated, then another amendment is in order, but no other amendment is in order until such amendment is disposed of. If the amendment to her amendment is disposed of, then another amendment or a substitute is in order.

The CHAIRMAN. That is the Chair's understanding of the rule.

Mr. MARTIN of Colorado. Mr. Chairman, I should like to ask the Chair a question.

The CHAIRMAN. The Chair does not recognize the gentleman for that purpose.

The Clerk will report the Senate bill.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the Black-Connery Fair Labor Standards Act of 1937.

PART I—LEGISLATIVE DECLARATION; DEFINITIONS; LABOR STANDARDS BOARD

LEGISLATIVE DECLARATION

SECTION 1. (a) The employment of workers under substandard labor conditions in occupations in interstate commerce, in the production of goods for interstate commerce, or otherwise directly affecting interstate commerce (1) causes interstate commerce and the channels and instrumentalities of interstate commerce to be used to spread and perpetuate among the workers of the several States conditions detrimental to the physical and economic health, efficiency, and well-being of such workers; (2) directly burdens interstate commerce and the free flow of goods in interstate commerce; (3) constitutes an unfair method of competition in interstate commerce; (4) leads to labor disputes directly burdening and obstructing interstate commerce and the free flow of goods in interstate commerce; and (5) directly interferes with the orderly and fair marketing of goods in interstate commerce.

(b) The correction of such conditions directly affecting interstate commerce requires that the Congress exercise its legislative power to regulate commerce among the several States by prohibiting the shipment in interstate commerce of goods produced under substandard labor conditions and by providing for the elimination of substandard labor conditions in occupations in and directly affecting interstate commerce.

Mr. LANHAM (interrupting the reading of the bill). Mr. Chairman, may I submit a parliamentary inquiry?

The CHAIRMAN. The Chair would much prefer that any parliamentary inquiry be submitted at the conclusion of the reading of the section.

The Clerk concluded the reading of the section of the bill.

Mrs. NORTON. Mr. Chairman, I offer an amendment in the nature of a substitute for the pending bill, which I send to the desk, with notice that if it is agreed to, as the subsequent sections of the bill are read I will move to strike them out.

The Clerk read as follows:

Mrs. NORTON moves to strike out all after the enacting clause down to and including all of section 1 of Senate 2475, and insert in lieu thereof the following as a substitute for the Senate bill:

"That this act may be cited as the Fair Labor Standards Act of 1937.

"PART I—LEGISLATIVE DECLARATION; DEFINITIONS; WAGE AND HOUR DIVISION OF DEPARTMENT OF LABOR

"LEGISLATIVE DECLARATION

"SECTION 1. (a) The employment of workers under substandard labor conditions in occupations in interstate commerce, in the production of goods for interstate commerce, or otherwise directly affecting interstate commerce (1) causes interstate commerce and the channels and instrumentalities of interstate commerce to be used to spread and perpetuate among the workers of the several States conditions detrimental to the physical and economic health, efficiency, and well-being of such workers; (2) directly burdens interstate commerce and the free flow of goods in interstate commerce; (3) constitutes an unfair method of competition in interstate commerce; (4) leads to labor disputes directly burdening and obstructing interstate commerce and the free flow of goods in interstate commerce; and (5) directly interferes with the orderly and fair marketing of goods in interstate commerce.

"(b) The correction of such conditions directly affecting interstate commerce requires that the Congress exercise its legislative power to regulate commerce among the several States by prohibiting the shipment in interstate commerce of goods produced under substandard labor conditions and by providing for the elimination of substandard labor conditions in occupations in and directly affecting interstate commerce.

"DEFINITIONS

"SEC. 2. (a) As used in this act unless the context otherwise requires—

"(1) 'Person' includes an individual, partnership, association, corporation, business trust, receiver, trustee, trustee in bankruptcy, or liquidating or reorganizing agent.

"(2) 'Interstate commerce' means trade, commerce, transportation, transmission, or communication among the several States or from any State to any place outside thereof.

"(3) 'State' means any State of the United States or the District of Columbia or any Territory or possession of the United States.

"(4) 'Administrator' means the Administrator of the Wage and Hour Division created by section 3 of this act.

"(5) 'Occupation' means an occupation, industry, trade, or business, or branch thereof or class of work or craft therein in which persons are gainfully employed.

"(6) 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee but shall not include the United States or any State or political subdivision thereof, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization.

"(7) 'Employee' includes any individual employed or suffered or permitted to work by an employer, but shall not include any person employed in a bona fide executive, administrative, professional, or local retailing capacity, or any person employed in the capacity of outside salesman (as such terms are defined and delimited by regulations of the Administrator) nor shall 'employee' include any person employed as a seaman; or any railroad employee subject to the provisions of the Hours of Service Act (U. S. C., title 45, ch. 3); or any employee with respect to whom the Interstate Commerce Commission has power to establish qualifications and maximum hours of service pursuant to the provisions of section 204 of the Motor Carrier Act, 1935 (U. S. C., 1934 ed., title 49, ch. 8): *Provided, however,* That the wage provisions of this act shall apply to employees of such carriers by motor vehicle; or any air transport employee subject to the provisions of title II of the Railway Labor Act, approved April 10, 1936; or any person employed in the taking of fish, sea foods, or sponges; or any person employed in agriculture. As used in this act, the term 'agriculture' includes farming in all its branches and among other things includes the cultivation and tillage of the soil, dairying, forestry, horticulture, market gardening, and the cultivation and growing of fruits, vegetables, nuts, nursery products, ferns, flowers, bulbs, livestock, bees, and poultry, and further includes the definition contained in subdivision (g) of section 15 of the Agricultural Marketing Act, approved June 15, 1929, as amended, or any other agricultural or horticultural commodity, and any practices performed by a farmer or on a farm as an incident to such farming operations, including delivery to market. Independent contractors and their employees engaged in transporting farm products from farm to market are not persons employed in agriculture.

"(8) 'Oppressive wage' means a wage lower than the applicable minimum wage declared by order of the Administrator under the provisions of section 4.

"(9) 'Oppressive workweek' means a workweek (or workday) longer than the applicable maximum workweek declared by order of the Administrator under the provisions of section 4.

"(10) 'Oppressive child labor' means a condition of employment under which (A) any employee (as defined in this act to exclude employees in agriculture) under the age of 16 years is employed by an employer (other than a parent or a person standing in place of a parent) in any occupation, or (B) any such employee between the ages of 16 and 18 years is employed by an employer (other than a parent or a person standing in place of a parent) in any occupation which the Chief of the Children's Bureau in the Department of Labor shall from time to time by order declare to be particularly hazardous for the employment of such children or detrimental to their health or well-being; but oppressive child labor shall not be deemed to exist by virtue of the employment in any occupation of any person with respect to whom the employer shall have on file a certificate issued and held pursuant to the regulation of the Chief of the Children's Bureau certifying that such person is above the oppressive child-labor age. The Chief of the Children's Bureau shall provide by regulation or by order that the employment of employees under the age of 16 years in any occupation shall not be deemed to constitute oppressive child labor if and to the extent that the Chief of the Children's Bureau determines that such employment is confined to periods which will not interfere with their schooling and to conditions which will not interfere with their health and well-being.

"(11) 'Substandard labor condition' means a condition of employment under which (A) any employee is employed at an oppressive wage; or (B) any employee is employed for an oppressive workweek; or (C) oppressive child labor exists.

"(12) 'Fair labor standard' means a condition of employment under which (A) no employee is employed at an oppressive wage; or (B) no employee is employed for an oppressive workweek; or (C) no oppressive child labor exists.

"(13) 'Labor standard order' means an order of the Administrator under section 4, 6, or 8 of this act.

"(14) 'Goods' means goods (including ships and marine equipment), wares, products, commodities, merchandise, or articles or subjects of commerce of any character, or any part or ingredient thereof, but shall not mean goods after their delivery into the actual physical possession of the ultimate consumer thereof other than a producer, manufacturer, or processor thereof.

"(15) 'Unfair goods' means goods in the production of which employees have been employed in any occupation under any substandard labor condition, or any goods produced in whole or in part by convicts or prisoners except convicts or prisoners on parole or on probation, or inmates of Federal penal or correctional institutions producing goods for the use of the United States Government.

"(16) 'Fair goods' means goods in the production of which no employees have been employed in any occupation under any substandard labor condition.

"(17) 'Produced' means produced, manufactured, mined, handled, or in any other manner worked on; and for the purposes of this act an employee shall be deemed to have been engaged in the production of goods if such employee was employed in producing, manufacturing, mining, handling, transporting, or in any other manner working on such goods, or in any process or occupation necessary to the production thereof.

"(18) 'Sale' or 'sell' includes any sale, exchange, contract to sell, consignment for sale, shipment for sale, or other disposition.

"(19) 'To a substantial extent' means not casually, sporadically, or accidentally but as a settled or recurrent characteristic of the matter or occupation described, or of a portion thereof, which need not be a large or preponderant portion thereof.

"(20) The term 'person employed in agriculture' as used in this act, insofar as it shall refer to fresh fruits or vegetables, shall include persons employed within the area of production engaged in preparing, packing, or storing such fresh fruits or vegetables in their raw or natural state.

"(b) For the purposes of this act, proof that any employee was employed under any substandard labor condition in any factory, mill, workshop, mine, quarry, or other place of employment where goods were produced, within 90 days prior to the removal of such goods therefrom (but not earlier than 120 days after the enactment of this act), shall be prima facie evidence that such goods were produced by such employee employed under such substandard labor condition.

"(c) All wage and hour regulations under the provisions of this act shall apply to workers without regard to sex.

"ADMINISTRATIVE AGENCY

"SEC. 3. (a) There is hereby created in the Department of Labor a Wage and Hour Division which shall be under the direction of an Administrator, to be known as the Administrator of the Wage and Hour Division (hereinafter referred to as the Administrator). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary of $10,000 a year. The Administrator is authorized to administer all the provisions of this act except as otherwise specifically provided and his determinations and labor-standard orders shall not be subject to review by any other person or agency in the executive branch of the Government.

"(b) The Administrator and the Chief of the Children's Bureau, under plans developed with the consent and cooperation of the State agencies charged with the administration of State labor laws, may utilize the services of State and local agencies, officers, and employees administering such laws and notwithstanding any other provisions of law may reimburse such State and local agencies, officers, and employees for their services when performed for such purposes.

"(c) The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary to carry out the functions and duties of the Administrator and shall fix their salaries in accordance with the Classification Act of 1923, as amended. The Administrator may establish and utilize such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. In all litigation the Administrator shall be represented by the Attorney General or by such attorney or attorneys as he may designate. In the appointment, selection, classification, and promotion of officers

and employees of the Administrator, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

"(d) The principal office of the Administrator shall be in the District of Columbia but he may exercise any or all of his powers in any other place.

"(e) The Administrator shall submit annually in January a report to the Congress covering the work of the Administrator for the preceding year and including such information, data, and recommendations for further legislation in connection with the matters covered by this act as he may find advisable.

"PART II—ESTABLISHMENT OF FAIR LABOR STANDARDS

"MINIMUM-WAGE AND MAXIMUM-HOUR STANDARDS

"SEC. 4. (a) Whereas wages paid in interstate industries vary greatly between industries and throughout the Nation, reaching as low as $5 or less per week; and

"Whereas hours of labor in interstate industries also vary greatly between industries and throughout the Nation, reaching as high as 84 hours per week; and

"Whereas such wide variations create unfair competition for employers who wish to pay decent wages and maintain decent working hours; and

"Whereas the workers who receive the lowest wages and work the longest hours have been and now are unable to obtain a living wage or decent working hours by individual or collective bargaining with their employers; and

"Whereas it is necessary for the development of American commerce and the protection of American workers and their families that substandard wages and hours be eliminated from interstate industry and business; but

"Whereas it is impossible to achieve such results arbitrarily by an abrupt change so drastic that it might do serious injury to American industry and American workers, and it is therefore necessary to achieve such results cautiously, carefully, and without disturbance and dislocation of business and industry: Now, therefore,

"It is declared to be the policy of this act to establish minimum-wage and maximum-hour standards, at levels consistent with health, efficiency, and general well-being of workers and the profitable operation of American business so far as and as rapidly as is economically feasible, and without interfering with, impeding, or diminishing in any way the right of employees to bargain collectively in order to obtain a wage in excess of the applicable minimum under this act or to obtain a shorter workday or workweek than the applicable maximum under this act.

"(b) Having regard to such policy and upon a finding that a substantial number of employees in any occupation are employed at wages and hours inconsistent with the minimum standard of living necessary for health, efficiency, and general well-being, the Administrator shall appoint a wage and hour committee to consider and recommend a minimum-wage rate for a maximum workday and workweek, or both, as the case may be, for employees in such occupation which shall be as nearly adequate as is economically feasible to maintain such minimum standard of living: *Provided, however,* That no such committees shall be appointed with respect to occupations in which no employee receives less than 40 cents per hour or works more than 40 hours per week.

"(c) Such committee shall be composed of an equal number of persons representing the employers and the employees in such occupation, and of not more than three disinterested persons representing the public, one of whom shall be designated as chairman. Persons representing the employers and employees shall be selected so far as practicable from nominations submitted by employers and employees, or organizations thereof, having due regard to the geographic regions which may be concerned, in such occupation. Two-thirds of the members of such wage and hour committee shall constitute a quorum, and the recommendations of such committee shall require a vote of not less than a majority of all its members. Members of a wage and hour committee shall be entitled to reasonable compensation to be fixed by the Administrator for each day actually spent in the work of the committee in addition to their reasonable and necessary traveling and other expenses and shall be supplied with adequate stenographic, clerical, and other assistance.

"(d) The Administrator shall submit to such a committee promptly upon its appointment such data as the Administrator may have available on the matter referred to it, and shall cause to be brought before the wage and hour committee any witnesses whom the Administrator deems material. A wage and hour committee may summon other witnesses or call upon the Administrator to furnish additional information to aid in its deliberations.

"(e) In recommending a minimum wage a committee shall consider among other relevant circumstances the following: (1) The cost of living; (2) the wages paid by employers in the occupation to be covered by the order establishing such minimum wage who voluntarily maintain reasonable minimum wage standards; (3) the wages established in similar occupations through collective labor agreements negotiated between employers and employees by representatives of their own choosing; (4) local economic conditions; (5) the relative cost of transporting goods from points of production to consuming markets; (6) the reasonable value of the services rendered; and (7) differences in unit costs of manufacturing occasioned by varying local natural resources, operating conditions, or other factors entering into the cost of production.

"(f) In recommending a maximum workday and a maximum workweek, a committee shall consider among other relevant circumstances the following: (1) The hours of employment observed by employers in the occupation to be covered by the order establishing such maximum workday and workweek, who voluntarily maintain a reasonable maximum workday and workweek; (2) the hours of employment established in similar occupations through collective labor agreements negotiated between employers and employees by representatives of their own choosing; and (3) the number of persons seeking employment in the occupation to be subject to the order establishing such maximum workday and workweek.

"(g) A committee's jurisdiction to recommend labor standards shall not include the power to recommend minimum wages in excess of 40 cents per hour or a maximum workweek of less than 40 hours, but higher minimum wages and a shorter maximum workweek fixed by collective bargaining or otherwise shall be encouraged; it being the objective of this act to raise the existing wages in the lower wage groups so as to attain as rapidly as practicable a minimum wage of 40 cents per hour without curtailing opportunities for employment and without disturbance and dislocation of business and industry, and a maximum workweek of 40 hours without curtailing earning power and without reducing production.

"(h) Unless the Administrator finds that the standards recommended by a wage and hour committee have been made without due consideration of the factors enumerated in this section he shall set down for public hearing pursuant to section 10 a proposed order containing such standards together with such regulations and conditions as he may deem necessary and incidental thereto pursuant to sections 6 and 9. If after such hearing the Administrator finds that the proposed standards, so far as is economically feasible, are at levels consistent with the health, efficiency, and general well-being of workers, he shall so declare, and shall issue a labor-standard order applying such standards, regulations, and conditions to the occupation involved pursuant to the procedure hereinafter provided.

"(i) If the recommendations of a committee are not submitted in such time as the Administrator may prescribe as reasonable, the Administrator may appoint a new committee. If the Administrator before or after hearing rejects the recommendations of a wage and hour committee, either in whole or in part, he shall resubmit the matter to the same committee or to a new committee, whichever he deems proper.

"(j) The provisions of this act with respect to maximum workdays or maximum workweeks shall not apply to employees engaged in processing or packing perishable agricultural products during the harvesting season; or to any person employed in connection with the ginning, compressing, and storing of cotton or with the processing of cottonseed; the canning or other packing or packaging of fish, sea foods, sponges or picking, canning, or processing of fruits, or vegetables, or the processing of beets, cane, and maple into sugar and sirup, when the services of such person are of a seasonal nature; or to employees employed in a plant located in dairy production areas in which milk, cream, or butterfat are received, processed, shipped, or manufactured if operated by a cooperative association as defined in section 15, as amended, or the Agricultural Marketing Act.

"COLLECTIVE-BARGAINING AGREEMENTS PROTECTED

"SEC. 5. (a) Nothing in this act or in any regulation or order thereunder shall be construed to interfere with, impede, or diminish in any way the right of employees to bargain collectively or otherwise to engage in any concerted activity allowed by law in order to obtain a wage in excess of the applicable minimum under this act or to obtain a shorter workweek than the maximum workweek under this act or otherwise to obtain benefits or advantages for employees not required by this act, and a minimum wage so sought or obtained shall not be construed or deemed to be illegal or unfair because it is in excess of the minimum wage under this act, and a maximum workweek so sought or obtained shall not be construed or deemed to be illegal or unfair because it is shorter than the maximum workweek under this act.

"(b) A labor-standard order establishing minimum wages or a maximum workweek for any occupation shall be made only if the Administrator finds that collective-bargaining agreements in respect to such minimum wages or maximum hours do not cover a substantial portion of the employees in such occupation, or that existing facilities for collective bargaining in such occupation are inadequate or ineffective to accomplish the purposes of this act.

"(c) A labor-standard order covering any occupation shall not establish for any locality in which such occupation is carried on a minimum wage which is lower or a maximum workweek which is longer than the minimum wage or maximum workweek prevailing for like work done under substantially like conditions in such occupation in such locality, unless the minimum wage established by such order is the highest wage or the maximum workweek is the shortest workweek that the Administrator is authorized to establish under this act.

"(d) The minimum wages and maximum workweek established by collective-bargaining agreements in any occupation shall be prima facie evidence of the appropriate minimum wage and maximum workweek to be established by the Administrator for like work done under substantially like conditions.

"EXEMPTIONS FROM LABOR STANDARDS WITH RESPECT TO WAGES AND HOURS

"SEC. 6. (a) Unless an applicable order of the Administrator under this act shall otherwise provide, the maintenance among employees of an oppressive workweek shall not be deemed to constitute a sub-

standard labor condition if the employees so employed receive additional compensation for such overtime employment at the rate of one and one-half times the regular hourly wage rate at which such employees are employed. But the Administrator shall have power to make an order determining that such overtime employment in any occupation shall constitute a substandard labor condition if and to the extent the Administrator finds necessary or appropriate to prevent the circumvention of this act. Any such order may contain such terms and conditions relating to overtime employment, including the wage rates to be paid therefor and the maximum number of hours of employment in each day and the maximum number of days per week, as the Administrator shall consider necessary or appropriate in the occupation affected.

"(b) The Administrator shall provide by regulation or by order that the employment of employees in any occupation at a wage lower or for a workweek longer than the appropriate fair labor standard otherwise applicable to such occupation shall not be deemed to constitute a substandard labor condition if the Administrator finds that the special character or terms of the employment or the limited qualifications of the employees makes such employment justifiable and not inconsistent with the accomplishment of the purposes of such one or more provisions of this act. Such regulations or orders may provide for (1) the employment of learners, and of apprentices under special certificates as issued pursuant to regulations of the Department of Labor, at such wages lower than the applicable minimum wage and subject to such limitations as to time, number, proportion, and length of service as the Administrator shall prescribe; (2) the employment of persons whose earning capacity is impaired by age or physical or mental deficiency or injury, under special certificates to be issued by the Administrator, at such wages lower than the applicable wage and for such period as shall be fixed in such certificates; (3) deductions for board, lodging, and other facilities furnished by the employer if the nature of the work is such that the employer is obliged to furnish and the employee to accept such facilities; (4) overtime employment in periods of seasonal or peak activity or in maintenance, repair, or other emergency work and the wage rates to be paid for such overtime employment not exceeding the rate of time and one-half; and (5) suitable treatment of other cases or classes of cases which, because of the nature and character of the employment, justify special treatment.

"PART III—UNFAIR GOODS BARRED FROM INTERSTATE COMMERCE AND INTERSTATE COMMERCE PROTECTED FROM THE EFFECT OF SUBSTANDARD LABOR CONDITIONS

"PROHIBITED SHIPMENTS AND EMPLOYMENT CONDITIONS IN INTERSTATE COMMERCE AND PRODUCTION FOR INTERSTATE COMMERCE

"SEC. 7. It shall be unlawful for any person, directly or indirectly—

"(1) to transport or cause to be transported in interstate commerce, or to aid or assist in transporting, or obtaining transportation in interstate commerce for, or to ship or deliver or sell in interstate commerce, or to ship or deliver or sell with knowledge that shipment or delivery or sale thereof in interstate commerce is intended, any unfair goods; or

"(2) To employ under any substandard labor conditions any employee engaged in interstate commerce or in the production of goods intended for transportation or sale in violation of clause (1) of this section.

"PROTECTION OF INTERSTATE COMMERCE FROM EFFECT OF SUBSTANDARD LABOR CONDITIONS

"SEC. 8. (a) Whenever the Administrator shall determine that any substandard labor condition exists in the production of goods in one State and that such goods compete to a substandard extent in that State with other goods produced in another State and sold or transported in interstate commerce, in the production of which such substandard labor condition does not exist, the Administrator shall make an order requiring the elimination of such substandard labor condition and the maintenance of the appropriate fair labor standard in the production of goods which so compete.

"(b) It shall be unlawful for any person, directly or indirectly, to employ any employee in violation of any term or provision of an order of the Administrator made under this section.

"(c) The United States Tariff Commission upon request of the President or upon resolution of either or both Houses of Congress or if imports are substantial and increasing in ratio to domestic production and if in the judgment of the Commission there is good and sufficient reason therefor, then, upon its own motion or upon the request of the Administrator or upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article resulting from the operation of this act, and shall recommend to the President such an increase (within the limits of section 336 of the Tariff Act of 1930) in the duty upon imports of the said foreign article, or such a limitation in the total quantity permitted entry, or entry without increase in duty, as it may find necessary to equalize the said differences in cost and to maintain the standards established pursuant to this act. In the case of an article on the free list in the Tariff Act of 1930, it shall recommend, if required for the purposes of this section, a limitation on the total quantity permitted entry. The President shall by proclamation approve and cause to be put into effect the recommendations of the Commission if, in his judgment, they are warranted by the facts ascertained in the Commission's investigation.

"(d) All provisions of title III, part II, of the Tariff Act of 1930, applicable with respect to investigations, reports, and proclamations under section 336 of the said tariff act, shall, insofar as they are not inconsistent with this section, be applicable with respect to investigations under this section. Nothing in this section shall be construed as permitting action in violation of any international obligation of the United States. In recommending any limitation of the quantity permitted entry, or entry without an increase in duty, the Commission, if it finds it necessary to enforce such limitations or to carry out any of the provisions of this section, shall recommend that the foreign article concerned be forbidden entry except under license from the Secretary of the Treasury and that the quantity permitted entry, or entry without an increase in duty, shall be allocated among the different supplying countries on the basis of the proportion of imports from each country in a previous representative period. Any proclamation under this section may be modified or terminated by the President whenever he approves findings submitted to him by the Commission that conditions require the modification recommended by the Commission to carry out the purposes of this section, or that the conditions requiring the proclamation no longer exist.

"PART IV—GENERAL ADMINISTRATIVE PROVISIONS

"LABOR-STANDARD ORDERS

"SEC. 9. A labor-standard order—

"(1) shall be made only after a hearing held pursuant to section 10;

"(2) shall take effect upon the publication thereof in the Federal Register or at such date thereafter as may be provided in the order;

"(3) shall define the occupation or occupations, the territorial limits within which such order shall operate, and the class, craft, or industrial unit or units to which such order relates;

"(4) subject to the provisions of this act, may classify employers, employees, and employments within the occupation to which such order relates according to localities, the population of the communities in which such employment occurs, the number of employees employed, the nature and volume of the goods produced, and such other differentiating circumstances as the Administrator finds necessary or appropriate to accomplish the purposes of such order, and may make appropriate provision for different classes of employers, employees, or employment; but it shall be the policy of the Administrator to avoid the adoption of any classification which effects an unreasonable discrimination against any person or locality or which adversely affects prevailing minimum wage or maximum work week standards and to avoid unnecessary or excessive classifications and to exercise his powers of classification only to the extent necessary or appropriate to accomplish the essential purposes of the act;

"(5) in case of an order relating to wages, may contain such terms and conditions as the Administrator may consider necessary or appropriate to prevent the established minimum wage becoming the maximum wage; but it shall be the policy of the Administrator to establish such minimum-wage standards as will affect only those employees in need of legislative protection without interfering with the voluntary establishment of appropriate differentials and higher standards for other employees in the occupation to which such standards relate;

"(6) shall contain such terms and conditions (including the restriction or prohibition of industrial home work or of such other acts or practices) as the Administrator finds necessary to carry out the purposes of such order, to prevent the circumvention or evasion thereof, or to safeguard the fair labor standards therein established;

"(7) may modify, extend, or rescind at any time, in the light of the circumstances then prevailing, a labor-standard order previously made: *Provided*, That at least 90 days' notice from the date of the order must be given before any change is made effective if it increases wages or reduces hours.

"HEARINGS

"SEC. 10. A labor-standard order shall be made, modified, extended, or rescinded only after a hearing held pursuant to this section. Such hearing shall be held at such time and place as the Administrator shall prescribe, on the Administrator's own motion or on the complaint of any labor organization or any person having a bona-fide interest (as defined by the Administrator), filed in accordance with such regulations as the Administrator shall prescribe, and showing reasonable cause why such hearing should be held. Such hearing shall be public and may be held before the Administrator, or any officer or employee of the Wage and Hour Division designated by him. Appropriate records of such hearing shall be kept. The Administrator shall not be bound by any technical rules of evidence or procedure.

"INVESTIGATIONS; TESTIMONY

"SEC. 11. (a) The Administrator in his discretion may investigate and gather data regarding the wages, hours, and other conditions and practices of employment in any occupation subject to this act, and may inspect such places and such records (and make such transcripts thereof) and investigate such facts, conditions, practices, or matters as he may deem necessary or appropriate to determine whether any person has violated or is about to violate any provision of this act or any labor-standard order, or to aid in the enforcement of the provisions of this act, in prescribing regulations thereunder, or in obtaining information to serve as a basis for recommending further legislation concerning the matters to which this act relates.

"(b) For the purpose of any investigation or any other proceeding under this act, a wage and hour committee, the Administrator, or any officer or employee of the Wage and Hour Division designated by him, is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, or other records of any employer deemed relevant or material to the inquiry. Witnesses appearing before the Administrator or any officer or employee designated by him, in obedience to subpenas of the Administrator, shall be entitled to such fees and mileage as the Administrator may by rules and regulations prescribe.

"(c) In case of contumacy by, or refusal to obey a subpena issued to, any person, the Administrator, or the wage and hour committee, as the case may be, may invoke the aid of any court of the United States in the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, correspondence, and other records. Such court may issue an order requiring such person to appear before the wage and hour committee, or before the Administrator or officer or employee designated by him, as the case may be, and to produce records, if so ordered, or to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

"(d) No person shall be excused from attending and testifying or from producing books, papers, correspondence, or other records and documents on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture, but no individual shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

"ENFORCEMENT

"SEC. 12. Whenever it shall appear to the Administrator that any person is engaged or about to engage in any act or practice which constitutes or will constitute a violation of any provision of this act, or of any provision of any labor-standard order, he may in his discretion bring an action in the proper district court of the United States to enjoin such act of practice and to enforce compliance with this act or with such labor-standard order, and upon a proper showing a permanent or temporary injunction or decree or restraining order shall be granted without bond. The Administrator may transmit such evidence as may be available concerning such acts or practices to the Attorney General, who, in his discretion, may institute the appropriate criminal proceedings under this act.

"RECORDS; LABELS

"SEC. 13. (a) Every employer subject to any provision of this act or of a labor-standard order shall make, keep, and preserve such records of the persons employed by him; and the wages, hours, and other conditions and practices of employment maintained by him and shall preserve such records for such periods of time, and shall make such reports therefrom to the Administrator as the Administrator shall prescribe by regulation or order as necessary or appropriate for the enforcement of the provisions of this act or the regulations or orders thereunder. Every employer subject to a labor-standard order shall keep a copy of such order posted in a conspicuous place in every room in which employees in any occupation subject to such order are employed, and a schedule of hours of employment on a form published by the Administrator shall contain the maximum number of hours each employee is to be employed during each day of the week with the total hours per week, the hours of commencing and stopping work, and the beginning and end of periods allotted for meals. If more than one schedule of hours is in operation at a particular place of employment, the posted schedule shall contain the names of the employees working on the different shifts and shall indicate the hours required for each employee or group of employees. The presence of any employee at the place of employment at any other hours than those stated in the schedule applying to him shall be deemed prima facie evidence of violation of such order, unless such employee is receiving the overtime rate provided in section 6 (b). Employers shall be furnished copies of such orders and forms upon request without charge.

"(b) No person other than the producer shall be prosecuted for the transportation, shipment, delivery, or sale of unfair goods who has secured a representation in writing from the person by whom the goods transported, shipped, or delivered were produced, resident in the United States, to the effect that such goods were not produced in violation of any provision of this act. If such representation contains any false statement of a material fact, the person furnishing the same shall be amenable to prosecution and to the penalties provided for the violation of the provisions of this act.

"POWERS OF THE SECRETARY OF LABOR AND OF THE CHILDREN'S BUREAU

"SEC. 14. (a) So far as practicable, the Administrator shall utilize the Department of Labor for all the investigations and inspections necessary under section 11 (a). The Secretary of Labor shall have the powers enumerated therein in the conduct of such investigations and inspections and shall report the results thereof to the Administrator.

"(b) The Administrator shall utilize the Chief of the Children's Bureau in the Department of Labor, or any of his authorized representatives, for all investigations and inspections under section 11 with respect to the employment of minors and to bring all actions under section 12 to enjoin any act or practice which is unlawful by reason of the existence of oppressive child labor.

"REGULATIONS; ORDERS

"SEC. 15. The Administrator shall have authority from time to time to make, issue, amend, and rescind such regulations and such orders as he may deem necessary or appropriate to carry out the provisions of this act, including but not limited to regulations defining technical and trade terms used in this act. Among other things, the Administrator shall have authority, for the purposes of this act, to provide for the form and manner in which complaints may be filed and proceedings instituted for the establishment of fair labor standards; to prescribe the procedure to be followed at any hearing or other proceeding before the Administrator or any officer or employee designated by him, or wage and hour committee appointed by him. For the purpose of his regulations and orders, the Administrator may classify persons and matters within his jurisdiction and prescribe different requirements for different classes of persons or matters. The regulations and orders of the Administrator shall take effect upon the publication thereof in the Federal Register or at such later date as the Administrator shall direct. No provision of this act imposing any liability or disability shall apply to any act done or omitted in good faith in conformity with any regulation or order of the Administrator, notwithstanding that such regulation or order may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

"VALIDITY OF CONTRACTS

"SEC. 16. (a) Any provision of any contract, agreement, or understanding made in violation of any provision of this act or of a regulation or order thereunder shall be null and void.

"(b) Any contract, agreement, understanding, condition, stipulation, or provision binding any person to waive compliance with any provision of this act or with any regulation or order thereunder shall be null and void.

"REPARATION; RELEASE OF GOODS

"SEC. 17. (a) If any employee is paid by his employer a wage lower than the applicable minimum wage required to be paid by any provision of this act or of a labor-standard order, or required to be paid to make it lawful under this act for goods in the production of which such employee was employed to be shipped in interstate commerce or to compete with goods shipped in interstate commerce, such employee shall be entitled to receive as reparation from his employer the full amount of such minimum wage less the amount actually paid to him by the employer. If any employee is employed for more hours per week or per day than the maximum workweek or workday required to be maintained by any provision of this act or of a labor-standard order, he shall be entitled to receive as reparation from his employer additional compensation for the time that he was employed in excess of such maximum workweek or workday at the rate of one and one-half times the agreed wage at which he was employed or the minimum wage, if any, for such time established by this act or by an applicable labor-standard order, whichever is higher, less the amount actually paid to him for such time by the employer.

"(b) Any employee entitled to reparation under this section may recover such reparation in a civil action together with costs and such reasonable attorney's fees as may be allowed by the court. Any such claim for reparation shall not be the subject of any voluntary assignment, except to the Administrator as herein provided. At the request or with the consent of any employee entitled to such reparation, the Administrator or an authorized regional representative of the Administrator, may take an assignment of any claim of such employee under this section in trust for the assigning employee and may bring any legal action necessary to collect such claim, and the employer shall be required to pay costs and such reasonable attorney's fees as may be allowed by the court. Employees entitled to reparations from the same employer may bring a joint action to recover such reparations or, if separate actions are brought, such employees or the employer shall have the right to have such actions consolidated for trial.

"(c) The Administrator shall, by order, exempt any goods from the operation of any provision of this act prohibiting the sale or transportation of such goods in interstate commerce if the Administrator finds that every person having a substantial proprietary interest (as defined by the Administrator) in such goods had no reason to believe that any substandard labor condition existed in the production of such goods or that such exemption is necessary to prevent undue hardship or economic waste and is not detrimental to the public interest. Any order of the Administrator under this subsection shall contain such terms and conditions as the Administrator considers necessary or appropriate in order to safeguard the enforcement and prevent the circumvention of this act. In the case of goods produced under any substandard labor condition relating to wages or hours of employment maintained by any employer having a substantial proprietary interest (as defined by the Administrator) in such goods, no such order shall be granted unless it is established to the satisfaction of the Admin-

istrator that adequate provision has been made for the payment, to every employee employed by him in the production of such goods under any such substandard labor condition, of the reparation to which such employee is entitled under this section on account of such employment.

"RELATION TO OTHER LAWS

"SEC. 18. No provision of this act or of any regulation or order thereunder shall justify noncompliance with any Federal or State law or municipal ordinance establishing a minimum wage higher than a minimum wage established under this act or a maximum workweek lower than a maximum workweek established under this act, or otherwise regulating the conditions of employment in any occupation and not in conflict with a provision of this act or a regulation or order thereunder.

"COMMON CARRIERS NOT LIABLE

"SEC. 19. No provision of this act shall impose any liability or penalty upon any common carrier for the transportation in interstate commerce in the regular course of its business of any goods not produced by such common carrier, and no provision of this act shall excuse any common carrier from its obligations to accept any goods for transportation.

"COURT REVIEW OF ORDERS

"SEC. 20. (a) Any person aggrieved by an order of the Administrator under this act may obtain a review of such order in the circuit court of appeals of the United States for any circuit wherein such person resides or has his principal place of business, or in the United States Court of Appeals for the District of Columbia by filing in such court, within 60 days after the entry of such order, a written petition praying that the order of the Administrator be modified or set aside in whole or in part. A copy of such petition shall forthwith be served upon the Administrator, and thereupon the Administrator shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm, modify, or set aside such order in whole or in part. The review by the court shall be limited to questions of law, and findings of fact by the Administrator when supported by evidence shall be conclusive unless it shall appear that the findings of the Administrator are arbitrary or capricious. No objection to the order of the Administrator shall be considered by the court unless such objection shall have been urged before the Administrator or unless there were reasonable grounds for failure so to do. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence may materially affect the result of the proceeding and that there were reasonable grounds for failure to adduce such evidence in the proceeding before the Administrator, the court may order such additional evidence to be taken before the Administrator and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Administrator may modify his findings as to the facts by reason of the additional evidence so taken, and he shall file with the court such modified or new findings, which if supported by evidence shall be conclusive, and his recommendation, if any, for the modifications or setting aside of the original order. The judgment and decree of the court shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

"(b) The commencement of proceedings under subsection (a) shall not, unless specifically ordered by the court, operate as a stay of the Administrator's order. The court shall not grant any stay of a labor-standard order relating to wages or hours unless the person complaining of such order shall file in court an undertaking with a surety or sureties satisfactory to the court for the payment to the employees subject to the order of the reparation to which they would be entitled under section 17 in the event that the order should be upheld.

"JURISDICTION OF OFFENSES AND SUITS

"SEC. 21. The district courts of the United States shall have jurisdiction of violations of this act or the regulations or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this act or the regulations or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation or an element thereof occurred. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this act, or regulations or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district in which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 225 and 347), and section 7, as amended, of the act entitled "An act to establish a Court of Appeals for the District of Columbia," approved February 9, 1893 (D. C. Code, title 18, sec. 26). No costs shall be assessed against the Administrator in any proceeding under this act brought by or against the Administrator in any court.

"PENALTIES

"SEC. 22. (a) Any person who willfully performs or aids or abets in the performance of any act declared to be unlawful by any provision of this act or who willfully fails or omits to perform any act, duty, or obligation required by this act to be performed by him shall be guilty of a misdemeanor and, upon conviction, shall be fined not more than $500 or imprisoned for not more than 6 months, or both. Where the employment of an employee in violation of any provision of this act or of a labor-standard order is unlawful, each employee so employed in violation of such provision shall constitute a separate offense. No person shall be imprisoned under this subsection except for an offense committed after the conviction of such person for a prior violation of this subsection.

"(b) Any person who willfully makes any statement or entry in any application, report, or record filed or kept pursuant to the provisions of this act or any regulation or order thereunder, knowing such statement or entry to be false in any material respect shall be guilty of a misdemeanor and, upon conviction, shall be fined not more than $500 or imprisoned for not more than 6 months, or both.

"(c) Any employer who willfully discharges or in any other manner discriminates against any employee because such employee has filed any complaint or instituted or caused to be instituted any investigation or proceeding under or related to this act, or has testified or is about to testify in any such investigation or proceeding, or has served or is about to serve on an advisory committee, or because such employer believes that such employee has done or may do any of said acts, shall be guilty of a misdemeanor, and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"(d) Any person who, without just cause, shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, or other records, if in his or its power so to do, in obedience to a subpena issued pursuant to this act, shall be guilty of a misdemeanor and upon conviction shall be subject to a fine of not more than $500 or to imprisonment for not more than 6 months, or both.

"(e) No producer, manufacturer, or dealer shall ship or deliver for shipment in interstate commerce any goods produced in an establishment situated in the United States in or about which within 30 days prior to the removal of such goods therefrom any oppressive child labor has been employed: *Provided*, That a prosecution and conviction of a defendant for the shipment or delivery for shipment of any goods under the conditions herein prohibited shall be a bar to any further prosecution against the same defendant for shipments or deliveries for shipment of any such goods before the beginning of said prosecution.

"SEPARABILITY

"SEC. 23. If any provision of this act or of any regulation or order thereunder or the application of such provision to any person or circumstances shall be held invalid, the remainder of the act and the application of such provision of this act or of such regulation or order to persons or circumstances other than those as to which it is held invalid shall not be affected thereby. Without limiting the generality of the foregoing, if any provision of this act or any regulation or order thereunder shall be held invalid insofar as it gives any effect to any substandard labor condition or requires the maintenance of any fair labor standard on the part of any person or in any circumstances, the application of such provision of this act or of such regulation or order shall not be affected thereby insofar as it gives any effect to any other substandard labor condition or requires the maintenance of any other fair labor standard on the part of the same person or in the same circumstances, or insofar as it gives any effect to the same substandard labor conditions or requires the maintenance of the same fair labor standard on the part of any other person or in any other circumstances.

"EFFECTIVE DATE OF ACT

"SEC. 24. This act shall take effect immediately, except that no provision requiring the maintenance of any fair labor standard or giving any effect to any substandard labor condition shall take effect until the one hundred and twentieth day after the enactment of this act, and no labor-standard order shall be effective prior to that day."

Mr. RAMSPECK (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the reading of the substitute may be dispensed with.

Mr. SNELL. I object, Mr. Chairman.

The CHAIRMAN. The Clerk will resume the reading of the amendment.

The Clerk resumed the reading of the amendment.

Mr. FULLER (interrupting the reading of the amendment). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULLER. Mr. Chairman, at times we are unable to follow the reading of the bill and some of us would like to know whether or not what the Clerk is now reading is the committee print of a bill known as H. R. ———, introduced by Mr. ———?

The CHAIRMAN. Of course, the Chair has no official knowledge of what is in the amendment, but it is the understanding of the Chair that is the amendment being read.

Mr. FULLER. And it is offered as a substitute?

The CHAIRMAN. It is offered as an amendment in the nature of a substitute.

The Clerk resumed the reading of the amendment.

Mr. ELLENBOGEN. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman from Pennsylvania rise? The Chair may state that the Chair will not recognize any gentleman during the reading of the amendment for a parliamentary inquiry.

Mr. ELLENBOGEN. Mr. Chairman, I want to submit a unanimous-consent request.

The CHAIRMAN. The Chair will adopt a similar procedure with respect to unanimous-consent requests until the amendment is read.

The Clerk resumed and concluded the reading of the amendment.

Mr. SNELL. Mr. Chairman, I submit a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. SNELL. Mr. Chairman, I make the point of order that the amendment just read at the Clerk's desk is not germane to the original Senate bill (S. 2475), and I direct my remarks particularly to the lines at the top of page 2 of the Senate bill which states that the object of this bill is to set up a Labor Standards Board.

This was the primary object of the Senate bill.

The bill as presented in the form of a substitute by the chairman of the Labor Committee states in the same relative position in the bill that this is a bill to set up a wage and hour division of the Department of Labor.

I make the point of order that this is not a germane amendment for the reason it changes the purport and main object of the original bill.

I want to read for the benefit of the House paragraph 7 of rule XVI, which is that—

> No motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

This is the rule which is generally mentioned as requiring amendments to be germane to a bill or to the particular part of the bill to which the amendment is offered.

The bill we have under consideration sets up a separate, independent board to perform certain duties and, the duties are prescribed in the bill. The amendment offered as a substitute provides for the setting up of a bureau under one of the executive Departments with an administrative head, and the head of this bureau can prescribe duties for various committees throughout the country. The whole general proposition and set-up is entirely changed from that set forth in the original bill.

There are a great many decisions that have been made along this line. I am not going to take the time of the Committee to call the attention of the Chair to all of these various decisions. I would like to call attention to one made by Chairman Fitzgerald holding out of order, as not germane, a proposition to amend a bill providing that funds resulting from the sale of coal, phosphate, oil, and so forth, lands should be paid into the reclamation fund and disposed of in a certain way, should be used to constitute a national good-roads fund. An amendment was offered to use these funds for a national good roads fund, and in his decision Chairman Fitzgerald, after he had read the rule I referred to a moment ago, said:

> When, therefore, it is objected that the proposed amendment is not in order because it is not germane, the meaning of the objection is simply that if the proposed amendment is a motion or a proposition of a subject different from that under consideration.

And so forth. Now, no man can contend that to a proposition setting up of an independent agency of the Government you can add an amendment creating a bureau under an executive Department and not be talking about an entirely different proposition.

I want also to refer to a decision that was made by Chairman Tilson several years ago when I happened to argue the point of order at that time.

There was a provision providing for the issuance to soldiers, upon the payment of premiums, a proposition for the continuance of such insurance for 2 years without payment of premiums. Of course, these were very closely related subjects and you might say that these other propositions in the two separate bills before us are related subjects, but they are not definitely germane subjects merely because they are related.

After considerable argument in regard to this proposition the Chairman made his ruling about as follows, and I shall not read the entire ruling:

What is the subject under consideration? The subject under consideration is a bill amending the War Risk Insurance Acts in several respects. The subject under consideration is not insurance or even war-risk insurance, but the granting of insurance by the United States upon the payment of premiums. Now, what is the subject of the proposed amendment? The term insurance in force shall be continued in force for 2 years without the payment of premium or otherwise provide for free insurance.

In the decision Chairman Tilson referred to Hinds' Precedents V, 5877, and quoted the following cases in point.

To a bill relating to the sale of public lands, an amendment proposing to give them to settlers was held not germane.

Clearly the two propositions are related, but the subjects are not necessarily germane. The following has also been held as not germane:

To a proposition relating to the terms of Senators, an amendment providing for a change in the manner of their election.

To a general tariff bill, an amendment creating a tariff board.

All of these subjects are related, but they are not germane to the whole line of precedents and the rulings by the Chairman have been against such amendments. That is exactly the situation that we have before us at the present time. The whole proposition in the original Senate bill was to set up an independent board to regulate various matters pertaining to labor, but the amendment here today is an entirely different proposition, and employs an entirely different method to accomplish the same result. There can be no argument as to their being entirely different. They may intend to accomplish the same result, but they proceed along entirely different courses, and for that reason, Mr. Chairman, I maintain that the amendment offered by the chairman of the Committee on Labor is not a germane amendment to Senate bill 2475.

Mr. O'CONNOR of New York. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair would first ascertain whether or not any other points of order are to be advanced at this particular time.

Mr. COOPER. Mr. Chairman, I make the point of order against the amendment offered in the nature of a substitute to the pending bill on the ground that it is not germane and that it seeks to write a tariff bill and violates the jurisdiction of the Committee on Ways and Means. I especially invite the attention of the Chair to the provision appearing on page 21 of the pending amendment, section 8, paragraph (c), down to and including paragraph (d) and ending with line 19, page 23. I request the privilege of being heard briefly on the point of order if the Chair desires to hear me now or to wait until further argument is made on the point already presented.

The CHAIRMAN. The Chair would like to hear the gentleman on his point of order.

Mr. COOPER. Mr. Chairman, of course there can be no doubt that if any part of an amendment is subject to a point of order, of course the whole amendment is subject to the point of order. Naturally, the question here presented

turns on the language appearing in the pending bill, and the language appearing in the amendment here proposed.

Mr. SNELL. Mr. Chairman, will the gentleman yield to me to make a parliamentary inquiry?

Mr. COOPER. Mr. Chairman, I yield.

Mr. SNELL. Mr. Chairman, it seems to me that one point of order ought to be disposed of before we start on another point of order, that that would be the better procedure and more orderly than to have all of these points of order made at one time, because they are all entirely different. When the gentleman from Tennessee began to state his point of order I thought it was along the same lines as my own.

Mr. COOPER. Of course, my point of order was raised at this time at the invitation of the Chair.

Mr. SNELL. I think one point of order should be considered at a time, Mr. Chairman.

Mr. COOPER. From my viewpoint I think they should all be presented.

The CHAIRMAN. The Chair feels it is within the discretion of the Chair to hear all points of order at the same time that relate to germaneness, and also in the discretion of the Chair as to which one he will rule upon in the first instance.

Mr. SNELL. Mr. Chairman, I appreciate it is within the discretion of the Chair, but I merely request that one be heard at a time. If the Chair rules otherwise, that is all there is to it.

The CHAIRMAN. The Chair feels it would be in the best interest of orderly conduct if the procedure indicated by the Chair is followed.

Mr. BOILEAU. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from Tennessee has the floor.

Mr. COOPER. Mr. Chairman, I yield.

Mr. BOILEAU. Mr. Chairman, would not the general point of order to the effect that the amendment is not germane to the section and is not germane to the bill be broad enough so that it is not necessary to make particular points and to call particular attention to an amendment? Is not that broad enough so that the Chair can act on the proposed amendment if it be not germane on any particular provision of the bill that might come to the attention of the Chair?

The CHAIRMAN. The Chair would rule upon the specific points of order advanced and the reasons advanced in support of the points of order. The Chair could not go beyond that. As far as the present points of order are concerned, the Chair will confine his ruling to those points of order. To be frank, the Chair can conceive of a situation where rulings on various points of order relating to germaneness might vary. The Chair will hear the gentleman from Tennessee.

Mr. COOPER. Mr. Chairman, I was in the act of inviting the attention of the Chair to the language appearing in the pending bill and, in comparison with that, to the language appearing in the amendment and the entirely different purposes sought to be accomplished.

The Chair will notice that the language appearing in the Senate bill—

> That the United States Tariff Commission (1) upon request of the President, (2) upon request of either or both Houses of Congress, or (3) upon request of the Board, or upon notice, when in the judgment of the Commission there is good and sufficient reason therefor, upon the application of any interested party, shall investigate.

Investigation is the point to be borne in mind.

Then, with reference to paragraph (d) of Senate bill 2475, it is provided:

> All provisions of law applicable with respect to investigations under section 336 of the Tariff Act of 1930, as amended, including the provisions applicable to reports of the Commission and proclamations by the President, shall, insofar as they are not inconsistent with this section, be applicable in like manner with respect to investigations.

I desire to emphasize the fact that in paragraph (d), which I have just quoted, at the very beginning of the paragraph, and again at the end of the paragraph, the definite limitation as to investigations is imposed. That disposes of the language appearing in the Senate bill on the question here raised.

Then I invite the attention of the Chair to the provisions of the pending amendment, the so-called new bill which is here offered as an amendment in the nature of a substitute. Without quoting the entire provisions, I simply invite the attention of the Chair to the fact that this provision seeks not only to require investigations as to tariff matters but goes far beyond that. It seeks to definitely impose quotas on imported articles into this country. It goes further and definitely imposes embargoes upon the importation of articles from other countries. And, perhaps most important of all, it definitely provides for the transfer of articles from the free list to the dutiable list and the transfer of articles from the dutiable list to the free list of the Tariff Act of 1930.

I especially invite the attention of the Chair to the fact that under section 336 of the Tariff Act of 1930, the so-called flexible provision, it is definitely prohibited that those transfers from the free list to the dutiable list or from the dutiable list to the free list may be made.

Therefore it is my insistence that the provision here presented by way of an amendment is far beyond the scope or purpose sought to be accomplished by the provision of the pending bill. It violates the rules of the House. It invades the jurisdiction of the Committee on Ways and Means, allows the writing of a tariff bill, for all practical intents and purposes, that would take the place very largely of the present tariff law, and yet is brought in under color of an amendment to the pending bill.

There are many precedents to which attention may be invited with which the Chair is thoroughly familiar. Of course, those presented by the distinguished gentleman from New York [Mr. SNELL] would in many respects be applicable with equally as great and perhaps greater force to the point of order here presented as they were to the question raised by him. I would especially invite the attention of the Chair to the decision, rather famous in the parliamentary proceedings of the House, made by Speaker Clark on the point of order raised by Mr. Underwood, of Alabama, which, in substance, provides that an amendment is not germane which seeks to provide for the creation of a tariff commission in a tariff bill.

Many other decisions directly in point could be cited, but, of course, the Chair has ready access to them and is familiar with them.

Therefore I make the point of order on the grounds here presented.

Mr. MARTIN of Colorado. Mr. Chairman, I desire to make a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. MARTIN of Colorado. Mr. Chairman, I make a point of order against the child-labor legislation which is to be found on page 5 of the substitute offered by the gentlewoman from New Jersey, paragraph 10, section 2.

My point of order, briefly, is this: In the Senate bill complete jurisdiction of the child-labor law is vested in the Secretary of Labor. In the committee amendment jurisdiction is vested in the Chief of the Children's Bureau, to the complete exclusion of the Secretary and the Department of Labor.

I am not passing on the merits of the point of order raised by the gentleman from New York [Mr. SNELL], but it strikes me that these propositions are fairly similar. The point of order raised by the gentleman from New York was that the Senate bill provided for the administration of this law by a board of five, appointed by the President, whereas in the House amendment it is to be administered by an administrator appointed by the President; while with respect to child labor complete jurisdiction is given to the Secretary of Labor in the Senate bill, and complete jurisdiction is given to the Chief of the Children's Bureau in the House bill. If one of these propositions is not germane, the other is not germane. I submit the point of order for ruling.

The CHAIRMAN. Does the gentleman from New York [Mr. O'CONNOR] desire to be heard?

Mr. O'CONNOR of New York. I do, Mr. Chairman.

As to the point of order made by the distinguished gentleman from Colorado [Mr. MARTIN] my remarks as to that will be substantially the same as those directed to the point of order made by the distinguished minority leader, Mr. SNELL.

But, first, let me express my views as to the point of order made by the distinguished gentleman from Tennessee [Mr. COOPER].

As to that point of order, I frankly agree with the distinguished gentleman that his point of order as to the so-called amendments to the Senate bill, which were placed therein by the House Labor Committee relating to the tariff are out of order, except in one small particular, I believe. On page 23, the language at the top of that page of the amendment, in the nature of a substitute reads:

Nothing in this section shall be construed as permitting action in violation of any international obligation of the United States.

I do not believe that particular language is out of order on the ground of any jurisdictional dispute between the Ways and Means Committee and the Labor Committee, nor do I think there is any question as to its germaneness; but as to the amendments put on the Senate bill by the House Committee on Labor relating to the tariff, I agree that they are not in order. If the chairman of the Committee on Labor supports my admission it would require her to submit a substitute amendment eliminating those matters which were not in order; provided, of course, the Chair should hold that the point of order made by the gentleman from Tennessee was well taken.

Mrs. NORTON. Mr. Chairman, I admit the point of order and will send an amendment to the desk at the proper time.

Mr. SNELL. Mr. Chairman, I could not hear what was said.

Mrs. NORTON. I said that I would admit the point of order if necessary.

The CHAIRMAN. The gentlewoman from New Jersey admitted that the point of order raised by the gentleman from Tennessee would lie.

Mr. O'CONNOR of New York. Mr. Chairman, while that might dispose of the whole matter, may I not suggest that all these points of order be discussed at this time?

The CHAIRMAN. The Chair would prefer to pass on the specific point of order raised by the gentleman from Tennessee at this time.

Mr. SNELL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from New York will state his parliamentary inquiry.

Mr. SNELL. If the Chair please, I understood the Chair to say that the Chair was going to pass on all the points of order at once. It seems to me, my point of order being made first, should be ruled upon first if the Chair is not going to treat them in a general way.

The CHAIRMAN. The gentleman from New York misunderstood the Chair. The Chair said the Chair would hear all points of order at the same time and then would exercise judgment as to the manner in which they were passed upon.

The Chair is prepared to rule on the point of order raised by the gentleman from Tennessee.

The chairman of the committee admits the point of order. The distinguished gentleman from New York, one of the outstanding parliamentarians of the House, concedes the point of order, and the Chair is of opinion that the amendment reported by the committee, so far as it relates to the point raised by the gentleman from Tennessee, clearly exceeds the scope of the Senate amendment, which is the basis of any action that the House committee might take by way of committee amendment. The original of the Senate amendment is the existing law itself, section 336 of the Tariff Act, which confines itself to recommendations of commodities upon the dutiable list not to exceed 50 percent either way, either downward or upward. No authority is found in that law for the recommendation of quotas, nor does it contain authority to take commodities from the free list and put them upon the dutiable list, or vice versa. There is no authority in the Tariff Commission to do anything other than confine its investigations to commodities or items upon the dutiable list. There is no authority in that particular provision of existing law for the creation of a license system as provided in the amendment relating to tariff proposed by the committee.

The amendment clearly exceeds the provisions of the Senate bill and enlarges it to such an extent, as the gentleman from Tennessee has well said, as to virtually write a new tariff law. It is clearly out of order.

The Chair sustains the point of order.

Mrs. NORTON. Mr. Chairman, I send an amendment to the Clerk's desk.

Mr. SNELL. Mr. Chairman, I ask a ruling on my point of order before any new business is transacted.

The CHAIRMAN. The Chair will rule upon the gentleman's point of order at the appropriate time. The Chair has already sustained a point of order which affects the entire amendment offered by the gentlewoman from New Jersey. There is therefore nothing for the Chair to pass upon at this particular time.

Mr. SNELL. Then the entire amendment is ruled out?

The CHAIRMAN. At this time. The gentlewoman from New Jersey offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mrs. NORTON moves to strike out all after the enacting clause down to and including all of section 1 of the bill S. 2475 and insert in lieu thereof the following as a substitute for the Senate bill:

"That this act may be cited as the Fair Labor Standards Act of 1937.

"PART I—LEGISLATIVE DECLARATION; DEFINITIONS; WAGE AND HOUR DIVISION OF DEPARTMENT OF LABOR

"LEGISLATIVE DECLARATION

"SECTION 1. (a) The employment of workers under substandard labor conditions in occupations in interstate commerce, in the production of goods for interstate commerce, or otherwise directly affecting interstate commerce (1) causes interstate commerce and the channels and instrumentalities of interstate commerce to be used to spread and perpetuate among the workers of the several States conditions detrimental to the physical and economic health, efficiency, and well-being of such workers; (2) directly burdens interstate commerce and the free flow of goods in interstate commerce; (3) constitutes an unfair method of competition in interstate commerce; (4) leads to labor disputes directly burdening and obstructing interstate commerce and the free flow of goods in interstate commerce; and (5) directly interferes with the orderly and fair marketing of goods in interstate commerce.

"(b) The correction of such conditions directly affecting interstate commerce requires that the Congress exercise its legislative power to regulate commerce among the several States by prohibiting the shipment in interstate commerce of goods produced under substandard labor conditions and by providing for the elimination of substandard labor conditions in occupations in and directly affecting interstate commerce.

"DEFINITIONS

"SEC. 2. (a) As used in this act unless the context otherwise requires—

"(1) 'Person' includes an individual, partnership, association, corporation, business trust, receiver, trustee, trustee in bankruptcy, or liquidating or reorganizing agent.

"(2) 'Interstate commerce' means trade, commerce, transportation, transmission, or communication among the several States or from any State to any place outside thereof.

"(3) 'State' means any State of the United States or the District of Columbia or any Territory or possession of the United States.

"(4) 'Administrator' means the Administrator of the Wage and Hour Division created by section 3 of this act.

"(5) 'Occupation' means an occupation, industry, trade, or business, or branch thereof or class of work or craft therein, in which persons are gainfully employed.

"(6) 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee, but shall not include the United States or any State or political subdivision thereof, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization.

"(7) 'Employee' includes any individual employed or suffered or permitted to work by an employer, but shall not include any person

employed in a bona fide executive, administrative, professional, or local retailing capacity, or any person employed in the capacity of outside salesman (as such terms are defined and delimited by regulations of the Administrator), nor shall 'employee' include any person employed as a seaman, or any railroad employee subject to the provisions of the Hours of Service Act (U. S. C., title 45, ch. 3), or any employee with respect to whom the Interstate Commerce Commission has power to establish qualifications and maximum hours of service pursuant to the provisions of section 204 of the Motor Carrier Act, 1935 (U. S. C., 1934 ed., title 49, ch. 8): *Provided, however,* That the wage provisions of this act shall apply to employees of such carriers by motor vehicle; or any air transport employee subject to the provisions of title II of the Railway Labor Act approved April 10, 1936; or any person employed in the taking of fish, sea foods, or sponges; or any person employed in agriculture. As used in this act, the term 'agriculture' includes farming in all its branches and, among other things, includes the cultivation and tillage of the soil, dairying, forestry, horticulture, market gardening, and the cultivation and growing of fruits, vegetables, nuts, nursery products, ferns, flowers, bulbs, livestock, bees, and poultry; and further includes the definition contained in subdivision (g) of section 15 of the Agricultural Marketing Act approved June 15, 1929, as amended, or any other agricultural or horticultural commodity, and any practices performed by a farmer or on a farm as an incident to such farming operations, including delivery to market. Independent contractors and their employees engaged in transporting farm products from farm to market are not persons employed in agriculture.

"(8) 'Oppressive wage' means a wage lower than the applicable minimum wage declared by order of the Administrator under the provisions of section 4.

"(9) 'Oppressive workweek' means a workweek (or workday) longer than the applicable maximum workweek declared by order of the Administrator under the provisions of section 4.

"(10) 'Oppressive child labor' means a condition of employment under which (A) any employee (as defined in this act to exclude employees in agriculture) under the age of 16 years is employed by an employer (other than a parent or a person standing in place of a parent) in any occupation, or (B) any such employee between the ages of 16 and 18 years is employed by an employer (other than a parent or a person standing in place of a parent) in any occupation which the Chief of the Children's Bureau in the Department of Labor shall from time to time by order declare to be particularly hazardous for the employment of such children or detrimental to their health or well-being; but oppressive child labor shall not be deemed to exist by virtue of the employment in any occupation of any person with respect to whom the employer shall have on file a certificate issued and held pursuant to the regulation of the Chief of the Children's Bureau certifying that such person is above the oppressive child-labor age. The Chief of the Children's Bureau shall provide by regulation or by order that the employment of employees under the age of 16 years in any occupation shall not be deemed to constitute oppressive child labor if and to the extent that the Chief of the Children's Bureau determines that such employment is confined to periods which will not interfere with their schooling and to conditions which will not interfere with their health and well-being.

"(11) 'Substandard labor condition' means a condition of employment under which (A) any employee is employed at an oppressive wage; or (B) any employee is employed for an oppressive workweek; or (C) oppressive child labor exists.

"(12) 'Fair labor standard' means a condition of employment under which (A) no employee is employed at an oppressive wage; or (B) no employee is employed for an oppressive workweek; or (C) no oppressive child labor exists.

"(13) 'Labor standard order' means an order of the Administrator under section 4, 6, or 8 of this act.

"(14) 'Goods' means goods (including ships and marine equipment), wares, products, commodities, merchandise, or articles or subjects of commerce of any character, or any part or ingredient thereof, but shall not mean goods after their delivery into the actual physical possession of the ultimate consumer thereof other than a producer, manufacturer, or processor thereof.

"(15) 'Unfair goods' means goods in the production of which employees have been employed in any occupation under any substandard labor condition, or any goods produced in whole or in part by convicts or prisoners except convicts or prisoners on parole or on probation or inmates of Federal penal or correctional institutions producing goods for the use of the United States Government.

"(16) 'Fair goods' means goods in the production of which no employees have been employed in any occupation under any substandard labor condition.

"(17) 'Produced' means produced, manufactured, mined, handled, or in any other manner worked on; and for the purposes of this act an employee shall be deemed to have been engaged in the production of goods if such employee was employed in producing, manufacturing, mining, handling, transporting, or in any other manner working on such goods, or in any process or occupation necessary to the production thereof.

"(18) 'Sale' or 'sell' includes any sale, exchange, contract, to sell, consignment for sale, shipment for sale, or other disposition.

"(19) 'To a substantial extent' means not casually, sporadically, or accidentally, but as a settled or recurrent characteristic of the matter or occupation described, or of a portion thereof, which need not be a large or preponderant portion thereof.

"(20) The term 'person employed in agriculture' as used in this act, insofar as it shall refer to fresh fruits or vegetables, shall include persons employed within the area of production engaged in preparing, packing, or storing such fresh fruits or vegetables in their raw or natural state.

"(b) For the purposes of this act proof that any employee was employed under any substandard labor condition in any factory, mill, workshop, mine, quarry, or other place of employment where goods were produced, within 90 days prior to the removal of such goods therefrom (but not earlier than 120 days after the enactment of this act), shall be prima facie evidence that such goods were produced by such employee employed under such substandard labor condition.

"(c) All wage and hour regulations under the provisions of this act shall apply to workers without regard to sex.

"ADMINISTRATIVE AGENCY

"SEC. 3. (a) There is hereby created in the Department of Labor a Wage and Hour Division which shall be under the direction of an Administrator, to be known as the Administrator of the Wage and Hour Division (hereinafter referred to as the Administrator). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary of $10,000 a year. The Administrator is authorized to administer all the provisions of this act except as otherwise specifically provided and his determinations and labor-standard orders shall not be subject to review by any other person or agency in the executive branch of the Government.

"(b) The Administrator and the Chief of the Children's Bureau, under plans developed with the consent and cooperation of the State agencies charged with the administration of State labor laws, may utilize the services of State and local agencies, officers, and employees administering such laws and notwithstanding any other provisions of law may reimburse such State and local agencies, officers, and employees for their services when performed for such purposes.

"(c) The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary to carry out the functions and duties of the Administrator and shall fix their salaries in accordance with the Classification Act of 1923, as amended. The Administrator may establish and utilize such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. In all litigation the Administrator shall be represented by the Attorney General or by such attorney or attorneys as he may designate. In the appointment, selection, classification, and promotion of officers and employees of the Administrator, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

"(d) The principal office of the Administrator shall be in the District of Columbia but he may exercise any or all of his powers in any other place.

"(e) The Administrator shall submit annually in January a report to the Congress covering the work of the Administrator for the preceding year and including such information, data, and recommendations for further legislation in connection with the matters covered by this act as he may find advisable.

"PART II—ESTABLISHMENT OF FAIR LABOR STANDARDS

"MINIMUM-WAGE AND MAXIMUM-HOUR STANDARDS

"SEC. 4. (a) Whereas wages paid in interstate industries vary greatly between industries and throughout the Nation, reaching as low as $5 or less per week; and

"Whereas hours of labor in interstate industries also vary greatly between industries and throughout the Nation, reaching as high as 84 hours per week; and

"Whereas such wide variations create unfair competition for employers who wish to pay decent wages and maintain decent working hours; and

"Whereas the workers who receive the lowest wages and work the longest hours have been and now are unable to obtain a living wage or decent working hours by individual or collective bargaining with their employers; and

"Whereas it is necessary for the development of American commerce and the protection of American workers and their families that substandard wages and hours be eliminated from interstate industry and business; but

"Whereas it is impossible to achieve such results arbitrarily by an abrupt change so drastic that it might do serious injury to American industry and American workers, and it is therefore necessary to achieve such results cautiously, carefully, and without disturbance and dislocation of business and industry: Now, therefore,

"It is declared to be the policy of this act to establish minimum-wage and maximum-hour standards, at levels consistent with health, efficiency, and general well-being of workers and the profitable operation of American business so far as and as rapidly as is economically feasible, and without interfering with, impeding, or diminishing in any way the right of employees to bargain collectively in order to obtain a wage in excess of the applicable minimum under this act or to obtain a shorter workday or workweek than the applicable maximum under this act.

"(b) Having regard to such policy and upon a finding that a substantial number of employees in any occupation are employed at wages and hours inconsistent with the minimum standard of

living necessary for health, efficiency, and general well-being, the Administrator shall appoint a wage and hour committee to consider and recommend a minimum-wage rate or a maximum workday and workweek, or both, as the case may be, for employees in such occupation which shall be as nearly adequate as is economically feasible to maintain such minimum standard of living: *Provided, however,* That no such committees shall be appointed with respect to occupations in which no employee receives less than 40 cents per hour or works more than 40 hours per week.

"(c) Such committee shall be composed of an equal number of persons representing the employers and the employees in such occupation, and of not more than three disinterested persons representing the public, one of whom shall be designated as chairman. Persons representing the employers and employees shall be selected so far as practicable from nominations submitted by employers and employees, or organizations thereof, having due regard to the geographic regions which may be concerned, in such occupation. Two-thirds of the members of such wage and hour committee shall constitute a quorum, and the recommendations of such committee shall require a vote of not less than a majority of all its members. Members of a wage and hour committee shall be entitled to reasonable compensation to be fixed by the Administrator for each day actually spent in the work of the committee in addition to their reasonable and necessary traveling and other expenses and shall be supplied with adequate stenographic, clerical, and other assistance.

"(d) The Administrator shall submit to such a committee promptly upon its appointment such data as the Administrator may have available on the matter referred to it, and shall cause to be brought before the wage and hour committee any witnesses whom the Administrator deems material. A wage and hour committee may summon other witnesses or call upon the Administrator to furnish additional information to aid in its deliberations.

"(e) In recommending a minimum wage, a committee shall consider among other relevant circumstances the following: (1) The cost of living; (2) the wages paid by employers in the occupation to be covered by the order establishing such minimum wage who voluntarily maintain reasonable minimum wage standards; (3) the wages established in similar occupations through collective labor agreements negotiated between employers and employees by representatives of their own choosing; (4) local economic conditions; (5) the relative cost of transporting goods from points of production to consuming markets; (6) the reasonable value of the service rendered; and (7) differences in unit costs of manufacturing occasioned by varying local natural resources, operating conditions, or other factors entering into the cost of production.

"(f) In recommending a maximum workday and a maximum workweek, a committee shall consider among other relevant circumstances the following: (1) The hours of employment observed by employers in the occupation to be covered by the order establishing such maximum workday and workweek, who voluntarily maintain a reasonable maximum workday and workweek; (2) the hours of employment established in similar occupations through collective labor agreements negotiated between employers and employees by representatives of their own choosing; and (3) the number of persons seeking employment in the occupation to be subject to the order establishing such maximum workday and workweek.

"(g) A committee's jurisdiction to recommend labor standards shall not include the power to recommend minimum wages in excess of 40 cents per hour or a maximum workweek of less than 40 hours, but higher minimum wages and a shorter maximum workweek fixed by collective bargaining or otherwise shall be encouraged; it being the objective of this act to raise the existing wages in the lower wage groups so as to attain as rapidly as practicable a minimum wage of 40 cents per hour without curtailing opportunities for employment and without disturbance and dislocation of business and industry, and a maximum workweek of 40 hours without curtailing earning power and without reducing production.

"(h) Unless the Administrator finds that the standards recommended by a wage and hour committee have been made without due consideration of the factors enumerated in this section, he shall set down for public hearing pursuant to section 10 a proposed order containing such standards together with such regulations and conditions as he may deem necessary and incidental thereto pursuant to sections 6 and 9. If after such hearing the Administrator finds that the proposed standards, so far as is economically feasible, are at levels consistent with the health, efficiency, and general well-being of workers, he shall so declare, and shall issue a labor-standard order applying such standards, regulations, and conditions to the occupation involved pursuant to the procedure hereinafter provided.

"(i) If the recommendations of a committee are not submitted in such time as the Administrator may prescribe as reasonable, the Administrator may appoint a new committee. If the Administrator before or after hearing rejects the recommendations of a wage and hour committee, either in whole or in part, he shall resubmit the matter to the same committee or to a new committee, whichever he deems proper.

"(j) The provisions of this act with respect to maximum workdays or maximum workweeks shall not apply to employees engaged in processing or packing perishable agricultural products during the harvesting season; or to any person employed in connection with the ginning, compressing, and storing of cotton or with the processing of cottonseed; the canning or other packing or packaging of fish, sea foods, sponges, or picking, canning, or processing of fruits or vegetables, or the processing of beets, cane, and maple into sugar and sirup, when the services of such person are of a seasonal nature; or to employees employed in a plant located in dairy production areas in which milk, cream, or butterfat are received, processed, shipped, or manufactured, if operated by a cooperative association as defined in section 15, as amended, or the Agricultural Marketing Act.

"COLLECTIVE-BARGAINING AGREEMENTS PROTECTED

"SEC. 5. (a) Nothing in this act or in any regulation or order thereunder shall be construed to interfere with, impede, or diminish in any way the right of employees to bargain collectively or otherwise to engage in any concerted activity allowed by law in order to obtain a wage in excess of the applicable minimum under this act or to obtain a shorter workweek than the maximum workweek under this act or otherwise to obtain benefits or advantages for employees not required by this act, and a minimum wage so sought or obtained shall not be construed or deemed to be illegal or unfair because it is in excess of the minimum wage under this act, and a maximum workweek so sought or obtained shall not be construed or deemed to be illegal or unfair because it is shorter than the maximum workweek under this act.

"(b) A labor-standard order establishing minimum wages or a maximum workweek for any occupation shall be made only if the Administrator finds that collective-bargaining agreements in respect to such minimum wages or maximum hours do not cover a substantial portion of the employees in such occupation, or that existing facilities for collective bargaining in such occupation are inadequate or ineffective to accomplish the purposes of this act.

"(c) A labor-standard order covering any occupation shall not establish for any locality in which such occupation is carried on a minimum wage which is lower or a maximum workweek which is longer than the minimum wage or maximum workweek prevailing for like work done under substantially like conditions in such occupation in such locality, unless the minimum wage established by such order is the highest wage or the maximum workweek is the shortest workweek that the Administrator is authorized to establish under this act.

"(d) The minimum wages and maximum workweek established by collective-bargaining agreements in any occupation shall be prima facie evidence of the appropriate minimum wage and maximum workweek to be established by the Administrator for like work done under substantially like conditions.

"EXEMPTIONS FROM LABOR STANDARDS WITH RESPECT TO WAGES AND HOURS

"SEC. 6. (a) Unless an applicable order of the Administrator under this act shall otherwise provide, the maintenance among employees of an oppressive workweek shall not be deemed to constitute a substandard labor condition if the employees so employed receive additional compensation for such overtime employment at the rate of one and one-half times the regular hourly wage rate at which such employees are employed. But the Administrator shall have power to make an order determining that such overtime employment in any occupation shall constitute a substandard labor condition if and to the extent the Administrator finds necessary or appropriate to prevent the circumvention of this act. Any such order may contain such terms and conditions relating to overtime employment, including the wage rates to be paid therefor and the maximum number of hours of employment in each day and the maximum number of days per week, as the Administrator shall consider necessary or appropriate in the occupation affected.

"(b) The Administrator shall provide by regulation or by order that the employment of employees in any occupation at a wage lower or for a workweek longer than the appropriate fair labor standard otherwise applicable to such occupation shall not be deemed to constitute a substandard labor condition if the Administrator finds that the special character or terms of the employment or the limited qualifications of the employees makes such employment justifiable and not inconsistent with the accomplishment of the purposes of such one or more provisions of this act. Such regulations or orders may provide for (1) the employment of learners, and of apprentices under special certificates as issued pursuant to regulations of the Department of Labor, at such wages lower than the applicable minimum wage and subject to such limitations as to time, number, proportion, and length of service as the Administrator shall prescribe; (2) the employment of persons whose earning capacity is impaired by age or physical or mental deficiency or injury, under special certificates to be issued by the Administrator, at such wages lower than the applicable wage and for such period as shall be fixed in such certificates; (3) deductions for board, lodging, and other facilities furnished by the employer if the nature of the work is such that the employer is obliged to furnish and the employee to accept such facilities; (4) overtime employment in periods of seasonal or peak activity or in maintenance, repair, or other emergency work and the wage rates to be paid for such overtime employment not exceeding the rate of time and one-half; and (5) suitable treatment of other cases or classes of cases which, because of the nature and character of the employment, justify special treatment.

"PART III—UNFAIR GOODS BARRED FROM INTERSTATE COMMERCE AND INTERSTATE COMMERCE PROTECTED FROM THE EFFECT OF SUBSTANDARD LABOR CONDITIONS

"PROHIBITED SHIPMENTS AND EMPLOYMENT CONDITIONS IN INTERSTATE COMMERCE AND PRODUCTION FOR INTERSTATE COMMERCE

"SEC. 7. It shall be unlawful for any person, directly or indirectly—

"(1) to transport or cause to be transported in interstate commerce, or to aid or assist in transporting, or obtaining transportation in interstate commerce for, or to ship or deliver or sell in interstate commerce, or to ship or deliver or sell with knowledge that shipment or delivery or sale thereof in interstate commerce is intended, any unfair goods; or

"(2) to employ under any substandard labor conditions any employee engaged in interstate commerce or in the production of goods intended for transportation or sale in violation of clause (1) of this section.

"PROTECTION OF INTERSTATE COMMERCE FROM EFFECT OF SUBSTANDARD LABOR CONDITIONS

"SEC. 8. (a) Whenever the Administrator shall determine that any substandard labor condition exists in the production of goods in one State and that such goods compete to a substantial extent in that State with other goods produced in another State and sold or transported in interstate commerce, in the production of which such substandard labor condition does not exist, the Administrator shall make an order requiring the elimination of such substandard labor condition and the maintenance of the appropriate fair labor standard in the production of goods which so compete.

"(b) It shall be unlawful for any person, directly or indirectly, to employ any employee in violation of any term or provision of an order of the Administrator made under this section.

"(c) The United States Tariff Commission (1) upon request of the President, or (2) upon resolution of either or both Houses of Congress, or (3) upon request of the Administrator, or (4) upon its own motion, or (5) when in the judgment of the Commission there is good and sufficient reason therefor, upon application of any interested party, shall investigate the differences resulting from the operation of this act in the costs of production of any domestic article and of any like or similar foreign article, with a view to determining whether or not an increase should be made in the duty upon such foreign article for the purpose of equalizing such differences.

"(d) All provisions of law applicable with respect to investigations under section 336 of the Tariff Act of 1930, as amended, including the provisions applicable to reports of the Commission and proclamations by the President, shall, insofar as they are not inconsistent with this section, be applicable in like manner with respect to investigations under this section. Nothing in subsection (c) or (d) of this section shall be construed as authorizing action in violation of any international obligation of the United States.

"PART IV—GENERAL ADMINISTRATIVE PROVISIONS

"LABOR-STANDARD ORDERS

"SEC. 9. A labor-standard order—

"(1) shall be made only after a hearing held pursuant to section 10;

"(2) shall take effect upon the publication thereof in the Federal Register or at such date thereafter as may be provided in the order;

"(3) shall define the occupation or occupations, the territorial limits within which such order shall operate, and the class, craft, or industrial unit or units to which such order relates;

"(4) subject to the provisions of this act, may classify employers, employees, and employments within the occupation to which such order relates according to localities, the population of the communities in which such employment occurs, the number of employees employed, the nature and volume of the goods produced, and such other differentiating circumstances as the Administrator finds necessary or appropriate to accomplish the purposes of such order, and may make appropriate provision for different classes of employers, employees, or employment; but it shall be the policy of the Administrator to avoid the adoption of any classification which effects an unreasonable discrimination against any person or locality or which adversely affects prevailing minimum wage or maximum workweek standards and to avoid unnecessary or excessive classifications and to exercise his powers of classification only to the extent necessary or appropriate to accomplish the essential purposes of the act;

"(5) in case of an order relating to wages, may contain such terms and conditions as the Administrator may consider necessary or appropriate to prevent the established minimum wage becoming the maximum wage; but it shall be the policy of the Administrator to establish such minimum-wage standards as will affect only those employees in need of legislative protection without interfering with the voluntary establishment of appropriate differentials and higher standards for other employees in the occupation to which such standards relate;

"(6) shall contain such terms and conditions (including the restriction or prohibition of industrial home work or of such other acts or practices) as the Administrator finds necessary to carry out the purposes of such order, to prevent the circumvention or evasion thereof, or to safeguard the fair labor standards therein esablished;

"(7) may modify, extend, or rescind at any time, in the light of the circumstances then prevailing, a labor-standard order previously made: *Provided*, That at least 90 days' notice from the date of the order must be given before any change is made effective if it increases wages or reduces hours.

"HEARINGS

"SEC. 10. A labor-standard order shall be made, modified, extended, or rescinded only after a hearing held pursuant to this section. Such hearing shall be held at such time and place as the Administrator shall prescribe, on the Administrator's own motion or on the complaint of any labor organization or any person having a bona fide interest (as defined by the Administrator), filed in accordance with such regulations as the Administrator shall prescribe, and showing reasonable cause why such hearing should be held. Such hearing shall be public and may be held before the Administrator, or any officer or employees of the Wage and Hour Division designated by him. Appropriate records of such hearing shall be kept. The Administrator shall not be bound by any technical rules of evidence or procedure.

"INVESTIGATIONS; TESTIMONY

"SEC. 11. (a) The Administrator, in his discretion, may investigate and gather data regarding the wages, hours, and other conditions and practices of employment in any occupation subject to this act, and may inspect such places and such records (and make such transcripts thereof) and investigate such facts, conditions, practices, or matters as he may deem necessary or appropriate to determine whether any person has violated or is about to violate any provision of this act or any labor-standard order, or to aid in the enforcement of the provisions of this act, in prescribing regulations thereunder, or in obtaining information to serve as a basis for recommending further legislation concerning the matters to which this act relates.

"(b) For the purpose of any investigation or any other proceeding under this act, a wage and hour committee, the Administrator, or any officer or employee of the wage and hour division designated by him, is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, or other records of any employer deemed relevant or material to the inquiry. Witnesses appearing before the Administrator or any officer or employee designated by him, in obedience to subpenas of the Administrator, shall be entitled to such fees and mileage as the Administrator may by rules and regulations prescribe.

"(c) In case of contumacy by, or refusal to obey a subpena issued to, any person, the Administrator, or the wage and hour committee, as the case may be, may invoke the aid of any court of the United States in the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, correspondence, and other records. Such court may issue an order requiring such person to appear before the wage and hour committee, or before the Administrator or officer or employee designated by him, as the case may be, and to produce records, if so ordered, or to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

"(d) No person shall be excused from attending and testifying or from producing books, papers, correspondence, or other records and documents on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture, but no individual shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

"ENFORCEMENT

"SEC. 12. Whenever it shall appear to the Administrator that any person is engaged or about to engage in any act or practice which constitutes or will constitute a violation of any provision of this act, or of any provision of any labor-standard order, he may in his discretion bring an action in the proper district court of the United States to enjoin such act of practice and to enforce compliance with this act or with such labor-standard order, and upon a proper showing a permanent or temporary injunction or decree or restraining order shall be granted without bond. The Administrator may transmit such evidence as may be available concerning such acts or practices to the Attorney General, who, in his discretion, may institute the appropriate criminal proceedings under this act.

"RECORD; LABELS

"SEC. 13. (a) Every employer subject to any provision of this act or of a labor-standard order shall make, keep, and preserve such records of the persons employed by him; and the wages, hours, and other conditions and practices of employment maintained by

him and shall preserve such records for such periods of time, and shall make such reports therefrom to the Administrator as the Administrator shall prescribe by regulation or order as necessary or appropriate for the enforcement of the provisions of this act or the regulations or orders thereunder. Every employer subject to a labor-standard order shall keep a copy of such order posted in a conspicuous place in every room in which employees in any occupation subject to such order are employed, and a schedule of hours of employment on a form published by the Administrator shall contain the maximum number of hours each employee is to be employed during each day of the week with the total hours per week, the hours of commencing and stopping work, and the beginning and end of periods allotted for meals. If more than one schedule of hours is in operation at a particular place of employment, the posted schedule shall contain the names of the employees working on the different shifts and shall indicate the hours required for each employee or group of employees. The presence of any employee at the place of employment at any other hours than those stated in the schedule applying to him shall be deemed prima-facie evidence of violation of such order, unless such employee is receiving the overtime rate provided in section 6 (b). Employers shall be furnished copies of such orders and forms upon request without charge.

"(b) No person other than the producer shall be prosecuted for the transportation, shipment, delivery, or sale of unfair goods who has secured a representation in writing from the person by whom the goods transported, shipped, or delivered were produced resident in the United States to the effect that such goods were not produced in violation of any provision of this act. If such representation contains any false statement of a material fact the person furnishing the same shall be amenable to prosecution and to the penalties provided for the violation of the provisions of this act.

"POWERS OF THE SECRETARY OR LABOR AND OF THE CHILDREN'S BUREAU

"SEC. 14. (a) So far as practicable the Administrator shall utilize the Department of Labor for all the investigations and inspections necessary under section 11 (a). The Secretary of Labor shall have the powers enumerated therein in the conduct of such investigations and inspections and shall report the results thereof to the Administrator.

"(b) The Administrator shall utilize the Chief of the Children's Bureau in the Department of Labor or any of his authorized representatives for all investigations and inspections under section 11 with respect to the employment of minors and to bring all actions under section 12 to enjoin any act or practice which is unlawful by reason of the existence of oppressive child labor.

"REGULATIONS; ORDERS

"SEC. 15. The Administrator shall have authority from time to time to make, issue, amend, and rescind such regulations and such orders as he may deem necessary or appropriate to carry out the provisions of this act, including but not limited to regulations defining technical and trade terms used in this act. Among other things, the Administrator shall have authority, for the purposes of this act, to provide for the form and manner in which complaints may be filed and proceedings instituted for the establishment of fair labor standards; to prescribe the procedure to be followed at any hearing or other proceeding before the Administrator or any officer or employee designated by him, or wage and hour committee appointed by him. For the purpose of his regulations and orders, the Administrator may classify persons and matters within his jurisdiction and prescribe different requirements for different classes of persons or matters. The regulations and orders of the Administrator shall take effect upon the publication thereof in the Federal Register or at such later date as the Administrator shall direct. No provision of this act imposing any liability or disability shall apply to any act done or omitted in good faith in conformity with any regulation or order of the Administrator, notwithstanding that such regulation or order may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

"VALIDITY OF CONTRACTS

"SEC. 16 (a) Any provision of any contract, agreement, or understanding made in violation of any provision of this act or of a regulation or order thereunder shall be null and void.

"(b) Any contract, agreement, understanding, condition, stipulation, or provision binding any person to waive compliance with any provision of this act or with any regulation or order thereunder shall be null and void.

"REPARATION; RELEASE OF GOODS

"SEC. 17. (a) If any employee is paid by his employer a wage lower than the applicable minimum wage required to be paid by any provision of this act or of a labor-standard order, or required to be paid to make it lawful under this act for goods in the production of which such employee was employed to be shipped in interstate commerce or to compete with goods shipped in interstate commerce, such employee shall be entitled to receive as reparation from his employer the full amount of such minimum wage less the amount actually paid to him by the employer. If any employee is employed for more hours per week or per day than the maximum workweek or workday required to be maintained by any provision of this act or of a labor-standard order, he shall be entitled to receive as reparation from his employer additional compensation for the time that he was employed in excess of such maximum workweek or workday at the rate of 1½ times the agreed wage at which he was employed or the minimum wage, if any, for such time established by this act or by an applicable labor-standard order, whichever is higher, less the amount actually paid to him for such time by the employer.

"(b) Any employee entitled to reparation under this section may recover such reparation in a civil action together with costs and such reasonable attorney's fees as may be allowed by the court. Any such claim for reparation shall not be the subject of any voluntary assignment, except to the Administrator as herein provided. At the request or with the consent of any employee entitled to such reparation, the Administrator or an authorized regional representative of the Administrator may take an assignment of any claim of such employee under this section in trust for the assigning employee and may bring any legal action necessary to collect such claim, and the employer shall be required to pay costs and such reasonable attorney's fees as may be allowed by the court. Employees entitled to reparations from the same employer may bring a joint action to recover such reparations or, if separate actions are brought, such employees or the employer shall have the right to have such actions consolidated for trial.

"(c) The Administrator shall by order exempt any goods from the operation of any provision of this act prohibiting the sale or transportation of such goods in interstate commerce if the Administrator finds that every person having a substantial proprietary interest (as defined by the Administrator) in such goods had no reason to believe that any substandard labor condition existed in the production of such goods or that such exemption is necessary to prevent undue hardship or economic waste and is not detrimental to the public interest. Any order of the Administrator under this subsection shall contain such terms and conditions as the Administrator considers necessary or appropriate in order to safeguard the enforcement and prevent the circumvention of this act. In the case of goods produced under any substandard labor condition relating to wages or hours of employment maintained by any employer having a substantial proprietary interest (as defined by the Administrator) in such goods, no such order shall be granted unless it is established to the satisfaction of the Administrator that adequate provision has been made for the payment, to every employee employed by him in the production of such goods under any such substandard labor condition, of the reparation to which such employee is entitled under this section on account of such employment.

"RELATION TO OTHER LAWS

"SEC. 18. No provision of this act or of any regulation or order thereunder shall justify noncompliance with any Federal or State law or municipal ordinance establishing a minimum wage higher than a minimum wage established under this act or a maximum workweek lower than a maximum workweek established under this act, or otherwise regulating the conditions of employment in any occupation and not in conflict with a provision of this act or a regulation or order thereunder.

"COMMON CARRIERS NOT LIABLE

"SEC. 19. No provision of this act shall impose any liability or penalty upon any common carrier for the transportation in interstate commerce in the regular course of its business of any goods not produced by such common carrier, and no provision of this act shall excuse any common carrier from its obligations to accept any goods for transportation.

"COURT REVIEW OF ORDERS

"SEC. 20. (a) Any person aggrieved by an order of the Administrator under this act may obtain a review of such order in the circuit court of appeals of the United States for any circuit wherein such person resides or has his principal place of business, or in the United States Court of Appeals for the District of Columbia by filing in such court, within 60 days after the entry of such order, a written petition praying that the order of the Administrator be modified or set aside in whole or in part. A copy of such petition shall forthwith be served upon the Administrator, and thereupon the Administrator shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm, modify, or set aside such order in whole or in part. The review by the court shall be limited to questions of law, and findings of fact by the Administrator when supported by evidence shall be conclusive unless it shall appear that the findings of the Administrator are arbitrary or capricious. No objection to the order of the Administrator shall be considered by the court unless such objection shall have been urged before the Administrator or unless there were reasonable grounds for failure so to do. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence may materially affect the result of the proceeding and that there were reasonable grounds for failure to adduce such evidence in the proceeding before the Administrator, the court may order such additional evidence to be taken before the Administrator and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Administrator may modify his findings as to the facts by reason of the additional evidence so taken, and he shall file with the court such modified or new findings, which if supported by evidence shall be conclusive, and his recommendation, if any, for the modifications or setting aside of the original order. The judgment and decree of the court shall be final, sub-

ject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

"(b) The commencement of proceedings under subsection (a) shall not, unless specifically ordered by the court, operate as a stay of a labor-standard order relating to wages or hours unless stay of a labor standard order relating to wages or hours unless the person complaining of such order shall file in court an undertaking with a surety or sureties satisfactory to the court for the payment to the employees subject to the order of the reparation to which they would be entitled under section 17 in the event that the order should be upheld.

"JURISDICTION OF OFFENSES AND SUITS

"SEC. 21. The district courts of the United States shall have jurisdiction of violations of this act or the regulations or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this act or the regulations or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation or an element thereof occurred. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this act, or regulations or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district in which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 225 and 347), and section 7, as amended, of the act entitled "An act to establish a Court of Appeals for the District of Columbia", approved February 9, 1893 (D. C. Code, title 18, sec. 26). No costs shall be assessed against the Administrator in any proceeding under this act brought by or against the Administrator in any court.

"PENALTIES

"SEC. 22. (a) Any person who willfully performs or aids or abets in the performance of any act declared to be unlawful by any provision of this act or who willfully fails or omits to perform any act, duty, or obligation required by this act to be performed by him shall be guilty of a misdemeanor and, upon conviction, shall be fined not more than $500 or imprisoned for not more than 6 months, or both. Where the employment of an employee in violation of any provision of this act or of a labor-standard order is unlawful, each employee so employed in violation of such provision shall constitute a separate offense. No person shall be imprisoned under this subsection except for an offense committed after the conviction of such person for a prior violation of this subsection.

"(b) Any person who willfully makes any statement or entry in any application, report, or record filed or kept pursuant to the provisions of this act or any regulation or order thereunder, knowing such statement or entry to be false in any material respect shall be guilty of a misdemeanor and, upon conviction, shall be fined not more than $500 or imprisoned for not more than 6 months, or both.

"(c) Any employer who willfully discharges or in any other manner discriminates against any employee because such employee has filed any complaint or instituted or caused to be instituted any investigation or proceeding under or related to this act, or has testified or is about to testify in any such investigation or proceeding, or has served or is about to serve on an advisory committee, or because such employer believes that such employee has done or may do any of said acts, shall be guilty of a misdemeanor and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"(d) Any person who, without just cause, shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, or other records, if in his or its power so to do, in obedience to a subpena issued pursuant to this act, shall be guilty of a misdemeanor and upon conviction shall be subject to a fine of not more than $500 or to imprisonment for not more than 6 months, or both.

"(e) No producer, manufacturer, or dealer shall ship or deliver for shipment in interstate commerce any goods produced in an establishment situated in the United States in or about which within 30 days prior to the removal of such goods therefrom any oppressive child labor has been employed: *Provided*, That a prosecution and conviction of a defendant for the shipment or delivery for shipment of any goods under the conditions herein prohibited shall be a bar to any further prosecution against the same defendant for shipments or deliveries for shipment of any such goods before the beginning of said prosecution.

"SEPARABILITY

"SEC. 23. If any provision of this act or of any regulation or order thereunder or the application of such provision to any person or circumstances shall be held invalid, the remainder of the act and the application of such provision of this act or of such regulation or order to persons or circumstances other than those as to which it is held invalid shall not be affected thereby. Without limiting the generality of the foregoing, if any provision of this act or any regulation or order thereunder shall be held invalid insofar as it gives any effect to any substandard labor condition or requires the maintenance of any fair-labor standard on the part of any person or in any circumstances, the application of such provision of this act or of such regulation or order shall not be affected thereby insofar as it gives any effect to any other substandard labor condition or requires the maintenance of any other fair labor standard on the part of the same person or in the same circumstances, or insofar as it gives any effect to the same substandard labor condition or requires the maintenance of the same fair labor standard on the part of any other person or in any other circumstances.

"EFFECTIVE DATE OF ACT

"SEC. 24. This act shall take effect immediately, except that no provision requiring the maintenance of any fair labor standard or giving any effect to any substandard labor condition shall take effect until the one hundred and twentieth day after the enactment of this act, and no labor-standard order shall be effective prior to that day."

Mrs. NORTON (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. LAMNECK and Mr. SNELL objected.

Mr. MICHENER (interrupting the reading of the amendment). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. MICHENER. Mr. Chairman, the substitute resolution was declared out of order for the reason suggested by the gentleman from Tennessee [Mr. COOPER]. A point of order to another part of the same substitute was made by the gentleman from New York [Mr. SNELL]. The Chair did not rule on this point of order. The parliamentary inquiry, therefore, Mr. Chairman, is this: We must now start to read the entire substitute, which is the substitute that has once been read, minus the part held out of order by the Chair. When the Clerk has finished the reading we shall then again go through the procedure by the gentleman from New York renewing his point of order, and it will then become the duty of the Chair to rule upon the point of order. Can we not have a ruling on the Snell point of order now without this additional delay?

The CHAIRMAN. The Chair has no official knowledge of what is in the amendment, although we all personally have knowledge that the pending amendment is the same as the substitute with the exception of the objectionable tariff features, which are eliminated, the Chair assumes. Under the rules of the House, reading of the amendment is in order unless unanimous consent is given to dispense with its further reading. Unless this be done the amendment must be read. It is within the control of the committee to bring this matter to an immediate head by giving unanimous consent to dispense with further reading of the amendment. This, however, is a matter over which the Chair has no control.

Mr. DUNN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from Pennsylvania will state his parliamentary inquiry; but the Chair will not entertain further parliamentary inquiries until the reading of the amendment has been completed.

Mr. DUNN. Mr. Chairman, would it be in order for the chairman of the Committee on Labor to withdraw her amendment so we may proceed with the bill?

The CHAIRMAN. That may be done only by unanimous consent.

The Clerk will read.

The Clerk continued reading of the amendment.

Mr. PEARSON (interrupting the reading of the amendment). I ask unanimous consent that further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. THOMAS of New Jersey. Mr. Chairman, I object.

The Clerk continued the reading of the amendment.

Mr. MOTT (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN (Mr. MCGRANERY). Is there objection to the request of the gentleman from Oregon?

Mr. CHURCH. Mr. Chairman, I object.

The Clerk concluded the reading of the amendment.

Mr. SNELL. Mr. Chairman, I desire to renew the point of order I made earlier in the afternoon against the committee amendment on the ground of germaneness. I am not going to take the time of the House to go over the argument I made before or point to the various precedents and decisions made by former chairmen.

I call the attention of the Chair very briefly to one matter. The original Senate bill, 2475, has for a title the following:

To provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes.

The title of the amendment offered by the committee is exactly the same as the title of the original Senate bill. In other words, the intent and purpose of each bill is exactly the same, but as set up in the very first paragraph in the first section of the Senate bill, it proposes to accomplish this end by setting up an independent board consisting of five members with certain specific qualifications, and there is also the proposition to give them certain authority to do certain things.

The committee amendment, offered by the chairman of the Labor Committee, tries to accomplish the same end, but does so in an entirely different method. It sets up a Wages and Hours Division under the Department of Labor to be headed by one man, and the authority given to that one man is entirely different from the authority given to the board set up in the original bill. In other words, it is distinctly a new method which was never mentioned in the original Senate bill.

There is nothing about wages and hours in the title or the objects of the Senate bill. I maintain, Mr. Chairman, without going over the complete argument I made earlier in the afternoon, that the method proposed by the amendment is entirely different from the method proposed by the original bill, therefore is not germane and should not be held to be germane at this time.

Mr. MARTIN of Colorado. Mr. Chairman, I desire to renew my point of order against the child-labor provision of the substitute bill offered by the gentlewoman from New Jersey, being paragraph 10, section 2, page 5 of the amendment. I will again call attention to the fact that while the Senate bill vested jurisdiction over the legislation in the Secretary and in the Department of Labor, the House committee amendment vests jurisdiction in the Chief of the Children's Bureau exclusively. That is, to the exclusion of both the Secretary and the Department of Labor.

Mr. CASE of South Dakota. Mr. Chairman, I should like to be heard further on the point of order raised by the gentleman from New York [Mr. SNELL].

The CHAIRMAN (Mr. MCCORMACK). The Chair will hear the gentleman later.

Mr. O'CONNOR of New York. Mr. Chairman, I would prefer that all of the proponents be heard now.

Mr. COX. Mr. Chairman, I make a point of order against the amendment upon the ground that the committee amendment contains matter not contained in the original bill. In this amendment, agriculture is brought under the jurisdiction of the administrative agency set up, whereas in the bill, agriculture is entirely excluded.

I make a further point of order against paragraph (J), section 6, of the amendment on the ground it is matter which was not approved by the committee reporting the bill.

The CHAIRMAN. What page?

Mr. COX. Page 16. I make the point of order against the amendment on the ground that the committee having jurisdiction of the bill has taken no formal action thereon.

Mr. CASE of South Dakota. Mr. Chairman, I would invite the attention of the Chair to the two methods proposed because they constitute a very material change in the scope of the bill.

The original Senate bill in section 3, on page 9, proposed to create a Labor Standards Board to be composed of five members to be appointed by the President by and with the consent of the Senate.

That draft of the bill set up a Labor Standards Board with judicial or, at least, quasi judicial functions. At least, it would have meant a regularly constituted governmental agency.

The amendment now offered proposes an Administrator in the Department of Labor, but the Administrator is directed to create wage and hour committees, industry by industry throughout the country. The determination of substandard labor conditions will then depend upon the findings of these wage and hour committees, which are not governmental agencies in the same sense. They clearly are not governmental agencies in the sense pointed out by the gentleman from Georgia [Mr. RAMSPECK], when he referred to the decision of the Supreme Court in the old N. R. A. case.

The wage and hour committees are not to be composed of a fixed number of impartial men, but the amendment says they—

Shall be composed of an equal number of persons representing the employers and the employees in such occupation, and of not more than three disinterested persons representing the public, one of whom shall be designated as chairman.

This does not mean a standard; it means a chaos of standards.

In one industry this wage and hour committee may be composed of 103 members—50 employers, 50 employees, and 3 members representing the public. In another industry the committee may be composed of nine members, with equal representation of all parties. The inevitable result will be that these committees determining substandard conditions will not be impartial fact-finding bodies, such as proposed in the original bill, but will be bodies of partisans contesting for the interests of the persons on the committees.

We will not have governmental determination of substandard conditions, as contemplated by the original proposal, but will have self-serving, barter-and-trade negotiations.

That is a vital difference in method, Mr. Chairman. One seeks to assess facts; the other will seek to assess prejudices and partisan interests. The difference is so great that when it is proposed to delegate legislative powers to these bodies we should remember the Supreme Court has said one is a constitutional delegation of power and the other is not.

This point is more clearly emphasized as you go through the bill and find the different things the two agencies are called upon to consider in making their findings. As you analyze these provisions you find they change not merely the scope but the purpose of the bill. The change in method changes the objective.

I submit that the point of order raised by the gentleman from New York [Mr. SNELL], namely, that the amendment is not germane because it changes the scope of the bill by vastly changing the method and, in fact, the purpose and effect of the bill, should be sustained.

Mr. O'CONNOR of New York. Mr. Chairman, this is a very important parliamentary matter, in the opinion of many Members, because it goes to one of the fundamental rules of the House, rule XVI, relating to "germaneness." This rule as to "germaneness" when adopted early in the history of the Congress in 1790 was a new departure in parliamentary law and without any precedent. It has been interpreted countless times. Sometimes it has been strained, reflecting the particular attitude of the membership at that time, and sometimes it has reflected the attitude of the then presiding officer.

The argument I shall make will be directed at the point of order made by the distinguished minority leader [Mr. SNELL], the point of order made by the distinguished gentleman from Colorado [Mr. MARTIN], and the point of order made by the distinguished gentleman from South Dakota [Mr. CASE] all going to the same point.

With regard to the point of order made by the gentleman from South Dakota, I believe he has directed his argument more against the merits of the proposal than against the parliamentary procedure.

As to the point of order made by the distinguished gentleman from Georgia [Mr. Cox], as I understood his first point it was that the committee amendment contains new matter not in the original bill. Of course, I hope all committee amendments do have something new in them and add something to the bill. If not, they should never be offered.

The second point made by the distinguished gentleman from Georgia [Mr. Cox] was that one particular feature of the bill had not been approved by the House Labor Committee. Of course, that is a question of fact, and I am informed by several committee members that it was approved by a vote of 11 to 6 or 9 to 6. If that is correct, that particular point of order falls.

The distinguished gentleman from New York [Mr. SNELL] the minority leader, has admitted in his second argument on his point of order the crux of this question, when he states that the "intent and purpose of these two bills is the same." This is the whole issue here.

The gentleman has referred to the titles of the two bills. Of course, it is well held in parliamentary procedure, as announced in section 2916 of Hinds' Precedents, that the title of a bill is of no influence whatever in deciding what is in the bill.

In his first argument the gentleman from New York [Mr. SNELL] referred to subtitles and pointed out that the subtitle of the Senate bill referred to a Labor Standards Board while the subtitle of the committee amendment referred to a Wage and Hour Division of the Department of Labor. If they are important, they are not so unrelated as to affect the question under consideration. Furthermore, they are merely titles.

What subject are we considering here? How would anybody briefly describe it in a few words? He or she would say we are taking up the subject of wages and hours. Minimum wages and maximum hours are what we are discussing, and this is the issue in every one of at least a half dozen bills which have been introduced in the House.

The point of order of the distinguished minority leader [Mr. SNELL], however, is directed toward the method by which we shall approach this goal, to do something about minimum wages and maximum hours. The point I make is that the subject matter of the bill being wages and hours, this amendment offered by the lady from New Jersey is in the nature of a substitute. It also deals with wages and hours. Any other amendments which may be offered hereafter dealing with this subject, is germane irrespective of the particular method proposed to be adopted to reach the ultimate objective.

As far as I know, I have examined every single, solitary precedent in Hinds and Cannon and in other works, and I have not found one precedent which would sustain the point of order made by the distinguished minority leader. Every one of the precedents cited by the gentleman from New York can be distinguished from the question in point, because this is a new proposal.

Congress and the Government are engaged in a new venture, you may call it, in legislation. There is nothing on the statute books today in reference to "minimum wages and maximum hours." We are not amending any existing law. We are not giving any new powers to any existing agency of the Government. We are starting on an entirely new venture, an attempt to do something about wages and hours in industry.

As everybody knows, the amendment offered by the distinguished gentlewoman from New Jersey [Mrs. NORTON], in the nature of a substitute, is offered as a new, complete, clean bill, as it has been called, for the purpose of avoiding confusion as far as possible. The Senate bill went to the House Committee on Labor, which first reported some 60 amendments to the Senate bill. Then the House Labor Committee reported other amendments, and then finally decided to bring in a clean copy of the bill, including all of the House committee amendments, and to offer that as a substitute, treating it as one new bill. All the amendments included in this committee substitute, except one, are practically minor perfecting amendments, about which there can be little complaint, and possibly no point of order.

The issue all comes down to the question of the method of administration of the act. The issue devolves as to section 3 of the original bill and section 3 of the amendment offered by the distinguished gentlewoman from New Jersey [Mrs. NORTON]. Section 3 of the original bill was entitled "Labor Standards Board." Section 3 of the new bill is entitled "Administrative Agency." Section 3 of the Senate bill, the original bill, provided for the setting up of a board of five members, and the section had five or six subsections relating to the place of office, the appointment of employees, the making of reports, and other minor matters. Section 3 of the House Labor Committee amendment is the same, except that it provides for the appointment of an administrator in the Department of Labor rather than a board of five members. Outside of this one detail, both sections are substantially the same.

Now, no one can say that whether or not we put the administration of this act in the Labor Department or in a board of five, or in some other agency, or in no agency, is the outstanding feature of this bill. The outstanding feature is the proposal to do something about minimum wages and maximum hours, and there is no one who can now dispute that point. How we shall do it is another question.

I wish to call to the attention of the Chair an authority directly in point, in my opinion. I have seen no authorities to the contrary. They all point in the direction which I am arguing, but this authority is directly on the point and should be conclusive.

In Cannon's Precedents, volume 8, at section 3056, the headline is:

> To a proposition to accomplish a certain purpose by one method a proposition to achieve the same purpose by another closely related method is germane.
>
> To a bill proposing the adjudication of claims arising out of informal contracts with the Government through the agency of the Secretary of War, an amendment proposing to adjudicate such claims through the agency of a commission appointed for that purpose was held to be germane.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a question?

Mr. O'CONNOR of New York. I gladly yield to the distinguished minority leader.

Mr. SNELL. The gentleman has just read a precedent which states that where one method is closely related to the other, it is germane, but it does not say that a method that is entirely new in every single step of its procedure is germane; and the method presented by the committee amendment is new from top to bottom with not a word or a single action similar to the old one.

Mr. O'CONNOR of New York. The precedent to which I have just called attention is just the reverse of the situation we have here today. Here the first suggestion made was as to a board, and the change is to a department of the Government, the Labor Department. In the precedent I have cited, it was first the Secretary of War who was charged with the duty, and then that was changed to a commission or a board, in effect. There is no difference in principle between the precedent and the present time.

Mr. SNELL. The gentleman has omitted one step. One is a separate, independent board not connected with any executive department and the other sets up a bureau under an executive department.

Mr. O'CONNOR of New York. I have been trying to tell the distinguished gentleman that the precedent I have just read is just the reverse of the present issue, but on all fours to our problem. It changed the administrative agency from the executive branch of the Government, the Secretary of War, to a board, whereas we have the reverse situation before us now. The precedent is exactly in point.

Let me read on. When this question arose in the Committee of the Whole House on the state of the Union on January 9, 1919, Mr. Charles R. Crisp, of Georgia, one of the

greatest parliamentarians of Congress, was presiding as Chairman of the Committee of the Whole House on the state of the Union. The point of order was made by another great parliamentarian, Mr. Finis J. Garrett, of Tennessee, later Democratic minority leader of the House. Chairman Crisp said, in part, as follows:

The bill before the House provides that the Secretary of War or any of his agents or representatives can adjust and settle these differences. The amendment of the gentleman from Pennsylvania [Mr. J. Hampton Moore] provides a different method or a different agent or a different tribunal to settle these differences. The Chair believes that it is germane to the bill before the House. The Chair does not believe the House is confined to the particular method of settlement of these claims that the Committee reports. The Chair believes the amendment is germane proposing another vehicle, and it is for the House to determine which shall be adopted.

In view of this precedent, supported by all the other precedents, and especially in view, Mr. Chairman, of the fact that the prime, outstanding purpose of this bill is to meet the situation as to "minimum wages and maximum hours," I contend that the points of order in reference to this matter including the child-labor amendment, which is in the same category, are not well taken and the points of order should be overruled.

Mr. COX and Mr. MICHENER rose.

Mr. COX. Mr. Chairman, may I be heard to say just a word on a point of order I raised? This amendment contains matter that is entirely foreign to anything contained in the bill that the Committee had before it. The amendment is the product of the chairman of the Labor Committee, who was acting under blanket authority given by the committee to report a clean bill.

Mr. SABATH. I object to that, Mr. Chairman.

Mrs. NORTON. Mr. Chairman, I object.

Mr. COX. The point is just this: That the committee has taken no formal action approving the pending amendment.

The CHAIRMAN. The Chair will be pleased to hear the gentleman from Michigan.

Mr. MICHENER. Mr. Chairman, anything I may say shall be in answer to what has just been said by the gentleman from New York [Mr. O'CONNOR].

In beginning I may say that parliamentary procedure in this House is based upon precedents.

Point 1: The last precedent deciding a given matter is the precedent—the same as in court—that should be, and is, followed by the House. I think we are all agreed on this.

Point 2: The gentleman from New York has made exactly the same argument that was made here when the Farm Board bill was before the House a number of years ago and when an attempt was made to offer a substitute to bring about exactly the same objective, only by a different method. The objective was the same, but a different method was pursued to reach the goal.

The gentleman from New York [Mr. O'CONNOR] has called attention to the fact that we are dealing with a new matter, that this bill does not amend anything, and, therefore, even though we do pursue a different course in the substitute than in the original bill, that nevertheless the substitute is germane. I call the attention of the Chair to the last decision made on this very point within the last 10 days by the distinguished gentleman from North Carolina [Mr. WARREN] holding that a bill relating to agriculture, by attempting to relieve, to help, and to deal with the present condition of agriculture, was not in order because of the decisions which he there cited, and which the Chair has before it, which clearly demonstrates that if that decision is correct, then this substitute is out of order. The gentleman from North Carolina in a very clear and concise way reviewed the decisions heretofore dealing with this subject of germaneness so far as the question here involved is concerned. He called especial attention to the Mapes decision—in 1929, I think—which was the Farm Board decision, and referred to that as a decision in which all of the decisions previously made were taken into consideration, that coalition of decisions included the decision away back in 1919, made by Chairman Crisp, on which the chairman of the Committee on Rules now relies.

In concluding, all I have to say is that if the present chairman follows the parliamentary precedents reiterated by the gentleman from North Carolina in the farm bill ruling within the last 10 days, must hold that this substitute is not germane. It seems to me that to hold otherwise would be to change the established philosophy on which the rule of germaneness is based.

Mr. O'CONNOR of New York. Mr. Chairman, may I be heard on just one point raised by the distinguished gentleman from Michigan [Mr. MICHENER].

The CHAIRMAN. The Chair will hear the gentleman.

Mr. O'CONNOR of New York. In regard to the "Mapes" decision, about which the gentleman from Michigan [Mr. MICHENER] has had so much to say, that decision I have examined carefully, and I contend it is easily distinguished from the present question. That particular decision was made on April 24, 1929, and reported in section 2966 of Cannon's Precedents, volume 8. A bill was then pending before the House in the Committee of the Whole House on the state of the Union to establish a Farm Board for the merchandising of farm commodities. The distinguished gentleman from New York, Mr. Loring M. Black, Jr., offered an amendment to establish a "Federal Farm Beverage Board," to issue licenses for the sale of beer, wine, and so forth.

Not only was there proposed a different agency but to handle a different subject. It was an entirely different subject matter, changing from wheat, corn, oats, and so forth, to beer and wine. That is why the distinguished gentleman from Michigan [Mr. MAPES], then the presiding chairman, rules as he so ruled. That decision has no application whatever to the issue in point. Here we have the same subject involved, minimum wages and maximum hours. The only question is what agency shall administer it. That question of the administrative agency is secondary to the main purpose and objective of the bill and the substitutes submitted.

The goal at which we aim is that we do something about fair wages and reasonable hours. Who will execute our will is secondarily important.

The CHAIRMAN. The Chair is prepared to rule. The gentleman from New York [Mr. SNELL] makes the point of order against the amendment, one of the reasons advanced being that the substitute provides for the setting up of a bureau as a division of the Department of Labor under an administrator, whereas the Senate bill provides for the establishment of a board. Also, that the method proposed by the amendment pending establishes a different one from that set forth in the Senate bill. Points of order raised by the gentleman from Colorado [Mr. MARTIN] and the gentleman from South Dakota [Mr. CASE] are involved in the point of order raised by the gentleman from New York, and in part the point of order raised by the gentleman from Georgia [Mr. Cox] is also involved, but in part it is not.

The Chair recognizes the seriousness of this question. The Chair is indebted to those who have presented their arguments on both sides. The Chair realizes that the matter of germaneness at times is one filled with great uncertainty. The Chair realizes that there is a twilight zone. The Chair also realizes that too narrow an interpretation of the rule might interfere with the conduct of the Committee of the Whole House or of the House in the proper consideration of a bill.

The Chair anticipated this particular point of order and has had an opportunity of giving consideration to the precedents interpreting the rule which prompted the point of order being raised. During the general debate on the pending Senate bill, the Chair was informed by a number of Members that certain amendments would be offered to it, some in the nature of a substitute and others in the nature of perfecting amendments thereto. The Chair has taken notice and has utilized its opportunity during the general debate to review the decisions on germaneness embodied in Hinds' and Cannon's Precedents of the House of Representatives. The Chair has also listened intently to the discussion of the point of order on the floor and has examined

the precedents cited by gentlemen on both sides of the question.

In deciding this question it may be appropriate to examine into the meaning of the word "germane" as it relates to parliamentary law. In this respect the Chair calls attention to a statement made in a decision on germaneness by Mr. Chairman Fitzgerald, of New York, on September 22, 1914, which is to be found in Cannon's Precedents, volume 8, section 2993. The Chair quotes from that decision:

> The meaning of the word "germane" is akin to, or near to, or appropriate to, or relevant to, and "germane" amendments must bear such relationship to the provisions of the bill as well as meet other tests; that is, that they be a natural and logical sequence to the subject matter, and propose such modifications as would naturally, properly, and reasonably be anticipated.

The Chair also calls attention to a decision made by Mr. Chairman Garrett, of Tennessee, September 19, 1918, section 2911 of volume VIII of Cannon's Precedents, wherein it was held generally that the rule providing that amendments must be germane was construed as requiring that the fundamental purposes of the amendment be germane to the fundamental purposes of the bill to which it is offered. The Senate bill pending before the Committee of the Whole at the present time provides generally for the establishment of fair labor standards in employments in and affecting interstate commerce. To accomplish that result the bill sets up a board, conferring upon that board certain specified powers; asserts that the declared policy of the act is to maintain minimum wage and maximum hours standards, fixing the limits to be achieved in the one case at a minimum wage of 40 cents per hour and in the other a maximum of 40 hours per week. Certain discretionary powers are lodged in the board and certain conditions and limitations are placed upon such discretion. It is a broad plan, attempting to achieve a definite result.

Coming more directly now to the immediate question presented to the Chair, involving the question of germaneness of the amendment offered by the lady from New Jersey to the Senate bill, the Chair finds that the amendment, of course, differs somewhat from the Senate bill. It necessarily follows that it would do so; otherwise it would not have been offered. The question for the Chair here is to ascertain whether it differs so widely in its details from the Senate bill to justify the Chair in holding it not germane. The Chair has listened attentively to the citations of precedents involving the question of germaneness of amendments to farm legislation which have occurred during the past 12 years. The Chair studiously examined those decisions prior to the time when the pending question presented itself, and the Chair believes that they can be distinguished from the instant question as well as from the decision referred to by the gentleman from Michigan in connection with the ruling made by the distinguished gentleman from North Carolina [Mr. WARREN] only several days ago.

It seems to the Chair that this entire question turns upon one point, and that is whether a new agency proposed by the amendment offered by the lady from New Jersey to administer the provisions of the pending bill is so different from the agency set up in the Senate bill to accomplish that purpose as to warrant the Chair holding the amendment not germane. It seems to the Chair that the other provisions in the pending bill involve solely a question of detail, and do not, in and of themselves, provide a great departure from the terms of the Senate bill. Therefore, it appears to the Chair that the point for him to determine is whether the change in agency to administer this act is so different as to make the amendment not germane.

Again referring to those decisions of germaneness made in the past, in the consideration of farm legislation, the Chair would distinguish them in this manner: The amendments in those cases, it seems to the Chair, were not ruled out on the ground that the substitution of a new governmental agency to administer the terms of the bill were not germane, but went, rather, to the authority of the new agency proposed to use a new and unrelated method in accomplishing that end. The Chair thinks that there is a decided difference between the substitution of a new agency to administer the law and the substitution of a new method of accomplishing a predetermined end.

The Chair happily finds, however, that it is not necessary for him to rely entirely upon his own opinion in reaching a conclusion on this question. The Chair has found, and the gentleman from New York has referred to a precedent involving a similar question. The Chair has found what he regards to be a direct and pointed decision on this matter.

The Chair has before him the following decision which the gentleman from New York has referred to, which may be found in Cannon's Precedents, volume 8, section 3056, wherein it was held that—

> To a bill proposing the adjudication of claims arising out of informal contracts with the Government, "through the agency of the Secretary of War," an amendment proposing to adjudicate such claims through the agency of a commission appointed for that purpose was held to be germane.

The Chair thinks that the decision by Mr. Chairman Crisp, of Georgia, is of sufficient importance that it should be read in its entirety. Mr. Chairman Crisp on that occasion said:

> The bill before the House has for its object the validating and settling of damages arising out of informal contracts made by the War Department. The bill before the House provides that the Secretary of War, or any of his agents or representatives, can adjust and settle these differences. The amendment of the gentleman from Pennsylvania provides a different method or a different agent or a different tribunal to settle these differences. The Chair believes it is germane to the bill before the House. The Chair does not believe the House is confined to the particular method of settlement of these claims that the committee reports. The Chair believes the amendment is germane, proposing another vehicle, and it is for the House to determine which shall be adopted.

For the reasons stated, Chairman Crisp overruled that point of order.

In conclusion, the Chair thinks that the fundamental purpose of the amendment proposed by the lady from New Jersey is germane to the fundamental purposes of the bill now before us. The Chair, relying more specifically upon the decision of Mr. Chairman Crisp, just quoted, thinks the amendment comes within the rule of germaneness, and overrules the points of order. [Applause.]

Dealing now with the point of order raised by the gentleman from Georgia, the Chair, in the limited time at the Chair's disposal, has examined the Senate bill, and the Chair is of opinion that the changes recommended in the amendment are within the purview of the provisions of the Senate bill, and for this reason overrules the point of order raised by the gentleman from Georgia.

Mr. MARTIN of Colorado. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MARTIN of Colorado. I observe the gentleman from California [Mr. DOCKWEILER] on his feet in an attempt, I assume, to present the Green amendment. My inquiry is whether we are going to be permitted to consider section by section the substitute offered by the gentlewoman from New Jersey, or whether these new substitute bills are first to be presented? Some Members are claiming on the floor of the House that if these other bills are permitted to be presented that there will not be any consideration of the pending substitute section by section.

The CHAIRMAN. The Chair, of course, has no control over that situation. All the Chair can do is to interpret the rules. Further answering the gentleman, the Chair advises him that the amendment offered by the gentlewoman from New Jersey is now being considered in its entirety.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment to section 2 of the substitute offered by the gentlewoman from New Jersey.

The CHAIRMAN. The Chair recognizes the gentlewoman from New Jersey for 5 minutes in support of her amendment.

Mrs. NORTON. Mr. Chairman, I merely ask unanimous consent that the amendment which I offered may be considered as an original bill for the purpose of amendment and read section by section.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

Mr. DOCKWEILER. Mr. Chairman, I object.

Mr. Chairman, I reserve my right to object until I can find out what the parliamentary situation will be if this request be granted by the House; whether or not after consideration of this substitute intervenes, other substitutes can be offered, or whether the action of the House on this amendment would preclude it.

Mr. O'CONNOR of New York. Mr. Chairman, will the gentleman yield?

Mr. DOCKWEILER. I yield.

Mr. O'CONNOR of New York. As I understand the request of the gentlewoman from New Jersey, it is that her amendment in the nature of a substitute be considered as an original bill for the purpose of amendment, which means——

Mr. DOCKWEILER. That it is to be read?

Mr. O'CONNOR of New York. It has already been read in its entirety. There is really no reason to read it again. Under the request submitted by the gentlewoman from New Jersey amendments would be offered to the sections in numerical order, amendments being first offered to section 1, then to section 2, and so on. The gentleman can move to amend section 1 and offer the substitute bill he has in mind.

Mr. DOCKWEILER. The gentleman means that I or any other Member would offer whatever substitute I or or they had in mind after the first section of the pending substitute is read?

Mr. O'CONNOR of New York. I do not understand that it is necessary again to read the substitute. To restate the proposition as I understand it, the substitute offered by the gentlewoman from New Jersey is now to be considered open to amendment in any section, amendments being offered first to the first section, then to the second section, and so on throughout the substitute. It would be in order for the gentleman to offer his substitute as an amendment to section 1.

Mr. DOCKWEILER. I would like to hear that from the Chair. Is that the case, Mr. Chairman? If I withdraw my objection, Mr. Chairman, will I stand in the position that nothing else has intervened, that no action the House may take can prevent my substitute from being considered?

The CHAIRMAN. The Chair appreciates the caution of the gentleman from California and admires him for it and will undertake to answer the parliamentary inquiry.

If the unanimous consent request of the gentlewoman from New Jersey is granted, the Chair understands that amendments will be offered section by section. Amendments will first be in order to section 1. The gentleman from California, if recognized by the Chair, or any other Member recognized——

Mr. DOCKWEILER. Mr. Chairman, I object.

The CHAIRMAN. Will the gentleman from California permit the Chair to complete the statement?

Mr. DOCKWEILER. The Chair has answered my question.

The CHAIRMAN. The Chair will complete the statement. Amendments first in order are those affecting section 1 of the substitute; and any gentleman recognized by the Chair may move to offer a substitute for the entire amendment by striking out section 1 and inserting a new text giving notice that he will strike out the remainder of the sections of the committee amendment if his amendment be adopted.

Mr. SNELL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SNELL. Is it not a fact that if the request of the gentlewoman from New Jersey is granted that we shall have liberalized the consideration of this bill and that no one loses any rights by granting that request?

The CHAIRMAN. The Chair cannot, of course, answer that as a parliamentary inquiry; but it is the personal opinion of the Chair that that would be the result.

Is there objection to the request of the gentlewoman from New Jersey?

Mr. DOCKWEILER. Mr. Chairman, I withdraw my objection.

Mr. BOILEAU. Mr. Chairman, reserving the right to object, and I do so to propound a parliamentary inquiry as to the order in which amendments are to be offered. The amendment offered by the gentlewoman from New Jersey is now pending. Would not perfecting amendments have priority of consideration over a substitute amendment?

The CHAIRMAN. The Chair has no knowledge of what amendments may be offered; but ordinarily a perfecting amendment has precedence over a motion to substitute insofar as voting is concerned. If the unanimous-consent request is granted, it is the understanding of the Chair that amendments will be offered section by section.

Mr. BOILEAU. Nevertheless, it is the amendment offered by the gentlewoman from New Jersey that would be before the House.

The CHAIRMAN. That is before the Committee now.

Mr. BOILEAU. Would not perfecting amendments have priority over an amendment to substitute?

The CHAIRMAN. So far as voting is concerned, yes.

Mr. BOILEAU. I appreciate that fact, but may I propound a further parliamentary inquiry, whether or not a Member rising in his place and seeking recognition would not have a prior right to recognition for the purpose of offering a perfecting amendment to the amendment now pending?

The CHAIRMAN. It does not necessarily follow that such Member would have a prior right. Recognition is in the discretion of the Chair.

Mr. BOILEAU. I recognize it does not necessarily follow, but I am trying to have the matter clarified. Therefore I ask the Chair whether or not a Member who qualifies as offering a perfecting amendment does not have prior right of recognition in offering such amendment?

The CHAIRMAN. The Chair has tried to be as helpful as he could, but the Chair does not feel he should estop himself of his own discretion in the matter of recognitions.

Mr. BOILEAU. Does the Chair then rule that is within the discretion of the Chair rather than a right of the Member?

The CHAIRMAN. In answer to the gentleman's inquiry, the Chair is of the opinion it is within the province of the Chair whom the Chair will recognize, having in mind the general rules of the House.

Mr. SABATH. Mr. Chairman, I demand the regular order.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey [Mrs. NORTON]?

Mr. DOCKWEILER. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard, and the Chair recognizes the gentlewoman from New Jersey [Mrs. NORTON] for 5 minutes in support of her amendment.

Mrs. NORTON. Mr. Chairman, I made the unanimous-consent request for the purpose of helping a great many of the Members who seemed to desire it and who seemed to fear they would be precluded from the offering of amendments.

The discussion here today is very strange, it seems to me. May I say to the House that the chairman of the Labor Committee is not trying to put anything over on anybody and I want that distinctly understood. [Applause.] The only reason your committee considered changing the administration feature from the Senate bill was because a great many Members of the House came to me and stated they objected to another board. I thought they meant what they said, yet I hear the Members who came and asked me to change this administration feature now objecting to the very thing that we tried to do.

Mr. Chairman, may I say that we were perfectly willing to go along with the five-man board if the House wanted us to do so, but we of the Labor Committee felt we were doing the thing the Members of the House would like us to do.

In addition to that, I have received thousands of letters since I became chairman of the Committee on Labor object-

ing to so many boards and asking, "Why do you not put the administration of this law into the hands of the Labor Department where it belongs?" [Applause.] Therefore, acting on the suggestion of the Members of the House, and taking into consideration the great number of objections received through the mail, this matter was presented to the committee.

I heard a Member state here today, and I resent the statement, that this is a suggestion of the chairman of the Labor Committee entirely and that the Committee on Labor did not approve the action. I say, Mr. Chairman, that is absolutely untrue. Your committee approved this by a vote of 11 to 6, and I challenge anybody to dare say that the chairman of the Committee on Labor tried to put anything over on any member of the committee. [Applause.]

Mr. DUNN. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I yield to the gentleman from Pennsylvania.

Mr. DUNN. I want to substantiate the statement made by the chairman of the Committee on Labor. She did not put over anything on anybody, because she came out on the floor and told the Members here that she was authorized by her committee to make a statement in order to get Members of the House to sign the petition. [Laughter.] So, Mr. Chairman, she was very successful in getting that petition signed and she did a "damned" good job. [Laughter.]

Mr. RANDOLPH. Will the gentlewoman yield?

Mrs. NORTON. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. Mr. Chairman, I simply want to reaffirm what the gentlewoman from New Jersey [Mrs. NORTON], chairman of the Committee on Labor, stated, in that the matter offered here as a substitute amendment is not her own amendment but that of the Committee on Labor by a vote of 11 to 6, or 9 to 6. It was by a majority vote of the committee.

Mrs. NORTON. Mr. Chairman, I think we are wasting a lot of time here. Every Member of the House has gotten up here in the last couple of days of debate and said he approved the principles of the bill. If they mean that, they certainly are not showing any indication of it today. I do not believe any Member who is trying to prevent this bill from being discussed on the floor of the House believes in any part of the bill. May I say that this is a test of your sincerity as to whether or not you want to give relief to 12,000,000 men and women in this country who are now working under substandard labor conditions? That is the object of this bill. That is the thing we want to consider above everything else, and I beg all the Members to consider the bill on its merits without filibustering and using all kinds of tactics to delay its consideration.

[Here the gavel fell.]

Mr. GRISWOLD. Mr. Chairman, I offer a substitute to the Norton amendment.

Mr. LAMBERTSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LAMBERTSON. I should like to ask the gentleman from Indiana [Mr. GRISWOLD] if this is known as the Green bill or the A. F. of L. bill?

The CHAIRMAN. The Chair has no knowledge of what the amendment may contain.

The Clerk will report the amendment.

The Clerk read as follows:

Mr. GRISWOLD offers the following amendment as a substitute: In lieu of the matter proposed by the pending amendment insert the following:

"That as used in this act unless the context otherwise requires—

"(1) 'Person' includes an individual, partnership, association, corporation, business trust, receiver, trustee, trustee in bankruptcy, or liquidating or reorganizing agent.

"(2) 'Interstate commerce' means trade, commerce, transportation, transmission, or communication among the several States, or into or from any State to any place outside thereof.

"(3) 'State' means any State of the United States or the District of Columbia or any Territory or possession of the United States.

"(4) 'Occupation' means an occupation, industry, trade, or business, or branch thereof or class of work or craft therein, in which persons are gainfully employed.

"(5) 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee but shall not include the United States or any State or political subdivision thereof, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization.

"(6) 'Employee' includes any individual employed or suffered or permitted to work by an employer, but shall not include any person employed in a bona fide executive, administrative, professional, or local retailing capacity or any person employed in the capacity of outside salesman, nor shall 'employees' include any person employed as a seaman, or any railroad employee subject to the provisions of the Hours of Service Act (U. S. C., title 45, ch. 3); or any employee of any common carrier by motor vehicle subject to the qualifications and maximum-hours-of-service provisions of the Motor Carrier Act, 1935 (U. S. C., title 49, ch. 8): *Provided, however,* That the wage provisions of this act shall apply; or any air-transport employee subject to the provisions of title II of the Railway Labor Act, approved April 10, 1936, or any person employed in the taking of fish, sea foods, or sponges; or any person employed in agriculture. As used in this act, the term 'agriculture' includes farming in all its branches, and among other things includes the cultivation and tillage of the soil, dairying, forestry, horticulture, market gardening, and the cultivation and growing of fruits, vegetables, nuts, nursery products, ferns, flowers, bulbs, livestock, bees, and poultry, and further includes the definition contained in subdivision (g) of section 15 of the Agricultural Marketing Act, approved June 15, 1929, as amended, or any other agricultural or horticultural commodity, and any practices performed by a farmer or on a farm as an incident to such farming operations, including delivery to market. Independent contractors and their employees engaged in transporting farm products from farm to market are not persons employed in agriculture. The term 'person employed in agriculture' as used in this act, insofar as it shall refer to fresh fruits or vegetables, shall include persons employed within the area of production engaged in preparing, packing, or storing such fresh fruits or vegetables in their raw or natural state: *Provided, however,* That nothing in this section shall exclude from the operation of section II of this act persons employed in forestry or in the taking of fish, sea food, or sponges, or in the tapping or chipping of pine trees for crude gum or the collection or handling of gum spirits of turpentine or gum rosin.

"(7) 'Emergency work' means any work necessary for the protection or preservation of life or health, for the prevention of damage to property, or for maintenance or repair of property or equipment, or made necessary in the due course and conduct of production and to avoid undue disruption of business.

"SEC. 2. It shall be unlawful to employ any person in any employment affecting interstate or foreign commerce at a wage less than 40 cents an hour, or at work in excess of 8 hours per day or more than 40 hours in any 1 week, or to employ any person under conditions of oppressive child labor as hereinafter defined: *Provided,* That in case of emergency the provisions of this act shall not apply during the period of such emergency: *Provided further,* That such employer affected file with the State labor commissioner or other proper State official designated by law a sworn statement as to the necessity for such action: *Provided further,* That such employer shall pay to his workers during such emergency wages of not less than time and one-half for work in excess of 8 hours per day or 40 hours in any 1 week.

"SEC. 3. Any person in any State or Territory or possession of the United States or the District of Columbia guilty of violation of any of the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction shall be fined not less than $100 for each offense. The employment of each employee at a wage less than that fixed in this act, or for hours longer than those fixed in this act, unless excepted as provided in section 3, shall constitute a separate offense.

"SEC. 4. The district courts of the United States and possessions shall have jurisdiction of the violations of this act. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation or any element thereof occurred. The Attorney General of the United States may petition, in the district court having jurisdiction to issue, upon proper showing, a permanent injunction prohibiting further violations of this act by any defendant in any criminal proceeding. Any district court in the district wherein the defendant is an inhabitant or transacts business or where the violation of the act occurred has jurisdiction of said suits in equity. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Act as amended (U. S. C., title 28, secs. 225 and 347, and D. C. Act, title 18, sec. 26). It shall be the duty of each United States district attorney, to whom satisfactory evidence of any violation of this act has been presented, to cause appropriate proceedings to be commenced and prosecuted in the proper court in the United States for the enforcement of the foregoing penalties or any of them.

"SEC. 5. It shall be unlawful for any person to transport, offer to transport, or offer for transport in interstate commerce any goods in the production or processing of which any person so employed for longer hours per week or for less wages per hour or

under the age of 16 for hire as provided in section 2 hereof when applicable.

"SEC. 6. It shall be unlawful for any person to transport, offer to transport, or offer for transport, in interstate commerce, any goods in the production or processing of which convict, prison, forced, or indentured labor has entered.

"SEC. 7. The provisions of this act shall not supersede any State law or municipal ordinance establishing a minimum wage higher than the wage established by this act or maximum hours shorter than those established by this act.

"SEC. 8. Any employer under a collective-bargaining contract with the union of his employees affiliated with a recognized, bona fide national labor organization providing for higher minimum wages and shorter maximum hours shall be exempted from the provisions of this act as to the employees covered by such agreement and insofar as the agreement covers hours and wages.

"SEC. 9. All laws or parts of laws in conflict herewith are hereby repealed. Should any provision of this act be held unconstitutional by the Supreme Court of the United States, the other provisions shall not be affected by such decision.

"SEC. 10. This act shall become effective 90 days after the enactment thereof.

"SEC. 11. 'Oppressive child labor' means a condition of employment under which (A) any employee (as defined in this act to exclude employees in agriculture) under the age of 16 years is employed by an employer (other than a parent or a person standing in place of a parent) in any occupation, or (B) any such employee between the ages of 16 and 18 years is employed by an employer (other than a parent or a person standing in place of a parent) in any occupation which the Chief of the Children's Bureau in the Department of Labor shall from time to time by order declare to be particularly hazardous for the employment of such children or detrimental to their health or well-being; but oppressive child labor shall not be deemed to exist by virtue of the employment in any occupation of any person with respect to whom the employer shall have on file a certificate issued and held pursuant to the regulation of the Chief of the Children's Bureau certifying that such person is above the oppressive child-labor age. The Chief of the Children's Bureau shall provide by regulation or by order that the employment of employees under the age of 16 years in any occupation shall not be deemed to constitute oppressive child labor if and to the extent that the Chief of the Children's Bureau determines that such employment is confined to periods which will not interfere with their schooling and to conditions which will not interfere with their health and well-being."

Mr. SHANNON (interrupting the reading of the amendment). Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman from Missouri rise?

Mr. SHANNON. For information. There is an inquiry all through the House to ascertain whether this is the Griswold or the Dockweiler bill.

The CHAIRMAN. The Chair asks the gentleman from Indiana [Mr. GRISWOLD] if this is the Dockweiler amendment or the Griswold amendment?

Mr. GRISWOLD. Mr. Chairman, this is the so-called Dockweiler amendment, which is the bill proposed by the American Federation of Labor.

The Clerk concluded the reading of the amendment.

Mr. RAMSPECK and Mr. LAMBERTSON rose.

Mr. RAMSPECK. Mr. Chairman, I make a point of order against the substitute.

The CHAIRMAN. The gentleman from Georgia will state his point of order.

Mr. RAMSPECK. Mr. Chairman, I make the point of order that this substitute for the amendment offered by the gentlewoman from New Jersey [Mrs. NORTON] is not germane to the amendment to which it is offered for the reason that it not only sets up a different procedure and a different agency but it is for a different purpose.

The pending amendment offered by the gentlewoman from New Jersey proposes to set up fair labor standards. It proposes not one wage scale or one hour limitation but different wage scales and different hour limitations to be arrived at by the procedure outlined in her amendment. The proposal offered by the gentleman from Indiana [Mr. GRISWOLD], on the contrary, is a penal statute solely and exclusively. It makes it unlawful for any person to employ anybody for more than 40 hours per week except for the exemptions named in the bill. It makes it unlawful to pay anybody less than 40 cents per hour and therefore it is for a different purpose which is to set up a single standard of wages and hours, whereas the amendment offered by the gentlewoman from New Jersey sets up plural standards and plural hours, to be administered by an administrative agency in the Department of Labor. This proposal would be administered by the officers enforcing the criminal laws of the United States and by the criminal divisions of the district courts of the United States, whereas the proposal of the gentlewoman from New Jersey is administered by an executive department and the amendment provides for a series of steps before reaching the maximum purpose.

I would like to call the Chair's attention to this language taken from the testimony of Assistant Attorney General Robert H. Jackson, who presented the legal phases of the bill as originally introduced, to the House and Senate committees, and it applies likewise to the purpose sought to be accomplished by the proposal now before the Committee of the Whole offered by the gentlewoman from New Jersey. Mr. Jackson said this:

> The bill recognizes the very practical exigencies which make it impossible to prescribe for all goods which enter into interstate commerce a single minimum fair-wage standard or a single maximum reasonable workweek standard. Even in the treatment of national problems there are geographic and industrial diversities which cannot be ignored. For that reason the bill makes a distinction between labor conditions which are clearly oppressive under any circumstances and labor conditions which may be found unreasonable under circumstances prevailing in particular industries or in particular geographic areas. As to labor conditions that are clearly oppressive, the regulatory provisions of the bill are largely automatic, but as to labor conditions which depend for their unreasonableness upon particular circumstances, the regulations become effective only after appropriate administrative findings and audits. The administration of these provisions is placed in a labor standards board of five members.

The only difference between Mr. Jackson's statement and the proposal of the gentlewoman from New Jersey is that instead of a board we have wage and hour committees appointed by an administrator, but the method provided is for consideration of economic factors, of the cost of living, of the cost of transportation, of wages paid for like work of comparable character in the community under investigation, and the unit cost of production, all of which are ignored in the substitute offered by the gentleman from Indiana, who proposes to set up a single rigid standard, which I submit to the Chair, under his own ruling a few moments ago on the point of order made by the gentleman from New York, is a different purpose arrived at also by a different method, and therefore, Mr. Chairman, I believe the substitute is not germane to the amendment offered by the gentlewoman from New Jersey.

Mr. GREENWOOD and Mr. LAMBERTSON rose.

Mr. GREENWOOD. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will be pleased to hear the gentleman from Indiana.

Mr. GREENWOOD. The point of order has been raised by the gentleman from Georgia [Mr. RAMSPECK] that because of substantial changes which the substitute offered by the gentleman from Indiana [Mr. GRISWOLD] proposes in the administration of the law, in that the substitute takes its administration to the courts instead of being administered by an intervening agency of an administrator, which shall find certain facts before they are taken to court, that the substitute is not in order.

Under the former ruling of the Chair the subject matter of both of these proposals is the regulation of wages and hours in interstate commerce. It is true that the substitute offered by the gentlewoman from New Jersey provides the intervening agency of an administrator in the Department of Labor that shall set up certain standards and make certain findings, but, eventually, under this substitute they can take the findings to a court and the Department of Justice is to enforce the penalties which are similar to the penalties offered in the substitute by the gentleman from Indiana.

Under the former ruling of the Chair, these are incidental matters in enforcing a regulation which shall be determined by the House of Representatives in considering these two substitutes, and the subject matter is the regulation of wages and hours in interstate commerce. The substitute of the

gentleman from Indiana [Mr. GRISWOLD] lays down a fixed standard to be considered by the court. The substitute of the gentlewoman from New Jersey [Mrs. NORTON] lays down provisions whereby there is flexibility, where changes can be made in hours or wages according to certain provisions and stipulations set out in the law. I contend, Mr. Chairman, that under the previous ruling on the point of order made by the gentleman from New York [Mr. SNELL] we get back to the subject matter of the bill and of both substitutes, and that the question of whether the penalty shall be enforced by the court directly under a rigid standard or whether it shall be enforced after a board in the Labor Department shall make certain findings is merely incidental, and that the point of order should be overruled.

Mr. LAMBERTSON rose.

The CHAIRMAN. For what purpose does the gentleman from Kansas rise?

Mr. LAMBERTSON. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. LAMBERTSON. Mr. Chairman, I want to corroborate what the gentleman from Indiana [Mr. GREENWOOD] just said, that certainly this is germane. All through the hearings the question of administration of this proposition was brought forward. I want to read a couple of questions and answers in the hearings in which Mr. John L. Lewis was very emphatic. He was really supporting the present Green bill at that time. I asked Mr. Lewis if he favored this bill with section 5 out. Section 5 deals with the powers of the Board. My question was:

> Would you rather see this bill reported adversely than reported with sections 5 and 23 in?

Mr. Lewis answered:

> Well, I would not want to put it that way, Congressman. I think that the bill is entirely meritorious, eminently economically sound, and justifiable from every standpoint, if we do not undertake in this measure to set up a board with power to fix the wage structure of industry.

That is John Lewis' testimony, and on the next page I asked the further question and he answered in the same way:

> In other words, you would rather see labor have the power that it has today to strike and take care of itself whenever necessary, rather than under any Federal board which even might be appointed under the present President?

The CHAIRMAN. The Chair would be very glad to hear the gentleman from Kansas on the point of order. The Chair, however, feels that the gentleman is not addressing the Chair upon the point of order.

Mr. LAMBERTSON. Mr. Chairman, I beg the Chair's pardon, but I think I am, and that the question of a board or no board went all through this hearing, and I am quoting a couple of important paragraphs of a gentleman by the name of John L. Lewis. He was against any board but in favor of the bill, and I would like to read his last answer to my question.

The CHAIRMAN. The Chair does not want to curtail any Member who is addressing the Chair trying to assist the Chair.

Mr. LAMBERTSON. I have not used much time today.

The CHAIRMAN. Of course, recognition rests with the Chair, and the Chair would be glad to hear from the gentleman on the point of order.

Mr. LAMBERTSON. I think that the last answer is germane, that Mr. Lewis gave to my question.

The CHAIRMAN. The testimony of Mr. Lewis, of course, is not involved in this question.

Mr. LAMBERTSON. Certainly, it is germane if it were a question all through the hearings.

The CHAIRMAN. The Chair is very anxious to hear the views of the gentleman from Kansas.

Mr. LAMBERTSON. My view agrees with that of John L. Lewis on this point. I want to say this, Mr. Chairman: His answer to this last inquiry——

The CHAIRMAN. The Chair is constrained to suggest to the gentleman that the gentleman from Kansas is not assisting the Chair in the matter before the Chair.

Mr. LAMBERTSON. If the Chair will let me read this, I think it will assist him. I am sure that it is illuminating.

The CHAIRMAN. The gentleman will proceed.

Mr. LAMBERTSON. This is what Mr. Lewis said:

> I do not think that under section 5 of this act the Congress can afford to set up an instrumentality here and vest it with all of the broad powers that may be necessary to confirm wage fixing as such in the country.

He was against the Board or a delegation of the power given them, which still is in the bill and the Norton substitute.

Mr. GREEN. Mr. Chairman, I desire to be heard on the point of order.

Mr. O'CONNOR of New York. Mr. Chairman, I desire to be heard upon the point of order.

The CHAIRMAN. The Chair will be glad to hear from the gentleman from New York on the point of order.

Mr. O'CONNOR of New York. Mr. Chairman, earlier today I said I believed that any bill that approaches a possible solution of the question of wages and hours is germane as a substitute to the pending bill. [Applause.]

The original bill provided for a board to administer its provisions. The Norton amendment provides for an administrator in the Department of Labor. The Griswold substitute provides for no administrator whatsoever. In that respect all these proposals are germane. The original bill and the Norton amendment provide for flexible wages and flexible hours. The Griswold amendment provides for fixed wages and fixed hours. Surely, if you have a flexible schedule, you could always offer an amendment to make a rigid or fixed schedule.

There has been some talk about enforcement of the act, putting such enforcement into the courts. That result has nothing to do with administration of the measures. Probably in the other bills before us there are provisions whereby some parts of the measures will be enforced by the courts, but any bill that deals with wages and hours, irrespective of any schedule of wages and hours, irrespective of whether such schedules are flexible or rigid, irrespective of what method of administration is selected or whether there is no administration at all, I contend all these measures are germane to the Senate bill first under consideration by the House. They all aim at the ultimate objective of solving the national problem of minimum wages and maximum hours for our workers.

The CHAIRMAN (Mr. MCCORMACK). The Chair is prepared to rule.

The Chair is of the opinion that the ruling made by the Chair a short time ago on the point of order raised by the gentleman from New York [Mr. SNELL] applies as well to the point of order raised by the gentleman from Georgia [Mr. RAMSPECK].

In addition to the citations mentioned by the Chair on the previous occasion, the Chair calls attention in connection with the point of order raised by the gentleman from Georgia [Mr. RAMSPECK] to a precedent in section 3054 of Cannon's Precedents, volume 8, where, in the syllabus, it is stated:

> To a proposition providing for the attainment of an objective by a specific method a proposal to achieve the same objective through the adoption of another method closely related may be germane.
>
> To a bill authorizing the Secretary of War in his discretion to discharge enlisted men, an amendment directing the Secretary of War to prescribe regulations permitting the discharge of such men was held to be germane.
>
> An instance wherein a proposal to instruct an executive to take definite action was held to be germane to a proposal to authorize him to take such action.

The Chair believes, having in mind the broad objective of this bill, the establishment of minimum wages and maximum hours, that the Committee of the Whole and the House are not precluded from considering another method or another means of accomplishing that purpose than the one recommended by the Senate bill or by the House committee, both methods being germane. The Chair believes it

germane for the Committee of the Whole House on the state of the Union under the rules, to consider a mandatory minimum-wage and maximum-hour provision in preference to the amendment of the committee or the provisions of the Senate bill. Which is the desirable course to take is a matter for the Committee to determine.

In the opinion of the Chair, the substitute offered by the gentleman from Indiana [Mr. GRISWOLD], for the reasons stated, is germane, and the Chair overrules the point of order.

Mr. O'MALLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'MALLEY. Under the present procedure is it now in order to offer amendments to the Norton substitute, but not in order to offer amendments to the Griswold substitute?

The CHAIRMAN. It is now in order to offer an amendment to either the Norton amendment or the Griswold substitute.

The gentleman from Indiana is recognized for 5 minutes.

Mr. GRISWOLD. Mr. Chairman, this Griswold substitute which I have just offered is the original Dockweiler bill. It differs from the original Griswold bill only in the hours. The Griswold bill fixed a maximum of 44 hours. Mr. DOCKWEILER cannot, under the rules, obtain recognition, so I have refrained from offering the substitute I intended to offer, and at Mr. DOCKWEILER's request I am now offering this substitute.

Because I am a friend to labor and to wage and hour legislation, because I have eaten its bread and salt, because I have toiled with it and fought for it when its friends in this House were few in the days before the flag of labor became a popular flag to wave; because I, myself, have labored and represented to the best of my ability labor organizations in wage and hour disputes with employers in bygone days I am introducing this amendment. I know what it means to pray, "Give us this day our daily bread." I know what long hours and low pay mean in a factory. I know what they mean in the most dangerous occupation in America—that of a switchman. I know these things not because I have obtained my knowledge from a book, not because I have heard parlor pinks, social workers, and others who make a profession of being friends of labor talk, but because I have had the experience—because the life that labor leads was mine. I know it from backache and muscle ache and sleeplessness and weariness.

Because I do not want to see labor exploited and made the victim of deception, I have presented my amendment.

Under the chairman's bill you set up an administrator in the Department of Labor with power to create differentials. You send him forth with a mandate to fix one scale in one locality and another scale in another. You send him forth to destroy labor with a knife in its back while he approaches it with a smile. By the pending bill you cut the throat of every industry and laboring man in the North with the "differential" ax.

If you want a true wage and hour bill, adopt the Griswold amendment. By so doing you strike out differentials. You strike out both boards and administrators. You establish a floor for wages and a ceiling for hours. Congress defines the crime instead of leaving it to the caprice of an appointive officer. Every American has a right to expect that under the Federal law he will be treated the same whether he be in Alaska or Florida, in California or New York. State laws may differ, but Federal laws should rest equally on all. We, not some bureaucrat, should designate what constitutes a crime. If you pass this bill without the Griswold amendment the people will soon learn to their sorrow that a man may be convicted of a crime under the Federal law in New York and Pennsylvania that is not a crime under the Federal law in Georgia and Alabama.

Under the pending bill if wages are increased 90 days' notice must be given, but not 1 second's notice of a decrease. Under the pending bill if hours are decreased 90 days' notice must be given, but if hours are increased above 40 hours a week not 1 second's notice need be given labor.

The Black-Connery-Norton bill does not fix wages or hours. Under it wages cannot be fixed above 40 cents per hour, but they can be fixed as low as 10 cents. Hours cannot be fixed at less than 40, but they can be fixed as high as 70 hours per week. The Griswold amendment would cure this error.

The Bourbons of France used the fleur-de-lis, the Plantagenets the broom plant, the N. R. A. Administrator the blue eagle as a symbol of power and emblem of authority. If you vote down the Griswold amendment and pass the Norton amendment creating this new administrator in the Department of Labor, I suggest you add a proviso making his symbol the stinkweed, for this bill in its present shape has a putrid smell.

Mr. RAMSPECK. Mr. Chairman, I rise in opposition to the amendment and ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The CHAIRMAN. The gentleman from Georgia is recognized for 10 minutes.

Mr. RAMSPECK. Mr. Chairman, I am personally opposed to both the Norton amendment and the Griswold amendment or substitute. I am in favor of the original bill as reported last summer by the House committee.

On yesterday, our friend the gentleman from Massachusetts [Mr. CONNERY] made a speech on the floor of the House in which he used this language:

> Were Billy Connery here today he would fight for those features and principles which I will do my best to have the House incorporate in an honest wage and hour bill, namely:
>
> First. A maximum workweek of 40 hours;
>
> Second. A minimum wage of 40 cents per hour;
>
> Third. No differentials; the maximum workweek and the minimum wages to be specifically set forth in the law by the Congress rather than to delegate to some unknown board or administrator that power which, to my mind, the Congress should never abrogate or delegate.

I have the highest regard for the gentleman from Massachusetts, and I am sorry that I have to make this comparison of his statement made here yesterday with the language of my beloved friend, Bill Connery, who has passed away, as expressed in a speech made by him on June 8, 1937, a few days before he died, which was placed in the RECORD on June 10 of this year by the gentleman from New York [Mr. MEAD] and which appears on page 1430, part 10, volume 81, the bound RECORD of the last session of Congress. Here is what Bill Connery said. I quote:

> The Black-Connery bill recognizes the practical necessities which make it impossible to prescribe for all goods which enter into interstate commerce any single minimum fair-wage standard or any single maximum workweek standard. We all know that it is impractical to ignore the differences and diversities among industries and localities. We all know that uniform national standards cannot suddenly be imposed upon many and diverse industries without causing industrial dislocations which might seriously curtail the earning power of the workers and their opportunities for employment. The proposed legislation deals realistically with the tough realities of American industry. It states clearly and definitely the objectives to be achieved and the standards to be applied. But it leaves the application of these standards and the progressive realization of these objectives to an administrative board, because that is the only practically feasible way that such legislation can be enacted and administered. As Mr. Justice Cardozo has stated, "the industries of this country are too many and diverse to make it possible for Congress in respect to matters such as these to legislate directly with adequate appreciation of varying conditions" (*Schechter case*, 295 U. S. 495, 552).

This is the language of the former chairman of this committee, the House Committee on Labor. He was one of my dearest and most beloved friends, and I discussed with him personally this very measure time and time again during the time we were holding hearings on this bill. I feel confident, Mr. Chairman, that if Bill Connery were alive he would take the position here today that I am taking now. [Applause.]

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield to my friend from Massachusetts.

Mr. CONNERY. I hope the gentleman is not attempting to give the impression to the House that I am not in position, as the late Congressman's brother, to know his real feelings in regard to this matter.

Mr. RAMSPECK. I think the gentleman was thoroughly honest, but I think he was mistaken. I have read the words of his own brother, made over the radio in a public speech, and I say to the gentleman that Bill told me the last time I talked to him about this matter that he understood the situation in the different sections of this country and that he felt that at last we had a bill which would take those things into consideration, a bill which we could all support.

Mr. CONNERY. Mr. Chairman, will the gentleman yield for a further question?

Mr. RAMSPECK. Yes.

Mr. CONNERY. My statement yesterday was based on a conversation, as I then stated, with the late Congressman on his second last visit home, which was 2 weeks prior to his death. At that time we sat in his house until probably 4 or 5 o'clock in the morning discussing nothing but wage and hour legislation.

At that time he stated definitely and emphatically to me that he was in favor of no differential.

Mr. RAMSPECK. I think the gentleman misunderstood his brother in this respect: Billy was not in favor of geographical differentials and neither am I. I am in favor of differentials which can be justified by the facts. It may be done in Massachusetts as between different cities, or it may be between one State and another, but it must be based upon the facts as proven before the wage and hour committee or before the board, whichever we have. I want to pass now to another subject.

May I say to my friends in the North and East that I am the only member of the delegation from the State of Georgia who up to this hour has been willing to support this legislation or who has been willing to stand up and defend the bill reported last August. [Applause.] I do not want to make a sectional appeal to this House. I have done everything I could to keep the sectional issue out of this matter. I have appealed to my colleagues from the South not to raise the sectional issue. Let us debate and pass on this matter on its merits.

May I say to you who come from the North that we cannot go along with a sudden raising of wages to 40 cents an hour as a minimum, nor a sudden rigid fixing of 40 hours per week, as proposed by the Griswold amendment. I hope you will in your wisdom see the position in which I am placed in this matter and in which others are placed and not support this amendment.

I say to you in all candor and fairness that the majority sentiment in the American Federation of Labor today is not for any wage or hour bill, else they would not be in the position they are in now. The gentleman from Missouri [Mr. WOOD] read to you yesterday a letter, a copy of which I have, and I think every Member has a copy, written last August stating that the A. F. of L. was in favor of the bill as reported by the House Labor Committee. You all know what happened after that. They went out to Denver and had a convention. Mr. Green was overruled, and the men who have been fighting this bill in the A. F. of L. all along are still here fighting it. They have forced President Green to change his position.

We cannot go along on a 40–40 rigid bill. It would disrupt industry, not only in the South but all over the United States. There are small employers in your State, as well as in mine, and in every small community of this country, which this sort of legislation would absolutely disrupt under existing conditions. It would throw many people out of work.

May I call your attention to one other matter? If we are sincere about this matter, if we really want a bill that will stand up when it reaches the Supreme Court, and of course it will go there, we cannot ignore the fact that Bob Jackson, perhaps the best lawyer in the Department of Justice, has said that we cannot, under the due-process provision, impose any obligation upon an employer to pay a wage without giving reasonable consideration to the value of the services. Any lawyer knows that is true. We cannot make it stand up. It would be an idle gesture and it would upset business from one end of this country to the other. It would cost the businessmen hundreds of thousands of dollars.

Let us be sensible and reasonable about this matter. Let us vote against the substitute offered by the gentleman from Indiana, and then let us perfect the Norton amendment. After that, vote whichever way you want to as between the administrator and the board. Personally, I am going to vote for the provision for a board because I believe that we will come nearer working this problem out under an independent agency set up for this purpose only, which can gather experience, do a reasonable job and do it as the President has requested. This independent agency can gradually bring into adjustment the low-pay industries and bring down the long hours until a fair basis throughout the country is reached, which will give relief to the sweated workers of this country.

[Here the gavel fell.]

The CHAIRMAN. Does any member of the committee desire to offer a perfecting amendment?

Mr. LAMBERTSON. I want to speak in support of the amendment.

Mr. RANDOLPH. Mr. Chairman, I desire to offer a perfecting amendment.

The Clerk read as follows:

Perfecting amendment proposed by Mr. RANDOLPH to the substitute amendment offered by Mrs. NORTON: Page 4, line 9, after the word "vehicle", strike out the word "or" and insert "nor shall 'employee' include."

Mr. RANDOLPH. Mr. Chairman, this perfecting amendment is offered simply to clarify the meaning of the committee in exempting agriculture from the provisions of this bill. That is all I care to say.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from West Virginia [Mr. RANDOLPH].

The amendment to the amendment was agreed to.

Mr. RANDOLPH. Mr. Chairman, I desire to offer another perfecting amendment.

The Clerk read as follows:

Perfecting amendment proposed by Mr. RANDOLPH to the amendment offered by Mrs. NORTON: Page 16, line 19, strike out the word "or" and insert the word "of."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from West Virginia [Mr. RANDOLPH].

Mr. WILCOX. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WILCOX. Is it in order for the House to consider amendments to both of the substitutes at one time?

The CHAIRMAN. It is.

Mr. LAMBERTSON. Mr. Chairman, I rise in support of the amendment.

Mr. McREYNOLDS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Kansas yield to the gentleman from Tennessee for the purpose of making a parliamentary inquiry?

Mr. LAMBERTSON. I yield, Mr. Chairman.

Mr. McREYNOLDS. Did I understand the Chairman to hold we have two bills before the House in the form of amendments, and that amendments may be offered to each of them, perfecting both amendments at the same time?

The CHAIRMAN. The Chair's understanding of the rules is that a perfecting amendment may be offered to the Norton amendment and a perfecting amendment may be offered to the Griswold amendment.

Mr. McREYNOLDS. Can an amendment which is not perfecting, except according to our own ideas of perfecting, be offered if it is germane? Have we ever had a precedent,

Mr. Chairman, where we had two bills before the Committee at the same time? There are three bills, for we are going to have another one. Have we ever had such a precedent? Mr. Chairman, do you not believe we had better rise and look into this situation? I move that the Committee do now rise.

Mr. LAMBERTSON. I did not yield for that purpose, Mr. Chairman.

The CHAIRMAN. The gentleman from Kansas did not yield for that purpose.

The gentleman from Kansas has 3 minutes remaining. The gentleman from Kansas is recognized for 3 minutes.

Mr. RAYBURN rose.

Mr. LAMBERTSON. Mr. Chairman, will this be taken out of my time?

The CHAIRMAN. If the gentleman yields, it is taken out of the gentleman's time.

Does the gentleman yield to the gentleman from Texas?

Mr. LAMBERTSON. I yield, Mr. Chairman.

Mr. RAYBURN. Mr. Chairman, I desire to make two unanimous-consent requests.

Mr. Chairman, I ask unanimous consent that the gentleman from Kansas may be allowed to proceed for 5 minutes instead of 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Chairman, I am wondering if we cannot have an agreement which will get us out of this confusion, and I now ask unanimous consent that until the Griswold amendment is disposed of only amendments to the Griswold amendment may be in order.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LAMBERTSON. Mr. Chairman, it was my intention to have introduced the same amendment the gentleman from Indiana [Mr. GRISWOLD] introduced. Since John L. Lewis and the Democratic administration are supporting the bill providing for the board or single administrator, I believe in all fairness a Republican member of the committee should have been recognized to introduce this so-called A. F. of L. bill.

I was one of two who voted against this bill being reported out of the committee in August, and I want to read into the RECORD a part of the minutes from the Labor Committee's records:

Mr. WOOD moved that the bill (S. 2475) be reported out of the committee with amendments. It was so agreed, with two dissenting votes. Mr. LAMBERTSON stated he would not vote for any bill that establishes a new board or commission. Mr. BARDEN also voted against the bill.

The gentleman who took this bill away from me is not on record as having voted against the bill to establish a board, but this afternoon that gentleman has offered as a substitute the so-called Green bill, thus reversing his former position. The gentleman from North Carolina [Mr. BARDEN] and I were the only ones who voted against reporting the Senate bill out of the committee. I want my record straight on that. I voted primarily against a board and White House dictatorship.

I want to quote John Lewis a little further. As appears on page 281 of the hearings, he testified:

I think the power of the board should be limited to cases which run below the level of the standards fixed by Congress. I see endless confusion in the adoption of section 5 now. I see a drift toward the complete fixation of wages in all industry by governmental action.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. No; I cannot yield. I have only 5 minutes.

May I say I came here on the Committee on Labor with the gentleman from Georgia 9 years ago. I have served with Billy Connery the 10 years the gentleman from Georgia has, and I never knew Billy Connery in that 10 years ever to be one iota away from William Green. The gentleman from Georgia must agree with me on that. Who can speak for him?

Mr. DUNN. I can.

Mr. LAMBERTSON. Not once in 9 years was he ever in disagreement with William Green.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. No; I do not yield.

Mr. DUNN. I will answer that question.

Mr. LAMBERTSON. The gentleman from Georgia says this bill has to meet the test of constitutionality before the Supreme Court and infers that the committee hodge-podge substitute is sounder than the Green bill. How well have the administration measures fared in the Supreme Court up to date? This so-called Green bill is not an administration measure. Mr. Green is conscientious and sincere; he was not for this board at any time through the hearings, I felt that. I can also say that John Lewis was not for it then. Of course, John Lewis is for the bill now because Green is against it, and this is the only reason. He was with him at heart all summer. In the hearings both of them were together. They were really against the board, against which I voted and am against today. John Lewis can be quoted a dozen times in the hearings as against the board or a board substitute, the proposed administrator, and the danger of their fixing wages in industry.

I hope the so-called Green substitute amendment does prevail. You talk about doing something for unorganized labor in the country. Why, has anybody ever before said that organized labor did not come here to champion the cause of labor generally? Has anyone ever before said organized labor was against the interests of unorganized labor? I do not believe so. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia [Mr. RANDOLPH].

The amendment was agreed to.

Mr. GREEN. Mr. Chairman, I offer a perfecting amendment to the Griswold amendment.

The Clerk read as follows:

Perfecting amendment offered by Mr. GREEN to the substitute amendment offered by Mr. GRISWOLD: On page 3, line 23, strike out the colon, insert a period, and strike out all down to and including line 4, on page 4.

Mr. GREEN. Mr. Chairman, all that this amendment proposes is to exempt from the provisions of the bill persons employed in forestry or in the taking of fish, sea food and sponges, or in the turpentine industry.

The other bill has this exemption and in the main, these are considered farm products. The turpentine industry has been so considered, and I do not believe any of you would want to put forestry under any other classification because we have our C. C. C. camps working in our forest areas trying to reforest them and they are working on a far less wage than is provided in this bill. It would not be consistent to have a different wage scale in forestry service C. C. C. camps than in the forestry work of the individual.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield.

Mr. SIROVICH. What is the salary per hour today in these various industries which the gentleman would want to exempt for the State of Florida?

Mr. GREEN. Different rates obtain, of course, and the Forest Service is about the same as the others, but in the fishing service I believe there is a difference when you go all the way up and down the east coast as far as New England. The bill will not be injured by this amendment and the same provision obtains in the bill offered by the gentlewoman from New Jersey, so I hope the Committee will adopt the amendment.

Mr. WELCH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if the amendment offered by the gentleman from Florida [Mr. GREEN] is adopted, it will remove from

the operations of this bill the canning industry, which is seasonal in its operations.

Mr. GREEN. No; only the taking of the fish.

Mr. WELCH. It was never intended by this bill or any other bill dealing with the question of hours and wages to include the canning industry.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. WELCH. Yes.

Mr. GREEN. This refers to the taking of the fish from the water and does not involve the canning industry, as the gentleman will see from the language on page 4.

Mr. WELCH. I am reading from page 3 of the amendment. The gentleman's amendment would cover packing and storing, which would include canning.

Mr. GREEN. No; that is not included. My amendment refers to the language beginning in line 24, on page 3—

That nothing in this section shall exlude from the operation of section II of this act persons employed in forestry or in the taking of fish, sea food or sponges, or in the tapping or chipping of pine trees for crude gum—

And so forth.

Mr. WELCH. The gentleman states his amendment will not affect packing or storing of fresh fruits or vegetables.

Mr. GREEN. No; the amendment would eliminate the fishing man just like you do the man engaged in agriculture.

Mr. MOTT. What does the gentleman from Florida understand to be the meaning of the term "forestry" as used in this bill?

Mr. GREEN. Forestry means where you have persons employed to work on forests.

Mr. MOTT. Would that include logging operations?

Mr. GREEN. No; that would not be included, because that would be processing the logs. If you wanted to plow the land and plant trees to reforest such areas, that would come under my amendment.

Mr. WELCH. Mr. Chairman, I feel it would be a serious mistake to amend this particular section in any manner. This section of the amendment offered by the gentleman from Indiana [Mr. GRISWOLD] has been carefully considered by the proponents of the amendment, of which I am pleased to say I am one, and I may say it is the hope that no further amendments along these lines will be adopted.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a question?

Mr. WELCH. I yield.

Mr. SNELL. Did I understand the gentleman to say that all agriculture is exempt from the provisions of this bill?

Mr. WELCH. Yes; all agriculture.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a question?

Mr. WELCH. I yield.

Mr. MOTT. What does the gentleman understand to be the meaning of the term "forestry;" does that include logging operations?

Mr. WELCH. The gentleman, like myself, comes from one of the greatest logging countries in the United States, if not in the world, and his judgment is as good as mine.

Mr. MOTT. My own interpretation would be that this language would include any work pertaining to the forests and would include logging and sawmill operations.

If we are going to pass this bill, those operations should not be excluded.

The CHAIRMAN. The time of the gentleman from California has expired. All time has expired. The question is on the amendment offered by the gentleman from Florida [Mr. GREEN].

The question was taken; and on a division (demanded by Mr. GREEN) there were—ayes 15, noes 65.

Mr. GREEN. Mr. Chairman, on that I demand tellers.

The CHAIRMAN. The gentleman from Florida demands tellers. Those in favor of ordering tellers will rise and stand until counted. [After counting.] Five Members rising, not a sufficient number, and tellers are refused.

So the amendment was rejected.

The CHAIRMAN. Are there any members of the committee who desire to offer an amendment to the Griswold amendment?

Mr. MARTIN of Colorado. Mr. Chairman, I am not a member of the committee, but I desire to offer an amendment to the Griswold amendment. I move to strike out section 11 of the Griswold amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Colorado.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado to the substitute amendment offered by Mr. GRISWOLD: Page 7, of the substitute amendment, beginning in line 11, strike out section 11.

Mr. CASE of South Dakota. Mr. Chairman, I make the point of order that in the copy of the Dockweiler bill, the Griswold amendment, there is no such thing as section 11.

The CHAIRMAN. Does the Chair understand that the gentleman from South Dakota makes that point of order?

Mr. CASE of South Dakota. Mr. Chairman, I make the point of order.

The CHAIRMAN. The amendment sent to the Clerk's desk contains section 11. The point of order should have been made at that time. The gentleman from Colorado is recognized for 5 minutes.

Mr. MARTIN of Colorado. Mr. Chairman, I do not blame Members a bit for acting as they are, because they are acting just the way I feel. The point of order raised by the gentleman from South Dakota [Mr. CASE] might not have been good from a parliamentary standpoint but it is certainly good from the standpoint of the manner in which this legislation is being cooked up and handled. As the gentleman from South Dakota [Mr. CASE] said, section 11 was not in the printed Griswold or Green bill distributed among the Members a half hour ago. It came in as an afterthought, after the reading had been concluded, and was offered merely as a typewritten amendment. This child-labor amendment which has been offered as an amendment to the so-called Green bill by the gentleman from Indiana [Mr. GRISWOLD] is, word for word, the provision which was thrown out of the wage and hour bill in the Senate after a thorough and searching debate by the most prominent wage and hour and child-labor leaders in that body, and in its place was substituted the Wheeler-Johnson child-labor amendment. The House Committee on Labor rescued that discarded amendment from the wastebasket of the Senate and stuck it back in this wage and hour bill and threw out the Wheeler-Johnson amendment, which I propose to offer if and when, in the course of human events, we ever get to that point in the consideration of this question.

Mr. SIROVICH. What is the difference between them?

Mr. MARTIN of Colorado. There are a number of differences. I made an analysis of this same child-labor provision the other day in general debate on the Labor Committee bill. I pointed out the objections. This is nothing but the House Labor Committee child-labor amendment tacked on to the Green bill. I am struggling against the confusion in the Hall in the knowledge that my position is futile, but what I am trying to get at is going to be thoroughly considered before this bill ever gets down to the other end of the Avenue.

I pointed out that under the language of this pending amendment, which I have moved to strike out, complete power and discretion is vested in the Chief of the Children's Bureau to exempt any and all children under 16 years of age and subject them to labor in any occupation, if the Chief of the Children's Bureau shall be of the personal opinion and shall merely declare that it does not interfere with their education or with their health and well-being. There are no standards set up, there is no limitation, not even a bottom age limit. We have over 10,000 school districts in this country, and we have different school terms and different conditions in all of them; but if the Chief of the Children's Bureau is of opinion that any children under 16 years of age should be exempt, she can exempt them and subject

them to labor and, as there is no bottom age limit, she can exempt them not only under 16 years of age but under 6 years of age.

Let me read you the language:

The Chief of the Children's Bureau shall provide, by regulation or order—

Even an order—

that employment under 16 years of age shall not constitute oppressive child labor if, and to the extent that the Chief determines that such employment is confined to periods which will not interfere with their schooling and to conditions which will not interfere with their health and well-being.

Where, may I ask, is the limit on that? It will take 10,000 investigators and 10,000 doctors to administer that clause. Every child will have to be examined by a doctor and, if exempt and put to labor, continue under a doctor's supervision to see whether he remains fit to work. No such unrestricted delegation of power was ever attempted in legislation. It would not stand in any court 5 minutes.

Mr. ALLEN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I cannot. As to the hazardous work class between 16 and 18, let me read to you the language. As to children between the ages of 16 and 18 years, their employment shall not be deemed to constitute oppressive child labor—

If and to the extent that the Chief of the Children's Bureau determines that such employment is not detrimental to the health or injurious otherwise.

There is no standard set up, no procedure laid down, as there is in the Wheeler-Johnson bill that the House committee threw out. All she has to do is to declare that an occupation is or is not hazardous and that settles it for all children falling within the category.

She can exempt any one or more classes of industry in any community or in different communities under the same or different conditions. There is no limit and no rule of guidance.

Under the Wheeler-Johnson amendment, regulations must be laid down, investigations must be made, and information gotten from reliable sources, and facts must be found before an occupation is classed as hazardous.

Another defect in the pending section of the Griswold bill is that the hazardous-work clause applies only to children between 16 and 18 years of age, while the Wheeler-Johnson amendment applies to all children under 18. It shows how unconsidered this legislation is, about like putting the tariff in the House bill, which is now out on a point of order. The question is, under that language, Where are the children under 16 as to hazardous work? The courts will answer when some of them get hurt.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. MARTIN of Colorado. Mr. Chairman, I ask for 1 minute more.

The CHAIRMAN. Without objection, the gentleman is recognized for 1 minute.

Mr. O'MALLEY. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

Mr. EDMISTON. Mr. Chairman, I object.

The CHAIRMAN. The gentleman is recognized for 1 additional minute.

Mr. MARTIN of Colorado. Mr. Chairman, when the Senate threw this proposition into the wastebasket, where the House committee found it, it had been agreed upon by all Senate leaders that it was an absolutely unconstitutional delegation of power to the Chief of the Children's Bureau, without any limits or standards whatever. That is not all. When child labor bills were before the Senate Committee on Interstate Commerce similar language was put up to Miss Lenroot, Chief of the Children's Bureau, and she advised against such delegations of power, raising constitutional questions. Yet in face of the opinion of the Chief of the Bureau herself, the House Labor Committee has dug this discarded amendment out of the wastebasket and now, at the last moment after the Griswold bill is read, it is attached to the bill. I ask you to vote it out.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

The question is on agreeing to the amendment offered by the gentleman from Colorado.

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the motion to strike out section 11, which is the child-labor definition that was written into the Dockweiler bill, but only on the copy on the Clerk's desk. That definition, except for the power of exemption given to the Children's Bureau, which I believe should be amended, has been given the best consideration of all those in this country who are interested in the welfare of children. It is the same as the definition of "oppressive child labor" in the Black-Connery bill as reported by the House committee, and is also contained in the committee substitute. It has been approved by the National Child Labor Committee and all those who are in favor of protecting children in employment.

The child-labor provisions in the Black-Connery bill are unlike the Wheeler-Johnson amendment, which was put into the Senate bill on the floor of the Senate because of certain representations that were made with reference to that amendment. That amendment that was put in by the Senate, and which is about to be proposed now as a substitute to this section, providing the amendment before us is carried, is a bad proposal.

It is one that entails the labeling of child-labor products. It requires the employer to place upon every article that goes into commerce a label designating that it is made with child labor. It makes great complications for the employer without accomplishing the purpose for which it is intended. It destroys the real purpose of child-labor legislation. The proposal in the Black-Connery bill substitute is one for the purpose of preventing the employment of children in industry. It requires a certificate on the part of the employer, when he employs children under 18 years of age, to be filed. That is his protection from prosecution because of the employment of child labor. The other bill permits the employment of child labor and prosecutes the employer afterward. It is a prosecution bill. Therefore, may I not call your attention to the importance of this bill, and that the motion to strike out should be defeated?

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. SCHNEIDER of Wisconsin. I yield.

Mr. KELLER. May I not call attention to the fact that instead of picking this out of the wastebasket, it was contained in both the original Senate bill and the House bill?

Mr. SCHNEIDER of Wisconsin. That is entirely correct. This bill has the approval of all Members of this House who have studied the question.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. SCHNEIDER of Wisconsin. I yield.

Mr. HEALEY. As I understand it, the Wheeler bill would depend, first of all, upon prosecution after the child has been employed in industry, whereas the bill as written prevents the employment of children from the start.

Mr. SCHNEIDER of Wisconsin. That is correct.

It is significant that there are 43 States and the District of Columbia now using some form of employment certificate by which it is determined whether a child is of legal age for employment. The proper operation of such a system results in preventing child labor. Undoubtedly, the cooperative working arrangements between the Federal Government and the States which are proposed will result in all of the agencies and staffs of these 43 States and the District of Columbia working together. This will eliminate child labor from interstate commerce with the greatest responsibility in the hands of the States and the least call upon the Federal Government.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. SCHNEIDER of Wisconsin. I yield.

Mr. SHORT. Is not the effect of this provision to take the control of children from their parents and delegate it to a board or bureau in Washington?

The CHAIRMAN. The time of the gentleman from Wisconsin has expired. All time on this amendment has expired.

The question is on agreeing to the amendment offered by the gentleman from Colorado [Mr. MARTIN].

The amendment was rejected.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

Mr. WADSWORTH. Mr. Chairman, I object.

Mrs. NORTON. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. The gentlewoman from New Jersey moves that all debate on the Griswold amendment and all amendments thereto close in 30 minutes.

The question was taken; and on a division (demanded by Mrs. NORTON) there were—ayes 117, noes 113.

Mr. MARTIN of Massachusetts and Mr. O'MALLEY demanded tellers.

Tellers were ordered; and the Chair appointed as tellers Mr. GRISWOLD and Mrs. NORTON.

The Committee again divided; and the tellers reported that there were—ayes 140, noes 114.

So the motion was agreed to.

Mr. BOREN. Mr. Chairman, I submit a preferential motion.

The Clerk read as follows:

Mr. BOREN moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. BOREN. Mr. Chairman, I have not made this motion without mature thought. I do not care to discuss it at length, except to say that in my district we have industry that is very vitally affected by this bill. I have felt that it was a matter of great interest, particularly to the oil industry, that sufficient time be allowed for proper consideration of amendments to this measure. I have an amendment to offer for particular application to the oil industry.

May I say, furthermore, that it is my impression that, with all the confusion here, the floor is not the proper place to draft important legislation, such as a new wage and hour bill. The present wage and hour bill has not been properly drafted. I believe that every man here in his honest conviction will recognize that this is not the proper place to try to perfect the legislation.

This bill is a mockery, is a bundle of empty platitudes. As aptly put by one of the Members of the House, the bill is designed to humbug labor.

We now have three different bills before the House and some hundred amendments or more. All is confusion and doubt, and I am convinced that no judicious action can come out of this melee of confusion and uncertainty.

The Labor Committee has not been fair and honest with the House in bringing here a bill which the committee itself now say should be withdrawn in favor of a substitute measure equally poor in its preparation and presentation. If the Labor Committee is itself so uncertain, how can we intelligently vote to approve or reject the committee proposal?

I am for the principle of maximum-hour and minimum-wage legislation, but I am opposed to this confusing method of drafting legislation. I am also convinced that neither of the committee bills is worthy of the use of the time of this body.

Furthermore, we have shown the committee that we do not favor the establishment of any new bureaus, boards, or administrations. We have a thousand too many bureaus now.

Labor does not want a bureau or a board. Labor wants a good law.

In the name of labor's wish for an honest wage and hour bill, in the name of a Nation of people who are dependent upon serious, thoughtful, and wise action on our parts here today, I urge the passage of my motion, which will, in effect, defeat these monstrosities that the Labor Committee have brought here and will serve notice on the committee that we want a sensible, workable, valuable measure before we make it law.

In closing I appeal to you to support my motion, which is simply that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. SABATH. Did I understand the gentleman to say he was withdrawing that motion?

Mr. BOREN. No; I am not withdrawing it.

Mrs. NORTON. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, we have two propositions before this House, either of which can be acted upon. In all fairness to your committee, it must be recognized that if this motion is adopted it simply means there is not going to be any wage and hour bill at all.

It is my impression that every Member of this House pretty much knows exactly what he wants to do about this bill. I believe that fair play demands that this motion be defeated, be voted down.

Mr. BOILEAU. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I yield.

Mr. BOILEAU. I agree with the gentlewoman entirely that this motion should be voted down, that we should give fair, complete, and thorough consideration to the various proposals now before the House. I ask the gentlewoman, however, if she does not believe that we are not giving fair consideration to the so-called Griswold amendment when we limit debate to 30 minutes on this most important proposal?

There are many of us in the House who are interested in this amendment, but if it is defeated we will want to support the committee amendment, and we want an opportunity fairly to present our preference and our views. In all justice to those of us who might want to offer amendments—and I know of two or three who do—will not the gentlewoman agree to let the vote go over until tomorrow on this most important amendment, an amendment that is sponsored by American labor movement, a proposal that has been before this Congress time and time again? In view of the fact that this is the first time we have had an opportunity to give consideration to this proposal, I appeal to the gentlewoman to see if she cannot prevail upon the majority leader and the other leadership, including herself, in all fairness to the Members of the House, to move that the Committee do now rise that we can give careful consideration to this proposal and vote upon it tomorrow after we have had ample time to consider it, and also have had ample time to propose any amendments we might see fit to offer.

May I suggest further that the majority leader would not have received unanimous consent to consider the Griswold proposal before the consideration of other amendments had I thought we were going to continue here at this late hour, when the Members are somewhat nervous and tired? I appeal to the leadership to give us an opportunity to thrash this thing out on its merits and give us an opportunity to perfect it and vote on it tomorrow rather than today. [Applause.]

Mrs. NORTON. I may say to the gentleman from Wisconsin that we have already debated this motion for over an hour, about an hour and a half, and we still have a half hour more.

Mr. BOILEAU. I appreciate that.

Mrs. NORTON. Does not the gentleman believe that every Member of this House is ready now to vote on this proposal?

Mr. BOILEAU. Not on this proposal, I submit. I know of three or four bona fide amendments that are of vital

importance, the success or failure of which will in large part determine how the individual Members will finally vote on this proposal.

There have been only three of them offered. The proponent of the amendment gets 5 minutes, and then a member of the Committee on Labor uses another 5 minutes. Other Members who desire to address themselves to the Green, Griswold, or Dockweiler proposition, whatever you may call it, do not have an adequate opportunity to express themselves. I appeal to you in the name of fair play to reconsider and give us an opportunity for extended debate so that this matter may be decided fairly.

Mr. RAYBURN. Will the gentlewoman from New Jersey yield?

Mrs. NORTON. I yield to the gentleman from Texas.

Mr. RAYBURN. May I say that no one can charge that the chairman of the Committee on Labor has not been fair.

Mr. BOILEAU. I did not mean to leave that inference.

Mr. RAYBURN. I do not think my fairness ought to be appealed to either. We ought to get along with the consideration of this legislation. When one amendment receives consideration of an hour or an hour and forty minutes it seems to me that is certainly fair and just.

Mr. BOILEAU. Does not the gentleman admit this proposal is the most vital and the most controversial? This amendment presents to the House the question whether we shall have differentials or shall not have differentials. Does not the gentleman agree that the amendment is the most important of all and perhaps 2 or 3 days' debate on the one amendment would not be amiss. It is of great importance.

Mr. RAYBURN. I certainly do not agree that an hour and a half is not sufficient time.

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion offered by the gentleman from Oklahoma [Mr. BOREN.]

Mr. O'MALLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'MALLEY. Will the Chair explain the effect of the motion offered by the gentleman from Oklahoma?

The CHAIRMAN. Without objection, the Clerk will again report the motion offered by the gentleman from Oklahoma [Mr. BOREN].

There was no objection.

The Clerk again read the motion.

Mr. O'MALLEY. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'MALLEY. From which bill will the enacting clause be stricken?

The CHAIRMAN. The motion of the gentleman from Oklahoma is directed to the enacting clause of the Senate bill.

Mr. HANCOCK of New York. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HANCOCK of New York. Is that motion divisible?

The CHAIRMAN. The Chair, in answer to the gentleman's inquiry, will say the motion is not divisible.

Mr. BOILEAU. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOILEAU. Would it be in order now to offer as a substitute for the motion to strike out the enacting clause a motion that the Committee do now rise? Would that be a preferential motion at this time?

The CHAIRMAN. The Chair may say that a simple motion that the Committee do now rise would have precedence over a motion to strike out the enacting clause.

Mr. BOILEAU. Mr. Chairman, I offer a motion that the Committee do now rise.

The CHAIRMAN. The question is on the motion offered by the gentleman from Wisconsin [Mr. BOILEAU].

The question was taken; and on a division (demanded by Mr. BOILEAU) there were—ayes 73, noes 147.

So the motion was rejected.

The CHAIRMAN. The question now recurs to the motion offered by the gentleman from Oklahoma [Mr. BOREN].

The motion was rejected.

Mr. DEEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DEEN to the substitute offered by Mr. GRISWOLD: Page 4, line 1, after the word "sponges", strike out the comma, insert a period, and, beginning with the last word "or" at the end of line 1, strike out lines 2, 3, and through the word "rosin" and the period at the end of line 4.

The CHAIRMAN. In view of the fact there are evidently numerous amendments to be offered, with a limitation of 30 minutes, the Chair will recognize the gentleman from Georgia [Mr. DEEN] and others for 3 minutes only, if there is no objection.

There was no objection.

Mr. GRISWOLD. Will the gentleman yield?

Mr. DEEN. I yield to the gentleman from Indiana.

Mr. GRISWOLD. I think the gentleman's amendment merely makes it conform to all the other legislation. I have no objection to it being accepted.

Mr. DEEN. My amendment makes the Griswold amendment conform to the Norton amendment and other legislation in the Senate bill.

Mr. GREEN. Will the gentleman yield?

Mr. DEEN. I yield to the gentleman from Florida.

Mr. GREEN. It is in no way in conflict with either one of the bills?

Mr. DEEN. No. The amendment simply makes the Griswold amendment conform to the Agricultural Adjustment Act, the Social Security Act, and some other acts with reference to naval stores. It is simply a perfecting amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Georgia [Mr. DEEN].

The question was taken; and on a division (demanded by Mr. MOTT) there were—ayes 53, noes 76.

So the amendment to the amendment was rejected.

Mr. COFFEE of Nebraska. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COFFEE of Nebraska to the substitute amendment offered by Mr. GRISWOLD: Strike out the period at the end of section 2, page 4, and insert a colon and the following: "*Provided further*, That in industries engaged in producing, processing, distributing, or handling dairy products, poultry or poultry products, or livestock or livestock products, or in those industries engaged in producing, processing, distributing, or handling other agricultural products which are seasonal or perishable there may be employment beyond the established maximum workweek (or workday) without penalty by way of overtime payments or otherwise."

Mr. COFFEE of Nebraska. Mr. Chairman, in a nutshell, this is the Grange amendment. I think you are all familiar with it. I realize the temper of the Committee. I did not intend to offer this amendment at this time. However, the parliamentary situation is such that should the pending Griswold amendment carry it would not be subject to perfecting amendments. Consequently, it is necessary, if agriculture is to be protected under the present substitute bill, that this amendment be adopted now.

This amendment makes it possible for handlers or processors of seasonal or perishable agricultural commodities during rush periods to handle such products without the penalty of overtime.

Mr. KELLER. Would that include livestock?

Mr. COFFEE of Nebraska. It includes livestock.

Mr. DONDERO. Does it include fruits?

Mr. COFFEE of Nebraska. It includes all kinds of fruits and vegetables.

Let me read the amendment to you so you will realize what it is.

Mr. CITRON. Does it include any kind of factories?

Mr. COFFEE of Nebraska (reading):

In industries engaged in producing, processing, distributing, or handling dairy products, poultry or poultry products, or livestock

or livestock products, or in those industries engaged in producing, processing, distributing, or handling other agricultural products which are seasonal or perishable, there may be employment beyond the established maximum workweek (or workday) without penalty by way of overtime payments or otherwise.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Nebraska. No; I have only 3 minutes.

This amendment is endorsed by the National Grange, the National Cooperative Council, the National Cooperative Milk Producers' Federation, the American National Live Stock Association, and practically all the farm organizations. This amendment is essential if you want to protect agriculture. [Applause.]

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Nebraska speaks of the National Grange as authority for his amendment. It should be understood the National Grange is opposed to any legislation affecting the hours and wages of the underprivileged and underpaid people of this country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. COFFEE].

The question was taken; and on a division (demanded by Mr. WOOD) there were—ayes 158, noes 67.

So the amendment to the substitute amendment was agreed to.

Mr. PHILLIPS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIPS: On page 4, line 13, after the word "than" strike out "40 cents" and insert "53½ cents"; and in line 14, strike out the words "40 hours" and substitute the words "30 hours."

Mr. PHILLIPS. Mr. Chairman, ever since I was a child I have been raised in the manufacturing industry, and my family and I have been born and bred in it for three generations. I have seen the stopping place in the workday in hours drop from 10 to 9 and from 9 to 8 hours. I believe some of those within the sound of my voice will see the working day cut to a stopping place of 30 hours a week, with a commensurate increase in pay.

I am not going to take time at this late hour to make a speech on this subject, beyond saying that I am for a 30-hour workweek because it is my conviction that unemployment cannot be done away with in the United States, and that the products of industry, the products of labor, and the products of the farm cannot have ample distribution in this country until we come to a 30-hour week with a commensurate raise in pay. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Chairman, I am not rising in opposition to the Phillips amendment. I rise at this time because of the "gag" rule. It is my only chance to print the views of my people. I am supporting the Griswold motion because it eliminates differentials and gives northern industry a chance to live.

The greatest contribution we can make to the progress of the Nation is through bringing more of the comforts and happiness of life to the working people. As the masses go forward, so will the country and everyone in it.

Many of the States in the Union have long realized this, and through wise State legislation have advanced the welfare of the workers and given them protection as to health, safety, and higher standards of living. Shorter work hours, a minimum wage which guarantees a living wage, the abolition of child labor, and the ending of the so-called graveyard shift for women and children in factories, have all come about in many of the advanced industrial States.

No one who lives in these progressive States would for one moment want to go backward. The misery and despair which would be the certain result would create a crisis such as this country has never seen. No; we cannot go backward. The call of the day is to go forward to higher and better levels. These States are face to face, however, with a cold reality. Increased costs have naturally resulted from larger payments to those who toil. These higher costs have placed the progressive States at a disadvantage as they struggle in a highly competitive market to sell the products of their factories and workshops. The result has been short time and a depression pay envelope for the workers in the progressive States, while their competitors in the low-wage areas have been able to have full time.

And capital seeking these low-wage areas has moved factories, with the result thousands have lost their jobs altogether. Will this situation be allowed to continue until eventually all reach the lower level?

I hope not, because I know the grave dangers which it would bring about. Yet that is what the bill reported out of committee would do. It specifically provides there shall be sectional differentials. We are now asked to write into law an unjust advantage which has brought the more progressive States into a condition of great economic distress. It is bad enough to permit this unwholesome situation, but it is a great injustice if we give it the official seal of approval.

This legislation was proposed because it was to help the wage earners receive a better break. It was supposed to elevate industrial conditions and give protection from the chiselers and those who wax rich by paying starvation wages and working women and children long hours. I hope this objective will be retained.

Manifestly, if it is economically and sociologically sound to enact this legislation, then the way to do it is to do it.

The committee bill provides for an administrative agency which would be empowered to grant exemptions in innumerable cases. These exemptions would arise from claims of regional differences, differences between the same classes of industry in the same areas, differences between different lines of industry, and a thousand and one other claims for preferential discrimination. It is obvious that every exemption allowed by such an agency would operate to vitiate the effects of the act and would set up and freeze into the economic structure and unpredictable number of differentials of every character as between various sections of the United States, as between various industries and as between various classes of labor in the same industries.

I fear if we are to have an act that is to be made simply a gigantic controversial bill of exceptions—with each exception further vitiating the effects of the legislation and creating tremendous and unpredictable economic dislocations, no one will be helped, and by creating more uncertainty we will precipitate and increase the magnitude of the threatened depression.

Legislation of this character should be a clear, simple, and concise act of the Congress, establishing such minimum hourly wages and such maximum workweeks as may be determined to be the most practical, and specifying in the bill all of the exemptions which are to be made in the operation of the act.

Those who advocate the legislation say the differentials will be small—only 15 or 20 percent. It might just as well be 50 percent. All that is needed is a sufficient margin to market goods at a lower cost.

It is claimed the South, because of its climate, has lower living costs. That is a fallacy. It costs just as much for a pair of shoes, an overcoat, or a suit in the South as in the North, and perhaps a little more if the article is of the same quality. It costs a man as much for meat, if he eats meat. It is true his rent and coal bills may be lower, but that is no great amount. The chief reason for the lower living costs in the South is because the workers do not get wages sufficient to buy the things available to the better-paid workers of the North.

Higher wages bring a higher standard of living. Give the worker in the South better pay and the lower cost of living idea will be exploded.

For the sake of argument, let us admit there is a substantial difference in living costs. If this were true, I have never received a satisfactory answer why the difference should not go to the worker instead of the manufacturer. Give the worker the benefit of the lower costs and you will bring to the

country a larger purchasing power, which will be a real stimulant to business.

I want to see a wage and hour bill enacted because I know the need for it. But I insist it must be a measure fair to every section of the country. A bill that steals the birthright of the progressive industrial States of the Union will not be satisfactory. You cannot fool the worker by giving him a bill containing no real substance for him. If these differentials are continued, the bill will not accomplish its purpose. New England will continue to struggle under a deadly handicap.

Let us eliminate these sectional differentials; let us eliminate the deadly and destructive "graveyard shift" for women and children; let us banish child labor. Let us give to the workers and industry a real wage and hour law, plainly recorded in the statutes, and without giving all control of labor and industry to a bureau. Let us provide also that the cheap workmen abroad shall not take our home markets as we go forward to higher standards.

The abolition of the "graveyard shift" in the textile industry would be a humane and health measure. It would have a great stabilizing effect on the cotton-textile industry, as it would mean two 8-hour shifts instead of three. Every textile factory in the country would benefit from the restriction of the machine output, and this would mean enough orders to keep all busy on the new schedule.

Labor organizations and labor leaders have advocated these proposals. Indeed, the administration itself has recorded its approval on different occasions.

Write these great progressive labor proposals into law, and the workers themselves, through their collective-bargaining mediums, will bring about further progress as conditions warrant it.

Let us quit playing politics and decide this greatest of American problems on the solid basis of justice and merit. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. PHILLIPS].

The amendment was rejected.

Mr. DUNN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DUNN to the substitute offered by Mr. GRISWOLD: On page 4 of the substitute, line 13, after the word "than", strike out "forty" and insert "fifty;" and on page 4, line 14, after the word "than", strike out "forty" and insert "thirty."

Mr. WELCH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WELCH: Page 3, line 1, after the semicolon, strike out the word 'or" and insert in lieu thereof the word "to."

Mr. WELCH. Mr. Chairman, I move the adoption of the amendment.

The amendment was agreed to.

Mr. VOORHIS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS to the substitute offered by Mr. GRISWOLD: On page 7, section 11, after the words "The Chief of the Children's Bureau shall provide by regulation or by order that the employment of employees", strike out "under the age of 16 years in" and insert "of any age in theatrical employment or of the age of 14, but under the age of 16 years, in occupations other than manufacturing, mining, or hazardous occupations."

Mr. VOORHIS. Mr. Chairman, this is a perfecting amendment and I hope it will be included in the child-labor sections of any bill that is passed. The amendment provides that the discretionary authority of the Chief of the Children's Bureau shall not extend to the point where that official shall be able to give a certificate to absolutely any child if in the judgment of the Chief of the Children's Bureau that the child might work without interference with health or schooling. It limits that discretion by saying it cannot extend to children under 14 years of age, nor may it extend to children between 14 and 16 in any manufacturing or mining industry, and it takes care of Shirley Temple by exempting from this provision anybody working in theatrical occupations. That is what the amendment does. There has been a great deal of discussion about it. The only reason that I am offering it at this time is that I want the child-labor provisions strengthened no matter what bill passes.

Mr. ALLEN of Pennsylvania. As I understand it, this applies only to the product of children working in interstate commerce.

Mr. VOORHIS. Yes; that is correct.

Mr. DIES. Do I understand that children engaged in theatricals are exempt?

Mr. VOORHIS. Yes.

Mr. DIES. How can the gentleman justify such an exemption?

Mr. VOORHIS. Merely because of the fact that many people feel that little children would like to learn to act and build up to the profession, and a lot of people want to see them act. I agree the exemption may not be logical, and frankly I do not like it. I included it in the hope I would have a better chance of carrying the rest of the amendment.

Mr. DOCKWEILER. Mr. Chairman, this takes care of the Shirley Temple situation and that of other such young actors or actresses. However, I feel that the child-labor amendment, section 11 to the American Federation of Labor bill, is sufficient to do that, because a certificate could be obtained from the Children's Bureau.

Mr. VOORHIS. What I am trying to do is to prevent service of children in mining and manufacturing industries. I do not think the Chief of the Bureau should have discretion to allow children to work in those occupations.

Mr. DOCKWEILER. Does the gentleman agree with me that the present provision in the bill, section 11, takes care of the Shirley Temples, and the like?

Mr. VOORHIS. Yes; but I think it is too broad, and this narrows it to the extent of taking that discretion away in the case of children between 14 and 16 years of age in manufacturing and mining, and children under 14 years of age in any industry in interstate commerce.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. NICHOLS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. NICHOLS: Page 3, line 1, after the word "shall", insert the word "not."

Mr. NICHOLS. Mr. Chairman, this is simply a perfecting amendment to make the bill read as the authors of the bill advise me they want it to read, and make it so that it will read as the other two pending bills read, in that the provisions of the bill do not apply to agriculture, and the amendment which was just adopted, offered by the gentleman from California [Mr. WELCH], should have included this word "not." That is, it should have added the word "not." This is simply a perfecting amendment.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. Yes.

Mr. GRISWOLD. I hope the amendment will be adopted.

Mr. DOCKWEILER. Mr. Chairman, I hope the committee will adopt this amendment, because it was in the original print, and it has been misprinted in this Dockweiler bill.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. BOILEAU. Mr. Chairman, I rise in opposition to the amendment. I think there is a misunderstanding. I would like the gentleman from Indiana [Mr. GRISWOLD] and the gentleman from California [Mr. DOCKWEILER] to say whether they want this amendment adopted. As I understand it, the provision to which this is offered says:

Provided, however, That the wage provisions of this act shall not apply.

That goes back to the provision appearing in subsection 6, which provides:

(6) "Employee" includes any individual employed or suffered or permitted to work by an employer, but shall not include any

person employed in a bona fide executive, administrative, profession, or local retailing capacity as outside salesmen nor shall "employees" include any person employed as a seaman, or any railroad employee subject to the provisions of the Hours of Service Act (U. S. C., title 45, ch. 3); or any employee of any common carrier by motor vehicle subject to the qualifications and maximum hours of service provisions of the Motor Carrier Act, 1935.

And then says:

Provided, however, That the wage provisions of this act shall apply.

As I understand it, you want to save the hours provisions and not the wage provision, or is this an entirely typographical error?

Mr. NICHOLS. It is a typographical error.

Mr. BOILEAU. I want to be sure that we are not making any mistake.

Mr. GRISWOLD. It is a typographical error. It did not appear in the original draft of Mr. DOCKWEILER's bill.

Mr. DOCKWEILER. It is a typographical error in the Bureau of Printing. That is all.

Mr. BOILEAU. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. NICHOLS].

The question was taken; and on a division (demanded by Mrs. NORTON) there were—ayes 119, noes 83.

So the amendment was agreed to.

Mr. PETTENGILL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PETTENGILL. Has not the 30 minutes expired?

The CHAIRMAN. There are still 12 minutes remaining.

Mr. HARLAN. Mr. Chairman, I offer an amendment.

Mr. CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Ohio.

The Clerk read as follows:

Amendment offered by Mr. HARLAN: Page 2, line 21, after the word "the", strike out "hours of service act (U. S. C., title 45, chapter 3") and insert "Railway Labor Act of 1926, as amended."

Mr. HARLAN. Mr. Chairman, I would like particularly to have the attention of the gentleman who introduced this amendment. On page 2, line 21, the term "Hours of Service Act" is used with the evident intention of including employees of railways. The fact of the matter is the Hours of Service Act only includes a small fraction of the railway employees.

Mr. GRISWOLD. Will the gentleman yield?

Mr. HARLAN. Just let me make my statement, please. The Railway Labor Act of 1926 includes them all. Now you have included all of the employees of the motor vehicles and other transportation companies, and it does seem to me that you do not want to include all of the employees of other methods of transportation and only include a fraction of the railway employees. Now I yield to the gentleman.

Mr. GRISWOLD. I did not draw this amendment.

Mr. HARLAN. The gentleman will agree to my amendment, will he not?

Mr. GRISWOLD. I agree to the fact that you only take in a small portion of the employees—telegraph operators, the train service men, and a few others.

Mr. HARLAN. But you would agree to the fairness of the amendment?

Mr. GRISWOLD. I have no objection to the amendment.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I yield.

Mr. CRAWFORD. Does your amendment fix it so that the shopmen are taken care of?

Mr. HARLAN. Shopmen, trackmen, and all the rest of them.

Mr. CRAWFORD. It takes them all in?

Mr. HARLAN. Yes.

[Here the gavel fell.]

Mr. KNUTSON. Mr. Chairman, I rise in opposition to the amendment.

I want to say to the House that we have been sitting now for nearly 7 hours. There is so much confusion in the temple that none of us knows what is going on.

Therefore, Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The gentleman from Minnesota moves that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. KNUTSON) there were ayes 65 and noes 157.

So the motion was rejected.

Mr. THOMAS of New Jersey. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. THOMAS of New Jersey. About 6 o'clock there was a motion made that within 30 minutes the Committee would rise. It is now 10 minutes until 7 o'clock.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. THOMAS of New Jersey. About 6 o'clock there was a motion made that the debate on this amendment should close in 30 minutes.

The CHAIRMAN. The Chair cannot take judicial notice of the time when the motion was made.

Mr. THOMAS of New Jersey. There was a motion made that debate would continue for only 30 minutes. The debate has now lasted 50 minutes.

The CHAIRMAN. The Chair is not aware of that fact. There still remains 10 minutes of debate.

The question is on the amendment offered by the gentleman from Ohio [Mr. HARLAN].

The question was taken; and on a division (demanded by Mr. HARLAN) there were ayes 50 and noes 91.

So the amendment was rejected.

Mr. BATES. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BATES: Page 5, line 4, after the word "taking" insert the words "freezing, curing, or processing."

Mr. BATES. Mr. Chairman, this amendment is somewhat in line with the amendment adopted by the House relative to perishable agricultural commodities. The pending amendment excludes those employed in the freezing, curing, or processing of fish. Every Member of this House realizes as well as I do, Mr. Chairman, that fish is a perishable commodity and that the catching of fish is a seasonal occupation.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. BATES. I yield.

Mr. CASE of South Dakota. Mr. Chairman, I ask the gentleman what will be the effect of his amendment, bearing in mind that in one place that section of the bill reads—

Or any person employed in the taking of fish—

And then down at the bottom it reads:

However, nothing in this section shall exclude from the operation of section 2 of this act persons employed in the freezing and taking of fish.

These two provisions are contradictory.

Mr. BATES. That will be cleared up either by further action of the committee, or when the bill goes to conference.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was agreed to.

Mr. GREEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GREEN: Page 4, line 3, strike out "gum spirits of turpentine."

Mr. GREEN. Mr. Chairman, this amendment has not been explained. I would say to the gentleman from Massachusetts [Mr. BATES] that this amendment does for workers in turpentine what his amendment did for workers in the

fish industry. This will give the producers of gum spirits of turpentine, which has been declared to be a farm commodity, the same consideration that we have under the Norton amendment. It has by law been declared a farm commodity. You will do a grave injustice to the turpentine farmers of my district and State if you do not accept the amendment. You have accepted a similar amendment for the fish people, the amendment offered by the gentleman from Massachusetts.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield.

Mr. HOOK. Is it not a fact that the lowest paid workers in the United States are those in the turpentine industry?

Mr. GREEN. Not at all; we pay a fair wage.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The question was taken; and on a division (demanded by Mr. GREEN) there were—ayes 64, noes 111.

So the amendment was rejected.

Mr. BOILEAU. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOILEAU to the amendment offered by the gentlewoman from New Jersey [Mrs. NORTON].

The CHAIRMAN. Is the gentleman offering an amendment to the Norton amendment?

Mr. BOILEAU. Yes.

The CHAIRMAN. Such an amendment is not in order.

Mr. BOILEAU. Mr. Chairman, I make the point of order that the rules governing the procedure of the Committee of the Whole House on the state of the Union are prescribed by the House of Representatives. These rules provide that before a vote is taken on a substitute to an amendment, that perfecting amendments offered to the first amendment must be first disposed of. The amendment offered by the gentleman from Indiana [Mr. GRISWOLD] was offered as a substitute to the amendment offered by the gentlewoman from New Jersey [Mrs. NORTON]. My amendment is in the nature of a perfecting amendment to the Norton amendment.

The Committee of the Whole House on the state of the Union some time ago this afternoon, by unanimous consent, tried to change the rules prescribed by the House governing procedure in the Committee of the Whole, but that was not within the power of the Committee.

I make the point of order, therefore, Mr. Chairman, that my amendment is in order because it is a perfecting amendment to the first amendment.

I make the point of order we have a right to perfect the so-called Norton amendment before a vote is taken or before consideration is completed on the so-called Griswold amendment, which is a substitute for the other.

The CHAIRMAN. The Chair is prepared to rule.

Under ordinary circumstances the gentleman's statement is correct, but earlier this afternoon the Committee of the Whole House on the state of the Union, by its own action through unanimous consent, limited amendments to be offered to the Griswold amendment. It was within the gentleman's power at that time either to object or to have raised a point of order and not having done so the gentleman is estopped at this time from raising the question.

The Chair therefore rules that the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU] is not in order at the present time.

Mr. BOILEAU. Mr. Chairman, I make the further point of order that the Committee of the Whole House on the state of the Union, even by unanimous consent, cannot change the rules as prescribed by the House of Representatives for the consideration of bills by the Committee of the Whole House on the state of the Union.

The CHAIRMAN. The Chair thinks the decision he has just announced covers this situation and overrules the point of order.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT to the Griswold substitute: Page 3, line 5, after the word "agriculture", strike out the period and insert "and the processing of agricultural products."

Mr. WOLCOTT. Mr. Chairman, this merely covers the processing of agricultural products. The processing of agricultural products is mainly seasonal. I have in mind particularly the bean and pea industry, with which those from the Midwest are acquainted. It is a seasonal business, and this applies particularly to the pickers, sorters, and the packers in the bean and pea industry.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. Does that not also apply to a great deal of the fruit industry?

Mr. WOLCOTT. It applies to citrus fruit.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 110, noes 112.

Mr. WOLCOTT. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. WOLCOTT and Mr. GRISWOLD to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 150, noes 94.

So the amendment was agreed to.

The CHAIRMAN. The question now recurs to the substitute amendment offered by the gentleman from Indiana [Mr. GRISWOLD] as amended.

The question was taken; and on a division (demanded by Mr. GRISWOLD and Mr. BOILEAU) there were—ayes 119, noes 158.

Mr. GRISWOLD. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mrs. NORTON and Mr. GRISWOLD to act as tellers.

The Committee again divided; and the tellers reported there were ayes 131 and noes 162.

So the substitute amendment was rejected.

Mrs. NORTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee arose; and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration S. 2475, the wage-hour bill, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. GAVAGAN, for 1 day, on account of illness.

EXTENSION OF REMARKS

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to insert at this point in the RECORD a substitute which I am going to offer to the Norton amendment tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The amendment referred to follows:

In lieu of the amendment offered by the gentlewoman from New Jersey, as amended, insert the following:

"SECTION 1. (a) The employment of workers under any substandard labor condition in occupations in commerce, or directly and substantially affecting commerce, shall be an unfair method of competition in commerce within the meaning of section 5 of the act entitled 'An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes,' approved September 26, 1914.

"Such unfair methods of competition in commerce shall be in all respects and to the same extent subject to the provisions and to the operation of said act as though the same had been specifically denominated by section 5 of said act as written.

"(b) When used in this section the term 'substandard labor condition' means a condition of employment under which (1) any worker is employed at an oppressive wage, or (2) any worker is employed for an oppressive workweek, or (3) where oppressive child labor exists.

"In the determination of whether a wage is an oppressive wage there shall be taken into account the cost of living in the community in which the employment exists; those considerations by

which a court of law would be guided in a suit for the recovery of the value of services rendered at the request of the employer, where the compensation for such services had not been fixed by agreement between the parties; the wages established for work of like or comparable character in the same general locality by collective labor agreements negotiated between employers and employees by representatives of their own choosing; and the wages for work of like or comparable character in the same general locality paid by employers maintaining minimum-wage standards.

"In determining whether a workweek is oppressive there shall be taken into account the relation of the work to the physical health, efficiency, and well-being of the worker; the number of workers available for employment in the occupation involved; and the hours of employment established for work of like or comparable character in the same general locality by collective labor agreements negotiated between employers and employees by representatives of their own choosing.

"There shall also be taken into account in arriving at either or both of such determinations, the contemporaneous financial condition of the employer and his record of earnings for the period of 5 years next preceding the determination, and such other considerations, general and particular, as may be relevant in the judgment of the Federal Trade Commission to the determination to be made.

"In neither of the above considerations shall any one of the considerations specified be governing, but weight shall be given to each to the end of securing for employees fair and reasonable compensation for services rendered and the most reasonable hours of work compatible with continuity of employment for the maximum numbers of workers and with due regard for the maintenance of fair and reasonable profits to employers.

"In determining whether employment of minors is oppressive child labor the employment of any individual under the age of 16 years, shall be deemed to be oppressive child labor, and the employment of any individual between the ages of 16 and 18 years in any occupation generally recognized as hazardous for the employment of children of such age or detrimental to their health and well-being shall be deemed to be oppressive child labor.

"SEC. 2. Compliance by an employer with the laws of any State, within which such employment exists, prescribing wage and/or hours and/or child-labor standards applicable to the work covered by such employment shall be prima facie evidence that the conditions of any such employment are not substandard within the meaning of section 2 hereof, in the respects covered by such State law or laws.

"SEC. 3. (a) Except as otherwise expressly provided herein, terms used in section 2 hereof shall have the same meaning as when used in Federal Trade Commission Act, approved September 26, 1914, and the application of this act shall be subject to the same exceptions as are expressly provided for in the case of the Federal Trade Commission Act by the terms thereof.

"(b) When used in section 2 or 3 hereof—

"(1) The term 'employment' does not include services in an executive, administrative, supervisory, or professional character or as an agricultural laborer;

"(2) The term 'State' shall include the District of Columbia and any Territory or possession of the United States, except the Philippine Islands;

"(3) The term 'wage and/or hours and/or child-labor standards' means provision for minimum wages and/or maximum hours of employment and/or prohibition or limitation of child labor in employment;

"(4) The term 'employer' or 'employers' includes an individual, partnership, association, corporation, joint-stock company, or any unincorporated organization; and

"(5) The term 'worker' or 'workers' shall mean any individual who is employed for hire in occupations specified in section 2 (a) hereof, subject, however, to the limitations imposed by subsection (b) (1) of this section 4, and subject further to the terms of such reasonable administrative regulations as the Federal Trade Commission may from time to time adopt limiting or modifying the operation of section 2 hereof in the case of learners, apprentices, handicapped workers, and in the case of overtime work, emergency work, continuous processes, and other situations requiring exceptional treatment in the judgment of the said Federal Trade Commission.

"SEC. 4. The Federal Trade Commission in the administration of this act shall from time to time adopt and enforce such regulations hereunder as may, after ascertainment of facts, be necessary in its judgment and calculated to carry into effect the purpose and intent hereof.

"SEC. 5. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act and the application of such provisions to other persons or circumstances shall not be affected thereby."

Mr. WHITE of Ohio. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD with reference to the Czechoslovakia trade proposal and include therein some facts and figures presented by the glass-workers' union.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 26 minutes p. m.) the House adjourned until tomorrow, Thursday, December 16, 1937, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Tuesday, December 21, 1937, at 10 a. m.

COMMITTEE ON THE JUDICIARY

The Special Bankruptcy Subcommittee of the Committee on the Judiciary will hold a public hearing on the Frazier-Lemke bill (S. 2215) to amend section 75 of the Bankruptcy Act, in the Judiciary Committee room at 346, House Office Building, on Friday, December 17, 1937, at 10 a. m.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. CROSSER's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on House Joint Resolution 389, distribution and sale of motor vehicles.

There will be a meeting of Mr. MALONEY's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Thursday, December 16, 1937. Business to be considered: Hearing on S. 1261, through-routes bill.

There will be a meeting of Mr. MARTIN's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday, January 4, 1938. Business to be considered: Hearing on sales-tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, train-lengths bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

892. A letter from the Administrator, Veterans' Administration, transmitting the draft of a bill to relieve disbursing officers and certifying officers of the Veterans' Administration from liability for payment where recovery of such payment is waived under existing laws administered by the Veterans' Administration; to the Committee on Expenditures in the Executive Departments.

893. A letter from the Secretary of the Interior, transmitting a statement of the fiscal affairs of all Indian tribes for whose benefit expenditures from public or tribal funds were made during the fiscal year ended June 30, 1937; to the Committee on Indian Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DICKSTEIN: A bill (H. R. 8711) to deny United States citizenship to persons who believe in any form of government other than that of the United States; to the Committee on Immigration and Naturalization.

By Mr. BACON: A bill (H. R. 8712) to amend certain provisions of the act entitled "An act to amend the Federal Highway Act, approved July 11, 1916, as amended and supplemented, and for other purposes," approved June 16, 1936, and to reduce the authorized appropriations to not to exceed $125,000,000 for public roads for each of the fiscal years 1940, 1941, and 1942; to the Committee on Roads.

By Mr. KENNEDY of Maryland: A bill (H. R. 8713) authorizing the State of Maryland, by and through its State roads commission or the successors of said commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8714) authorizing the State of Maryland, by and through its State roads commission, or the successors of said commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State; to the Committee on Interstate and Foreign Commerce.

By Mr. ALLEN of Delaware: A bill (H. R. 8715) to authorize the Secretary of Commerce of the United States to grant and convey to the State of Delaware fee title to certain lands of the United States in Kent County, Del., for highway purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. SHANLEY: A bill (H. R. 8716) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Colony of New Haven (New Haven Tercentenary); to the Committee on Coinage, Weights, and Measures.

By Mr. PATTERSON: A bill (H. R. 8717) to stimulate activity in the building trades and related industry, to relieve unemployment, and to improve housing conditions; to the Committee on Ways and Means.

By Mr. RAMSPECK: A bill (H. R. 8718) to amend the act entitled "An act for the retirement of employees of the Alaska Railroad, Territory of Alaska, who are citizens of the United States," approved June 29, 1936, and for other purposes; to the Committee on the Civil Service.

By Mr. GASQUE: A bill (H. R. 8729) granting pensions and increases of pensions to needy war veterans; to the Committee on Pensions.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOYLAN of New York: A bill (H. R. 8719) for the relief of August Walter; to the Committee on Naval Affairs.

By Mr. CROWTHER: A bill (H. R. 8720) for the relief of William John Engel; to the Committee on Naval Affairs.

Also, a bill (H. R. 8721) granting a pension to Anthony John Tomasello; to the Committee on Pensions.

By Mr. GOLDSBOROUGH: A bill (H. R. 8722) granting a pension to Fred B. Tawes; to the Committee on Pensions.

By Mr. LYNDON JOHNSON: A bill (H. R. 8723) for the relief of Spencer D. Albright; to the Committee on Claims.

By Mr. JOHNSON of West Virginia: A bill (H. R. 8724) for the relief of E. W. Jones; to the Committee on Claims.

By Mr. FRED M. VINSON: A bill (H. R. 8725) granting a pension to Mary P. Payne; to the Committee on Pensions.

By Mr. PATTERSON: A bill (H. R. 8726) for the relief of Edith Jennings; to the Committee on Claims.

By Mr. TERRY: A bill (H. R. 8727) for the relief of Jessica J. Armour; to the Committee on Claims.

By Mr. WOLVERTON: A bill (H. R. 8728) for the relief of Samuel J. D. Marshall; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3615. By Mr. DELANEY: Petition of the Utility Workers' Union, Local 1212, New York, urging the enactment of the Black-Connery wage and hour bill; to the Committee on Labor.

3616. By Mr. ANDREWS: Telegram from the Buffalo branch of the Womens International League for Peace, urging immediate removal of United States boats from war zone; to the Committee on Foreign Affairs.

3617. By Mr. CURLEY: Petition of several employees of the Government, urging enactment of the 5-day-week legislation and of the Bigelow bill to provide for a Board of Civil-Service Appeal; to the Committee on the Civil Service.

3618. Also, petition of the Dry Dock Association of New York and New Jersey, protesting against the transfer of the work now being done by Corps of Engineers of the United States Army to any other branch of the Government; to the Committee on Rivers and Harbors.

3619. Also, petition of the United Federal Workers, urging enactment of the Bigelow bill to provide for the hearing and disposition of employee appeals from discriminatory treatment by superiors in the Federal service; to the Committee on the Civil Service.

3620. By Mr. COFFEE of Washington: Resolution of the Tacoma Sportsmen's Association, Inc., Tacoma, Wash., Leo Tonetti, secretary, pointing out that within the confines of Rainier National Park, Wash., is a privately owned area of 18½ acres, known as the Longmire Mineral Springs property; and further pointing out that if such property is sold to any person other than the Federal Government results are likely to ensue which would be detrimental to the public welfare, and further showing that there is grave danger of the establishment of cheap concessions, carnivals, and vaudeville performances within the peaceful wilds of this great natural paradise, and therefore urging that the United States Government should arrange for the purchase of this privately owned tract of land at once; to the Committee on the Public Lands.

3621. By Mr. LEAVY: Resolution of the Farmers' Education and Cooperative Union of America, Washington-Idaho division, reciting the opposition of that organization to House bill 8505, recently passed, and approving and endorsing the Massingale-Eicher bills, being House bills 8521 and 8522, and urging that this type of farm legislation be enacted as a practical and workable solution of the farm problem in America; to the Committee on Agriculture.

3622. By Mr. COFFEE of Washington: Resolution of the Box Shook and Veneer Workers' Union, Local 2605, of the Brotherhood of Carpenters, Puyallup, Wash., affiliated with the American Federation of Labor, setting forth that the National Labor Relations Act is one of the best pieces of legislation protecting the rights of workers, and that the act is labor's Magna Carta and is being attacked by enemies of labor, and therefore strongly urging opposition to all changes in the act which might curtail the operations of the law and stating that enemies of labor are attempting to undermine the law by offering amendments thereto; to the Committee on Labor.

3623. By Mr. JARRETT: Petition of the National Grange of the State of Pennsylvania, including Forest Grange, No. 853, opposing Senate bill 69, the train-length bill; to the Committee on Interstate and Foreign Commerce.

3624. Also, petition of F. O. Shawgo and others, of Grove City, Pa., and vicinity, asking repeal of Corporate Surplus Tax Act; to the Committee on Ways and Means.

3625. By Mr. LEAVY: Petition of 36 residents of the Spokane Valley, in the Fifth District of the State of Washington, urging Congress to give favorable consideration to the proposed Ludlow amendment, Joint Resolution No. 199, and thus permit the American people, who must ultimately bear the burden and the horror of armed conflict, to decide by ballot the question of a declaration of war; to the Committee on the Judiciary.

3626. By Mr. CITRON: Petition of the Hartford Police Post, No. 2849, Veterans of Foreign Wars of the United States, asking for an investigation of Nazi organizations in United States and semimilitary camps sponsored by German-American Bund; to the Committee on Immigration and Naturalization.

3627. By Mr. JARRETT: Petition of employees of the heavy-goods industry, Grove City, Pa., W. R. Crooks, and others, asking repeal of Corporate Surplus Tax Act; to the Committee on Ways and Means.

3628. By Mr. CITRON: Resolution adopted at the Department of Connecticut, American Legion, executive committee, at a meeting in Meriden, Conn., protesting un-American activities of German-American Bund and pro-Nazi organizations, financed by Nazi funds from Germany, and protesting

establishment of a semimilitary camp at Southbury, Conn.; to the Committee on Immigration and Naturalization.

3629. By Mr. KRAMER: Resolution of the Madera County Farm Bureau, pertaining to train-limit legislation, etc.; to the Committee on Interstate and Foreign Commerce.

3630. Also, resolution of the Merced County Farm Bureau, relative to House bill 8024; to the Committee on Interstate and Foreign Commerce.

3631. By Mr. DELANEY: Petition of the New York Clothing Cutters Union, urging the immediate passage of the Black-Connery wage and hour bill; to the Committee on Labor.

3632. Also, petition of the executive board of Local 802, American Federation of Musicians, New York City, endorsing the wage and hour bill and urging its passage during the present special session of Congress; to the Committee on Labor.

3633. By Mr. MEAD: Petition of the Associated School Boards of Niagara and Orleans Counties of New York State, urging continuation of Public Works Administration construction; to the Committee on Appropriations.

3634. By Mrs. ROGERS of Massachusetts: Petition of the Massachusetts Federation of Taxpayers Associations, urging that every effort be made to balance the Budget by a cessation of wasteful and extravagant expenditures; to the Committee on Appropriations.

3635. By Mr. BOYLAN of New York: Memorial of the New York Board of Trade, unanimously adopted by the members of the board at a meeting December 8, 1937; to the Committee on Appropriations.

3636. By Mr. FITZPATRICK: Petition of the Utility Workers' Union, Local 1212, of the United Electrical, Radio, and Machine Workers of America, urging the passage of the Black-Connery wage and hour bill; to the Committee on Labor.

3637. By Mr. THOMAS of New Jersey: Resolution adopted by the New Jersey Association of Real Estate Boards, Newark, N. J., at its twenty-first annual convention, protesting against the continuance of the present high tax rates on capital gains and undistributed surplus; to the Committee on Ways and Means.

3638. By Mr. KENNEY: Petition of Branch No. 3540, National Association of Letter Carriers, Teaneck, N. J., favoring the passage of House bill 8334, providing for salary increases for regular and substitute letter carriers, etc.; to the Committee on the Post Office and Post Roads.

3639. By Mr. ANDREWS: Petition of residents of Buffalo, N. Y., protesting against any levying of taxes which would increase cost of food; to the Committee on Ways and Means.

3640. By Mr. KENNEY: Petition of the New Jersey Association of Real Estate Boards, protesting against the surplus tax; to the Committee on Ways and Means.

SENATE

THURSDAY, DECEMBER 16, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, December 15, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bankhead	Bridges	Burke
Andrews	Barkley	Brown, Mich.	Byrd
Ashurst	Bilbo	Brown, N. H.	Byrnes
Austin	Bone	Bulkley	Capper
Bailey	Borah	Bulow	Chavez
Connally	Hatch	McNary	Sheppard
Copeland	Hayden	Maloney	Shipstead
Davis	Herring	Miller	Smathers
Dieterich	Hitchcock	Minton	Smith
Donahey	Holt	Moore	Steiwer
Duffy	Johnson, Calif.	Murray	Thomas, Okla.
Ellender	Johnson, Colo.	Neely	Thomas, Utah
Frazier	King	Norris	Townsend
George	La Follette	O'Mahoney	Truman
Gerry	Lee	Overton	Tydings
Gibson	Lodge	Pepper	Vandenberg
Gillette	Logan	Pittman	Van Nuys
Glass	Lonergan	Pope	Wagner
Graves	Lundeen	Radcliffe	Walsh
Green	McAdoo	Reynolds	Wheeler
Guffey	McCarran	Russell	White
Hale	McGill	Schwartz	
Harrison	McKellar	Schwellenbach	

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Arkansas [Mrs. CARAWAY] is detained on important public business.

The Senator from Tennessee [Mr. BERRY], the Senator from Missouri [Mr. CLARK], and the Senator from Illinois [Mr. LEWIS] are unavoidably detained.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

LIMITATION OF FUNDS FOR NATIONAL-PARK ROADS AND TRAILS, ETC.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior transmitting a draft of proposed legislation to repeal certain authorizations of appropriations contained in the act approved June 16, 1936, amending the Federal Aid Highway Act, and for other purposes, which, with the accompanying paper, was referred to the Committee on Post Offices and Post Roads.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram embodying a resolution of the executive committee of the Washington Savings and Loan League, Centralia, Wash., favoring certain amendments to pending housing legislation designed to promote the construction of homes and furnish employment to labor, as proposed in the program of the United States Building and Loan League, which was referred to the Committee on Banking and Currency.

Mr. COPELAND presented a resolution adopted by members of the New York and New Jersey Dry Dock Association, protesting against the enactment of legislation to transfer the work performed by the Corps of Engineers of the Army to another governmental department with civilian supervision, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the Home Owners and Taxpayers Association, of Staten Island, N. Y., favoring the inclusion of low interest and low amortization rates in proposed housing legislation, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Dutchess County (N. Y.) League of Women Voters, protesting against the enactment of the bill (S. 3022) to amend the law relating to appointment of postmasters, which was ordered to lie on the table.

He also presented resolutions adopted by the twentieth annual meeting of the Columbia County (N. Y.) Farm Bureau Association, protesting against the enactment of pending wage and hour legislation, which were ordered to lie on the table.

He also presented a resolution adopted by Stockton Grange, No. 316, Patrons of Husbandry, Stockton, N. Y., protesting against the enactment of the so-called Black-Connery wage and hour bill, which was ordered to lie on the table.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON of Colorado:

A bill (S. 3143) for the relief of George O. Wills; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 3144) for the relief of Harry Hume Ainsworth (with accompanying papers); to the Committee on Military Affairs.

By Mr. McADOO:

A bill (S. 3145) to provide for the appointment of an additional district judge for the southern district of California; to the Committee on the Judiciary.

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess last evening, the amendment in the nature of a substitute offered by the Senator from Oklahoma [Mr. LEE] was the pending amendment. The question is on agreeing to the amendment in the nature of a substitute.

Mr. RUSSELL. Mr. President, the amendment offered by the Senator from Oklahoma [Mr. LEE] seeks to apply what is commonly known as the domestic-allotment plan to the production of cotton, and to substitute this plan for the committee provision respecting cotton.

The amendment proposes that the amount of cotton domestically consumed each year within the United States shall be apportioned between the cotton farmers of the United States on very much the same basis that is provided for the allocation of cotton under the provisions of the pending bill. It seeks to establish machinery which will assure to the cotton farmer either parity or 20 cents per pound for such of his cotton as is consumed domestically within the United States. Inasmuch as the domestic consumption usually amounts to about one-half of the total amount of cotton produced, this plan would assure 20 cents a pound to each farmer on about half of his normal production.

Mr. President, I do not claim that the substitute proposed by the Senator from Oklahoma is perfect in all its details I do know that it submits a philosophy for the solution of our critical cotton problem that is wholly at variance with that contained in the committee bill. The committee proposes to apply a policy of restriction of production to limit the crop next year to about 10,000,000 bales, and to sell in the world market in competition with the world and at the world prices the cotton that is produced. The substitute offered by the Senator from Oklahoma proposes to establish what is known as the two-price system for cotton—one price for the cotton domestically consumed and another price for the cotton that is to move in the channels of world commerce.

The domestic allotment substitute will return to the farmer the penalties he has paid under our unequal tariff system. Only that cotton which brings him 20 cents per pound or parity can be processed, spun, or woven within the United States. It leaves to the individual farmer the question of production, and if the farmer does not desire to compete in the world market he can produce the amount of his domestic allotment knowing that he will receive a fair price for the cotton allotted to him.

The distress of the cotton farmer today is due to the fact that he is competing with the lowest-paid labor in the world—those who produce cotton in India, Russia, Mexico, and Brazil—and that for 100 years he has been compelled to bear the burden of the tariff.

Believing as I do that the eventual solution of the cotton problem depends upon establishing the two-price system for the benefit of the cotton farmer, I am supporting the substitute amendment offered by the Senator from Oklahoma.

I realize that there is very vigorous opposition to giving the farmer the two-price system in the United States. However, I was amazed this morning to see the Secretary of Agriculture quoted in the press as saying that the two-price system in the United States as applied to the cotton producer would lead us into fascism. Why, for more than 100 years we have had a two-price system in this country for everything the cotton farmer has had to buy; and yet when it is proposed to apply the same rule to help the cotton farmer, to raise him up from his present misery and distress and despair caused by buying in a protected market and competing in the sale of his product with peons and coolies and slave labor in every corner of the world, we are now told that the rule which industry has had applied to it for all these years cannot be applied to the farmer without bringing about fascism in the United States.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. RUSSELL. I have only a few minutes, but I yield to the Senator from Oregon.

Mr. McNARY. I was greatly surprised by the statement which the Senator says the Secretary of Agriculture made. When was it made?

Mr. RUSSELL. I said that the Secretary was quoted in this morning's press—and I have read only one of the Washington newspapers—as saying that the two-price system as applied to agriculture in this country would lead to fascism.

Mr. President, talk about fascism and regimentation. We all realize that this bill as it is presented by the committee constitutes more regimentation than any two-price system could possibly do. It invades the farmer's farm, and tells him how much cotton he may grow and how much he may sell. It tells the producer of wheat how much he may sell in any one year, and how much he is compelled to store. It is regimentation and fascism to a far greater degree than the plan embraced in the amendment which is proposed by the Senator from Oklahoma.

The domestic allotment plan is really a system of voluntary control. The farmer will know exactly how much he will be able to market for parity, or 20 cents a pound, and you may be sure that he will not greatly exceed this if he is compelled to sell his cotton in the world trade at a loss, as he is being compelled to do this year under existing legislation, and is likely to experience next year under the committee bill.

Mr. POPE. Mr. President, will the Senator yield?

Mr. RUSSELL. I have such a little time that I regret not to be able to yield to my friend from Idaho. However, I yield for a question.

Mr. POPE. I desire to ask the Senator if he attaches any significance or importance to the joint resolution which was passed by this Congress at the last session, on the basis of which loans on cotton were made?

Mr. RUSSELL. I was not present in the Senate at the time the joint resolution was passed. I was absent in the discharge of official duties at that time, and I certainly am not bound by the joint resolution, inasmuch as I did not support it. I do not know what it provides, but I do not believe that the Senate has heretofore passed any joint resolution which would condemn a two-price system as applied to agriculture as being fascist in its tendencies.

Mr. POPE. Let me say to the Senator——

Mr. RUSSELL. I regret to be compelled to ask the Senator to make his statement in his own time.

Mr. President, I realize how earnestly the Committee on Agriculture and Forestry has approached this problem in seeking to solve it for the benefit of the cotton farmers of the country. I pay tribute to the distinguished Senator from Alabama [Mr. BANKHEAD], a man whose name is a household word in every home within the Cotton Belt for his long and tedious labor in perfecting the cotton title of this bill. I know he is wholly convinced that reduction in production of cotton is the solution of our problem in the South. I admit that when tried before in the Bankhead cotton bill it did help prices. But, Mr. President, I desire to point out that at the time we tried restriction in the production of cotton, which is an export crop, the world was not prepared to go ahead in producing vast quantities of cotton; but so soon as it was known throughout the world that we were to pursue a policy of curtailment of production in these United States we saw the world's production of cotton increase from 13,000,000 bales to 20,000,000 bales within 4 years.

Since we have embarked upon this program of limited production of cotton in the South, we have shifted the domination of the cotton markets of the world from our country to foreign lands. Never until the control plans were tried had all the combined nations of the world produced more cotton than we produced within the United States. Now, however, with the largest crop in our history, nearly 19,000,000 bales, our policies have so encouraged competition abroad that despite this immense crop the other cotton-growing countries of the world have produced more than we have. The committee plan proposes to increase the price of cotton all over the world every time it increases the price of American cotton. Every time a dollar is added to the income of the cotton farmer in Georgia by this program it will increase the income of the cotton farmer in Brazil, the coolie in China, and the regimented labor of Russia. I am not interested in increasing the income of any farmer outside of the United States.

The substitute proposes to help the cotton farmer of America by establishing the two-price system here, and whether it is accepted today or later, I believe the time will come when all will agree that it is the only permanent solution to our problem.

Even if the committee plan works as its advocates hope, it will benefit other countries more than our own, and will supply the farmers of other countries with the means of eliminating our last substantial agricultural export.

Put the farmer on the domestic-allotment plan, assure him at least the cost of production for that which he sells domestically, and then if he wishes to take his chance in the world market, it is his business and his grief if he does not make a profit. I am not opposed to some mild form of restriction of production in cotton. It might be necessary even if the domestic-allotment plan were adopted in this bill, but I do know if we continue to pursue our present policy of cutting down cotton production in this country it means inevitably the loss of our foreign markets, and even the supporters of the bill concede it will eventually mean that we will be limited to seven or eight million bales of cotton each year.

I believe the cotton farmers will be disappointed with the results attained from the policy of the committee bill. There is such a huge carry-over of cotton that we have no assurance whatever, even if we reduce the production of cotton in the United States to 10,000,000 bales, that it will mean any substantial increase in the price of that 10,000,000 bales. But conceding for the sake of the argument that it would increase the price of cotton in the United States, and I am quite sure those who believe the committee proposal is superior to the substitute offered by the Senator from Oklahoma [Mr. LEE], hope it will increase the price of cotton to 12 cents a pound next year on the basis of a 10,000,000-bale crop, what effect would that have if the world produces 20,000,000 bales next year? It would mean that we would have increased the price of cotton farmers of the world by $500,000,000, whereas by reason of curtailed production in this country we would not have any greater income for the cotton farmers of the United States.

I was interested when my distinguished friend from Alabama [Mr. BANKHEAD] presented charts and figures which showed how closely the price of world cotton followed American cotton in the market. He said that over a long period of years we had had the experience of Indian cotton and world cotton approximately 80 points below the price of American cotton, with Egyptian cotton slightly higher. If that is true, when we curtail production in the United States we are aiding the cotton of other producers of the world by increasing their prices to where it is inevitable they will put us out of the world markets and even invade the domestic cotton market.

We boast of our high standards of living in this country and the fact that our wages are higher and our people enjoy more of the good things of life than in any other land. Despite the wealth of this Nation which the cotton farmer has dug out of the ground, his income is lower and his standard of living is poorer than that enjoyed by those engaged in any other vocation. This is not his fault. It is due to the fact that he has been left in competition with the lowest-paid labor in the world while sending his goods abroad to bring back the wealth and products of other lands, which, due to the tariff, has not benefited him but has increased the wealth of the industrial sections. American manufacturers of farm machinery, of clothing, of shoes, of household utensils, in fact, of every article that the farmer is compelled to buy, enjoy the benefits of the two-price system due to the tariff. The industrialist sells abroad for much less than the domestic price fixed on his product. One Senator related on the floor the other day that a citizen of his State had bought either a reaper or a binder in Norway, which was manufactured in the United States, shipped across the ocean to Norway, and that he saved money by purchasing the implement in Norway and shipping it back into the United States and across the continent. There is an illustration of the two-price system as applied to industry. In common justice the cotton farmer is entitled to the same system for his product.

It will be said by some of the economists in the Department of Agriculture that, if the income of India, Brazil, Mexico, Russia, and China is increased, it will increase world trade, and that therefore our industries would benefit by being permitted to sell more goods to those countries. It cannot have that effect on cotton, because the countries that sell the cotton will be required to trade and traffic with those who purchase the cotton.

Mr. President, we are seeking in this substitute to apply the philosophy of the tariff and the two-price system to the cotton farmers of the country. They are the poorest people in the United States today. They have less income than any class of farmers, and farmers generally have the lowest income of any class of people in the United States today. For 100 years they have been slaving at the most arduous and unremitting toil in the production of cotton. It is back-breaking work, as everyone knows who knows anything about it. But today we are told that we cannot have a two-price system for the farmer, such as is applied to those from whom he purchases his goods, because it would be a step in the direction of fascism. The cotton farmer is entitled to this two-price system. If it were given to him, we would see that a large part of the ills of the South will have been overcome.

Mr. President, I hope that the proposal can be taken to conference. We know the House has adopted a cotton section in the bill it passed, which is very similar to that which is found in the Senate bill. If the matter goes to conference, perhaps something can be worked out that will permit it to be submitted to the farmers of the South for a vote as to whether or not they prefer the committee plan as embraced in the bill or the proposal advanced by the Senator from Oklahoma [Mr. LEE].

I do not like to venture into the field of prophecy, but I believe as firmly as I believe I am standing here that the cotton farmers of the South would approve overwhelmingly a domestic allotment plan with a guaranteed price if they had an opportunity to vote on it. The only proposition to be submitted to them under the committee bill is some curtailment of the production of cotton.

We know that the bill proposes to reduce the production of cotton in the United States to 10,000,000 bales. We no longer dominate the world market in cotton. Only since we have started our program of reduction, which is the only thing we could do under the circumstances in 1933, the world production has far passed the production of the United States.

I say to Senators from the industrial States that they have a vital stake in maintaining the world market for American cotton.

The cotton farmer will consume the products of your factories and keep your labor employed if you will give him a living wage for his commodity.

For the past 100 years the balance of trade in favor of the United States has approximated $37,000,000,000. Thirty-five billion dollars of that is represented by cotton and cotton goods. Has the cotton farmer got that money today? He is the poorest class in the country today due to the iniquitous

tariff system imposed upon him. He has enriched the Nation and impoverished himself, and he comes now and asks for simple justice at the hands of the United States, that he be permitted to have at least a living price for the cotton that is domestically consumed within the United States.

Mr. President, I hope the Senate will consider the matter carefully. It also affects those Senators here representing wheat States, and States producing corn and other kinds of farm commodities, because there are sections of the cotton States where we can produce wheat and corn and livestock as profitably as anywhere in the world. If the cotton farmer is given a chance, if he is given anything approximating a living wage—and the substitute will only allow him 20 cents a pound for the cotton that is consumed domestically—if he is given any kind of a chance he will not invade the field of wheat and corn; but our people are not going to starve, and within a few years it will be found that taking away the world market from the cotton producer of the United States will have had a serious effect upon the prices of corn and wheat, hogs and cattle, because the cotton farmers will have been driven to producing those commodities through a policy that would curtail their production of cotton, does not guarantee to them a price that is a living wage, and which takes away from them the world market for the sale of American cotton which has made us a great commercial Nation.

Mr. BAILEY. Mr. President, it is a remarkable but, I think, a timely observation that the Congress of the United States appears to have assumed that what the Supreme Court said in the principal opinion by Mr. Justice Cardozo is an arrow flight to the left with the Secretary of Agriculture and the President of the United States. Just a few days ago the President courageously warned us against increasing the expenditure on account of this pending legislation beyond the $500,000,000 heretofore appropriated. But when the matter came before us by way of an amendment to limit the expenditure to $500,000,000, the Senate rejected it by an overwhelming vote.

In today's paper is a statement given to the press in a formal press interview by Secretary Wallace, which I think I should read to the Senate. Speaking of certain measures here, and I think speaking generally with reference to the measure now before us, the Secretary uttered these words as quoted in the daily papers:

"These plans," said the Secretary, "in order to be carried out, involve licensing of all businessmen who purchase farm products. They involve licensing of all farmers. If the situation were absolutely desperate, it might be all right to do that, but if the situation gets that desperate, then you are in the gravest danger of having to take a step toward fascism, autocracy, and so forth."

Mr. POPE. Mr. President, will the Senator yield?

Mr. BAILEY. I shall be glad to yield later. I am reading the Secretary's statement. I will yield when I get through reading the statement, but let me finish reading it.

It is unusual that some people who profess the utmost horror toward fascism aren't joining us—

That "joining us," I take it, means joining the administration—

to solve the problem in a reasonable way instead of making it as difficult as possible to solve it in a reasonable way. They make it possible for people who take an extreme view to launch on something which is quite out of step with the genius of our institutions.

This is the situation as I sense it.

I am grateful to the Secretary of Agriculture for the warning he has given us and the warning he is giving the country.

Mr. POPE. Mr. President——

Mr. BAILEY. Not yet.

I express just a word of amazement that, whereas just a few years ago there was a tremendous protest here against the alleged radicalism of Mr. Secretary Wallace, the situation is such that Mr. Secretary Wallace has now publicly to warn and to rebuke us for our radicalism. I think the warning should go home to us and all the American people.

I know the bill we are about to pass is not going to be the law.

Mr. POPE. Mr. President——

Mr. BAILEY. I shall yield to the Senator in a moment.

But I rather suspect that nothing like it will be the law. I am inclined to think it would be useless at this stage to recommit it. I think if we recommitted the bill that not much could be done about it. The House has passed a bill. We are passing a bill. The conferees perhaps in the Christmas holidays—I do not think within the time that remains in the special session—may work out a proper bill; but the Senate conferees within the Christmas holidays I hope will take all of the Senate's proposals—and I should not object to them taking all the amendments offered from whatever source—take them to conference and sit down with the conferees on the part of the House and work out a proper bill for the Congress to pass.

I join with Mr. Secretary Wallace, and I am happy to join with him, in the warning, and it is a very plain warning, that the Congress of the United States at any rate now appears to be leading the way to fascism and autocracy, and I think it comes from the very man from whom it ought to come. Now I yield to the Senator from Idaho.

Mr. POPE. Mr. President, the Senator made a statement a few moments ago which I think is entirely erroneous, and I am sure he would not want to leave an erroneous impression.

Mr. BAILEY. I would not. I will be very glad to have any correction that may be justified.

Mr. POPE. The statement from which the Senator read in the newspaper relates, I am assured, to the price-fixing substitutes which are offered as amendments to the bill, and I will again call the attention of the Senator to the Secretary's letter, in which he stated:

I have already made known to you, to the Agricultural Committees of the Congress, to the public, my support of the principles back of this legislation.

So I think I can safely say, and I have been assured this morning, that the reference which the Senator read has to do with the price-fixing substitutes offered as amendments to the pending measure.

Mr. BAILEY. I am perfectly willing to have it appear that Mr. Secretary Wallace did make the statement in the light of proposed amendments, and that he had in mind in part the amendment proposed by the junior Senator from Oklahoma [Mr. LEE] and also the amendment about to be proposed by the junior Senator from California [Mr. McADOO]. But Mr. Secretary Wallace has made two statements on this subject. One was in a formal letter to a Member of the Senate, and the letter was read here just a few days ago. In that letter the Secretary warned us against the expenditures under the proposed legislation before these amendments were proposed. The letter was interpreted here in my hearing by Senators as being a protest against the bill; and, if I am not mistaken, the letter also called attention to the fact that we were proposing to pass a bill which would cost the Government a billion dollars.

I take it that the statement the Secretary has issued, while it may have been induced by these amendments to which we have referred, is made in the light, first, of his letter; second, in the light of the amendments; and, third, in the light of the whole tenor of affairs. So I do not think it is necessary to say that I made an erroneous statement. I am interpreting the statement in the light of the Secretary's letter and of the whole situation.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. McGILL. I have no doubt the Senator from North Carolina has read accurately from what appeared in some newspaper. I do not know from which paper he may have read.

Mr. BAILEY. I read from the Herald Tribune, on the front page, and it was also in the New York Times.

Mr. McGILL. In the New York Times article I observe, if the Senator will yield, that this is the statement:

These price-fixing programs, which sometimes are called domestic allotment plans, sometimes the two-price system, in order to be carried out, involve licensing all businessmen who purchase farm products. They also involve licensing all farmers.

I would take it from that the Secretary was discussing the amendments proposed by the Senator from Oklahoma [Mr. LEE] and the Senator from California [Mr. MCADOO].

Mr. BAILEY. Mr. President, let me proceed and read the remainder of his statement:

This is the situation as I sense it.

These are Mr. Wallace's words:

There is a feeling that other groups use the Government's power to impose a type of scarcity for their own profit—

I now turn to page 21—

And farmers don't see any reason why I should frown on farmers using Government power to do the same. They say "Why not meet fire with fire? Why not have a showdown?" But just because other elements do these things I don't see why the farmers should.

If we began a program like that, we would have a downward spiral of scarcity. I don't see why the Government should stand for that kind of thing. As Secretary of Agriculture, my obligation is to see if something can't be worked out for farmers to cooperate in bringing about an ascending spiral of abundance instead of a descending spiral of scarcity.

There is the whole statement, and I let its interpretation rest upon the intellects of the Senate, and am perfectly willing to interpret it in the light of what any Senator may say. But I cannot read anything in that, especially in view of the letter the Secretary wrote, and which was the subject of a long debate, except that Mr. Wallace sees that there is grave danger that the Congress will go very far to his left. I am very grateful to have him give us the warning, and I wish fully to support it.

Mr. McGILL. Mr. President, will the Senator yield a moment?

Mr. BAILEY. I yield the floor, unless the Senator wishes to ask a question.

Mr. McGILL. Just for a question. The article the Senator has read is from the New York Herald Tribune. I was reading from the New York Times. I have read a similar statement in the Washington Post. I observe these statements do not exactly coincide one with the other, and I take it that whatever the Secretary may have said at a press conference was an oral statement, not prepared in writing, and that the various writers for newspapers have put different interpretations upon it.

Mr. BAILEY. Mr. President, that is the usual way of trying to minimize something one does not like. If any Senator wishes to do that, very well. The ostriches in Africa have always had the habit of sticking their heads in the sand when they got ready, but I never heard of one getting very far by that process.

The statement of the Secretary is before the Senate. Let Senators interpret it as they please. I interpret it as a protest and warning against radicalism in the Congress.

Mr. MINTON. Mr. President, I do not think we should be unduly alarmed about the observations of the Secretary of Agriculture that the Congress of the United States may be going Fascist. It is just possible that the Secretary of Agriculture has been reading the Vandenberg manifesto.

Mr. ADAMS. Mr. President, I have been reading the remarks of the junior Senator from Oklahoma [Mr. LEE], and I should be obliged to him if in my time he would give some additional information as to what his proposal would cost the United States. I gather from his remarks that he proposes that the Government shall lend 20 cents a pound on the prescribed amount of cotton. If that amount were 10,000,000 bales, there would be 5,000,000,000 pounds; that is, we would then have a loan of a billion dollars. I should like to know just how the Senator figures the cost to the Government.

Mr. LEE. Mr. President, I appreciate the opportunity to clarify that matter. In the first place, in regard to price-fixing being a step toward fascism, there is in the bill no licensing feature. The price-pegging is based on a loan device which we have used before, making it illegal to buy for processing in the United States cotton which is not tagged.

The loan device provides that the Commodity Credit Corporation shall lend to a farmer at parity, or 20 cents a pound, whichever is the smaller, only on the amount it is estimated we will consume in the United States, which will have to be announced previously. Let us say the farmer is allotted eight bales of cotton for the domestic market. After each farmer has been given his allotment the Secretary will then issue him eight bale tags, and it shall be illegal for a processor or miller or manufacturer of cotton goods to manufacture any cotton goods for use in the United States from cotton which is not tagged in the manner explained.

Suppose a farmer takes his cotton to town and it is tagged, and he desires to sell it, but no buyer appears. Then he can apply to the Commodity Credit Corporation for a loan on it. The processors will have to buy cotton from the Commodity Credit Corporation because the amount to be processed in the United States is limited to the amount we will use, so they cannot buy it anywhere else, and they will be forced to pay the Commodity Credit Corporation any interest that may have accumulated, any carrying charge, any warehousing charge.

The miller will, therefore, say to himself, "Why should I pay that extra charge? I will put a buyer down here in the market and buy the cotton directly from the farmer." That is the way it would work. If the Commodity Credit Corporation did have to advance money for a loan it would be only a temporary matter, because before the season ended the manufacturers would need cotton for manufacture in the United States.

The bill protects the manufacturer in his foreign trade by allowing him to buy the untagged cotton at the world-market price for the manufacture of goods he will sell abroad. In addition, through the sliding tariff scale, there is provided protection of his home market from importations from abroad.

If the Senator will be kind enough to allow me to go a little further——

Mr. ADAMS. I shall be glad to have the Senator do so.

Mr. LEE. As explained before, it takes a man-hour of labor to produce a pound of cotton. The figures as to that have been furnished by Colonel Westbrook, who for the years we have had the W. P. A. has been accustomed to figuring man-hour labor. He figures it takes 1 man-hour of labor to produce 1 pound of cotton. Therefore, the price we allow for cotton is the price per hour for raising it. It is the price per hour we are fixing for those who toil in the cottonfields.

If we cut off only 7,500,000 bales of cotton—and from the amount we produced this year it will take more than that to cut our production down to 10,000,000 bales, but let us figure that we cut off 7,500,000 bales of cotton next year—that will put out of employment a billion and a half man-hours of labor. Figure that billion and a half man-hours of labor at the price we pay relief labor, and it will mean that we will have to appropriate $600,000,000 to take care of the same people we put out of employment by cutting off seven and a half million bales.

Which would Senators rather vote, a price-pegging system or a loan that we have used before, to fix the price at 20 cents a pound or 20 cents an hour, whereas relief labor gets 40 cents? We fix our minimum wage at 40 cents. Is there a man here who represents the cotton section of the United States who can afford to vote against 20 cents a pound, 20 cents an hour, for the most degraded labor in the United States, of the poorest people? In the North and the East there are slums, and we voted money to correct slum conditions. There are the sweatshops, and we have tried through legislation to cure the conditions in the sweatshops. But we have a type of people in the South in a more deplorable condition than those in the sweatshops or in the slums, in my opinion.

As to the cost, I understand from an article by Colonel Westbrook that the peso will buy three times as much as the dollar. Therefore, when the peon gets a peso's worth of cotton production, he is three times better off than the man who produces a dollar's worth of cotton in this country.

But by the proposed device we can improve the buying power and that, on the part of Senators who represent the unaffected district, so far as cotton is concerned, will be bread cast upon the waters. It will come back to them with butter and jam smeared all over it, because those people will start spending and start buying with the money they get. Senators from these other districts cannot afford not to do something to help the farmer. His situation is the result of political action by virtue of the tariff, and by political action we can change it.

The result down there is not the result of God Almighty's doings. It is man-made, and man can correct it. We can correct it today. We can vote for this substitute today, and it will correct the condition next year. The cotton farmer will then begin buying in the United States markets, and those who represent other sections will benefit by it. By reason of what we do in trying to raise the price of cotton, by raising the price of production——

Mr. ELLENDER. Mr. President, a point of order.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LEE. Mr. President, a parliamentary question.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LEE. Is what is now occurring to be taken out of the time of the Senator from Colorado [Mr. ADAMS]?

The PRESIDENT pro tempore. No; it is not.

Mr. ELLENDER. Mr. President, I make the point of order that the Senate has no right to consider the substitute at the present moment.

On page 9 of the substitute, section 36 provides:

SEC. 36. The President and the Tariff Commission are hereby authorized and directed to promulgate such rates of import duties on cotton, articles processed from cotton, and cotton substitutes as will bring the basic price of raw Middling cotton to the parity price fixed by the Secretary.

Mr. ADAMS. Mr. President——

Mr. ELLENDER. Just a moment. The Constitution, in article I, section 7——

Mr. ADAMS. Mr. President, I have the floor. If a point of order is raised against my retaining the floor, that is one thing. However, the point of order that is raised now is against the consideration of an amendment. I have the floor, and I do not think the point of order should prevail against my right to ask a question and obtain information.

The PRESIDENT pro tempore. The occupant of the chair has held time and again that that sort of a parliamentary question cannot be raised without the consent of the Senator having the floor, and that a Senator cannot be taken off his feet for that purpose. Therefore, the point of order is not in order until the Senator from Colorado sees fit to yield the floor for that purpose.

Mr. ELLENDER. I thought the Senator from Oklahoma had the floor, Mr. President, and that he had yielded to me.

Mr. ADAMS. Mr. President, the Senator from Colorado has the floor.

The PRESIDENT pro tempore. The supposition of the Senator from Louisiana is a natural one; but, as a matter of fact, the Senator from Colorado has the floor.

Mr. LEE. Mr. President, will the Senator from Colorado yield to me for one final statement?

Mr. ADAMS. I yield.

Mr. LEE. I will say that our effort to raise the world market price by reducing our own production, having the result that when we reduce, others increase production, and when we go back they advance, is just about as effective as a billy goat butting at the end of a swinging rope.

Mr. ADAMS. Mr. President, a further question. In the Senator's statement last night, he said that his proposal would not require any appropriation from the Treasury. I am wondering how we are going to loan 20 cents a pound on cotton without an appropriation from the Treasury.

Mr. LEE. Mr. President, I understood that Mr. Jesse Jones talked to a number of Senators and told them that he had enough money now and could get enough money to buy the entire surplus crop. I presume the Commodity Credit Corporation has some money. As I pointed out, we shall not need to have enough money to loan 20 cents a pound on the entire crop, because the buyer will buy directly. The money used for loans in that case would not be in the form of an appropriation. The Corporation already has enough to carry out this program. Of course, the administration would cost money, but any program is going to cost money.

Mr. ADAMS. Does the Senator see any difference between costing the R. F. C. and costing the Treasury?

Mr. LEE. The R. F. C. has the money. It will not require an additional appropriation to put it in the hands of the R. F. C. If Mr. Jesse Jones can get it, as he stated to the Senators, without appropriation, then that makes my statement good. It is a loan, and not a gift, because it comes back, even though it is temporarily borrowed.

Mr. ADAMS. Mr. President, one further question: Under the Senator's substitute, he proposes to restrict the amount of cotton which may be sold upon the American market. The restriction in the available supply necessarily reflects the price. That is the operation of demand against supply. Could not the Senator accomplish the same result if he limited the American sale without lending 20 cents a pound? Suppose he provided for lending 12 cents or 12½ cents a pound. Could not the same results be accomplished without the strain on the Treasury or the R. F. C. which the Senator's plan involves?

Mr. LEE. It might be so; but the farmer would perhaps be confronted with a few weeks' or months' delay in selling his crop. He would not be assured that he could get it. Then we also should run into the direct price-fixing methods which I wish to avoid by doing it by the loan-device method.

Mr. ADAMS. Of course, it seems to some of us that a 20-cent loan represents almost a purchase of cotton—that is, when one thinks of the transaction in terms of the cotton price.

Mr. LEE. It would amount to that with respect to the Commodity Credit Corporation loan; but it would be for a very short time, because the millers would have to have that cotton to finish their season.

Mr. ADAMS. I will merely say that it would be a great deal easier for some of us if the Senator could reduce the 20-cent loan to somewhere within the range of cotton prices.

Mr. POPE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. POPE. Under the program suggested by the Senator from Oklahoma [Mr. LEE] of course a tariff would be necessary to protect the American markets and the producers of the domestic supply of cotton. That is contemplated and recognized in the bill. Then we have this provision, being section 36:

The President and the Tariff Commission are hereby authorized and directed to promulgate such rates of import duties on cotton, articles processed from cotton, and cotton substitutes as will bring the basic price of raw Middling cotton to the parity price fixed by the Secretary.

Mr. ADAMS. It would be absolutely essential that there should be a tariff provided in some way in order to protect the farmers.

Mr. POPE. Let me ask the Senator from Colorado if he thinks this would be a proper legal and constitutional way to do it.

Mr. ADAMS. I ask the Senator from Idaho if he will, in my time, ask the same question of the Senator from Oklahoma [Mr. LEE] that he asked of me.

Mr. POPE. Mr. President, does the Senator think the President and the Tariff Commission can fix tariff duties under such a provision as this, and with the bill originating in the Senate?

Mr. LEE. I will say to the Senator that the tariff measure does not originate in the Senate. There is simply a reference to it in the substitute. The President and the Tariff Commission are already performing that function under the powers formerly granted to them. The provision simply is a direction to carry out the duty already conferred

upon them. As to the complication which it might involve as compared with the bill which the committee is supporting, it seems to me that would be a primer compared to calculus.

The PRESIDENT pro tempore. The time of the Senator from Colorado on the amendment has expired.

The Chair recognizes the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I desire to renew the point of order which I made a few moments ago.

I again desire to state that section 36 of the substitute provides:

> The President and the Tariff Commission are hereby authorized and directed to promulgate such rates of import duties on cotton, articles processed from cotton, and cotton substitutes as will bring the basic price of raw Middling cotton to the parity price fixed by the Secretary.

Article I, section 7, of the Constitution provides:

> All bills for raising revenue shall originate in the House of Representatives, but the Senate may propose or concur with amendments as on other bills.

Mr. President, it is evident that section 36 of the substitute, to which I have just referred, attempts to raise revenue, or gives the power and the right to raise revenue, on cotton and cotton goods. I am informed that there is no tariff at all on cotton except on long-staple cotton. As to all cotton with which we are now dealing, as I understand section 36, the President would be given the right to fix a rate of a sufficient amount to carry out the purposes of this measure.

USE OF LETTERHEADS OF SENATE COMMITTEE ON THE JUDICIARY

Mr. ASHURST. Mr. President, I beg the pardon of the Senate for the presumption now displayed in asking the Senate to hear me for a moment on a subject important but not related to the pending bill. My purpose in arising is to——

The PRESIDENT pro tempore. Does the Senator from Arizona [Mr. ASHURST] desire to address himself to the point of order that was raised.

Mr. ASHURST. No, Mr. President.

The PRESIDENT pro tempore. If the Senator will yield for a moment. Under the rule, when a point of order is made involving the Constitution of the United States, it becomes the duty of the Chair to submit the question immediately to the Senate.

Mr. ASHURST. That point of order is now debatable, is it not?

The PRESIDENT pro tempore. It is debatable.

Mr. ASHURST. My thanks to the President pro tempore.

The PRESIDENT pro tempore. The question is now submitted to the Senate. The Senator from Arizona is recognized.

Mr. ASHURST. Again I ask the Senate to pardon me for presuming to make a very brief reference to a matter not at all related to the point of order or to the pending bill. My purpose in arising is to direct the attention of the Senate and the country to what appears to be a flagrant, unauthorized misuse of letterheads of the Senate Committee on the Judiciary. A certain organization calling itself the National Committee to Vindicate Tom Mooney, 1622 Nineteenth Street NW., Washington, D. C., has sent, presumably, to many Senators—certainly to one Senator who brought the subject to my notice—a circular letter. The matter underneath the letterheading is respectable and proper, but the circular letter bears the photograph or photostat of the letterhead of the Senate Committee on the Judiciary. The evident intent of the use of the letterhead is slyly, cunningly, adroitly, and in an underhanded fashion to make some simpleton believe that the Senate Committee on the Judiciary is in some way connected with this organization. I have no authority to speak for any of the other members of the Senate Committee on the Judiciary, but I shall presume far enough to say that no member of that committee has authorized the use of stationery of that committee for this or any other like purpose.

As is well known to every informed person, Washington, D. C., for a decade—yes, for more than a decade—has been engorged with oleaginous lobbyists, or if Senators prefer, "parliamentary solicitors", who by devious and cunning methods waylay Senators and Representatives; these lobbyists are not trying to add to the efficiency of our Government, but are trying to take something out of the Government. Notwithstanding that fact, these citizens, to wit, the National Committee to Vindicate Tom Mooney, have the right to organize themselves into lobbies. Citizens have as much right to form an organization to attempt to free Tom Mooney as they have to organize themselves in an attempt to secure a loan from the R. F. C.

Mr. President, I do not inveigh against this Mooney organization as such. In fact, there is now an organization being promoted to petition the proper powers in Great Britain to restore Edward VIII to the throne. Such organization might be offensive to a foreign government, but American citizens possess such rights. There is no law in the United States to prevent a man making a fool of himself if he chooses.

In my public career I have never looked with any degree of support or sympathy upon antilobbying bills. I doubt if I have ever voted for a bill against lobbyists, for this reason: The Senator himself must protect himself against a lobbyist. A Senator or other public man who is so weak that he must have a sentinel to guard him and protect him all the time against lobbyists is not worth the sentinel's pay. So I never have worried about antilobbying bills.

The members of the Senate Committee on the Judiciary are as follows: WILLIAM H. KING, M. M. NEELY, PATRICK MCCARRAN, FREDERICK VAN NUYS, M. M. LOGAN, WILLIAM H. DIETERICH, GEORGE MCGILL, CARL A. HATCH, EDWARD R. BURKE, KEY PITTMAN, TOM CONNALLY, JOSEPH C. O'MAHONEY, JAMES H. HUGHES, WILLIAM E. BORAH, GEORGE W. NORRIS, WARREN R. AUSTIN, FREDERICK STEIWER, and your humble servant as the chairman.

I have not talked with any member of the committee on this Mooney letter, but I am confident that not one of them has directly or indirectly authorized the use of the committee's letterhead in any such manner.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. ASHURST. Will the Senator from Wyoming pardon me for just a minute?

There is before the Senate Committee on the Judiciary a resolution, submitted by the able Senator from Montana [Mr. MURRAY], memorializing Hon. Frank Merriam, Governor of California, to grant a full pardon to Thomas Mooney, and so forth. The Senator from Montana had a right to submit such a resolution. These resolutions are not without precedent. Such resolutions have been introduced before, though not on this particular subject. The resolution was by myself, as the chairman of the Senate Committee on the Judiciary, on June 7 last, referred to a subcommittee composed of Senators O'MAHONEY, chairman, NEELY, HUGHES, MCCARRAN, and STEIWER.

I shall, in a moment, yield to the able Senator from Wyoming [Mr. O'MAHONEY], because I am sure he will be able to give the Senate some information upon this subject.

Again I say that I find no fault with an organization to secure legislation petitioning for the release of Tom Mooney. I see no fault or violation of proprieties in citizens organizing themselves to equip an expedition to the moon, to fortify the moon against a warlike attack from Mars, if they desire to do so, and I again say that I wish it distinctly understood that I am not inveighing against this Mooney organization which, however, is certainly naive in assuming that it can make anybody believe that the Senate Committee on the Judiciary has aught to do with its organization other than to accord to it a respectful hearing. The Senate Committee on the Judiciary grants to all citizens a hearing on any subject pending before it on which any citizen wishes to be heard.

I now yield to the able Senator from Wyoming [Mr. O'MAHONEY], the chairman of the subcommittee, and before

I take my seat let me say that I cannot too highly commend the diligence, the assiduity, and the ability with which the chairman of the subcommittee has addressed himself to this Mooney resolution.

Mr. O'MAHONEY. The Senator overwhelms me.

Mr. ASHURST. One more word. It must not by any intendment be assumed that I think any criticism should come to the Senator who submitted the resolution; he is one of the ablest of our Senators. Again I say, such resolutions are not without precedent. They are usual, and no blame, no criticism, should fall upon any Senator for submitting such a resolution.

I yield the floor.

Mr. O'MAHONEY. Mr. President, I am sure it is altogether unnecessary to say in this body that no member of the Judiciary Committee, including the members of the subcommittee, would ever have thought of authorizing the use of the stationery of the committee for the purpose of raising funds for any activity, particularly for an activity concerning a matter pending before the members of the committee in their capacity as representatives of the Senate.

It ought to be made clear to the country, however, for the protection of persons who might be misled by this unauthorized use of the committee's stationery, that neither the subcommittee, the full committee, any member of the committee, nor any Member of the Senate has participated in this effort to collect funds by creating the impression that it is sponsored officially by the Senate or some of its Members.

As a matter of fact, I think this use of a photostatic copy of the letterhead of the Judiciary Committee has done more than any other thing possibly could have done to prejudice the case of Mr. Mooney as presented to the Senate in the resolution under consideration by our committee. I think I am not making any unauthorized statement or revealing any secret when I say that the members of the subcommittee have all indicated a very deep sympathy with Tom Mooney, and a desire to be helpful to him.

The question which has been under consideration by the subcommittee is whether or not Tom Mooney should be subpenaed to appear before the subcommittee. We allowed the representatives of Mr. Mooney to appear and make an argument in support of the contention that the committee has the power to summon him from his place of incarceration in California to Washington to present his cause here.

The members of the committee, I think, are unanimously of the opinion that inasmuch as the resolution which has been submitted to us constitutes merely a request to the Governor of California to exercise his jurisdiction, and is not in any sense a legislative matter, even though it were desired by the members of the committee to issue a subpena, the committee has not that authority, and the Senate has not that authority.

Mr. ASHURST. Mr. President, after the clear and, in my judgment, accurate statement of view from the able chairman of the subcommittee, I wish to pursue this matter no further, fearing that if I should pursue it further it might in some way react against the man incarcerated in prison, of whose case I know nothing. His case is purely a matter to be determined by the State of California, through her executive; and upon that authority I shall not trench. I know that if I were speaking for Arizona, Arizona would look with indignation and contempt upon any resolution from Congress asking her executive to do anything committed solely to his discretion. In Arizona we are a bold and a free people. We enforce the law and pay our debts, and take dictation from no one, not even Washington. I assume that California will do the same thing.

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. BORAH. Mr. President, I understood that the Chair was about to submit the point of order to the Senate.

The PRESIDENT pro tempore. The Chair has submitted it, but will again state the question.

The Senator from Louisiana [Mr. ELLENDER] makes a point of order against section 36 of the substitute amendment on the ground that it contravenes section 7 of article I of the Constitution, providing that revenue bills shall originate in the House of Representatives. Under the rules of the Senate it is the duty of the Chair to submit the question to the Senate, which he has done. The question is, Will the Senate sustain the point of order or will it overrule the point of order? Those who are in favor of sustaining the point of order will vote "yea," and those who are opposed to sustaining it will vote "nay."

Mr. BORAH. Mr. President, the question with me is whether the point of order has not been prematurely raised. May a point of order be raised against a Senator debating a proposition of this kind in the Senate? Debate on this matter is now proceeding; and certainly I know of no rule which would prevent a discussion of a measure having in it a particular section of this kind.

It seems to me the objection comes prematurely. It could properly come only when it was undertaken to vote upon the matter which is the subject of the point of order.

Mr. BARKLEY. Mr. President, in reply to the Senator from Idaho, I suggest that a point of order is in order at any time after a proposition is offered to the Senate. A Senator discovering a fatal defect from the constitutional standpoint, and making the point, does not have to wait until all the argument on the merits of the question is exhausted. It seems to me the point of order could have been made immediately upon the offering of the substitute by the Senator from Oklahoma.

The PRESIDENT pro tempore. The Chair is of the opinion that when an amendment is tendered it is subject to a point of order, and the point of order may be made at that time.

Mr. LEE. Mr. President, I wish to discuss the point of order.

In the first place, I think no one would rule that this amendment is a revenue-raising amendment. The provision referred to is only incidental to the purpose of the amendment. It is not any more directly connected with revenue raising than the penalties provided in the committee bill, which would raise revenue; but they are incidental to the purposes of the bill. This likewise is incidental, and it is not the purpose of the amendment to raise money. It has been done before. Other bills have carried incidental penalties or provisions that no doubt would result in some income to the Treasury, such as the penalties in the committee bill; but no one would say that the purpose of that bill is to raise money.

I think no fair estimate of the amendment would say that the purpose of the amendment is to raise money. That is the purpose of a revenue bill. Therefore we are rather straining a point and putting a bridle on our own activities when we say that a penalty or a means of carrying out the purpose of the measure when it is purely incidental, as this is, is beyond the reach of our power.

Mr. BANKHEAD. Mr. President, is the question whether or not the section which is the subject of the point of order violates the provision of the Constitution which requires all bills raising revenue to originate in the House of Representatives?

The PRESIDENT pro tempore. That is the question which is raised by the point of order.

Mr. BANKHEAD. I merely desire to read the section in question:

> The President and the Tariff Commission are hereby authorized and directed to promulgate such rates of import duties on cotton, articles processed from cotton, and cotton substitutes as will bring the basic price of raw Middling cotton to the parity price fixed by the Secretary.

Mr. President, I submit that of course that section provides for a tariff.

I have no more to say, and yield the floor.

Mr. LEE. Mr. President, I should like to modify the amendment by striking out that provision.

Mr. RUSSELL. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will please state it.

Mr. RUSSELL. If the Senate should sustain the point of order made by the Senator from Louisiana, would it go to the entire amendment or would it merely strike out the section which, it is charged, offends against the provision of the Constitution?

The PRESIDENT pro tempore. It would simply go to that portion of the amendment if the Senate held that that portion of the amendment constituted an unconstitutional amendment. If the Senator should strike out that section——

Mr. LEE. I have just asked that that be done.

The PRESIDENT pro tempore. Then the question would arise as to the rest of the amendment.

The Senator from Oklahoma desires to withdraw that section from his amendment. He has a right to do that before the question is submitted. Does the Senator from Oklahoma modify his amendment by withdrawing section 36 from it?

Mr. LEE. I do.

The PRESIDENT pro tempore. The amendment having been modified, and section 36 having been withdrawn, that being the subject of the point of order, there is no necessity of presenting the point of order to the Senate.

The question is on agreeing to the amendment of the Senator from Oklahoma, as modified, in the nature of a substitute for the amendment reported by the committee.

Mr. LEE. On that question I call for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. NYE (when his name was called). On this question I have a pair with the senior Senator from Illinois [Mr. LEWIS]. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. MINTON. I desire to announce that the senior Senator from Illinois [Mr. LEWIS] is unavoidably detained. I am authorized to state that if he were present he would vote "nay."

Mr. GLASS. I have a general pair with the senior Senator from Minnesota [Mr. SHIPSTEAD]. In his absence I withhold my vote.

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY] and the Senator from Ohio [Mr. DONAHEY] are unavoidably detained.

The Senator from North Carolina [Mr. BAILEY], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Utah [Mr. KING], the Senator from Maryland [Mr. RADCLIFFE], and the Senator from Montana [Mr. WHEELER] are detained on important public business.

On this question the Senator from Arkansas [Mrs. CARAWAY] is paired with the Senator from Michigan [Mr. VANDENBERG]. I am not advised how either Senator would vote if present.

The result was announced—yeas 26, nays 56, as follows:

YEAS—26

Austin	Frazier	Lodge	Thomas, Okla.
Borah	Gibson	McCarran	Townsend
Bridges	Hale	McNary	Truman
Capper	Hitchcock	Miller	Walsh
Chavez	Johnson, Calif.	Reynolds	White
Copeland	Johnson, Colo.	Russell	
Davis	Lee	Steiwer	

NAYS—56

Adams	Burke	Green	McAdoo
Andrews	Byrd	Guffey	McGill
Ashurst	Byrnes	Harrison	McKellar
Bankhead	Connally	Hatch	Maloney
Barkley	Dieterich	Hayden	Minton
Bilbo	Duffy	Herring	Moore
Bone	Ellender	Holt	Murray
Brown, Mich.	George	La Follette	Neely
Brown, N. H.	Gerry	Logan	Norris
Bulkley	Gillette	Lonergan	O'Mahoney
Bulow	Graves	Lundeen	Overton
Pepper	Schwartz	Smathers	Tydings
Pittman	Schwellenbach	Smith	Van Nuys
Pope	Sheppard	Thomas, Utah	Wagner

NOT VOTING—14

Bailey	Donahey	Lewis	Vandenberg
Berry	Glass	Nye	Wheeler
Caraway	Hughes	Radcliffe	
Clark	King	Shipstead	

So Mr. LEE's amendment, in the nature of a substitute, was rejected.

Mr. ELLENDER. Mr. President, I send to the desk an amendment to the committee amendment of the tobacco title, and ask that it may be stated.

The PRESIDENT pro tempore. May the Chair state there is another committee amendment which was passed over because of an amendment offered by the Senator from Oklahoma [Mr. THOMAS], on page 82, line 21. Does the Senator from Oklahoma desire to proceed with that amendment at this time?

Mr. THOMAS of Oklahoma. I ask that it be passed over temporarily.

The PRESIDENT pro tempore. It will be passed over. The clerk will state the amendment of the Senator from Louisiana [Mr. ELLENDER].

The LEGISLATIVE CLERK. On page 46, beginning in line 16, it is proposed to strike out the first sentence, as follows:

Any person who knowingly acquires from a producer tobacco marketed by such producer from a farm in excess of the marketing quota for such farm shall be subject to a penalty of 50 percent of the market price of the tobacco on the date of such acquisition, or 3 cents per pound in the case of flue-cured, Maryland, or burley, or 2 cents per pound in the case of all other kinds of tobacco, whichever is the higher.

And insert in lieu thereof the following:

The marketing of any tobacco in excess of the marketing quota for the farm on which the tobacco is produced, except the marketing of any such tobacco for nicotine or other byproduct uses, shall be subject to a penalty of 50 percent of the market price of such tobacco on the date of such marketing, or if the following rates are higher: 3 cents per pound in the case of flue-cured, Maryland, or burley, and 2 cents in the case of all other kinds of tobacco.

Mr. ELLENDER. I move to reconsider the vote by which section 44 was adopted a few days ago, so my amendment may be considered at this time.

The motion was agreed to.

The PRESIDENT pro tempore. The vote is reconsidered, and the amendment of the Senator from Louisiana is pending.

Mr. ELLENDER. The purpose of the amendment, as will be seen, is to exempt from the penalty provision such tobacco as may be used for the manufacture of nicotine.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. McKELLAR. I am very happy that the Senator has offered the amendment. I approve it entirely. In this connection I should like to have published in the RECORD as a part of my remarks a telegram received from Tennessee in connection with the matter.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

CLARKSVILLE, TENN., *December 15, 1937.*

Senator KENNETH D. MCKELLAR:

You are very familiar with conditions here and know that all lines of business depend on the prosperity of the tobacco grower. Will you use your good offices to have included in the pending farm bill an exemption for such tobacco as may be sold for manufacture into fertilizer, nicotine, tobacco extract, and other byproducts, and that such tobacco shall not be subject to penalty tax or penalty payment? This will allow farmers to dispose of excess at some price and render destruction of excess unnecessary on farm. Fruit growers, truck farmers, and poultry farmers require nicotine for preservation of their crops, and both nicotine and extract are increasing exports from this country. Deem most important that you do not close any existing outlet dark-tobacco grower has remaining.

FIRST NATIONAL BANK OF CLARKSVILLE.

Mr. ELLENDER. Mr. President, there is nothing else to be stated in explanation of the proposed amendment except what I have just said.

Mr. LOGAN. Mr. President, I am very much interested in the amendment. I understand its purpose is to exempt from the penalty provision the tobacco which is sold for the manufacture of nicotine?

Mr. ELLENDER. That is correct.

Mr. LOGAN. I think that is highly important and that it should be done, so I have no objection to the amendment.

Mr. BARKLEY. Mr. President, I ask unanimous consent in connection with the amendment to have printed in the RECORD a telegram which I received from Kentucky on yesterday supporting the proposal.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

HENDERSON, KY., *December 14, 1937.*

Senator ALBEN W. BARKLEY,
Capitol, Washington, D. C.:

Please advise if Senate farm bill protects the tobacco byproducts industry. Highly important that farmer be protected to allow his selling excess tobacco beyond allotment to nicotine and other byproducts without payment of proposed tax on excess. Our understanding of proposed legislation makes it appear that conditions will be repeated which existed under old A. A. A. program and Kerr-Smith law, which carried prohibitive tax, preventing farmer receiving any income on excess which could have been disposed into byproducts. This resulted in two of the three nicotine companies closing down until Government diversion programs reestablished a supply of raw-material control legislation. Liable to curtail low-grade leaf marketed and at same time return excess to farm, forcing an established industry to stand idle because of such legislation. Please telephone, reverse charges, if you are not clear on this item. Stemming District Tobacco Association, a farmers' cooperative association at Henderson, Owensboro, and Madisonville, concur in the above.

C. SGONINA,
President, American Nicotine Co.
C. A. MITCHELL,
President, Stemming District Tobacco Association.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Louisiana to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. POPE. Mr. President, I desire to offer an amendment to the original text of the bill. I send the amendment to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 7, line 23, after the word "market", it is proposed to insert a period and the words "in the case of corn such loans shall be", and on page 8, line 1, after the word "year" and the period, to insert:

In the case of wheat the rate of such loans shall be not less than 52 percent and not more than 75 percent of the parity price for wheat as proclaimed at the beginning of the marketing year.

So as to read:

SEC. 5. (a) The Surplus Reserve Loan Corporation established by title VII of this act (hereinafter referred to as the Corporation) is directed to make available surplus reserve loans upon wheat or corn produced for market. In the case of corn such loans shall be at the loan rates prescribed in schedule A of this title, based on the parity price, and the relationship of the total supply to the normal supply, as proclaimed at the beginning of the marketing year. In the case of wheat the rate of such loans shall be not less than 52 percent and not more than 75 percent of the parity price for wheat as proclaimed at the beginning of the marketing year. Such loans shall be made only to cooperators and on the security solely of the stocks of the commodity insured and stored under seal, etc.

Mr. McNARY. Is it intended by the amendment to change the loan value as specified in schedule A?

Mr. POPE. Yes. It has been realized all during the consideration of the bill that the provisions of schedule A as to loans on wheat were too high and so rigid so as not to permit consideration of the world price or export price of wheat. The amendment would provide, instead of a schedule of rigid rates for making loans on wheat, that there shall be a flexible schedule for loans on wheat, using the same figure as is contained in the schedule, 52 percent and up to 75 percent, leaving it to the discretion of the corporation or whoever makes the loan to determine the amount of the loan, giving consideration at that time to the world market.

That is in line with the recommendation of the Secretary of Agriculture, and those who are particularly interested in wheat realize that that kind of an amendment is desirable unless we want to take the position that a loan must be made under schedule A that would take the wheat off the export market. That is the purpose of the amendment.

Mr. McNARY. Mr. President, I am inclined to think that is a commendable proposition. When the amendment was read it occurred to me that under it the grower of wheat could not obtain as large a loan as he could under the provisions of schedule A, but the flexibility as explained by the Senator, I think, makes the amendment satisfactory.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment offered by the Senator from Idaho.

The CHIEF CLERK. On page 8, line 1, after the period, it is proposed to insert the words:

In the case of wheat the rate of such loans shall be not less than 52 percent and not more than 75 percent of the parity price for wheat as proclaimed at the beginning of the marketing year.

Mr. McNARY. Mr. President, is this the same limitation as that contained in the bill as reported to the Senate, that a loan may be obtained on 75 percent of the value of the wheat?

Mr. POPE. No; instead of providing for an 85-percent ceiling, it is reduced to 75 percent. But the lower rate, 52 percent, is the same as in the amendment in schedule A of the original bill.

Mr. McNARY. Does that bear the same ratio as for cotton?

Mr. POPE. The Senator from Alabama is in the Chamber, and can more clearly explain the cotton provision; but there is a general provision as to cotton, under which loans will be made in an amount in the discretion of the lending organization. There are no maximum and minimum rates of loans in the case of cotton.

Mr. McNARY. That is what I recall. The Senator has heard me on many occasions voice an objection to what I call discrimination favorable to cotton as against wheat and corn. Why provide a ceiling on wheat, and reduce the rate from that contained in the original bill, so that the wheat farmer can obtain from the lending corporation a loan on only 75 percent of the value of the wheat, when in the bill the subcommittee took to the country, and about which we have heard so much, the figure was 85 percent? I believe the farmers were told they could borrow on 85 percent of the value from the corporation, were they not? Now, the Senator is asking us to limit that to 75 percent of the value of the wheat, if I understand the amendment. But we are asked to say to the cotton man, "Get all that you can." Why make that difference?

Mr. POPE. As a practical matter——

Mr. McNARY. What is the practical side of it?

Mr. POPE. The Senator knows that cotton is now and always has been at a lower percentage of parity than wheat or corn.

Mr. McNARY. I do not know that.

Mr. POPE. The necessity for placing exactly the same limit upon the loan percentages does not exist as to those commodities. However, if the Senator desires, I have no objection to making the ceiling in this amendment 85 percent instead of 75 percent.

Mr. McNARY. I do desire it, because the subcommittee told the boys down on the farm, when they went around with the bill, that they could borrow 85 percent of the value from the corporation to be set up.

Mr. POPE. If the bill should be passed.

Mr. McNARY. If they were told they could borrow 85 percent, let us keep the faith, and let them borrow on the

value of 85 percent. That is the reason why I object to the amendment.

Mr. POPE. Very well. I ask leave to modify the amendment which will appear on page 8, line 1, by changing 75 percent to 85 percent.

The PRESIDENT pro tempore. Without objection, the amendment will be modified by striking out "75" and inserting "85."

Mr. McNARY. Mr. President, I wish to express to the Senator from Idaho my appreciation on behalf of the wheat growers of the country.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Idaho, as modified.

The amendment, as modified, was agreed to.

Mr. POPE. Mr. President, I desire to complete the amendment by moving to strike out, on page 21, in the first column of schedule A, the words "wheat and", in order to remove that commodity from the schedule. It is to make the schedule accord with the amendment already agreed to.

The PRESIDENT pro tempore. It will be necessary to reconsider the vote by which the amendment was agreed to. Is there objection to the reconsideration of the vote by which the amendment on page 21, line 1, was agreed to? The Chair hears none, and the vote is reconsidered.

The Senator from Idaho offers an amendment to the amendment, which will be stated.

The CHIEF CLERK. On page 21, in the first column of schedule A, it is proposed to strike out the words "wheat and."

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. BANKHEAD. Mr. President, I desire to call up an amendment I presented several days ago, and gave notice I would call up, defining "parity payments," as a result of the discussion about what those words meant. The amendment is to be inserted on page 73, after line 3, under "Definitions," and the amendment reads:

"Parity payments" means payments to producers which when added to the market price of the commodity affords the producer a cash return for such commodity nearer, or equal to, parity price for such commodity.

Mr. McNARY. Mr. President, is this a proper approach? There is on page 65 a definition of "parity."

Mr. BANKHEAD. I am willing to have the amendment placed anywhere the Senator desires to have it, if he thinks there is some place preferable to the one I have indicated. I am merely trying to remove the difficulty and the objection and to meet the difference of opinion about what "parity payments" means, to show that it does not mean payment in full of parity, but merely payments on the parity price in addition to the market price of the commodity.

Mr. McNARY. Mr. President, I recall very vividly that we discussed this a few days ago, possibly on more than one occasion, and I am not at all displeased with the Senator's present attitude. I know the farmer is not to receive parity. I do not want the cotton people to believe they are to get parity, and I think it is very commendable upon the part of the Senator to offer the amendment. I am merely offering this suggestion in order to determine whether we are approaching this correction so that there will be no misunderstanding on account of the definition found on page 65, where it is provided:

"Parity," as applied to cotton, wheat, corn, tobacco, or rice, shall be that price for the commodity as will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the period from August 1909 to July 1914.

It includes interest charges, tax charges, and freight charges.

Mr. BANKHEAD. From what page is the Senator reading?

Mr. McNARY. Page 65. There is a complete definition of "parity."

Mr. BANKHEAD. But not of parity payments. This is to clear up what the expression "parity payments" means, and to show that as used in the bill it does not mean payment in full of parity, but means payments on parity.

Mr. McNARY. Let us look at that, too.

Mr. COPELAND. Payments toward parity.

Mr. BANKHEAD. Or payments toward parity, as the Senator from New York suggests.

Mr. McNARY. On page 10, section 5, there appeared mandatory language that the Secretary "shall" make parity payments.

Mr. BANKHEAD. That was changed.

Mr. McNARY. The Senator very properly changed the word "shall" to "may," making it discretionary with the Secretary. That brings us back to the provision on the declaration of policy which probably we ought to consider now.

Mr. BANKHEAD. The Senator will observe in line 10 the words "may make parity payments."

Mr. McNARY. Yes.

Mr. BANKHEAD. The question arose what "parity payments" meant, whether it meant parity payments in full, and I think the Senator took the view that it meant that.

Mr. McNARY. I took the view that when we told the farmer we were going to make parity payments and inserted this schedule indicating what they were, it was a declaration of policy, that it meant a full payment of the parity price. I think I used this illustration. If I said to the able Senator from Alabama that I was going to pay a debt to him, that would mean the complete debt, and not a partial payment. I am very happy that the Senator will tell the cotton farmer—and I know he wants to do that—exactly what he will receive.

Mr. BANKHEAD. It applies to the wheat and corn farmer just the same.

Mr. McNARY. Does this apply to all?

Mr. BANKHEAD. Yes. That is the reason why it is put under "Definitions" and not put under any commodity title.

Mr. McNARY. Let the amendment be again reported.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed, on page 73, after line 3, to insert the following:

29. "Parity payments" means payments to producers which when added to the market price of the commodity affords the producer a cash return for such commodity nearer, or equal to, parity price for such commodity.

Mr. McNARY. Will the farmer understand that to mean simply that if there is enough money on hand, and we intend to carry out the parity payments, he will get a part of the amount available for that purpose, using another measuring stick?

Mr. BANKHEAD. We are using no measuring stick at all. We provide for the payment of certain money on parity payments. As I stated a while ago, the Senator raised the question that the words "parity payments" meant paying parity in full. We did not understand those words were ever intended to mean what the Senator from Oregon seemed to think they expressed, and in order to clear that misunderstanding or that difference in the construction of those words this definition is tendered. It means that if the market price of cotton, we will say, is 10 cents a pound, and the amount of money to be divided amounts to 2 cents a pound, when it is applied at 2 cents a pound, the "parity payment" will not pay parity in full, because parity is 16½ cents, but it will apply on the market price toward parity payment.

Mr. McNARY. I understand the illustration, and if that is what the language means I commend it.

Mr. BANKHEAD. I think that is what it means.

Mr. FRAZIER. Mr. President, it seems to me that this amendment is rather childish, just as are a lot of other statements in the bill. There are many references to parity in the bill, and now we are to define parity payments as meaning payments to producers which "when added to the market price of the commodity affords the producer a cash return for such commodity nearer, or equal to, parity price for such commodity."

Of course, if the producer gets any payment above the market price, it will be nearer to the so-called parity, and this seems to me a childish definition, just another provision

at the end of the bill to fool the farmer further, if that is possible. It seems to me that the definition is entirely unnecessary when parity is defined in section 61 of the bill, and if it is to be included, there should be an amendment to the bill, in my opinion, after the word "price", in the last line of the amendment, by the insertion of the words "as defined in section 61."

Mr. President, while I have the floor, inasmuch as some remarks have been made about the statement of Secretary Wallace which appears in the press this morning, I wish to quote from a speech Secretary Wallace made before he became Secretary of Agriculture. He made a speech at the Farmers' Union convention on September 19, 1928, in the State of Iowa. Apparently it was a sort of a political speech. It seems that he was out campaigning for Governor Smith, who at that time was candidate for President on the Democratic ticket. I am not going to read all of the speech, but shall read simply a few paragraphs from it. Among other things Mr. Wallace said:

Well, now, if Smith is elected the McNary-Haugen bill will go through, in my opinion, and it will be absolutely essential for such organizations as this—

That is the Farmers' Union—

and the Farm Bureau to be on their toes watching every little clause in the bill as it goes through Congress.

I read another paragraph. Mr. Wallace quotes from Mr. Hoover, who was candidate for President on the Republican ticket at that time. Mr. Wallace said:

If Hoover is elected President, what will you get? I would like to consider that a little while. In the first place, I want to pay this tribute to Mr. Hoover's Palo Alto speech. He put in words the very essence of the thing for which the farmers are fighting. He said the farmer's wife should have the same opportunities, the same standard of living, as the wives of the people in the towns and cities; that the farmer's children should have the same opportunities, the same education. In other words, he said that the farmers should have a fair share in the national income.

I read another paragraph from Mr. Wallace's speech:

Now, that is the very essence of the farm fight, and I think we can all thank Mr. Hoover for stating these ideals; and if he is elected we will remind him of these ideals again and again. In order to carry out these ideals it will be essential to transfer $6,000,000,000 every year—

Six billion dollars, Mr. President—

$6,000,000,000 every year from the people in the towns and cities to the people on the land. It will be necessary to give farmers $6,000,000,000 more annually if the farm housewives are to have the modern conveniences in their homes, if the farm children are to have the same kind of an education as the children in the cities have. All this would mean an increase in price of farm products—of wheat, corn, hogs, oats, etc.—of at least 60 or 70 percent. It would mean prices approaching the standard as set by the cost of production committee of the Farmers' Union. A fair share in the national income is just what the Farmers' Union definition of cost of production means. You can say you are going to have a fair share in the national income or you can say you are going to have the Farmers' Union definition of cost of production.

I read another paragraph from Mr. Wallace's speech in which, speaking of the Farmers' Union cost of production, he said:

I don't say the Farmers' Union figures are exactly right, but I say the principle employed is absolutely right, and I would challenge any experiment station or United States Department of Agriculture, or any other organization, to prove that the principles back of the Farmers' Union cost figures are unsound.

That is what Mr. Wallace said before he became Secretary of Agriculture.

I now read another paragraph which is of interest:

* * * Now I would like to talk just very briefly as to the way I think as to what can be done about getting a fair share of the national income for the farmer. You see the farmer today is only getting 10 percent and he should be getting 17 percent to be in relatively the same situation as he was before the war.

I take it Mr. Wallace means 17 percent of the national income. And in 1928 he said the farmer was getting only 10 percent. I continue quoting:

How is he going to get 17 percent of the national income? I I should not criticize Hoover if I didn't have something in my mind that I think will solve the problem. There are several things that can be done. First, you have got to realize the nature of the problem. Why is it we are worse off relatively than all the rest of the population? Why aren't we getting a fair share of the national income? The big reason is that our relation to the rest of the world has changed.

Then Mr. Wallace goes on with some history dating back to the Civil War as to how the farm situation has changed in comparison with that time, and then he goes on with some other statements which are very interesting. I quote:

When you get your fair share in the national income, you won't need to work your children so hard. We can teach them something about literature, music, artistic appreciation, and so forth. Oh, we can do lots of things when we get this money, and it isn't all foolishness. The farmers are not used to that sort of thing, but if we get our fair share of the national income, if we get to the place where the farmer's wife can live as the city man's wife, and his chilren can live as the city man's children, that makes it a mighty different proposition. And that is what we want. We don't want farmer folks to be peasants. We don't want to be a peculiar people. We want to be an integral part of this great Nation. That is what we want, and I think we can work toward that ideal no matter which man is elected.

I read one more paragraph from Mr. Wallace's speech:

But I want us to go ahead also and have some political ideals. Farmers have been kicked by both political parties on occasions. They are treated very nicely for about 3 months before election. Right now—

He is speaking of the campaign in the fall of 1928, on September 19 of that year:

Right now you are awfully popular. Right now they will promise you lots of things, but how about it a year from now, when you shove that bill through Congress?

Speaking of the McNary-Haugen bill:

We do want to develop some political intelligence. We don't want folks coming in from the outside trying to muddy the water, trying to draw red herrings across the trail and lead us off after false gods. I know that that kind of thing has happened.

Mr. President, if there is anything that is a red herring across the farmer's trail it is this farm bill in its present form. Mr. Wallace, before he became Secretary of Agriculture, warned those farmers against red-herring propositions that had been used in the past. He might have said that they would be brought up in the future. Red herrings have been drawn across the farmer's path many times, and the pending bill is another one. The amendment on parity payments is just another little red herring drawn across the end of the trail in this bill.

Mr. McNARY obtained the floor.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Idaho?

Mr. McNARY. I yield.

Mr. BORAH. I simply wish to ask the Senator from Oregan [Mr. McNARY] and the Senator from Alabama [Mr. BANKHEAD] a question. I do not know the effect of this measure. What is it designed to accomplish?

Mr. McNARY. Mr. President, I do not want the Senator from Alabama [Mr. BANKHEAD] to feel that I am at all captious in this matter. I am trying, as I think we all are, to apprise the farmer of what he may expect in the way of return when we are considering parity payments.

When the bill was studied, and hearings were had in the country, parity payments were defined, and the schedule on page 21 was set forth so that the farmer might see and understand what he would get in excess of the current average price. The matter has been discussed from time to time. Two weeks ago, I think, I discussed the subject, and stated that there was an obligation upon the part of Congress to pass legislation that would provide for paying a parity price so long as the declaration of policy remained as it now is. I called attention to the language on page 10, which says the Secretary shall pay parity prices. I then referred to the definition of parity prices and parity income. All of those things must be considered in connection with this amendment.

Mr. President, this amendment must be read, I think, in connection with section 6 on page 10. I should like to have the attention of the Senator from Alabama [Mr. BANKHEAD]. We are laboring along the same line.

Mr. BANKHEAD. Mr. President, I was speaking to the Senator from Mississippi about the same proposition. He asked me about it.

Mr. McNARY. I think the Senator probably is correct; and it is likely he can enlighten the Senator more than I can.

Mr. BANKHEAD. He was not trying to enlighten me.

Mr. McNARY. I am not, either. I am just discussing provisions in the bill for which I am not at all responsible.

Mr. BANKHEAD. If there is any objection to that declaration, I have no desire in the world to press it. It does not mean a thing in the world except notifying the farmers that "parity payments" mean payments on parity; that is all. It is no substantive thing; and if there is objection on the other side of the Chamber—that is where there is objection to it—I have no objection to its elimination. If you gentlemen want to resist it, I am willing that it be taken out even without a vote. We have done our part to endeavor to notify the farmer that that is what the language means.

Mr. McNARY. I do not want to see my excellent friend and companion disturbed. I think we should attempt to tell the farmer, and I think we owe the farmer an obligation to tell him, exactly the truth in this matter. That is the only interest I have in the matter; and I do not dismiss it as an incident or an argument because it happens to be troublesome.

Mr. President, I am not finding fault with this amendment. We may be able to improve upon it. The suggestion made by the Senator is that "parity payments" mean payments to producers which, when added to the market price of the commodity, afford the producer a cash return for the commodity at near or equal to the parity price of the commodity. The Senator's illustration was very frank and very clear, and I think it is something like this:

Let us say that cotton was worth 10 cents a pound and the Secretary did not have very much money; all he had was that which he attempted to get from the Soil Conservation Act, and that was 2 cents a pound. Then the farmer could not expect more than 12 cents a pound. If that is what it means, the amendment probably is all right. I am wondering, however, if it fits into this thing when we consider the various definitions of "parity" and "parity payments."

I am reading now from page 10, section 6, subdivision (a), as amended:

> Promptly following the close of each marketing year for cotton, wheat, or corn, the Secretary shall make parity payments to farmers engaged in the production of such commodity for market during such marketing year, provided, in case of wheat and corn, the farmer is a cooperator.

I think I mentioned the fact that in this case the farmer must be a cooperator if he raises wheat and corn, but he does not have to be a cooperator in order to get these benefits if he raises cotton.

Now:

> Such payments shall be computed at the parity-payment rates prescribed in schedule A of this title, based on the parity price, and the relationship of the total supply to the normal supply, as proclaimed at the beginning of the marketing year just closed.

I now refer to page 75, where the bill provides:

> The Secretary shall, on the 1st day of each month * * *, ascertain and proclaim the parity price and the current average farm price.

When we read what the Secretary must do, referring to schedule A, which sets forth what the parity price is, can he function under that definition or under the language proposed by the Senator? I think we should add there, if we are not going to mislead the farmer under section 5, the words "notwithstanding the provisions of section 6", so that when the farmer reads section 6 and reads this definition he will see that section 6 does not mean anything.

I am offering that as a suggestion, because I think it is very, very important that we should let the farmer know what he may expect to get in his return when we call this an agricultural relief bill. I offer that as a suggestion to the able Senator, who does not seem to relish suggestions of any kind, especially from a man who does not represent a cotton section of the country.

Mr. SHIPSTEAD. Mr. President, I should like to ask the authors of the bill if there is any part of the machinery of the bill which will provide an opportunity for the farmer to receive, as the result of the application of the bill, parity income, except such machinery as will provide for him, as nearly as may be, parity payments.

Mr. McGILL. Mr. President, if the Senator is directing that inquiry to me, I should say there is machinery in the bill which will provide the possibility of the farmer receiving a parity income on the commodities of corn and wheat; but that would not necessarily mean a parity income to the farmer on all commodities he produces. He might not be receiving a parity income on other commodities. I feel that so far as those two commodities are concerned, the possibility is provided in the bill of obtaining a parity income on them.

Mr. SHIPSTEAD. What about cotton?

Mr. McGILL. I am not the author of the title dealing with cotton.

Mr. SHIPSTEAD. Let me ask the Senator whether there is any way by which the farmer raising wheat and corn can get parity income except through parity payments in addition to the market price.

Mr. McGILL. It can be accomplished through the production program.

Mr. SHIPSTEAD. Yes; I mean, through a production program which is the basis of the theory of parity price.

Mr. McGILL. I think that is the only method by which it can be done.

Mr. SHIPSTEAD. That is my understanding of the bill. It is my opinion that under those provisions of the bill, the farmer has so far to go to get parity income that this measure will not give him parity income. It evidently is the temper of the Congress that the appropriations necessary to give parity income, not only to the wheat and the corn and the cotton farmer but also to other farmers, cannot be made. I do not believe Congress is willing to levy the necessary taxes to do that. In view of that fact, is the declaration of policy that parity income is the aim of the bill anything more than a pious declaration of what we think ought to be done in order that the nonagricultural population shall pay the farmer the cost of the food which feeds them, while denying him that because we cannot afford it?

Mr. POPE. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes.

Mr. POPE. Even a step in that direction certainly would be desirable. If we pass a bill which recognizes parity income as a goal, but this year, because of the temper of Congress, let us say, there would not be an appropriation to make the payments necessary to approach that goal—yet, since it is in the nature of permanent legislation, next year Congress might make a larger appropriation.

I wish I had the power to make now an appropriation which would assure to the farmers parity payments, and I am ready to vote for it at any time. I think that is vastly more important than a technical balancing of the Budget. We recognize, however, that Congress as a whole must determine that matter; and if they refuse to appropriate enough money to pay parity, let me ask the Senator if he does not think the declaration and the recognition by Congress that the farmer is entitled to a parity of income, and an aim in that direction, even though we may not accomplish it in this Congress, is still worth while as a recognition of what we ought to do, and what we will continue to fight for until we get it.

Mr. SHIPSTEAD. I realize the zeal and the integrity of the two authors of the bill. I consider that that declaration of policy—that the farmer is entitled to parity income—is the sole virtue of the bill, because the rest of it will not give parity income to the farmer, and it may possibly give a little bit along that line, which, it is generally agreed, is better than nothing.

We have been experimenting with the farm problem for 5 years. We have been experimenting in an effort to secure a more equitable distribution of national income. We have tried, or at least we have said we were trying, to give the farmer a greater share, or his just share, of the national income, to put him on a parity with industry. I am sure it has been done in good faith. After a period of 5 years,

however, we have the present unemployment situation; we have the unbalanced Budget of the individual and of the Government. We have, for instance, more to eat as a result of these large Government expenditures, but they still remain to be repaid. They will have to be returned to the Treasury.

It seems to me we have now come to a situation in which we cannot temporize any longer. I say this in all good faith to men who feel differently about the matter, and who are honest and sincere; but it seems to me we cannot go on with temporary palliatives. We must attack this unbalanced national economy in a more drastic manner and with a more drastic program in order to avoid even a more dangerous situation than that in which we now find ourselves.

I think it would help the situation if the Congress and the country would realize that we cannot continue the way we are going, and would pay the price necessary to put the farmer on a basis of equality with industry as to income, no matter how it is done, whether by restricting monopolistic practices or otherwise.

Mr. POPE. Mr. President, will the Senator yield at that point for a question?

Mr. SHIPSTEAD. Yes.

Mr. POPE. Just exactly what would the Senator from Minnesota do in order to meet the situation more fundamentally, as he now indicates? What would he do? I might go along with him.

Mr. SHIPSTEAD. I think it would help the situation if the Congress and the country would realize that we cannot continue the way we are going, and would pay the price necessary to put the farmer on a basis of equality with industry as to income, no matter how it is done, whether by restricting monopolistic practices or otherwise.

We hear a great deal about regimentation. The regimentation of industry and the price fixing of industry have had a great deal to do with putting the farmer in his present position. Labor is regimented; everything is regimented except the farmer.

I do not like regimentation. To give the farmer regimentation is to give him something of the inane or destructive policies which we have been following for the past 25 or 30 years in permitting industry to regulate and control production and prices. So it seems to me that no matter what we give the farmer, it is almost immediately taken away from him in high prices. As the farmer gets a little additional income, prices to him are raised. The same thing is true of the laborer, prices are raised. The regimentation which has so developed that it is exploiting the unregimented and the unorganized is in essence a fascistic program, although it is not initiated by the Government; but it is tolerated by the Government. I am looking to the result. Some wise man said that statesmen must be able to anticipate the future effect of policies they inaugurate today.

I think we have dismally failed to do that; and to the extent that we have failed to do that we have failed to inaugurate and put into effect policies that would keep the economic balance in the shape in which it is necessary to keep it in any country.

Mr. POPE. Mr. President, will the Senator yield at that point?

Mr. SHIPSTEAD. I yield.

Mr. POPE. Does the Senator agree with me that starting the protective system more than 100 years ago was granting to a group special privileges which had a great deal to do with throwing our whole national economy out of balance?

Mr. SHIPSTEAD. The Senator undoubtedly is correct. That was one of the most dangerous policies to the farmer, because of the fact that he was a producer of surplus and must sell in a world market, which is a cheap market, and that policy made him buy in a protective market.

Mr. POPE. Since that is the situation, since our national economy is out of balance, the farmer is not getting his share of the national income. He is not getting parity with other industries.

Mr. SHIPSTEAD. That is true.

Mr. POPE. Then, since we cannot change the present situation, since we cannot reduce the tariffs—I think the Senator will agree with me that an effort uniformly to reduce tariffs on manufactured products, or tariffs from which manufacturers get a benefit, could not succeed—are we going to let the farmer stay in his present position, or shall we attempt to do for him in one way or another what has already been done for industry as a whole, and try to pull him up so as to get him on a parity with industry?

It seems to me the question we are facing is a practical question.

Mr. SHIPSTEAD. Yes; that is the tragedy of it. Of course, special privilege is the root of evil in government. We have not only given to industry but we have tolerated, on the part of industry, special privilege. We have tolerated special privilege that they themselves have usurped, and the economic power used to obtain special privilege. If we are going to give special privilege to the farmer, if we give it in the same proportion that industry and finance have enjoyed it, then we eliminate privilege, because we treat everyone on the same basis.

Mr. POPE. It may interest the Senator to find that those who oppose doing this sort of thing for the farmer—trying to supplement his income and bring it up to something like parity with other lines of industry—are the very persons who represent industry which during all these years has been the beneficiary of the protective tariff system. They are generally the ones who oppose any effort to bring the farmer up to parity with them. Has the Senator observed that that is the case?

Mr. SHIPSTEAD. Oh, of course, it has been very apparent to me for many years. The trouble with our farm legislation has been——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The time of the Senator from Minnesota on the amendment has expired.

Mr. POPE. Mr. President, may I ask the Senator from Minnesota in my time to complete his statement?

Mr. SHIPSTEAD. I thank the Senator. In my opinion, industry itself is suffering from a policy of scarcity, and the whole Nation is suffering from scarcity. The trouble with farm legislation has been that we have taken a defeatist attitude and have been satisfied to get whatever they were willing to give us. They have been willing to give us a little something better than nothing. They have been adopting a form of policy not only to depress the farmer but to depress agriculture and industry of the Nation as well. They would take a man who is dying of starvation and say, "We will give him something to eat so he can live a little longer, but we cannot afford to give him enough to keep him from dying." A family who would treat the breadwinner of the family in that way, it seems to me, may permit the breadwinner to die, the man who furnishes them something to eat, because they cannot afford to keep him alive.

That is the position taken by industry and those who are opposed to giving the farmer his share of the national income and his fair position in the economic life of the Nation. It is not necessary to make long speeches to point out what history shows has happened. If we will give the matter a little thought, we can see the effect in the country today after 5 years of experimentation with legislation to help the farmer. We have always given him something a little better than nothing. The farmer has tried to get along and tried to be satisfied with a starvation wage. The country is heading for a change. It has been admitted since 1930 that we got into the depression because of maladjustment of national income and a lack of balancing the budget of the farmer, and as a result everybody else's budget is unbalanced.

Mr. POPE. I thank the Senator. One of the surprising things to me is that those men who benefit most from the welfare of the farmer, from the fact that he has purchasing power, are those who generally oppose any effort to obtain for the farmer a place of substantial equality in our economic system. It seems to me that it is a short-sighted policy which does not recognize that it is to the benefit of business-

men and of the manufacturers of the country to have the farmer prosperous and with ample purchasing power to purchase the products which are manufactured. That short-sighted policy has been a matter of surprise to me.

It has seemed to me the American businessmen are probably the shrewdest and generally the most far-seeing group in our country, and yet they utterly fail to see that point. It seems to me that they have adopted a short-sighted policy, one that is bound to work to their detriment, instead of the policy of encouraging the farmer and of furthering legislation to give him equality with industry, which would seem to me to be the kind of a policy one would expect far-seeing, clear-headed businessmen to adopt. However, generally they have adopted a contrary policy.

The PRESIDING OFFICER. The question is on the amendment of the Senator from North Dakota to the amendment of the Senator from Alabama.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. BARKLEY. Mr. President, may I inquire what other committee amendments have been passed over that have not yet been acted on?

The PRESIDING OFFICER. The only one is an amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. BARKLEY. I understood the Senator from Oklahoma is unable to speak because of throat trouble this morning, and I do not know whether he intends to offer his amendment or not. He has just indicated to me that he desires to withdraw his amendment.

The PRESIDING OFFICER. The Senator from Oklahoma [Mr. THOMAS] withdraws his amendment.

Mr. POPE. Mr. President, I desire to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 77, between lines 13 and 14, it is proposed to insert the following new subsection:

(g) The Secretary may furnish reproductions of such aerial or other photographs, mosaics, and maps as have been obtained in connection with the authorized work of the Department of Agriculture to farmers and governmental agencies at the estimated cost of furnishing such reproductions, and to persons other than farmers at such prices (not less than estimated cost of furnishing such reproductions) as the Secretary may determine, the money received from such sales to be deposited in the Treasury to the credit of the appropriation charged with the cost of making such reproductions. This provision shall not affect the power of the Secretary to make other disposition of such or similar materials under any other provisions of existing law.

The PRESIDING OFFICER. The question is on the adoption of the amendment of the Senator from Idaho.

The amendment was agreed to.

Mr. POPE. Mr. President, I desire to offer the dairy amendment which has been referred to a number of times in the debate.

Mr. DUFFY. Mr. President, before the Senator does that, will he yield to enable me to suggest the absence of a quorum?

Mr. POPE. I yield for that purpose.

Mr. DUFFY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Dieterich	La Follette	Pope
Andrews	Donahey	Lee	Radcliffe
Ashurst	Duffy	Lodge	Reynolds
Austin	Ellender	Logan	Russell
Bailey	Frazier	Lonergan	Schwartz
Bankhead	George	Lundeen	Schwellenbach
Barkley	Gerry	McAdoo	Sheppard
Bilbo	Gibson	McCarran	Shipstead
Bone	Gillette	McGill	Smathers
Borah	Glass	McKellar	Smith
Bridges	Graves	McNary	Steiwer
Brown, Mich.	Green	Maloney	Thomas, Okla.
Brown, N. H.	Guffey	Miller	Thomas, Utah
Bulkley	Hale	Minton	Townsend
Bulow	Harrison	Moore	Truman
Burke	Hatch	Murray	Tydings
Byrd	Hayden	Neely	Vandenberg
Byrnes	Herring	Norris	Van Nuys
Capper	Hitchcock	Nye	Wagner
Chaves	Holt	O'Mahoney	Walsh
Connally	Johnson, Calif.	Overton	Wheeler
Copeland	Johnson, Colo.	Pepper	White
Davis	King	Pittman	

The PRESIDING OFFICER. Ninety-one Senators have answered to their names. A quorum is present. The Senator from Idaho [Mr. POPE] has offered an amendment, which will be stated.

The CHIEF CLERK. At the proper place in the bill, it is proposed to insert a new section, section 66, as follows:

SEC. 66. Whenever the Secretary has reason to believe that the income of producers of livestock or livestock products in any area from such sources is being adversely affected by increases in the supply for market of livestock or livestock products arising as a result of programs carried out under this act, or under sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, he shall make an investigation with respect to the existence of such facts. If upon investigation the Secretary finds that the income of producers of livestock and livestock products in any area from such sources is being adversely affected by such increases, he shall, as soon as practicable, make such provisions under adjustment contracts or other offers as he determines may be required with respect to the growing of conserving crops which he finds necessary to protect the interests of producers of livestock or livestock products in the affected area, and the authority of the Secretary under this section shall be expressly reserved in all adjustment contracts or other offers.

Mr. BARKLEY. Mr. President, may I submit a parliamentary inquiry?

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. Have we now disposed of all amendments passed over, or is this an amendment to an amendment passed over, or is it an amendment to the text?

Mr. POPE. It is a new amendment.

Mr. BARKLEY. Then we have disposed of all amendments passed over?

The PRESIDING OFFICER. All amendments passed over have been disposed of.

Mr. BARKLEY. Are amendments to the text now in order?

The PRESIDING OFFICER. They are in order.

Mr. POPE. Mr. President, yesterday the Senator from Wyoming [Mr. O'MAHONEY] introduced an amendment to the original amendment which I had offered. The amendment which has just been read by the clerk is a combination of the amendment which I sent to the desk yesterday and the amendment offered by the Senator from Wyoming. I am authorized to say, as he will undoubtedly say for himself later, that this is entirely satisfactory to him.

It will be recalled that several times during the discussion of the bill both Senators from Wyoming raised a question with reference to the effect of the bill on livestock. Of course, at different times those interested particularly in dairying have raised the question as to the effect of the operations of the bill upon the dairy industry.

The Senator from New York [Mr. COPELAND] has offered two or three amendments relating to the matter of silage. Those are satisfactory to the authors of the bill, and those amendments, together with the amendment which I now offer, it seems to me, afford dairying very ample protection.

Mr. COPELAND. Mr. President, the amendments which I offered have already been adopted by the Senate.

Mr. POPE. They have been.

Mr. AUSTIN. Mr. President, do the words "or other offers" contained in the proposed amendment refer to offers under the existing law, the Soil Conservation Act?

Mr. POPE. Yes. So that if the Secretary finds that the dairy interests are being adversely affected, he may make such provisions in the contract as will tend to remedy the situation.

Mr. CONNALLY. Mr. President, is this a farm bill or a dairy bill?

Mr. POPE. It is a farm bill.

Mr. CONNALLY. It is a farm bill to help the farmer.

Mr. POPE. It will help the farmer, but some of the dairy people indicate it may have some adverse effect upon the dairy industry; and, besides, I think dairying is farming.

Mr. SCHWELLENBACH. Let me inquire of the Senator from Idaho whether the Senator from Texas does not believe that the man who is a dairy farmer is a farmer.

Mr. POPE. The Senator from Texas appears to be occupied.

Mr. CONNALLY. I beg the Senator's pardon.

Mr. POPE. Without any doubt the Senator from Texas does think that a dairy farmer is a real farmer, and would naturally be interested in a farm bill.

Mr. CONNALLY. I do not think he is the only farmer on the face of the earth.

Mr. SCHWELLENBACH. I do not believe anyone contends that the dairy farmer is the only farmer on the face of the earth, but certainly this body is entitled to consider the problems of the dairy farmer, and I personally do not very much like the idea of criticizing the fact that those of us who represent States in which dairying is of interest have some desire to protect the dairy farmer along with the rest of the farmers of the country.

Mr. BRIDGES. Mr. President, will the Senator from Idaho explain the meaning of the term "livestock"? Does it include poultry, for example?

Mr. POPE. It does not. Livestock does not include poultry, and the term "poultry" was stricken from the bill earlier in the consideration of the measure.

Mr. BRIDGES. May I ask the Senator from Idaho, as the framer of the bill, why it was stricken out?

Mr. POPE. It was stricken out upon an amendment offered by the Senator from Vermont, to which I interposed no objection, for the reason that as a whole the amount of feed consumed by poultry would not be a serious matter in the administration of the law.

Mr. BRIDGES. Of course, it would be a very serious item in the administration of the law from the point of view of the poultry farmers of this country.

I think we have completely lost sight of the fact that there are 48 States in the Union and there are some dairy farmers and some poultry farmers and others who deserve consideration. I am surprised at the suggestion of the Senator from Texas that the dairy farmer is not a farmer.

Mr. CONNALLY. Mr. President——

Mr. POPE. I call the attention of the Senator to the fact that poultry generally does not eat conserving crops. Poultry does not usually eat grass and hay to the same extent that it eats corn and wheat, which are dealt with specifically in the bill.

Mr. BRIDGES. I think we ought to take in the whole picture.

Mr. SHIPSTEAD. Mr. President, will the Senator from Idaho yield to me?

Mr. POPE. I yield.

Mr. SHIPSTEAD. I take it the Senator's intention in the amendment is to prevent the dairy farmer from having forced upon him a competition which he does not now have or suffer by preventing people not now engaged in dairying from turning to the dairy business and the feeding of stock on soil-conserving acres. Is that the purpose?

Mr. POPE. That is the purpose of the amendment. I am very frank to say to the Senator from Minnesota, and to others, that the records of administration of the Agricultural Adjustment Act and the Soil Conservation Act do not bear out the theory that when their acres are curtailed and the prices of their products go up farmers go into dairying. When the amendment of the Senator from Oregon shall be presented I will give the figures to prove that statement.

The theory that when acres were curtailed, which would usually result in an increased price, and those acres put into conserving crops, which would cause the farmer to go into the dairy business, and increase dairy herds in competition with those engaged in dairying, does not happen. As a matter of experience, under the Agricultural Adjustment Act the opposite has occurred, which I shall emphasize in the event the Senator from Oregon shall offer the amendment he has given notice he intends to present.

At this point, however, to relieve the fears of those who do think that the increase of soil-conserving acres will increase competition in the dairy business, we will give the Secretary power to deal with that situation.

Mr. SHIPSTEAD. I take it that the Senator is suspicious that such a thing might occur. Would it not be better to have an amendment in the form of a preventive, rather than in the form of a cure which may be found necessary after the fact?

Mr. POPE. I have no suspicions in that respect. There are those here who do, and who desire at least to have that protection, and I can see no harm in adopting such a provision as that, so that if competition should increase by reason of these diverted acres, there would be a way to deal with the matter.

I say again to the Senator from Minnesota that under the Agricultural Adjustment Act, which did curtail acres, just exactly the opposite happened. The people who plant corn and wheat and cotton will continue to plant it if the price is up, but when the price goes down which is a result of increased acreage and increased supply, the records show just as clearly as the noonday sun that people go into the dairy business in order to supplement their income, ship out more dairy products, and really do enter into competition with established dairy interests. Those are the facts as, I will show at the proper time to prove the point.

Mr. SHIPSTEAD. Mr. President, the Senator does not mean to state that the farmers raise wheat and corn when prices are high on soil-conservation acres?

Mr. POPE. No; I mean to say that when the price is high it generally means a balanced production and less acreage, or a smaller supply of the commodity. If reducing acres brings about that result, which means increased prices for the commodity, then farmers will not go into the dairy business.

Mr. SHIPSTEAD. Does the Senator mean to say they make so much money that they do not bother about it?

Mr. POPE. That may not be true, but they can make more money generally in raising corn, wheat, and cotton at fair prices than they can by dairying. Otherwise they would have been in the dairying business before.

Mr. SHIPSTEAD. I understand this amendment refers to soil-conservation acres.

Mr. POPE. Those acres which have been diverted to soil-conserving crops.

Mr. SHIPSTEAD. It seems to me there should be an amendment to prevent anything of the kind that is feared happening. The dairy farmer has no protection in the bill unless he gets the protection now sought. If the price of wheat goes up, the price will be raised on middlings and bran, things which the farmer feeds his cows, and he will suffer that handicap.

Mr. O'MAHONEY. Mr. President——

Mr. POPE. Unless the Senator from Wyoming desires to ask me a question, I will yield the floor to him.

Mr. O'MAHONEY. I was merely about to reply to the question raised by the Senator from Minnesota. An examination of the amendment which has just been offered will, I think, indicate to the Senator that there is at least a suggestion of a preventive in the concluding phrase of the amendment. Perhaps the Senator would better take the copy I have instead of the one which was sent forward.

The concluding provision of the amendment is to the effect that the right of the Secretary to make these modifications shall be expressly reserved in the contract which is signed by every cooperator. Each cooperator, therefore, will know that it is the intention of the law that if the diverted acreage is to be used for the production of commodities which are not directly benefited by the act, provision will be made to protect the producers of livestock and of livestock products from that increase. This is much broader than merely protecting the dairy interests. It is intended to protect the livestock industry, that is to say, the raising of cattle and sheep upon the range.

It was the feeling of those of us who drafted the amendment that in all the circumstances it probably would be the most effective way of handling that matter, because if we should authorize or direct or command the Secretary to supervise the immediate activities of every cooperator it would probably require the employment of an army of agents so great that it would be practically impossible to enforce the act, and if it were enforced, it would produce

a degree of regimentation far beyond that which is provided for in the bill.

Mr. SHIPSTEAD. Does not the Senator think we have enough of such an army now so that they could carry this, too, without a new draft?

Mr. O'MAHONEY. I doubt very much whether it could be done.

Mr. McNARY. Mr. President, I cannot attach much importance to the provisions referred to by the Senator. That is at the end of the proposal offered by the Senator from Idaho. It says the Secretary may include in the contract a provision that there shall be some control over diverted acres, but the Senator must know that adjustment contracts are limited to the producers of corn and wheat, and have no relation whatsoever to cotton, tobacco, and rice.

Mr. O'MAHONEY. It applies, of course, to offers as well as to contracts, and the language is that this right shall be expressly reserved in the contract or in the offer; so that there can be no possible doubt what the intention is.

I quite agree with the general objective of the Senator from Oregon with respect to the end to be served, but I feel it is likely to be a very difficult task at best, and that the object is much more likely to be achieved in this manner than by any that has yet been suggested.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield that I may ask a question of the Senator from Idaho?

Mr. O'MAHONEY. I yield.

Mr. SCHWELLENBACH. The idea of the Senator from Idaho, as I understand, was that the acres which have been diverted were not, under the Triple A, used for the purpose of the maintenance of dairy cattle, and that therefore there was no necessity for the amendment. If it is true that they were not so used, what danger is there in the adoption of an amendment which expressly provides that it shall be the duty of the Secretary to require such provision in the contract?

Mr. POPE. I am glad the Senator asked that question, which, of course, anticipates an amendment which the Senator from Oregon, I understand, expects to offer. In that amendment it is provided that payments shall be—

> Conditioned upon the utilization of the land with respect to which such payment is made, so that soil-building and soil-conserving crops planted or produced on lands normally used for the production of cotton, wheat, rice, tobacco, or field corn shall be used for the purpose of building and conserving the fertility of the soil.

In other words, it means that if cattle or poultry feed upon these acres that have been diverted and are presumably in soil-conserving crops—if they stray and feed upon them, then the housewife cannot sell a dozen eggs and cannot sell the products of the cattle without foregoing the right to these soil-conservation payments.

Throughout the discussion of this bill I have tried to be entirely reasonable in this matter of regulating the farmer. If this sort of an amendment, suggested by the Senator from Oregon [Mr. McNARY], were to be adopted it would require the Secretary completely to police every farm, for the reason that if a chicken strayed over and scratched in the ground being cultivated to these soil-conserving acres, or if cattle escaped and wandered over into these lands, then the Secretary must know it and refuse to make payments.

Mr. TYDINGS. Mr. President, will the Senator yield for a question?

Mr. POPE. I yield.

Mr. TYDINGS. The Senator stated a moment ago that these acres taken out of the production of wheat and corn were put in non-soil-depleting crops, such as hay, grass, clover, alfalfa, and what not.

Mr. POPE. Yes.

Mr. TYDINGS. And from these fields put in non-soil-depleting crops, such as hay, clover, alfalfa, and what not, can the Senator tell whether or not the crop—that is, the cutting of the hay or the cutting of the alfalfa—was used to increase the dairy herd?

Mr. POPE. It cannot be done. That is just the point I am making.

Mr. TYDINGS. Then how could the Senator say that it had been the experience under the A. A. A., for example, and the Soil Conservation Act, that fields heretofore planted in corn or wheat and under those acts planted in nonsoil-depleting crops did not increase the dairy business?

Mr. POPE. Because, as a matter of fact, it did not. It was used by the farmer in home consumption and used in various other ways. It was disclosed that the production of milk and milk products actually decreased, or at any rate the shipments of those products decreased, during the operation of the old Agricultural Adjustment Act.

For instance, in the States where wheat farmers could most easily shift to dairy products—Minnesota, Iowa, Missouri, Nebraska, Kansas, and North Dakota—the production of milk decreased from 27,000,000,000 pounds to twenty-four and one-half billion pounds from 1933 to 1937.

Mr. TYDINGS. Was not some of that land in the drought area?

Mr. POPE. Oh, yes.

Mr. TYDINGS. Does not the Senator feel that a great deal of the reduction was due to the fact that not only were some of these farms in the drought area, but the feed supply in that immediate area which would reflect itself in freight rates likewise contributed to a reduction in the production of milk.

Mr. POPE. Let us take States outside of the drought area. The cotton farmers were similarly driven into increased competition with northern dairymen with cotton prices declining, but this competition eased when cotton prices advanced. Following is a table showing the butter shipments from the seven cotton States of Alabama, Arkansas, Mississippi, North Carolina, Tennessee, Texas, and Georgia to markets in New York, Boston, Philadelphia, and Chicago.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. TYDINGS. Mr. President, let me give the Senator an observation, of course, confined to a small territory.

Mr. POPE. Let me finish my answer.

Mr. TYDINGS. But I do not think the Senator can make his answer without his covering the point I am now going to raise. I have watched a good many fields which were formerly planted in soil-depleting crops and thereafter planted in non-soil-depleting crops, such as hay, grass, alfalfa, and so forth. There has been an enormous harvest of hay and alfalfa in that area, which in turn has brought down the price of hay and alfalfa in that area, which in turn has encouraged farmers with small herds or no herds to go into the dairy business, because feed has been plentiful. I am not criticizing the evolution of the program, but I am pointing out that the net result is that you encourage dairy farmers to increase their herds and others to go into the dairy business.

Mr. POPE. First, let me answer the Senator in this way: We heard no less than a dozen witnesses, as I recall, at New York on that very point. They raised the question and suggested that these curtailment programs and the diversion of acres to the soil-conserving crops would have an adverse effect upon dairying. Then I asked each one separately if that effect had been noticeable under the Agricultural Adjustment Act, and everyone said, "No; it did not happen." That immediately raised my interest, so I decided to look into the matter and see what the figures were with reference to that.

Mr. TYDINGS. How about the soil conservation?

Mr. POPE. The soil conservation was the same. They had observed no adverse effect at all under the Soil Conservation Act. I want to challenge anyone now to find one witness who will testify that in actual fact it ever has affected his dairy interests. There will be talk about it; there will be fears expressed; but not one witness who was asked about it said that it affected his dairy interests.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. LA FOLLETTE. Is it not a fact that all the Agricultural Adjustment Act contracts had a provision in them preventing the person who signed the contract from producing nationally sold commodities, and was there not a provision, not quite as stringent, but somewhat similar, and seeking the same objective, in the so-called Bankhead Cotton Act? Is not that the reason why, under these programs the Senator has been discussing, there was not the increase in these other commodities that the Senator has referred to?

Mr. POPE. I will say that there was a provision along the line of that mentioned by the Senator from Wisconsin. But that is the provision that we propose to make under the amendment I have offered.

Let me go on and complete the statement that I made a moment ago.

Mr. LA FOLLETTE. I do not wish to trespass on the Senator's time, but I submit that there is a very great difference between providing specifically in a contract that the person signing it shall not do a certain thing, and the amendment which the Senator from Idaho and the Senator from Wyoming have proposed, which provides that there may be incorporated in the contract a provision that at some later date, if the Secretary finds certain facts to his satisfaction, that he may then proceed to incorporate something in the contract.

Mr. POPE. I wish to give some figures with reference to the statement I made a few minutes ago, that during the time of decline in prices of corn, cotton, or wheat, or any of the other commodities, that is the time when the farmers go into the dairying business, and that when the price goes up on those commodities they stay out of the dairy business.

For instance, in 1928, cotton was 16.8 cents a pound on an average during the year. There was produced and shipped 11,813,000 pounds of butter from the States I mentioned a while ago—a number of Southern States—and in 1931 the price of cotton went down to 9½ cents a pound, and that year there were 12,476,000 pounds of butter shipped.

In 1932 the price of cotton went down to 5.7 cents a pound. That year there was 14,072,000 pounds of butter shipped out of those Southern States to these large central markets.

Let us go on. In 1933 the price of cotton went up to 6.5 cents a pound from 5.7 cents the year before. Then you had practically the same——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The time of the Senator from Idaho on the amendment has expired.

Mr. POPE. I will take time on the bill. I have not taken any time on the bill, and I should like to finish this matter while I am at it. In 1933 we had about the same amount, 14,429,000 pounds of butter shipped from those States.

Let us look at 1934, when the price of cotton went up to 10.2 cents. The shipment of dairy products or of butter went down to 6,645,000 pounds from 14,429,000 pounds.

The next year the price of cotton went up a little higher. In 1935 it went to 12.4 cents a pound. And the dairy shipments decreased to 5,200,000 pounds.

In 1936 cotton went down from 12.4 cents a pound to 11.1 cents a pound, and then the shipment of butter went up to 6,490,000 pounds.

That can be followed through in the matter of wheat or corn or cotton, and the figures absolutely demonstate the point I have made.

Let me give the Senate some data with reference to wheat to show how that works. In the States which I mentioned a few minutes ago, Minnesota, Iowa, Missouri, Nebraska, Kansas, and North Dakota, the production of milk decreased from 1933 to 1937 from 27,000,000,000 to twenty-four and a half billion pounds. That was the very time when acres were being reduced under the Agricultural Adjustment Act and the Soil Conservation Act.

Let us take the cotton farmer generally. In 1933 to 1936, inclusive, milk production increased a little in each of the following States: Texas, Alabama, Mississippi, Arkansas, Tennessee, Louisiana, Florida, North Carolina, and South Carolina. It decreased a little in Georgia, Kentucky, and Oklahoma. The little increase in some of the States about equaled the decrease in other States. For the South Central group of States preliminary figures indicate a possible increase for 1937, but from 1933 to 1936 there was a net decrease from 14,394,000,000 pounds to 14,209,000,000 pounds.

Under these curtailment programs, if you please, there was a reduction in those States.

The preliminary figures for the South Central region for 1937 is 14,850,000,000 pounds. This indicates that the increase of 456,000,000 pounds for the entire southern region is less than half the increase for the single State of Wisconsin.

The interesting thing is that under the operation of the Agricultural Adjustment Act increases are found in those purely dairy States. Take, for instance, the State of Wisconsin. Let me give to the Senator from Wisconsin this statement again. This indicated increase of 456,000,000 pounds for the entire southern region is less than half the increase for the single State of Wisconsin during that period, and only about one-half of the increase in the North Atlantic region. As will be shown later, it was accompanied by a decrease of dairy shipments to the big eastern markets, that is, less competition with northern dairymen.

Now, let us take the case of the corn farmers. Since the A. A. A. the corn farmers have not increased the competition with dairymen. Note this: Since 1933, when the curtailment programs have been in effect, milk production has decreased in the States of Iowa, Minnesota, Missouri, South Dakota, Nebraska, Kansas, Indiana, and Illinois. An increase has occurred in Ohio alone of all the Corn Belt States.

A shift from feed grain to pasture materially reduces the production of feed in terms of total digestible nutrients. The lands taken out of cotton reduce the production of cottonseed meal and cake.

Now, get the point: Putting these lands into legumes and grass actually does not increase the food to the cattle. It decreases it as a whole, because the corn, the wheat, and the cottonseed-meal cake actually furnish more food value than the crops into which the diverted acres are put. Hence while the program might in some cases lead to increases in cattle numbers it does not lead to an increase in the total production either of beef or of dairy products.

After carefully studying the changes in farming which would be encouraged by the farm programs, and balancing off the different factors against each other, the Bureau of Agricultural Economics has come to a conclusion directly contradictory to the philosophy of the amendment to which the Senator from Oregon has referred and to which the Senator from Washington referred a few minutes ago.

In the period of decline and collapse of wheat prices—that is, 1929–33—milk production jumped in important wheat States as follows:

North Dakota increased 203,000,000 pounds.

Idaho increased 124,000,000 pounds.

Mind you, that was at the time of decline in the price of wheat.

Texas jumped 292,000,000 pounds.

Oklahoma jumped 272,000,000 pounds.

Kansas jumped nearly half a million pounds.

When the prices were low and surpluses were great, that was the result.

In the same period, when falling corn prices forced corn growers to milk cows, milk production increased substantially in the Corn Belt States of Ohio, Indiana, Illinois, Iowa, Missouri, and Kansas.

Mr. BONE. Mr. President, will the Senator yield?

Mr. POPE. Just let me finish the sentence. In these States alone the annual production of milk jumped more than 2,000,000,000 pounds in this period, because corn growers were compelled by low prices to turn to dairying for supplemental income.

I now yield to the Senator from Washington.

Mr. BONE. Mr. President, assuming that the conclusions of the Department of Agriculture to which the Senator has referred are accurate, and that that is the case, why should the Department object to an arbitrary provision in the con-

tract so as to settle this question, just put it at rest and repose right now?

There can be no harm in adopting the amendment suggested by the Senator from Oregon. It merely accomplishes what the Senator says is an actual fact. Why leave it to conjecture? The amendment the Senator has offered merely allows the Secretary to do it or not to do it, as he sees fit; and I do not like that sort of a provision.

Mr. POPE. That is a very fair question. Now let us see what the amendment does propose to do.

The amendment to which the Senator from Washington referred would call for a degree of regulation and policing not contemplated by any other provision in the entire bill. There is the utmost inconsistency in proposing the McNary amendment while criticizing the bill on the ground that it involves regimentation. The amendment would necessitate inquiry to determine the use finally made of products such as milk and butter from animals and eggs from chickens grazed or fed on forage from particular fields. A multiplicity of regulations would be needed to assure that animals or poultry producing milk or eggs for sale were kept out of certain fields and not fed on forage from those fields. Such regulations would tend to break down the administration of the farm program in all regions.

As the Senator from Nebraska [Mr. NORRIS] pointed out when substantially this amendment was before the Senate during the consideration of the Soil Conservation and Domestic Allotment Act in 1936, there is real danger here of running counter to the Hoosac Mills decision, because, as the Senator from Georgia pointed out yesterday, the proposal does go into a high degree of supervision and regimentation, if we want to call it that, in connection with the use of the diverted acres.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. POPE. Just a moment. Just imagine this:

A housewife goes to town and sells a dozen eggs. The Secretary, through one of his agents, learns that one of her chickens got over and scratched a little in these acres, and laid some eggs, and they were among the eggs that were sold. Under the amendment to which I have referred, soil-conservation payments would be denied to that family.

Take the same thing with reference to a cow. Some night an old cow breaks down the fence and gets over into a field of diverted land, and grazes there for a few hours before the farmer can get her out. Then if the Secretary, or whoever may be on the spot looking for such violations as that, finds that out, he has no alternative than to deny soil-conservation payments.

Mr. BONE. Mr. President——

Mr. POPE. Let me go on.

For one, let me say that I did not favor the amendment of the Senator from Louisiana yesterday, whereby under this bill it would be necessary to go into the very household and direct the affairs of the individual farmer. I do not believe that a provision of that kind should be put into the bill in connection with any dairy amendment. I do not want it to be necessary to send an agent out to watch every farmer to see whether or not a hen got over the fence into another field, or a cow happened to jump the fence and stay over there a few hours, and, upon finding that out, to deny benefits. Besides, no administration could carry such a provision as that into effect.

Mr. BONE. Mr. President, will the Senator yield?

Mr. POPE. I now yield to the Senator from Washington.

Mr. BONE. Mr. President, in the first place, I do not agree with the Senator that there is no regulation in this bill. This bill is regulation in a superheterodyne sort of style. As for policing, I doubt if the United States Senate ever had before it a bill, certainly in my time here, which calls for much more regulation than this bill, and I think most men on the floor of the Senate will agree with me. I doubt if they reach the conclusion that the Senator from Idaho reached about it; but he says he does not want the Secretary to do anything in the way of regulating these matters.

What does this language mean?—

> He shall * * * make such provisions * * * as he determines may be required with respect to the growing of conserving crops.

Is that just a sort of a fake and a fraud, language to deceive us or to give us the idea that the Secretary might do something which he probably would not do? The Senator says he would not think of doing anything like taking these idle acres into the dairy business.

Mr. POPE. Mr. President——

Mr. BONE. Wait; I have not finished. Is this program here merely to deceive us, and make us think we are getting something that we are not getting?

Mr. POPE. Of course not. If anybody can prove—which nobody will be able to prove—that diverting these acres has adversely affected the dairy interest, or if someone has any rumors or suspicions that that is the case, he may submit the matter to the Secretary, who will make an investigation. That does not mean that he is going to have a sentry posted at the gate of every farmer to see whether a chicken or a cow gets over the fence.

Mr. BONE. Mr. President, will the Senator yield again?

Mr. POPE. No; I will not yield until I get through answering this question. My amendment means that the Secretary will make a careful investigation, and if he finds out that there is anything to such a charge or to such rumors, he will be able to deal with the matter, which I submit is an entirely different thing from having the obligation placed upon him to determine in every case whether or not a milk cow had eaten a bite of grass over in another field, or a chicken had scratched up a grain of corn found in diverted acres, and, if so, to deny to the farmer the payments due.

Let me point out here what has been done recently for the dairymen. I am for them. I oppose the amendment to which we have been referring because I think it will be injurious to the farmer. There are plenty of regulations in the bill, I admit; but there is no use in adding regulations when we have a situation like this. I am not in favor of absolutely policing the home of every farmer. There is nothing in the bill which requires that, but this amendment would do it.

I want it to be understood that under the McNary amendment the Secretary would be expected to do that. He would be required to do it if he did his duty, or to depend upon people reporting their neighbors when a cow got over the fence into a field where there were diverted acres. I am not afraid of regulation. If there were any point in doing it, then I would be in favor of the amendment; but I have pointed out the situation to you, and I challenge anybody to furnish any figures showing that under any curtailment program the results were not as I have indicated.

Take the case of the State of Wisconsin; take the case of other dairy States such as the State of New York: They all increased their production and shipment of butter and other dairy products during the period of crop curtailment under the Agricultural Adjustment Act, and the States which produced principally corn and wheat and cotton did not increase their production.

Mr. LA FOLLETTE. Mr. President——

Mr. POPE. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. But of what weight are the statement and the figures which the Senator gives when he has already acknowledged that both of the curtailment programs provided in the contracts that the persons who were beneficiaries could not produce nationally sold farm commodities in competition? It has not anything that I can see to do with the matter excepting that it is an argument in favor of incorporating in this bill some similar and effective provision.

Mr. BONE. Mr. President, will the Senator yield for another question?

Mr. POPE. Just a minute; let me answer the question. I have just been advised by the Department that in 1934 and 1935 those provisions were suspended, and no such

provisions were in the contracts, which would tend to support the argument I have made.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. POPE. I yield to the Senator from Oregon.

Mr. McNARY. Just for the RECORD, let me state that 1934 and 1935 were drought years, and the livestock men and the poultrymen and the dairymen petitioned the Secretary not to include that provision in the contracts.

Mr. POPE. Yes; that is the way it came about, but such provisions were not included.

Mr. McNARY. So the figures the Senator has mentioned are wholly without application.

Mr. POPE. They entirely apply if there were no such provisions in the contracts as the Senator from Wisconsin suggested. That would entirely break the effect of his argument.

Now, let me go ahead and finish what I was saying. Let me tell you what has been done for the dairy interests within the past few years; and I am very happy that it has been done, and I have supported every one of these measures.

The Government has given the dairymen a 14-cent butter tariff and other tariff protection.

It has given them the virtual equivalent of the wheat, cotton, and corn quotas in the provision for enforcing milk-marketing agreements or orders.

The bovine-disease eradication program has been carried out, in which $61,802,252 has been spent since July 1934 in eradicating tuberculosis, Bang's disease, and other diseases.

The A. A. A. surplus removal and diversion purchases, in which $28,213,653 was spent from May 12, 1933, to October 31, 1937, for dairy products.

Help has been given in drought cattle-buying operations from 1934 to 1936.

Loans have been made available through the Farm Credit Administration to help finance dairy cooperatives.

Now let me give you some of the figures of the amounts that have been paid to farmers in leading dairy States.

Minnesota got $18,334,331 out of the soil-conservation program, which went to dairy farmers the same as to others, with reference to soil conservation and diversion of acreage.

Mr. DUFFY. Mr. President, will the Senator yield at that point?

Mr. POPE. Yes.

Mr. DUFFY. Does the Senator recognize the fact that the dairy farmers benefited the least of all classes of farmers in the soil-conservation program which has been enacted so far, and under the A. A. A.?

Mr. POPE. I cannot answer the Senator's question. I do know that they have participated.

In Wisconsin there was received $11,875,090.

In Michigan there was received over $7,000,000.

In New York, over $3,000,000.

In Vermont, $306,000.

In New Hampshire, $105,000 has been paid.

If I were not so thoroughly convinced from the facts and from the figures which have been worked out carefully by me and at my request that there is no danger to the dairy industry, I should not today be making this argument. My own State has an important dairy industry. I am thoroughly convinced, however, that the facts are directly contrary to the very theory and philosophy of the amendment offered by the Senator from Oregon.

Furthermore, if the Senator from Oregon wants to make this amendment effective for the industry, and wants to place a policeman at every farm home to find out where cattle roam and where chickens fly to, then I think it at least does not indicate that his mind with respect to this matter is running as it has been running during other portions of this debate. I am not willing to impose upon the Secretary the obligation to police every farmer to see whether he is violating this requirement, and if the Secretary finds that he is doing so, in some minor matter, then to deny the farmer soil-conservation payments, even though he complied in every other respect with the obligation of his contract, or the offer which he has accepted.

Mr. McNARY. The policeman will be there anyhow.

Mr. POPE. Let me say to the Senator that he is entirely mistaken about that. In following through the provisions of the bill, I have opposed every one intended to regiment the farmer or to invade the home or to make it necessary for the Secretary to do the extent of policing and supervision that is provided for in the Senator's amendment. Not one goes that far. The only one that has approached it is the one presented yesterday by the Senator from Louisiana [Mr. ELLENDER], which the Senate rejected. This would go clear beyond the provisions of the amendment presented yesterday by the Senator from Louisiana. The Secretary does not want to be placed in the position of policing farms to the extent that would be involved in the McNary amendment.

Mr. DUFFY. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. DUFFY. Does not the Senator recognize that the amendment which he condemns is practically word for word the amendment adopted by the House of Representatives in the farm bill passed by that body?

Mr. POPE. Certainly I do, but I am opposed to the amendment adopted by the House, just as I am opposed to the amendment of the Senator from Oregon. It contains the unjust and vicious features that are contained in the amendment of the Senator from Oregon.

Mr. President, I ask to have inserted as a part of my remarks a table showing the estimated production of milk on farms by States from 1929 to 1937.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Estimated production of milk on farms, by States, 1929–37 [1]

State and division	Milk production [2]								
	1929	1930	1931	1932	1933	1934 [3]	1935 [3]	1936 [3]	1937 [4]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Maine	624	656	649	647	651	635	632	626	
New Hampshire	360	372	374	372	380	380	378	372	
Vermont	1,222	1,291	1,336	1,320	1,305	1,284	1,341	1,377	
Massachusetts	746	749	740	719	722	747	773	782	
Rhode Island	128	133	132	132	132	128	132	135	
Connecticut	562	583	597	623	638	616	623	647	
New York	6,973	7,068	7,357	7,340	7,297	6,983	6,956	7,188	
New Jersey	712	699	705	684	714	819	845	862	
Pennsylvania	4,242	4,322	4,439	4,367	4,299	4,356	4,498	4,550	
North Atlantic	15,569	15,873	16,339	16,204	16,138	15,948	16,178	16,539	17,129
Ohio	4,038	4,027	4,124	4,077	4,318	4,301	4,364	4,464	
Indiana	2,975	2,905	3,024	3,041	3,104	3,048	3,049	3,058	
Illinois	4,463	4,650	4,673	4,754	5,096	5,081	4,873	4,849	

[1] The data for 1929–31 are from the 1933 Yearbook of Agriculture, table 378, p. 637; 1932 from the 1936 Yearbook of Agriculture, table 387, p. 601; and 1933 from the 1937 Agricultural Statistics, table 407, p. 299.

[2] Excluding milk spilled or wasted on farms and milk sucked by calves.

[3] Preliminary.

[4] Indicated as of Nov. 1, 1937.

Estimated production of milk on farms, by States, 1929–37—Continued

State and division	Milk production								
	1929	1930	1931	1932	1933	1934	1935	1936	1937
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Michigan	4,028	4,014	4,165	4,192	4,272	4,224	4,257	4,465	
Wisconsin	11,056	11,207	11,305	10,992	10,851	10,659	10,921	11,598	
East North Central	26,580	26,803	27,291	27,056	27,641	27,313	27,464	28,434	28,580
Minnesota	7,474	7,590	7,727	7,810	8,166	7,482	7,384	7,745	
Iowa	5,869	5,927	5,948	6,046	6,287	6,150	6,009	6,133	
Missouri	3,319	3,471	3,628	3,582	3,593	3,371	3,422	3,130	
North Dakota	2,075	2,162	2,268	2,258	2,278	1,968	1,973	2,020	
South Dakota	2,132	2,208	2,180	2,005	2,118	1,668	1,632	1,715	
Nebraska	2,669	2,806	2,808	2,755	3,142	2,929	2,697	2,639	
Kansas	2,977	3,058	3,215	3,268	3,456	3,238	3,108	2,930	
West North Central	26,515	27,222	27,774	27,724	29,040	26,806	26,225	26,312	25,650
Delaware	130	124	130	130	129	125	130	134	
Maryland	783	752	770	765	764	769	772	784	
Virginia	1,338	1,202	1,302	1,280	1,248	1,3[illegible]2	1,362	1,334	
West Virginia	752	727	760	748	784	8[illegible]6	845	821	
North Carolina	1,078	1,052	1,088	1,113	1,232	1,252	1,270	1,332	
South Carolina	466	464	479	486	564	542	548	571	
Georgia	1,011	1,004	1,002	1,010	1,077	1,109	1,086	1,090	
Florida	234	221	235	238	285	274	278	293	
South Atlantic	5,792	5,546	5,766	5,770	6,083	6,209	6,291	6,359	6,709
Kentucky	1,882	1,748	1,777	1,796	1,911	1,904	1,946	1,845	
Tennessee	1,627	1,592	1,607	1,607	1,679	1,712	1,766	1,750	
Alabama	1,098	1,079	1,100	1,152	1,170	1,226	1,244	1,247	
Mississippi	1,172	1,212	1,287	1,326	1,300	1,308	1,324	1,347	
Arkansas	1,146	1,092	1,167	1,218	1,254	1,236	1,224	1,235	
Louisiana	539	513	526	544	575	594	578	588	
Oklahoma	2,234	2,217	2,342	2,450	2,506	2,286	2,275	2,186	
Texas	3,707	3,655	3,858	4,010	3,999	3,738	3,741	4,011	
South Central	13,405	13,108	13,664	14,103	14,394	14,004	14,098	14,209	14,850
Montana	783	793	737	730	762	731	693	649	
Idaho	932	1,000	1,010	1,012	1,056	1,004	975	996	
Wyoming	295	282	275	262	284	265	263	272	
Colorado	1,094	1,086	1,082	1,004	1,092	1,037	919	1,003	
New Mexico	221	221	224	221	217	219	231	247	
Arizona	187	194	195	195	204	225	224	228	
Utah	576	575	578	567	570	518	494	509	
Nevada	110	116	108	102	99	103	106	108	
Washington	1,590	1,663	1,670	1,676	1,685	1,798	1,884	1,921	
Oregon	1,199	1,265	1,291	1,284	1,290	1,323	1,329	1,333	
California	3,934	3,989	3,986	3,953	4,167	4,025	4,047	4,064	
Western	10,921	11,184	11,136	11,006	11,426	11,248	11,165	11,330	11,500
United States	98,782	99,736	101,970	101,863	104,722	101,528	101,421	103,183	104,400

Mr. SMITH. Mr. President, is an amendment pending to be voted on?

The PRESIDING OFFICER. The amendment of the Senator from Idaho [Mr. POPE] is pending and to be voted on.

Mr. SMITH. The reason why I ask is that I have an independent proposal which I desire to offer in the form of an amendment, but I want the pending question disposed of so that I may have an opportunity to offer a new section to the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

Mr. McNARY. Mr. President, I offer the amendment which I send to the desk, it being in the nature of a substitute for the amendment submitted by the Senator from Idaho. I ask that my substitute may be read by the clerk.

The PRESIDING OFFICER. The amendment in the nature of a substitute will be read by the clerk.

The LEGISLATIVE CLERK. On page 82, after line 21, it is proposed to insert the following:

(k) Payments with respect to any farm (except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be permanently used for grazing purposes only) shall be further conditioned upon the utilization of the land, with respect to which such payment is made, so that soil-building and soil-conserving crops planted or produced on lands normally used for the production of cotton, wheat, rice, tobacco, or field corn shall be used for the purpose of building and conserving the fertility of the soil, or for the production of agricultural commodities to be consumed on the farm, and not for market. As used in this subsection the term "for market" means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and such term shall not include consumption on the farm. An agricultural commodity shall be deemed consumed on the farm if consumed by the farmer's family, employees, or household, or by his work stock; or if fed to poultry or livestock on his farm and such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household.

Mr. McNARY. Mr. President, when the bill was introduced and some days later a report filed, I offered this amendment at the request of the National Cooperative Milk Producers' Federation. A similar amendment was introduced in the House by Representative BOILEAU, of Wisconsin. Some weeks later the able Senator from Idaho [Mr. POPE] offered the amendment which is now before the Senate and which I hope to displace by my substitute.

Since I have introduced the amendment I have had telegrams from dairy producers, organizations, and many individual producers of milk, producers of livestock, and producers of poultry, favoring the language employed in my substitute. These did not come from my friends. They came from those who have had experience in the industry which we desire to protect and who know rationally that one of the most momentous problems following in the wake of the passage and administration of this bill is going to be what to do with diverted lands. They do know that will confront the country as a large problem.

The amendment came before the House and was incorporated in the bill as it passed the House. An effort was made on the floor of the House to defeat the amendment, but without success. It is now in the House bill which has been messaged to the Senate.

I offer the amendment to protect particularly the producers of livestock, the producers of milk, and the producers of poultry.

The proposal of the Senator from Idaho in my opinion does not attempt to touch upon that which I think is one of the vital things in the administration of the bill. In his amendment it is provided that—

> Whenever the Secretary has reason to believe that the income of producers of livestock or livestock products in any area from such sources is being adversely affected by increases in the supply for market of livestock or livestock products—

Then the Secretary shall make an investigation.

Talk about policemen and regimentation. The Secretary must make a national survey wherever these conserving crops are planted, to find out if the production of these crops has in any way affected this stable industry. The substitute which I have offered has in it no regimentation and does not provide for any policing. Indeed, it is interesting to me to see how humorous the Senator from Idaho [Mr. POPE] has become when he speaks about the hen that might fly over the fence or the cow that might get into the neighbor's yard. Usually my friend is as serious as salvation and sometimes as dry as the summer dust, but he has grown very humorous today in his extravagant use of these similes in order to divert our attention from the very point we are trying to accomplish—to protect the industry that receives no benefit under the pending bill.

Mr. POPE. Mr. President, will the Senator yield?

Mr. McNARY. I am very happy to yield to my friend.

Mr. POPE. Let me ask the Senator if a dairy cow were to feed on the diverted acres and the farmer sold the products of the cow, the milk or the butter, would not the Secretary under the Senator's amendment be required to withhold payments otherwise to be made?

Mr. McNARY. I answer that by saying, the dairy cows are contented cows and are glad to stay at home. [Laughter.]

Mr. POPE. Would the Senator——

Mr. McNARY. The Senator asked me a little while ago not to intrude. I heard his argument about the old cow and the old hen. I have only 15 minutes, and I want to explain my substitute.

Mr. POPE. I should like to have the Senator answer a question.

Mr. McNARY. Very well; I shall be gracious and yield.

Mr. POPE. Will the Senator answer—if a milk cow got into a field of diverted acres and the products of that cow were sold, would not the Secretary under the Senator's amendment be required to refuse to pay the soil-conservation payments?

Mr. McNARY. That is as absurd as building a railroad to Mars. I would not dignify it by attempting to argue such a statement. I hope the Senator is satisfied with my few observations.

Mr. POPE. The Senator has not answered my question.

Mr. McNARY. I have answered the question, and I think to the satisfaction of those who are familiar with the Senator's proposal and with mine and with the general philosophy and policy of the bill. I cannot give the time within the 15-minute limit to bring conversion to the heart and mind of my very kindly friend from Idaho. There are some things in life that are insuperable.

Mr. President, let us look seriously at this matter and forget the old cow and the old hen of my friend from Idaho. I think one of the most troublesome, one of the most momentous, one of the most perplexing problems we have before us is what we are going to do with the diverted acres under the provision of the bill. The bill mentions five commodities called major agricultural commodities, and benefits are to be extended to them or the hope of benefits. That simply means we are disarranging the economic order in connection with agricultural commodities.

When this dislocation occurs, and it occurs by reason of the diversion of these acres, what are we to do with the diverted acres? I do not want to see them become competitive with those industries which are to receive no benefits under the bill. Cotton, wheat, corn, tobacco, and rice are to receive soil-conservation payments and parity payments, if there is any money to pay parity—from which they are now running away—and to keep the money that may be obtained we are asked to form a corporation, which is called a bank, as provided for in the bill. Those people are to receive these benefits, while the great poultry industry and dairy industries, which in their importance far outweigh any industry mentioned in the bill, are to receive none.

The livestock industry exceeds all other industries in the country. Next to that comes the "old cow" which my friend from Idaho has been discussing, and next comes the "old hen" to which he has referred. Those three industries—livestock, poultry, and dairying—far exceed all the other industries in gross income mentioned in the bill. Are not they entitled to some consideration?

I appeal to every honest mind and fair heart in this body. When those great industries, larger than any others, receive no benefit, should not they receive some protection?

What are we asking for in the substitute I have proposed? In order that there may be no mistake let me read its simple language. It provides that the payments—

> shall be further conditioned upon the utilization of the land, with respect to which such payment is made, so that soil-building and soil-conserving crops planted or produced on lands normally used for the production of cotton, wheat, rice, tobacco, or field corn shall be used for the purpose of building and conserving the fertility of the soil, or for the production of agricultural commodities to be consumed on the farm, and not for market.

What does that mean, Mr. President? The crops mentioned in the bill are soil-depleting crops. I am now dealing with crops which are soil-building, soil-conserving crops, and what are they? Everyone who has had any practical knowledge of the farming industry, who has some knowledge of the agricultural business of the country, knows that soil-building crops are the legumes, to use a generalization. As I stated here a day or so ago, the clovers of the South, the soybean and the cow pea and the clovers and the alsike of the Middle Western States, and the clovers and the vetch of the West, have a definite classification as soil builders. What we are asking is that when these lands are turned from soil-depleting uses and are used for soil building they be used honestly for that purpose, and not competitively with industries which are receiving no benefits under the bill. That is a plain statement. Anyone should know that, but unfortunately all do not seem to know it.

When we talk about giving money from the Treasury to buy these soil-building seeds with which the farmer may enrich his soil, that he may have a better crop next year or the third year, we mean it. If we do not, let us defeat the amendment. If we intend to let the farmers divert these lands to competitive uses, let us adopt the amendment of the Senator from Idaho. But if we adopt the pending amendment, we are telling the farmer and the American public exactly what we may expect, namely, that when the Government pays the money involved, $400,000,000 as originally proposed, now reduced to $275,000,000 by virtue of the parity-payment provision, when that amount of money is paid to these farmers and these soil-building seeds are sown and the crops are raised, the farmer must be content with that gratuity and plow the crops under.

Let me say another thing as one who has had some experience in this line of work. We know that these crops are nitrogenous in character, that at the end of every little root there is a nodule which contains nitrogen. We know that that is not the only element necessary in the enrichment of the soil. The top, the body of the grass, carries humus and phosphates. To make certain that the land will receive all the enrichment and benefit to which it is entitled, the crop must be plowed under the soil. That is what a farmer does who knows farming, and he does it without any benefits from the Government.

Let me state what we seek by the amendment. When the farmer receives his money, he plants the diverted acres to these legumes and plows them under, and does not use it to expand the dairy interest and the poultry interest and the

livestock interest; he does exactly what he should do as an honest farmer, take his benefit from the Government and make the best use of it, rather than selling his alfalfa to someone who wants to increase his dairy herds or his livestock herds or his poultry.

Mr. President, to me that is a self-evident proposition, and it is fair. We provide that this work shall be done, we pay the benefit, then the farmer should take the whole of the benefit rather than use the land for a commercial purpose. He should not receive two benefits, one from the Government in the way of a benefit through soil conservation and the other from the sale of the products for which the Government advances the money gratuitously.

Mr. President, my time is passing and I desire to read some statements of the secretary of the National Cooperative Milk Producers' Federation. I read from a letter written to me 2 days ago, which refers to the amendment of the Senator from Idaho. The letter states:

This proposed amendment by Senator POPE will not answer the problem confronting the livestock, dairy, and poultry producers of the Nation with respect to acres diverted from the production of cotton, corn, rice, wheat, and tobacco. It establishes no policy of Congress. It merely gives the Secretary a power, which he probably has anyway, to put into the crop-control contracts clauses designed to protect other producers.

I call the attention of the Senator from Idaho to what I am about to read.

You may recall that shortly after the original Agricultural Adjustment Act passed—

Which was overthrown by the Supreme Court—

the Department did for a time place a requirement in its adjustment contracts that producers signing these contracts should not use their diverted acres for the growing of crops which would increase the commercial output of the livestock, dairy, and poultry industries.

That was in the contracts which were signed covering the period about which my excellent friend from Idaho read these long and tiresome and worthless statistics. Let me continue:

When the first drought in the Roosevelt administration came on—

Which was in 1934 and 1935, the years specifically referred to by the Senator from Idaho—

the Department suspended the operation of this provision. At that time we assented to the suspension.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. CONNALLY. Did not the dairy people make the request of the Government because they wanted to get some cheap feed?

Mr. McNARY. Oh, no. All I ask of the Senator is to exercise patience, and conversion will follow.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. McNARY. I think I have a few minutes left on the bill.

The PRESIDING OFFICER. The Senator has time on the bill.

Mr. McNARY. Mr. President, the letter I was reading continues:

When the first drought of the Roosevelt administration came on the Department suspended the operation of this provision.

That was when in Texas, Oklahoma, Nebraska, Kansas, Iowa, and the other unfortunate States, there was a very great shortage of wheat and corn and hay. What does this writer say further?

At that time we assented to the suspension.

"We assented to the suspension." They agreed to it because they did not want to see any human or animal perish, of course.

The Department could never be persuaded to restore the provision.

Mr. President, that is the story. It was in the original contracts, when the drought came on in 1934 and 1935, it was taken out, and since that the Secretary has never been willing to restore the provision. Hence they want this declaration of policy by Congress, and not the mere investigation which the Senator from Idaho would have.

On the other hand, the amendment which you offered on November 29—

Which I am discussing—

is a clear statement of congressional policy and would be a protection to the Secretary as well as a protection to the livestock, dairy, and poultry industries.

Our people are bound to feel the impact of permanent diversion of so much land from cotton, corn, wheat, tobacco, and rice into grasses and clovers.

While recognizing Senator POPE's desire to be helpful we feel that his amendment would not aid us, and that yours should be passed instead of the Pope amendment.

Sincerely yours,

CHARLES W. HOLMES,
Secretary, National Cooperative Milk Producers' Federation.

Mr. President, this association represents the great dairy interests.

There is a lot to be said on this subject. I recognize that the Senator from Idaho has attempted to follow through with his bill, as a good legislator should, and has suggested this proposition, which does not, in my opinion, in any way touch the problem at all.

In conclusion, I am only asking, not for a policeman but for a policy, and that we state to the farmer who plants these grasses at the expense of the Government, fully utilize them by permitting them to grow, and plow them under, in order to get the great advantage after utilization, and not sell them or use them in competition with industries which receive no benefit whatsoever under the bill, and who must experience a higher cost of production.

Mr. DUFFY. Mr. President, I rise to support the amendment proposed by the Senator from Oregon [Mr. McNARY]. In view of the very limited time I prefer to make my brief statement first, and then I shall be glad to consume the balance of my time in answering any questions which may be propounded.

I was a little astonished a short time ago when mention was made of dairy farmers by one Senator—that he thought this was a farm bill. I wish to call the attention of Senators to the fact that the highest in value of all agricultural commodities are dairy products. That in the marketing year of 1936–37 the value of dairy products in this country was three times the value of wheat, almost twice the value of cotton, more than $2,000,000 in excess of the value of corn. Certainly the people who produce the dairy products in this country live on farms just as much as do the cotton farmers and wheat farmers, and I suggest they have just as great difficulty in getting along. When in 1932 cotton went down to around 5 cents a pound, cheese sold in my State for 8.6 cents a pound, the lowest price in all the history of dairying in this country. Butterfat sold at that time at an average price of 17.9 cents a pound. I submit that with the large investment the dairy farmer must have in order to get started in that business, that the dairy farmer in those years, with cheese selling at that price and with that low price for butterfat, was in just as precarious and just as serious a condition as were the cotton farmers and the others who suffered at the same time.

I think it is not unfair, therefore, for those in whose States dairy products are very prominent and important commodities to suggest that no benefits are to be obtained under the pending bill by those people, who are also interested in agriculture, and that there should be the greatest possible protection afforded to them.

The dairy farmer does not complain that people in the South or the West or in any other section of our country are going into the dairy business if they do it on their own power; if they do it as a matter of fair, natural competition. The dairy farmer objects to having the Federal Government paying one class of farmers money for taking their acres out of production and then using the land which they have taken out of production to go into competition with dairy farmers. We are trying to reduce surpluses. We recognize that the problem is a serious one. But if we subsidize farmers to go

into competition with the dairy farmers, we shall have another surplus to deal with in a very short time, and we shall be up here then with some sort of a bill trying to reduce the surpluses of dairy products.

Mr. President, the figures which the Senator from Idaho [Mr. POPE] suggested were not at all impressive to me, because at the time he said the dairy production went down in the States which he mentioned the figures show, as I recall, that dairy production went down in all the other States also. In other words, there were certain conditions of weather, there was a certain financial condition of the country, which all contributed to that decrease.

But why is it that we hear whispered around here during the past few days, as we have heard it, when mention is made of this dairy amendment, "We do not want to support that. We do not want to be bound by that." Why is it that this opposition is engendered if there is not any danger of people wanting to put the acres that the Government pays them to take out of cultivation of their crop into competition with the industry, which is the greatest of all the agricultural industries of the country?

Milk is the cash product, and the only cash product, that we have in our part of the country; under this bill we could not go out of production of dairy commodities and start going into the production of corn or wheat, or, if our climate permitted, into the production of cotton. Then why should the people who have labored for many long years in building up their dairy herds be subjected to competition of this sort? It takes considerable investment to get their dairy herds up into a position where they can make a very moderate living.

Some of my colleagues told me the other day that the dairy farmers are not in a bad situation. Statistics show that from 1932 to 1935 the increase of the return of the farmers in my State was 41 percent; but at the same time cotton had more than doubled in value during that period, and so had corn, and so had wheat.

Therefore, it seems to me, in connection with the figures which were given, that we ought to think about the percentage, because in those 3 years when the farmer's condition did become better, when the dairy farmer did get a 41-percent increase in his return, cotton increased from 5.7 cents a pound to 12.3 cents in the same years, or 120 percent; corn increased from 32 cents to a little over 99 cents, or over 200 percent; and wheat increased from 39 cents to practically a dollar a bushel. So I say that all the dairy farmer asks is, not that he should have any undue favors but only that he shall not be discriminated against; only that he shall not be forced to come into competition with other sections of this country that have received subsidies from the Federal Government.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. DUFFY. I am pleased to yield to the Senator from Indiana.

Mr. MINTON. What leads the Senator from Wisconsin to believe that the acres which are diverted by the farmer, for which the Government subsidizes him, would be used after diversion in the dairying business, rather than, let us say, the raising of potatoes or peanuts or something else?

Mr. DUFFY. That is very simple, Mr. President. We are going to take 50,000,000 or 60,000,000 or more acres of American farms out of the production of soil-depleting crops, and under this bill those farmers will be compelled to plant that land in grass and legumes and just the things on which they feed dairy cattle. If the Government is paying farmers in various parts of the country just to raise these crops that can so readily be fed and are usually fed to dairy cattle, of course, we ought not to be so naive as to say, "Well, probably if there is not some restriction, nothing will be done about it."

Human nature is human nature. It is just the most normal thing in the world to feed those kind of crops to dairy cattle.

I could not and I still cannot understand, Mr. President, the wording of the bill on page 19, where it refers to these contracts. It says:

> Such contracts shall further provide that such cooperator shall engage in such soil-maintenance, soil-building, and dairy practices with respect to his soil-depleting base acreage diverted from the production of the commodity, as shall be provided in his adjustment contract.

I made inquiry at the beginning of the debate of the Senator from Idaho, as to this provision, and his explanation was that the words "and dairy practices" were placed in the bill so that the Secretary could place in the contract a provision restricting it. But I say to anyone who understands the English language in its ordinary sense that it looks like an invitation for anyone to engage in soil-maintenance, soil-building, and dairy practices with this diverted land.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. DUFFY. I am glad to yield.

Mr. SHIPSTEAD. I may say, on that point, that a friend of mine who never owned cows or raised corn or wheat or tobacco, himself told me that he took advantage of the soil-conservation program, planted some acres to alfalfa, and got three crops of alfalfa in a season. As a result, he had several thousand dollars' worth of alfalfa hay, and he said, "So I bought some cows to feed my hay to them." He said, "I never had any cows before."

Mr. DUFFY. I think that is just exactly the reaction that would occur unless there were some definite restriction in the bill. That is why I believe the amendment proposed by the Senator from Idaho [Mr. POPE] does not go far enough. It merely gives the Secretary permission to make an investigation, after which he may put something into the contract; and meanwhile a couple of years will have gone by, and there will have been all this Government-subsidized competition against the class of farmers in this country whose products are the most valuable of all.

The Senator from Idaho gave certain statistics. I am sorry I did not have the figures to comment upon, but I do have other interesting figures. He has referred to the increase of production in dairy products. From 1929 to 1935 Wisconsin did increase the production of cheese 13 percent; but the increase in the whole United States during that time was 23 percent. The increase in the so-called cotton States was 80 percent. That is all right. We do not complain if competition results because of favorable climate or because of more favorable circumstances. If people in other parts of the country want to engage in dairying practices, that is all right. They perhaps should have a diversity of crops.

But it is not fair for the present dairy farmer to have the Federal Government pay money to one class of farmers in order to enable them to go into competition and to create, as I feel is certain to happen, a great surplus in dairy products which will come to confound us.

The dairy farmers are perhaps not so highly organized as some others, and they are not so concentrated. They are scattered all over the United States. Yet when they finally realize, if this amendment is not adopted, what we have done, I think they will feel that their representatives in this body were not looking after their interests if they did not insist that there be some provision similar to that which was in the contracts heretofore. If we are going to have a provision here that the contract shall provide that such cooperator shall engage in dairy practices, let us understand what is meant. I had an amendment to strike out those words. I am not presenting it now because of the statement of the Senator from Idaho that it was not intended in the manner in which it reads. I likewise had an amendment prepared, before I knew about the amendment which the Senator from Oregon has offered, at the suggestion of a large group of dairy farmers. I am not going to present that amendment for action, because the Senator's amendment goes further than mine did; but at this time I ask unanimous consent that the amendment which I had prepared be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

> Amendment intended to be proposed by Mr. DUFFY to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and

for other purposes, viz: On page 82, after line 21, insert the following:

"All adjustment contracts providing for the raising of soil-building and soil-conservation crops on land formerly or ordinarily used in the production of wheat, cotton, field corn, rice, or tobacco shall provide that such acreage shall not be used in the growing or production of agricultural crops for the market."

Mr. REYNOLDS. Mr. President, will the Senator yield to me for a moment?

Mr. DUFFY. I yield.

Mr. REYNOLDS. A moment ago the Senator spoke of the competition which would occur as the result of these diverted acres being used by those who perhaps might go into the dairy business. I should like to ask the Senator if he has checked up to find what amount of competition the great dairy States of the North and Northwest have experienced as the result of imports of dairy products from the Scandinavian countries, Norway, Sweden, and Denmark, as well as the Dominion of Canada.

Mr. DUFFY. I have not time to go into that matter. I have made some investigations of that kind. The Senator from Idaho told us how magnanimous the Federal Government had been with the dairy farmers, and that it put a tariff on butter. There has been no change since 1930. It would be well to remember, however, that in the Canadian agreement the Government also reduced the tariff on cheese from 35 percent to 25 percent ad valorem, and my State is the largest cheese-producing State in the Union. That is one of the benefits we received.

The PRESIDING OFFICER (Mr. MALONEY in the chair). The time of the Senator from Wisconsin [Mr. DUFFY] on the amendment has expired.

Mr. BONE. Mr. President, I have so much admiration for the diligence of the Senator from Kansas [Mr. MCGILL] and the Senator from Idaho [Mr. POPE] who have been handling this bill on the floor, and so abiding a regard for their intellectual honesty and sincerity of purpose, that it is not pleasant to take issue with them in any particular in their handling of this bill. But I cannot escape the conviction that we are not treating in a very charitable fashion the large segments of our farm life in this country mentioned by the Senator from Oregon, those who are engaged in the livestock and dairying and poultry business, in at least not giving them some measure of additional security sought by the pending amendment.

I listened to the statement of my good friend the Senator from Idaho [Mr. POPE] whom I admire so much. He said that if, under the amendment which he is offering, any untoward thing should occur, the Secretary of Agriculture would make an investigation, and then, to use the Senator's language, "He would do something about it." Well, if that is not the quintessence of all that is vague, I cannot understand the English language. "He would do something about it." In God's name, what would he do?

Mr. President, one cannot tell by reading this amendment what he would do. There is not a man in this body who could tell what he would do. The Senator from Idaho cannot tell us. All of us have a great deal of respect for Mr. Wallace, and believe him to be a man of honor and integrity; but there is not anything in this provision that would lead us to know what he would do.

If he were to invoke the power granted by this measure and do something, there is not a man in this body could tell what he would do. The Senator from Idaho cannot tell us. Although all of us have a great deal of respect for Mr. Wallace and believe him to be a man of honor and integrity, there is not anything in this provision that would lead us to know what he would do.

Mr. President, I shall make use of an expression found in the third chapter of John—I do not know that I can quote it correctly:

> The wind bloweth where it listeth and thou hearest the sound thereof but canst not tell whence it cometh and whither it goeth.

That sounds like the power we give the Secretary in this very vague language.

Mr. WHEELER. Mr. President, will the Senator yield to me?

Mr. BONE. I yield.

Mr. WHEELER. Can the Senator from Washington or the Senator from Idaho tell me whether or not the Secretary of Agriculture is in favor of this bill? I have been trying to find out whether he is or not. I have read statements in the newspapers indicating that the Secretary of Agriculture was opposed to the bill. Then I have read other statements indicating that the Secretary of Agriculture was in favor of it. I should like to have the Senator from Idaho tell me and tell some of the rest of us whether the Secretary is or is not in favor of this particular bill.

Mr. POPE. Mr. President, will the Senator yield?

Mr. BONE. I should like to get a "yes" or "no" answer from the Senator from Idaho, because I have only a little time. I am not going to occupy the full 15 minutes, but if the Senator from Montana wishes to ask questions, he ought to have the floor.

Mr. WHEELER. Can the Senator tell me?

Mr. BONE. I doubt if the Senator from Idaho knows.

Mr. WHEELER. I doubt if anyone else knows after reading the newspapers.

Mr. POPE. The Secretary says in two different places in the letter which he wrote me concerning the bill about a week ago that he was in favor, as he put it, of the principles back of this legislation. He makes certain suggestions as to amending the bill and changing it; and in this morning's newspapers there appear statements indicating that he is opposed to certain price-fixing features of the bill.

Mr. WHEELER. Mr. President, I do not know any more about the matter now than I did before.

Mr. BONE. I imagine we shall not know any more about it when we get through. We have been debating the bill for 3 weeks, and I think we are all very much at sea as to what a number of administration officials think about the bill.

But let us examine for a moment the language of the amendment of the Senator from Idaho [Mr. POPE], which, I assume, has been drawn for him by the Department of Agriculture. It does not mention poultry, but merely livestock; and, of course, the poultry business is a sizable business of itself, and obviously the dairy business is of such magnitude as certainly to challenge our attention.

We certainly cannot do anything here to injure it. So if we adopt the amendment of the Senator from Idaho, we are going to leave the poultry business out in the cold; and, as has been so forcefully brought out here, this bill is to assist the producers of five major crops. The Senator from Oregon [Mr. MCNARY] and the Senator from Wisconsin [Mr. DUFFY] have mentioned certain aspects of this problem which I am not going to touch on now, because of the limit of time; but I want to say to my southern brethren here that I should think the modesty which is so much a part of their make-up, so characteristic of them, would compel them not to object to the adoption of the amendment of the Senator from Oregon, for certainly in the 3 weeks we have been discussing this bill all we have heard is cotton, cotton, cotton; and yet cotton is not nearly so important a crop in this country as is the dairy business from the standpoint of dollars and cents, and I should think our southern brethren would not object to the adoption of this kind of an amendment.

Again, just one final aspect of this matter.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from South Carolina?

Mr. BONE. I do.

Mr. SMITH. I do not think the Senator is fair. I have not said very much on this bill, and I think corn and wheat have occupied the major part of this discussion.

Mr. BANKHEAD. Three-fourths of it.

Mr. BONE. I accept the amendment then; but at the times I have been here listening to the debate it has been mostly revolving around cotton.

That, however, is beside the point. The able Senator from Idaho [Mr. POPE] said to us that during the period covered by the figures he had no harm resulted, because there was not the increase in production of dairy products that is sought to be gotten at by the amendment of the Senator from Oregon. If that is true, if that is the inexorable logic of this whole picture, certainly there can be no harm in adopting this amendment. It is true that it is an arbitrary amendment, but we are dealing in arbitraries in this bill. Running all through this bill is a series of arbitraries.

Let me say to the Senator from South Carolina that I am not objecting to the cotton folks being protected. I am merely saying that those of us who are speaking for these major operations that are reflected so much out in my section of the country have occupied only a few minutes here today. I should think the impulses of generosity which are characteristic of the South would move them not to object to this amendment, especially in the light of the statements of the Senator from Idaho [Mr. POPE] that even the adoption of this amendment would not change the natural operation of this whole picture. If you are not going to create any more dairy products down there, certainly the fact that we are laying down a positive rule here, and establishing a policy by law, cannot change the picture.

Mr. DUFFY and other Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Washington yield; and if so, to whom?

Mr. BONE. I yield to the Senator from Wisconsin.

Mr. DUFFY. Mr. President, might it not be an added reason why the committee should agree to the amendment that this very amendment, in this exact wording, has twice come before the House of Representatives in their farm bill, and both times they have accepted it? Now, those in charge of the Senate bill propose some other kind of an amendment, whereas this amendment has already passed the House and is satisfactory to them. That being so, it would seem to be logical to adopt the same amendment here.

Mr. BONE. That is true. The point which I think we ought to keep emphasizing in our minds is, taking the statement of the Senator from Idaho [Mr. POPE] himself that no harm has resulted from it, that certainly no harm can result from the adoption of the positive policy that is established in the amendment.

Mr. POPE. Mr. President, will the Senator yield?

Mr. BONE. I am going to yield the floor in a moment.

Mr. POPE. I desire to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Idaho?

Mr. BONE. Yes; I shall be glad to answer the question.

Mr. POPE. I have such great confidence in the Senator's ability and integrity that I desire to ask him this question:

Under the definition contained in the McNary amendment, if a farmer who has 1 cow and 12 chickens and a small acreage supporting a family were to permit his cow or his chickens to get over onto the diverted acres and consume any amount of the soil-conserving growth on those acres, and were to sell the eggs, or the butter, the product of the cow, would it not be the duty of the Secretary to deny him soil-conservation payments?

Mr. BONE. I do not think the Secretary of the Department of Agriculture is going to concern himself with the operation of some little, individual, dinky farmer. Certainly we must use a little horse sense in approaching this thing. We are not going to pick out some poor little farmer on a scrubby tract of 5 acres somewhere and make a national example of him in a great farm program.

Mr. POPE. In view of the fact that out of the 7,000,000 farmers in this country there are about six and a half million of the sort I have indicated, will the Senator now answer my question as to whether, under this amendment, the law would not apply to those six and a half or six and three-quarter million little one-horse farmers who do live in just that way? Would it not apply to them?

Mr. BONE. I do not agree with the Senator that it would; but, even if it did, the Senator has told us that without any law at all, nothing happened. If nothing happened without any statutory enactment, are we not legitimately entitled to assume that even if we had it we should have the same thing existing? Then why object to it? If, under the operation of this thing, nothing happened of the kind the Senator is discussing, why conjure up this ghost here?

Mr. POPE. But you are subjecting those six and a half million people to that policing, that supervision, that requirement that if a man sells a dozen eggs or a quart of milk that was produced in the way I have stated, he would lose his conservation payments.

Mr. BONE. No; I do not think so. Besides, it did not occur before when these contracts were in force. There is no evidence before the Senate that it did occur.

Mr. POPE. We had no such amendment as this to contend with in the administration of the law.

Mr. BONE. As the Senator from Wisconsin [Mr. DUFFY] pointed out, in the House this matter has had the sanction of the committee over there, and there is no reason why we should repel this thing now. This is not a matter of life and death. It is not going to hurt the bill.

Mr. BANKHEAD. Mr. President, I submit to the Senator that the matter did not have the sanction of the committee in the House but the amendment was adopted on the floor.

Mr. BONE. All right; that is all the more reason why we should give it some consideration. It was adopted on the floor by the House of Representatives. My impression was that it had been adopted by the committee.

Mr. BANKHEAD. There has been no proper consideration of it.

Mr. COPELAND. Mr. President, when we talk about the dairy industry we include the production of milk, of cream, of cheese, of butter, of ice cream, and of several other minor articles.

In many respects, so far as I am concerned, I am satisfied with the dairy provisions of the bill as it is now formulated. I do not think I am speaking selfishly for my own State alone in what I am about to say.

Almost every Senator is interested in this feature of the bill. The first interest naturally would go to the Senators from Wisconsin. In Wisconsin they have a production of 11,598,000,000 pounds of milk. The next State involved is the State of Minnesota, with 7,745,000,000 pounds. Then comes the State of New York, with 7,188,000,000 pounds.

With us in New York, the matter of butter and cheese production is not a matter of great concern. We have an average production of butter of about 11,000,000 pounds, while States like Ohio and Indiana and Illinois and Michigan have 10 times as much annual production. The State of Wisconsin leads in butter production, as it does in general milk production. Then Minnesota has a tremendous production of butter; likewise, Iowa and all the North Central States.

Cheese has a production in New York of only 28,000,000 pounds, while the production of Wisconsin is 237,000,000 pounds. The production of the other States is in about the same proportion as in the case of butter.

In New York State we use only surplus milk for making butter and cheese. It is impossible to make the dairy production uniform week by week and month by month. In the summer, when the meadows are lush and the production of milk is great, then it is that butter and cheese are made as byproducts. But the production of fluid milk and of cream is a matter of great concern to my State.

We have had a great battle in New York, much legislation, and many efforts made to increase the price of milk at the farm. When I tell you that there are 75,000 dairy farms in New York State you will have some comprehension of the magnitude of the problem.

I contend that it is not fair that we should by legislation give special favor to the cotton, tobacco, rice, corn, and wheat farmers without at least giving protection to the dairy farmer. Under no circumstances whatever can the dairy farmer profit by this bill. There is not a single provision in it which will give him any benefit. On the contrary, but for my amendments and those of the Senator from Vermont [Mr. AUSTIN]

adopted yesterday, he would have been required to buy high-priced corn in place of the corn which he has usually raised upon his farm for feeding his cattle. That matter now has been taken care of in a fairly satisfactory manner, but here it is proposed to take forty or fifty or sixty million acres of land out of the usual production and possibly devote that area to dairy production.

Mr. President, it is not fair to give benefits to those four or five one-crop farmers if with those benefits goes positive detriment to another farmer—the dairy farmer. I heard the Senator from Indiana [Mr. MINTON] ask the Senator from Wisconsin [Mr. DUFFY] a little while ago if it was not rather far-fetched to suggest that the diverted acreage would be used for dairy purposes. If he had asked me that question I should have replied that I have been told by Senators that it is the intention to make use of those diverted acres for dairy production.

The Senator from Idaho [Mr. POPE] has said that under past laws there has been no marked increase in dairy production. If that is the case, I do not see why he should resist the amendment offered by the Senator from Oregon. But whether those acres are actually used for the development of dairy herds, there is in the matter the threat of further reduction in the prices the dairy farmer in New York or elsewhere will receive for his product.

Mr. President, I believe there is a desire to be just and fair, but I believe the Senate would not be just and fair if it should pass this bill without including in it a simple provision which seeks to protect the dairy farmer. Even though there is no more in it than a psychological effect it is well worth while.

I have said for weeks that the great trouble with our country today is fear—fear on the part of the business world, fear on the part of industry—and now if we are going to bring fear to the hearts of 75,000 dairy farmers in New York, to say nothing of the hundreds of thousands of dairy farmers in other parts of the country, we will have contributed merely that much to the psychology of fear throughout the country.

Now I want to speak for a moment directly to my friends on this side of the aisle. I have no question that so far as the Republicans are concerned almost all of them will vote for the amendment of the Senator from Oregon.

Sometimes it is difficult for us to carry the party banner. What can be said to the dairy farmers of New York, New Jersey, Connecticut, Vermont, New Hampshire, and Massachusetts, to the dairy farmers of Pennsylvania, Ohio, Michigan, Wisconsin, and the North Central States? What can be said to them? Must we say that the Congress of the United States is willing to pass a bill to give protection to the one-crop farmer but does not have it in its heart to give protection to the dairy farmers and those who live on the one-family farm?

Mr. President, I appeal, if I may properly, to my colleagues on this side of the aisle. I hope they will help us so that we may say that every effort was made in seeking to advance the cause of those farmers who raise cotton, corn, wheat, tobacco, and rice, that there was indeed no desire to harm the dairy industry. I beg of my colleagues on this side of the Chamber that they will give consideration to our great dairy interests and not think alone of those interests which are nearer home.

Mr. REYNOLDS and Mr. AUSTIN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina rose first and is recognized.

Mr. REYNOLDS. Mr. President, if my friend the Senator from Vermont is desirous of speaking now for the purpose of fulfilling an engagement elsewhere, I shall be very happy indeed to favor him by yielding to him and to speak after he shall have finished.

Mr. AUSTIN. Mr. President, I think the Senator from North Carolina. I expect to be here the rest of the afternoon and could not accept his offer, although I appreciate it.

Mr. REYNOLDS. Very well, Mr. President, I shall proceed. I sat here and listened with great interest to every word that was spoken by the able Senator from the great Empire State of New York [Mr. COPELAND] because, first, I find him always an interesting and informative speaker. I listened to him, secondly, with unusual interest because the matter of which he spoke is one of great moment and of especial interest not only to my State of North Carolina, which I endeavor in my humble way to represent here in part, but the subject of which he spoke is truly of vital interest to all the States of the Union.

I recognize that in a sense, if my friend will permit me to say it, he had a bit of selfish motive which I likewise would have had if I were representing the State of New York. I recognize that my able friend the Senator from Wisconsin [Mr. DUFFY] must of necessity experience a selfish motive in speaking for the adoption of the amendment introduced by the leader of the minority, the Senator from Oregon [Mr. MCNARY], because the States of New York, Minnesota, and Wisconsin are those States which participate more largely than the other States of the Union in the largest agricultural industry in America, an industry which exceeds in value in annual earnings the industry of producing tobacco, rice, cotton, wheat, and corn. Therefore, I am confident that those Senators who have spoken so ably and so honestly, as I know they are, will not deny that after all they are speaking here primarily in the interest of those industries which dominate agriculture in their respective States of Wisconsin, Minnesota, and New York.

It may be as truly and as well said that I rise at this hour with a selfish motive—I admit it in all candor—selfishly interested likewise in my section of the United States. I regret exceedingly in this country today and in the light of the twentieth century that we are still fighting and maintaining sectionalism. One who occupies a seat in the gallery here today and who listens to the debate on the floor of the Senate this afternoon could not help having heard and having observed that there is actually today a fight going on between the North and the South.

If the amendment is accepted, I say to the gentlemen of the Senate unhesitatingly that it will be manifestly unfair to the people of the South. Let us see something about it.

Mr. BRIDGES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from New Hampshire?

Mr. REYNOLDS. I am glad to yield.

Mr. BRIDGES. Am I to understand the distinguished Senator from North Carolina to say that the adoption of the amendment would be unfair to the people of the South?

Mr. REYNOLDS. Yes; I made that statement.

Mr. BRIDGES. If the bill is designed to help certain groups of farmers, and other classes of farmers who reside in other sections are entirely excluded from the benefits of the bill, and an amendment is offered merely to render them some protection, does he think that is selfish and unfair?

Mr. REYNOLDS. I think it is manifestly unfair to the South and will be unfair if the amendment should be adopted, for the very reason that we are asked to take out of production some 50,000,000 or 60,000,000 acres of land. A part and portion of that 50,000,000 or 60,000,000 acres of land which is to be taken out of production is to be found in the South. It is true that, under the provisions of the bill, cotton, wheat, tobacco, and rice are supposed to profit.

Mr. BONE. Mr. President, will the Senator yield?

Mr. REYNOLDS. I am glad to yield to my friend from Washington.

Mr. BONE. The Senator from North Carolina is well aware, I take it, that the State of Washington is the largest wheat-producing State in the United States?

Mr. REYNOLDS. Yes; I admit that. I knew that.

Mr. BONE. I am wondering if the Senator's theory that this would be some sort of an assault upon certain aspects of the economic life of the South, would not also apply to my own State, which is one of the big wheat-producing sections of the country, and I am seeking to apply the same formula to my own State.

Mr. REYNOLDS. I hardly think it would apply as much to Washington as to North Carolina. North Carolina is

eventually going to become one of the great dairy-producing States of America. It is going to become one of the great dairy-producing States of America eventually because North Carolina is the possessor of a climate such as no other State in the Union possesses.

Mr. President, while our tobacco and cotton crops are being mandatorially controlled and reduced, the farmer of North Carolina and the South naturally will be desirous of making utilization of that diverted acreage. He will probably want to put to use that diverted acreage in many instances by employing it in the business of the dairy.

Under the amendment, as I understand it, if a small farmer anywhere, and not necessarily a small farmer of the South, should produce for sale a pound of butter, or a pound of cheese, a fruit jar of buttermilk, a can of cream, or a quart of milk, that small farmer would not be provided with the opportunity of profiting by the terms of the bill if the land so utilized had theretofore been cultivated in tobacco or cotton.

Mr. President, if that old hen of which the Senator from Idaho [Mr. POPE] spoke a moment ago should follow a rooster over to some converted land, and she should later become the mother of an egg [laughter], that egg could not be sold without the hen's owner being penalized by losing the intended benefits of the law. Am I right or am I right? [Laughter.]

Mr. BONE. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. BONE. I think the answer to the Senator from North Carolina can be found in the language of the now popular song, "Stop, You're Breaking My Heart." [Laughter.]

Mr. REYNOLDS. Mr. President, I am not surprised. My good friend from the State of Washington, who comes from the land of flowers, has within his heart the same sentiments possessed by the people of North Carolina, and when I began to talk of that good old cow with the kind face——

Mr. BONE. Motherly face.

Mr. REYNOLDS. I was sure he would appreciate the remarks I was making. I heard my distinguished colleague, the Senator from Idaho [Mr. POPE], and others talking a moment ago about the old cow. It reminds me of that old piece of poetry I learned when I was in school:

> Hi diddle, diddle, the cat and the fiddle,
> The cow jumped over the moon,
> The little dog laughed to see such sport,
> And the dish ran away with the spoon.

[Laughter.]

Mr. President, why should the people of the South be penalized by the acceptance of the amendment which has been proposed today by the Senator from the State of Oregon?

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. BRIDGES. I should like to have the Senator from North Carolina explain just how the people of the South would be penalized by the adoption of the amendment.

Mr. REYNOLDS. I shall be glad to do that. North Carolina possesses the climate suitable to the dairy industry. We have the grazing plains and hills. We have only recently interested ourselves very seriously in the establishment of dairies. As I stated a moment ago, I believe that in the not distant future North Carolina will be one of the chief producers of dairy products of the country, which will be attributable to the fact that in the South our milk cows can graze 12 months out of the year. In Minnesota, Wisconsin, and western New York the dairy producers are required to have stables and to feed their dairy cattle roughage about 4 months out of the year.

Mr. DUFFY. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. DUFFY. As I understand the argument of the Senator, it is that he is in favor of cutting the production of tobacco, but he is in favor of increasing the production of dairy products. Is that the idea?

Mr. REYNOLDS. I favor the increase of the production of dairy products in North Carolina because I very readily recognize that within a few years my State will most certainly have to cease the production of cotton. We will have to quit raising cotton because there will arrive a time when North Carolina cannot produce cotton in competition with other States of the Union, and particularly will it be impossible for us to produce cotton in competition with Russia, China, Egypt, India, and Brazil.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. SMATHERS. If the acreage taken out of production in cotton and tobacco is put under dairy production, how will the State of North Carolina benefit at all by the pending measure, because in taking the acreage out of tobacco and cotton production and putting it into dairy products, the price to the owner of the dairy products will thereby be destroyed, will it not?

Mr. REYNOLDS. I appreciate the Senator's contribution.

The PRESIDING OFFICER. The time of the Senator from North Carolina has expired.

Mr. REYNOLDS. Mr. President, I understand that I have already utilized my time on the bill, and if the Senate will bear with me just a moment, I should like to be permitted the opportunity to send to the desk several telegrams, and a couple of editorials from the Raleigh News and Observer, published in Raleigh, N. C., in reference to this identical amendment, and ask that they be published as a part of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

ROANOKE RAPIDS, N. C., *December 13, 1937.*

ROBERT R. REYNOLDS,
United States Senator:

Hope you will oppose amendment of BOILEAU, of Wisconsin, denying southern farmers dairy-farming benefits.

CARROLL WILSON.

RALEIGH, N. C., *December 14, 1937.*

Senator ROBERT R. REYNOLDS,
Care of Corona, United States Senate, Washington, D. C.:

COWS IN THE SOUTH

Protesting against the House farm bill, Representative KNUTSON, Republican, of Minnesota, declared that its enactment would "destroy the dairy industry in all Northern States." He added:

"Minnesota, Wisconsin, and other dairying States cannot possibly compete with the South in butter production because of the climatic and labor advantages enjoyed by the South. If the domestic butter supply from the South were suddenly increased 88 percent it would absolutely destroy the industry in the North, because it would force the prices down to such ruinous levels that the northern dairymen could not possibly meet it."

Such a statement is interesting in more ways than one. It needs consideration, as it concerns other problems than the pending farm bill.

The dairy States have not hesitated to use the power of Federal legislation to protect the dairy industry at the expense of the South. The Federal tax on the retailers of oleomargarine made from cottonseed oil has been in effect an internal tariff for the benefit of the northern dairy industry. But alas for consistency and justice. In recent years southern cottonseed-oil interests have undertaken to use the same sort of weapons against the Philippine producers of other vegetable fats and oils. Indeed, one of the ugliest examples of the modern scrapping of noblesse oblige has been the granting of independence to the Filipinos in such a manner as to destroy Philippine trade while creating Philippine independence.

Undoubtedly, however, the South has advantages in dairy and other types of agriculture which provide escape from single-crop and cash-crop advertising, which in the long run may mean more to the welfare of the South than even high cotton and tobacco prices. Mr. KNUTSON is no friend of the South. But he points a southern advantage which the South has neglected and neglected too long. Cattle which must be stabled and fed for 4 months and more in Wisconsin can be left to feed in pasture for almost the whole year in North Carolina.

A dairy development in North Carolina would be more valuable even than an industrial development. Nothing—not even southern slowness and southern adherence to old custom—should be allowed forever to keep the cows out of the South. They are needed even more than the shirt factories are.

NEWS AND OBSERVER.

ROANOKE RAPIDS, N. C., *December 13, 1937.*

Senator ROBERT R. REYNOLDS:

Farm bill as passed by House detrimental to southern dairy expansion. Trust you will see fit to correct this injustice in the Senate. Refer to editorial in today's News and Observer.

J. WINFIELD CREW, Jr.

FAYETTEVILLE, N. C., *December 13, 1937.*

Hon. ROBERT R. REYNOLDS,
Senate Office Building:

Having been in dairy business 10 years, bitterly opposed Bolleau amendment. Urge your best efforts to defeat this amendment. Always complied all programs, but can't see how southern farmers can comply under Bolleau amendment.

T. J. HARRIS.

ROANOKE RAPIDS, N. C., *December 13, 1937.*

Hon. ROBERT R. REYNOLDS,
Senate Chamber:

Crop-control bill as passed by House inimical to dairy industry here, as it strikes out provision aiding farmers for land growing crops fed to dairy cattle. Please see that this provision is taken care of in the Senate.

T. W. LONG.

[From the Raleigh (N. C.) News and Observer]

SECTIONALISM AGAIN

The South is often accused of sectional sentiments, but if it sins in that respect, it stands not alone. Representative BOILEAU, of Wisconsin, has obtained acceptance by the House of his measure denying soil-conservation benefits to producers who go into dairy farming on acreage withdrawn from soil-depleting crops, although, as everyone knows, dairy farming probably aids in the care and cure of the soil more than any other kind of agriculture.

The ground of BOILEAU's plea was that these benefits, by fostering the growing of cattle-feed crops in the South, would destroy the dairy industry in his section.

At BOILEAU's instance, then, the House has planted a bar across the path by which southern agriculture might be able to escape from its self-locking cash-crop system. The Southeastern States, in particular, have many areas well suited to dairy farming, to the growth of pastures and feed crops, and to the erection of small plants devoted to the manufacture of milk products. To this BOILEAU and the House say "no."

All this is an old story. But would not the rest of the country be materially benefited if the South were allowed to escape once in a while from its role as poor relation? Sectionalism is at all times bad, but never more so than when it is revealed in the act of trying to hold its own high place on the ladder by kicking everybody else off.

Mr. AUSTIN. Mr. President, I desire to support the amendment of the Senator from Oregon in some very brief remarks.

Let me say, in passing, that there never was, in my belief, a greater unity of spirit and of patriotism between the North and the South than there is today. It has been demonstrated upon many occasions right in this Chamber. Personally, coming from the far North, I have enjoyed their evident mutuality and confidence. I say to my distinguished and kindly friend from North Carolina that the people of the North are very proud of the South. They glory in her distinguished men and women, the culture, the learning, the courtesy, the hospitality of the South, which are proverbial and historical. They go to the South because they choose to associate with such people, and because they love the South, and regard the prosperity and interest of the South as vital to their own happiness and prosperity.

It seems perhaps an inadvertence that the Senator from North Carolina should have used this sort of an argument upon this amendment. Certainly, southern people do not want both parity payments—that is, the adjustment contract payments which are allowed to them under a beneficent Federal Government for diverting their acres—and also to profit out of the use of those diverted acres at the expense of the people of the North. That is not characteristic of the South.

When it comes to the effect of the pending measure upon the dairy industry of this country I pointed out the other day, before a vote was taken, that there is nothing but death in this bill for those engaged in the dairy industry. They are cut off from parity payments under the measure. If they sign one of the adjustment contracts, they cannot have parity payments because what they sell is not corn but milk. If they fail to sign the contracts, they cannot continue to receive their payments under the Soil Erosion Act. An amendment offered relating to payments exclusively was voted down by the Senate on Tuesday by a vote of 46 to 30. The amendment of the Senator from Oregon relates to another matter entirely; that is, the matter of diverted acres. The Senate has already said what it meant with respect to the dairy industry concerning payments. They have said clearly to the dairy people of this country, "We intend that hereafter, if this measure shall become a law, you shall forego any more benefits under contracts you now hold with respect to the Soil Erosion Act, and you cannot receive any parity payments, or what are called in this bill adjustment payments, because the products you sell, namely, milk and other dairy products, have no parity payments connected with them at all. You do not sell the corn yourself; you feed it, and therefore, since the corn sale is the only one on which adjustment payments are made, you are out in the cold anyhow."

What we are now asking is another thing, and it is not much to ask. The amendment relates only to diverted acres; it does not relate to payments. You cut us out of payments. We cannot further enjoy our payments under the Soil Erosion Act or under the proposed law. Now, when we come forward and ask only that diverted acres normally used for corn and other crops named shall not be put into competition with the dairy interests of the country, there is no occasion to raise a banner of sectionalism and undertake to defeat such a reasonable request as that.

Mr. President, all this amounts to is a provision in the law itself, instead of the granting of a huge power to the Secretary of Agriculture to grant this right—it is not a favor we are asking—to respect this right which we claim. We are now asking that a law be enacted that shall respect this right, and, as I have tried to restate it, it is this, and this only, diverted cornland cannot be utilized for dairy purposes if the dairy products thereof are sold, because if such dairy products are sold, the corn or wheat fed is not consumed on the farm but is for market. The amendment prohibits such use of diverted acres by the condition on which payment shall be provided for, namely, so that the utilization of the land shall be for the purpose of consumption on the farm and not for market.

Mr. President, this is a reasonable request, and I suggest that the Senate bear in mind the kind of competition the dairy farmer is up against. There is, of course, a keen competition among those who are engaged in the business here in the United States. It is so keen that it has been necessary to appeal to the Federal Government for sanctions, for marketing agreements voluntarily to be entered into between producers of dairy products, but it is also up against a competition that is growing all the time under the Federal trade agreements.

I place in the RECORD now very significant evidence of that type of competition which we are confronting. Here is something which the Honorable CHARLES A. PLUMLEY, Representative from Vermont, spoke of in the other branch of the Congress on December 10 last, and I refer to it because it applies to this situation.

I refer to it because it applies to this situation now. His facts, he said, were taken from a bulletin entitled "Forage Crops and Markets," issued weekly by the Bureau of Agricultural Economics of the United States Department of Agriculture, which also shows the facts to be that the competitive imports exceeded the agricultural exports, the value of American farm exports declining by 4 percent, and the value of imports of commodities similar to or substituted for those produced on American farms rose by 35 percent over the fiscal year of 1935–36.

Here are the items:

420,000 head of live cattle.
150,000,000 pounds of meats, which included 62,000,000 pounds of pork and 85,000,000 pounds of beef.
15,000,000 pounds of butter.
66,000,000 pounds of cheese.
10,500,000 pounds of dried and frozen eggs.
181,000,000 pounds of wool.
17,000,000 pounds of barley.
78,000,000 bushels of corn.
48,000,000 bushels of wheat (12,000,000 milled in bond for export).
190,858,000 pounds of rice and rice products.
73,822,000 pounds of tobacco, unmanufactured.
434,000,000 pounds of barley malt.
312,000,000 gallons of molasses, used in manufacture of alcohol.
19,000,000 gallons edible molasses.
6,600,000,000 pounds of sugar (3,300,000 short tons).
14,000,000 pounds of potato starch.

319,000,000 pounds of coconut oil (used in manufacturing butter substitutes).
519,634,000 pounds of copra (from which coconut oil is extracted).
360,000,000 pounds of palm oil (used in manufacture of soap).
64,000,000 pounds of palm nuts and palm nut kernels.
201,000,000 pounds of cottonseed oil (butter and lard substitutes).
147,000,000 pounds of tung oil (used in the manufacture of paints).
119,000,000 pounds of soybeans and soybean oil.
45,000,000 pounds of peanut oil.
48,000,000 pounds of forage-crop seeds.
41,000,000 pounds of garden and field seeds.
551,000,000 pounds of vegetables of the common garden variety, including 59,000,000 pounds of dried beans, the latter accounting in large degree for the present low price of American beans.

Mr. President, this is a list of agricultural commodities that are competitive with our own agricultural commodities. The list is presented for the purpose of increasing the evidence of the need which we have already had here of just protecting the producers of dairy products to a reasonable degree. That is all we ask. Leave us out of the destructive competition. The bill deprives us of any benefits.

Mr. LA FOLLETTE. Mr. President, I wish to address myself for a few moments to the substitute offered by the Senator from Oregon. Mr. President, I think the record which I have made in the Senate upon agricultural measures will be searched in vain to indicate any sectional approach to these problems. I have proceeded upon the theory that this country is interdependent and that one section was dependent upon another. I have been convinced that we could not expect any measure of prosperity in the United States unless it was shared by all sections of this country.

I supported the Agricultural Adjustment Act. I supported the Bankhead Cotton Act. I supported all the measures which we have passed in the Senate in an effort to improve the economic status of the farmers of this country. Therefore I hope that Senators will hear me without any feeling that I am speaking from a sectional point of view.

Mr. President, I think there might be great force in the argument presented by the junior Senator from Idaho [Mr. POPE] against this amendment were it not for the fact, as I tried to point out in a colloquy which I had with him earlier in the afternoon, that the policy embodied in this substitute was a part of the policy under the Agricultural Adjustment Act and under the Bankhead Cotton Act. The contracts which were presented to farmers under those two measures provided that they should not use the diverted acreage to produce other nationally produced agricultural commodities for market.

Mr. President, this measure is designed to help products produced in this country of which we have a surplus. And to that end an effort is made to curtail the production of those agricultural commodities of which we have a surplus. Therefore, it seems to me very logical that an effort should be made in carrying out that program to be certain we do not as a result of attempting to curtail production with regard to other commodities ultimately produce a surplus in agricultural commodities of which we do not now have an exportable surplus. And therefore I do not believe that this amendment should be regarded as a sectional amendment. As a matter of fact, Mr. President, if we accepted the arguments of the Senator from Idaho at their face value, it is perfectly obvious that this amendment is not sectional in character, for the whole burden of his argument is that the diversion of acreage and the reduction of the production of basic commodities under past programs have not resulted in increased competition in other commodities. Therefore, if we accept for the sake of the argument his contentions, all that this amendment seeks to do is to offer an assurance that in accepting this permanent program there shall not be any possibility in the future of producing an exportable surplus in agricultural commodities now produced which do not now suffer by reason of an exportable surplus.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. VANDENBERG. And it seems to me we are driven to the irresistible conclusion that if this amendment is to be opposed and defeated there is an intention somewhere to use these diverted acres for the precise purpose which the Senator describes.

Mr. LA FOLLETTE. Of course, Mr. President, we have a good many conflicting arguments presented by the proponents of this measure. And if we were to leave for a moment the arguments of the Senator from Idaho [Mr. POPE] and listen to the arguments just uttered by the junior Senator from North Carolina [Mr. REYNOLDS], we would then be confronted with a frank and avowed statement that it is the hope, nay, it is the confident conviction of the junior Senator from North Carolina, that North Carolina will soon be one of the leading dairy States of the Union.

Mr. President, I would be the last one to urge the adoption of any policy by the Federal Government which would retard a normal or natural development so far as the agriculture of any section of the country is concerned. But since this program is to be financed by money taken from the Treasury of the United States, since it is the farmers who cooperate who receive benefits, then it does seem to me that we are not taking a sectional position, that we are not asking anything unreasonable, when we request that in the use of that money and in the payment of those benefits that we shall not create another and an equally if not more serious problem so far as the other agricultural commodities not covered by this measure are concerned.

In passing, Mr. President, I may point out that the dairy industry in this country produces 25 percent on the average of the total gross income of the agriculture of the United States. And therefore I think we can say from a standpoint of national policy that we would be creating an even more serious problem than the one with which we are now confronted were we, as the result of the enactment of this permanent legislation, ultimately to produce a situation where the dairy industry, producing such a large amount of income for the farmers of America, were to be confronted with an exportable surplus and thus find itself in the same plight as the farmers producing the crops which this measure is designed to save and to help.

It certainly cannot be said that in support of this amendment I am approaching this problem from any sectional standpoint, nor do I think it can be said that I am supporting it in any other than a sincere way, for I think that the votes which I have cast upon the amendments which have been tendered to this bill will indicate that I have endeavored to the best of my humble ability to take a constructive attitude rather than a destructive attitude toward the measure now under consideration.

So, in conclusion, and in view of the lateness of the hour, I want to appeal to the Senators from every State not to regard this as a sectional matter, not to think of it solely from the point of view of any particular industry, but from the point of view of a sound policy, namely, that in endeavoring to cope with and to control the exportable surpluses which have been ruining the prices of the farmers producing those commodities, we shall not produce exportable surpluses among other commodities and thereby multiply instead of minimize the problems confronting the farmer in the United States.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. O'MAHONEY. I think that every Senator who has listened to the argument of the Senator from Wisconsin this afternoon will readily agree that he approaches these problems without regard to sectional bias or any other bias. I cannot avoid the conclusion that the objective for which he is arguing and the objective for which the Senator from Oregon proposes his amendment is a good objective. It is one which I completely share. It is perfectly absurd to put into effect a curtailment program with respect to certain commodities if thereby we divert acreage which shall be used, as the Senator has just so well said, for the pro-

duction of a surplus in other commodities which share no benefit under this act.

That difficulty has been recognized by Senators who would like to support this bill. I have recognized the difficulty and with the Senator from Idaho have sought to work out an amendment which would reach the objective which the Senator from Wisconsin has in mind, and which the Senator from Oregon has in mind. I frankly and sincerely felt and feel now that the amendment of the Senator from Oregon will not be effective, because in its very language it imposes upon the Secretary of Agriculture and upon the General Accounting Office a perfectly impossible burden of regimentation.

Let me just read the first two or three lines of this amendment.

Payment with respect to any farm land—

Omitting some language—

shall be further conditioned upon the utilization of the lands—

And so forth. In other words it will become necessary under that language for the Secretary and for the General Accounting Office to scrutinize every payment and to make certain that every cooperator or every beneficiary has carried out the conditions.

In order to accomplish the purpose which I think we all have in mind I have been in consultation with the Senator from Idaho and with the legislative drafting service, and I have prepared another amendment which I should like to read to the Senator from Wisconsin in order to learn whether it would be satisfactory to him, because I am frankly trying to reach a meeting of the minds upon this problem.

On page 82, after line 25, I propose to insert the following new section, section 66:

SEC. 66. Each adjustment contract or other offer entered into or made pursuant to this act or the Soil Conservation and Domestic Allotment Act shall provide that the cooperator or other person to whom such contract or offer applies shall undertake not to use acreage diverted under either of such acts for the production for market of livestock or poultry or the products thereof; and in the event that a marketing quota is established for any commodity under this act no acreage diverted from the production of such commodity pursuant to such quota shall be used for the production for market of livestock or poultry or the products thereof.

I may say now to the Senator that as I conceive the two amendments, this goes a step further than what we call the McNary amendment, because it makes provision for acreage that may be diverted if a marketing quota goes into effect. It avoids the requirement upon the Secretary and upon the General Accounting Office to make individual scrutiny of every individual payment.

Mr. LA FOLLETTE. As I understood the amendment, it seems to me it is in keeping with the same policy which was adopted and which I think I mentioned in my statement with regard to the provisions contained in the agricultural adjustment contracts and in the contracts which were entered into between the Government and the farmers under the Bankhead Cotton Act. As I heard the Senator's reading of it, it would seem to me that it would be wholly effective in meeting the situation.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Does the Senator from Wyoming yield to the Senator from Idaho?

Mr. O'MAHONEY. I yield.

Mr. BORAH. May I ask the Senator from Wyoming to restate the matter insofar as it covers contracts or the adjustments?

Mr. O'MAHONEY. "Each adjustment contract or other offer entered into or made"—and I think I have in mind the question the Senator has in mind. The word "offer" and the word "may" are used for the purpose of covering all cases outside of an actual adjustment contract where benefit payments are made.

Mr. BORAH. That is the construction placed upon it by its author?

Mr. O'MAHONEY. It is.

Mr. BORAH. And by those who have agreed with the author?

Mr. O'MAHONEY. Exactly.

Mr. BORAH. That it covers all those adjustments?

Mr. O'MAHONEY. It covers all the adjustments and all the commodities.

Mr. POPE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Certainly.

Mr. POPE. I think I can agree to the amendment read by the Senator from Wyoming. The Senator pointed out to begin with that the thing which has been so serious in connection with the amendment of the Senator from Oregon is that the General Accounting Office must be convinced that every farmer has not violated this provision of the act in order to be entitled to payment of his soil-conservation payments. I can see that proof of that might be difficult to the Department, and therefore it would necessitate a degree of policing of the individual and a degree of regimentation to which I have objected so seriously. This would remove that element from the picture.

I am just as anxious as is the Senator from Oregon to protect the dairy interests, but in so doing I do not want every farmer in the entire United States who owns a cow to be subject to the regimentation and policing which is implied in his substitute. Therefore I would be inclined to believe that this would cure that perfectly vicious provision of the substitute of the Senator from Oregon which would provide policing and regimentation.

Mr. McNARY. Mr. President, it is perfectly obvious that the language the Senator from Wyoming has employed does not reach the point which I so much desire—to cover all contracts and all adjustments that may be made.

Mr. O'MAHONEY. How can the Senator say that, when the language of the amendment expressly begins "each adjustment contract or other offer"?

Mr. McNARY. Adjustment contracts are limited to corn or wheat.

Mr. O'MAHONEY. "Or other offer."

Mr. McNARY. What does that mean?

Mr. O'MAHONEY. It means any other type of payment made under this bill or under the Soil Conservation Act.

Mr. McNARY. Exactly as is the wording here, which is that payments shall be further conditioned upon utilization of land, which means the same thing and covers all commodities and does not permit any of them to escape.

Mr. O'MAHONEY. My understanding is that the language which I have just read includes every single thing the Senator has in mind and differs from his amendment only in that it will not make it incumbent upon the administering officials to examine every single farm of every cooperator under the two proposals. I have the feeling that the requirement imposed by the amendment of the Senator from Oregon is so rigid that it would result in totally defeating the purposes of the bill for those who are growing the other commodities.

I am anxious to protect the livestock industry, the dairy industry, the poultry industry, and every other industry, the commodities of which may be increased by the operation of the provisions of this bill, but certainly we do not want to destroy the whole effect of the legislation.

Mr. McNARY. The amendment which I have offered follows the provision of the House. It was proposed by the dairymen and poultrymen of the country. They understand it. It is agreeable to them. It is now here for our consideration and covers every phase of the question without any complication whatsoever. It does not require any more policing, it does not add any more difficulties upon the part of the General Accounting Office, than the one offered by the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. Am I to understand that the language which I have just read cannot now be offered as a substitute?

The PRESIDING OFFICER. The Parliamentarian informs the Chair that it could not be offered by any Senator except the Senator who offered the original amendment and who may modify his amendment by the acceptance of the language.

Mr. O'MAHONEY. The Senator from Idaho may withdraw his original amendment and perfect it by substituting this language?

The PRESIDING OFFICER. Yes.

Mr. O'MAHONEY. May I ask the Senator from Idaho if he would be willing to do that?

Mr. POPE. Mr. President, I should like an opportunity to examine the language a little more carefully.

The PRESIDING OFFICER. The substitute offered by the Senator from Oregon is the pending question.

Mr. O'MAHONEY. My understanding is that though the Senator from Idaho should present this as a substitute for the amendment which he originally proposed, the vote would still come first upon the substitute offered by the Senator from Oregon?

The PRESIDING OFFICER. The Senator is correct.

Mr. BORAH. Mr. President, are we going to undertake to complete consideration of this particular amendment tonight?

Mr. BARKLEY. Mr. President, I hope we can do so.

Mr. BORAH. This is an exceedingly important matter. I dislike very much to go ahead tonight if it can be avoided.

Mr. BARKLEY. I might as well at the moment make a suggestion which will determine whether we shall have a night session or not. I have conferred with Members on both sides of the aisle with reference to fixing an hour tomorrow at which we may begin voting without further debate on the bill and on all amendments, with a view to avoiding a session tonight if possible and with the view of recessing from tomorrow over until Monday.

In order that I may make the unanimous-consent request under the rule to fix an hour for voting tomorrow it is necessary to have a quorum call unless that requirement is waived. That can be done by unanimous consent. Therefore under the circumstances, while the amendment is being examined by the Senator from Idaho [Mr. POPE], I ask unanimous consent to waive the requirement of the rule for the calling of a quorum in order that I may submit a unanimous-consent request to fix an hour for voting tomorrow.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky? The Chair hears none and it is so ordered.

Mr. BARKLEY. I now propose the unanimous-consent agreement which I send to the desk.

The PRESIDING OFFICER. The proposed agreement will be read.

The legislative clerk read as follows:

Ordered by unanimous consent, that on the calendar day December 17, 1937, at not later than 4 o'clock p. m., the Senate will proceed to vote without further debate upon any amendment or substitute that may be pending or any amendment or substitute that may be offered and upon the bill (S. 2787) through the regular parliamentary stages to its final disposition.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, to the general purposes of the agreement I have no objection, but it must be conditioned upon two propositions, one that we will have a vote on the pending amendment in the nature of a substitute this evening, or now, and that we will have no night session. I suggest that we defer submission of the request, and proceed with the pending business.

Mr. BARKLEY. Mr. President, one of the reasons for offering the unanimous-consent agreement now was in order to avoid a night session. I am perfectly willing to remain here in session, if we have to, until we can dispose of the amendment now pending. I think that if we are not to have a night session we can remain a little longer and dispose of it, and I am willing to enter into that understanding.

Mr. McNARY. I am quite agreeable, if we dispose of the amendment offered in the nature of a substitute to the proposal of the Senator from Idaho, that we take a recess until 12 o'clock tomorrow, and commence voting at 4 o'clock upon the amendments pending or which may be offered, or any substitute therefor, or a motion to recommit, without debate.

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Oregon [Mr. McNARY] to the amendment of the Senator from Idaho [Mr. POPE].

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. O'MAHONEY. Mr. President, what is the present parliamentary status?

The VICE PRESIDENT. The present parliamentary status is that the amendment of the Senator from Idaho has been perfected as suggested by the Senator from Wyoming. Now, the question is on the amendment in the nature of a substitute offered by the Senator from Oregon [Mr. McNARY] to the amendment of the Senator from Idaho.

Mr. O'MAHONEY. I wanted to be certain that the Senator from Oregon had substituted the language suggested.

The VICE PRESIDENT. The Chair suggests that the proposed amendment of the Senator from Idaho as perfected should be read from the desk for the information of the Senate.

Mr. SMITH. Mr. President, under the unanimous-consent proposal it is understood——

The VICE PRESIDENT. There is no unanimous-consent proposal pending.

Mr. SMITH. Very well.

Mr. BANKHEAD obtained the floor.

The VICE PRESIDENT. Will not the Senator from Alabama permit the amendment to be read?

Mr. BANKHEAD. Certainly.

Mr. McNARY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. Am I to understand that this belated suggestion takes the place of the former proposal submitted by the Senator from Idaho?

The VICE PRESIDENT. That is the situation. The Senator from Idaho has the right to perfect his amendment before it is acted on.

The clerk will state the amendment for the information of the Senate.

The CHIEF CLERK. On page 82, after line 25, it is proposed to insert the following new section:

SEC. 66. Each adjustment contract or other offer entered into or made pursuant to this act or the Soil Conservation and Domestic Allotment Act shall provide that the cooperator or other person to whom such contract or offer applies shall undertake not to use acreage diverted under either of such acts for the production for market of livestock or poultry or the products thereof; and in the event that a marketing quota is established for any commodity under this act, no acreage diverted from the production of such commodity pursuant to such quota shall be used for the production for market of livestock or poultry or the products thereof.

Mr. O'MAHONEY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. O'MAHONEY. It is my understanding that if the substitute offered by the Senator from Oregon should upon the pending vote be rejected, the question will then come on the amendment which has just been read.

The VICE PRESIDENT. The Senator states the parliamentary situation correctly.

Mr. BANKHEAD. Mr. President, I understand the amendment offered by the Senator from Oregon in the nature of a substitute to be the pending business, and I wish to submit some remarks.

Mr. BARKLEY. Mr. President, what happened to my unanimous-consent request? Is it still pending?

The VICE PRESIDENT. The Chair understood that the Senator from Oregon [Mr. McNARY] advised the Senator from Kentucky that he could not enter into an agreement until a vote was had on his amendment. Therefore the

Chair assumed there could be no unanimous-consent agreement pending until the vote was had on the pending amendment. The Chair will ask the Senator from Oregon whether that statement is correct.

Mr. McNARY. That statement was made conditionally. I said I was willing to have the agreement entered into if we could have a vote now, or this evening, upon the pending amendment, and then conditioned further on the agreement that there would be no night session.

The VICE PRESIDENT. That is as the Chair understood it.

Mr. BARKLEY. Mr. President, that is my purpose in undertaking to ascertain now whether we can enter into the agreement, because if we cannot enter into it, we will have to have a night session. I am willing to vote on the amendment pending and allow my request to be suspended while that operation is in progress.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Oregon in the nature of a substitute for the amendment offered by the Senator from Idaho. The Senator from Alabama is recognized. That is the status at present.

Mr. BANKHEAD. Mr. President, I understand the pending question is on the adoption of the so-called McNary substitute.

The VICE PRESIDENT. That is the pending question. The yeas and nays have been ordered.

Mr. BANKHEAD. The McNary substitute is the same as the Boileau amendment in the House of Representatives, and we should all understand that if the McNary amendment shall be adopted, the subject matter will not, as practically everything else in the bill will, go to conference, because that will foreclose it. The McNary amendment is a literal copy of the Boileau amendment adopted in the House. While various phases, practically all phases, of the bill, except the question as to the dairy interests, will go to conference, there is an attempt here to foreclose us from any further consideration of this subject in the conference.

Mr. President, I have no illusions about what the result of this vote will be. There is no reason for me to misunderstand what is going to happen. The sectional question has bobbed up here in some way, as it has in connection with a number of other pieces of legislation which are now pending. It is unfortunate, of course, but I have no more illusion about what is going to happen on this vote and how it is going to happen than I have about what is going to happen when the so-called southern lynching bill comes up when we get through with this matter. I know what is going to happen in connection with that. I have no illusions about it. I know where the votes are coming from, just as I know where they are coming from now, since this sectional question has arisen on the pending amendment. Of course, it is unfortunate.

I know what is going to happen when the jute amendment is called up, if it does come up, although the effort is to provide some additional consumption for cotton at a time when it has been stated here day after day that we are losing the foreign market of cotton. Notwithstanding the declarations of leading men here that they want the American market for the American farmer, I have no illusions about what is going to happen when we reach the question of eliminating a quantity of jute so that additional markets can be found for cotton, and I have no illusions about where the votes are coming from.

Mr. President, I am not making any criticism; I am describing a situation which every candid Member of the Senate knows to exist. It is, of course, unfortunate, but still we all know that it exists.

Mr. President, I have no illusions about what is going to happen here when the so-called Black-Connery wage and hour bill comes back from the other House.

Go over there now if Senators desire to find out the atmosphere, and what they think over there is involved in that program, and if Senators have any further doubt call the junior Senator from Massachusetts [Mr. LODGE], who said when he voted for that bill he voted to help drive out the competition of industries in the Southern States with the industries of his country.

Do we not all know that that is a paramount issue involved in the House in the wage and hour bill pending there—and that is the leading line of cleavage between the Members of the House—what effect it will have upon southern industry to the advantage of industry in other sections of the country.

So now there is a list. I know the Senator from Wisconsin has truly stated his position. I have never seen him occupy consciously a sectional position. But unfortunately conflicts of interest develop here which place the Senator from Wisconsin against us. This is one of them. The tax on oleomargarine, which, of course, drives out of competition with dairy products the cottonseed oil and vegetable fats of the South, is another one of them.

So there, my friends, we are in that unfortunate situation. Conflict apparently of interest here and there. Economic conflict of interest arising in so many different phases of legislation. I know that it is here.

It will do no good to talk about the constitutionality of this measure. The great constitutional lawyer, Mr. BORAH, from Idaho, yesterday when the Ellender amendment, of a similar nature, was here for consideration denounced it as unconstitutional because it was an effort to control production and fell under the condemnation of the Hoosac Mills case. There is no sort of difference between the Ellender amendment and the amendment of the Senator from Oregon pending now. The Ellender amendment was said to be unconstitutional, but the pending amendment along the same lines seems to be accepted as constitutional.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BANKHEAD. I yield, but I wish the Senator to remember that I do not have much time left.

Mr. BORAH. I agree perfectly with the Senator that the Ellender amendment was unconstitutional, that the pending amendment is unconstitutional, and that the whole bill is unquestionably unconstitutional, and I propose to vote against it. But this amendment is no more vulnerable than the bill as a whole and I am willing to place the dairy interest where it will go up or down with all others interested.

Mr. BANKHEAD. Except the cotton section.

Now, Mr. President, we have heard a whole lot here about the doctrine of scarcity, scarcity, scarcity. Everyone who is against this bill has talked about the economy of scarcity. And still when there develops a mere possibility of having more milk for the children of the cities of this country, more butter, more of the actual necessities of life whose interest is then involved? The consumers? No; the men and women in the cities who are not organized and who are not represented here by effective and wonderful lobbyists. Oh, the consumers then and the doctrine of scarcity then disappears, and they say, "Let us protect the organized dairymen of this country and forget the doctrine of scarcity when the dairymen with their organization appear upon the scene." I should like to have a little consistency about the situation.

Mr. President, I do not think the amendment is going to help you. It may hurt after it is adopted. Something like these southern lynching bills—they think they are going to do some good perhaps, but I think they are going to do more harm than good. But here is the cotton farmer who gets only about $5 an acre under a program for acreage diversion. If he wants to plant dairy products do Senators suppose he would start with planting only his diverted acreage? No; he gets too little pay for the diverted acreage.

If he wants to go into dairying, my friends, do not think he will stop with a few diverted acres. He will forget his parity and soil-conservation payments, and put his farm into dairying. We know that will be the result. So you are not going to get any benefits under the McNary amendment which prevents the acreage diverted from cotton from being planted to food for livestock for sale.

Mr. President, it makes me sick at heart to see so many efforts developing and being pressed here not only by the gentlemen upon the Republican side but the gentlemen upon the Democratic side who do not live in the Cotton Belt, so many of these programs that are directed at the section in which I live. I know we are not going into the dairy business simply as the result of 2 or 3 years of acreage diversion, because we plan to go back into the full production as soon as we can get rid of a distressing surplus. But to have our section pointed at day after day and have the restraints written into these laws which apply directly and solely to the cotton and tobacco farms in the South is greatly disturbing.

Mr. President, I have said what I want to say on this subject without, I hope, offending anyone. That has not been my purpose. I want to make my protest against this sort of legislation. I know it is not broad-minded legislation. I know it is sectional legislation. I wish we could get away from it. We people of the South want a united country. We are trying to do our part. I wish that other sections of the country would quit driving at us, quit knocking at us, quit passing legislation directed at us, not only in matters like the lynching bill but in financial and economic matters. We have had our long periods of travail and patience and endurance. So why can it not come to an end, my friends? Why keep directing these things at us?

The VICE PRESIDENT. The time of the Senator from Alabama on the amendment has expired.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. As I understand the parliamentary situation, the vote comes first on the substitute offered by the Senator from Oregon [Mr. McNARY].

The VICE PRESIDENT. That is correct.

Mr. BARKLEY. If that substitute should be defeated, the next vote comes on the amendment offered by the Senator from Idaho [Mr. POPE], as modified by him in accordance with the suggestion of the Senator from Wyoming [Mr. O'MAHONEY].

The VICE PRESIDENT. The Senator has stated the parliamentary situation.

The yeas and nays have been ordered.

The Chief Clerk called the roll.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if present he would vote "nay." I transfer that pair to the senior Senator from Kansas [Mr. CAPPER] and vote "yea."

Mr. SHIPSTEAD. On this vote I have a pair with the senior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the Senator from Arizona [Mr. ASHURST], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the junior Senator from Illinois [Mr. DIETERICH], and the Senator from Washington [Mr. SCHWELLENBACH] are detained on important public business.

The Senator from Tennessee [Mr. BERRY], the junior Senator from Virginia [Mr. BYRD], the senior Senator from Virginia [Mr. GLASS], the senior Senator from Illinois [Mr. LEWIS], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS] are unavoidably detained.

The Senator from Washington [Mr. SCHWELLENBACH] is paired with the Senator from Tennessee [Mr. BERRY]. If present and voting, the Senator from Washington would vote "yea", and the Senator from Tennessee would vote "nay."

Mr. BARKLEY. I announce that my colleague [Mr. LOGAN] is unavoidably detained from the Senate. His pair has been announced.

The result was announced—yeas 41, nays 38, as follows:

YEAS—41

Adams	Bone	Bridges	Brown, N. H.
Austin	Borah	Brown, Mich.	Bulkley
Copeland	Hale	Lundeen	Thomas, Utah.
Davis	Hitchcock	McAdoo	Townsend
Donahey	Holt	McCarran	Vandenberg
Duffy	Johnson, Calif.	McNary	Wagner
Frazier	Johnson, Colo.	Maloney	Walsh
Gerry	King	Moore	White
Gibson	La Follette	Nye	
Gillette	Lodge	Pittman	
Guffey	Lonergan	Steiwer	

NAYS—38

Bailey	George	Minton	Russell
Bankhead	Graves	Murray	Schwartz
Barkley	Green	Neely	Sheppard
Bilbo	Harrison	Norris	Smathers
Bulow	Hatch	O'Mahoney	Smith
Burke	Hayden	Overton	Truman
Byrnes	Herring	Pepper	Van Nuys
Chavez	McGill	Pope	Wheeler
Connally	McKellar	Radcliffe	
Ellender	Miller	Reynolds	

NOT VOTING—17

Andrews	Caraway	Lee	Thomas, Okla.
Ashurst	Clark	Lewis	Tydings
Berry	Dieterich	Logan	
Byrd	Glass	Schwellenbach	
Capper	Hughes	Shipstead	

So Mr. McNARY's amendment in the nature of a substitute was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the amendment as amended. [Putting the question.]

Mr. O'MAHONEY. Let us have the yeas and nays.

The VICE PRESIDENT. The ayes seem to have it. The ayes have it, and the amendment as amended is agreed to.

Mr. SMITH. Mr. President, I desire to offer an amendment in the form of a new section.

Mr. O'MAHONEY. Just a moment, Mr. President. Before the Senator from South Carolina offered his amendment and before the Chair announced that the amendment as amended was agreed to the yeas and nays had been asked for.

The VICE PRESIDENT. The Chair did not hear the demand. He desires to be fair with the Senate. Does the Senate desire the yeas and nays on the amendment as amended? Apparently it does, by the show of hands. The yeas and nays are ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. SHIPSTEAD. Mr. President, I have a pair with the senior Senator from Virginia [Mr. GLASS]. I understand that I am released on this vote. I vote "yea."

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present he would vote "nay." I therefore transfer my pair to the senior Senator from Kansas [Mr. CAPPER], who would vote "yea" if present, and allow my vote to stand.

Mr. BANKHEAD (after having voted in the negative). Mr. President, I desire to change my vote from "nay" to "yea," so that I may be able to make a motion for a reconsideration.

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the junior Senator from Virginia [Mr. BYRD], the senior Senator from Virginia [Mr. GLASS], the senior Senator from Illinois [Mr. LEWIS], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS] are unavoidably detained.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the junior Senator from Illinois [Mr. DIETERICH], and the Senator from Washington [Mr. SCHWELLENBACH] are detained on important public business.

The Senator from Washington [Mr. SCHWELLENBACH] is paired with the Senator from Tennessee [Mr. BERRY]. If present and voting, the Senator from Washington would vote "yea," and the Senator from Tennessee would vote "nay."

Mr. BARKLEY. I announce that my colleague [Mr. LOGAN] is unavoidably detained from the Senate. His pair has been announced.

The result was announced—yeas 49, nays 34, as follows:

YEAS—49

Adams	Frazier	Lodge	Smathers
Austin	Gerry	Lonergan	Steiwer
Bankhead	Gibson	Lundeen	Thomas, Utah
Bone	Gillette	McAdoo	Townsend
Borah	Guffey	McCarran	Vandenberg
Bridges	Hale	McNary	Van Nuys
Brown, Mich.	Herring	Maloney	Wagner
Brown, N. H.	Hitchcock	Moore	Walsh
Bulkley	Holt	Nye	Wheeler
Copeland	Johnson, Calif.	O'Mahoney	White
Davis	Johnson, Colo.	Pittman	
Donahey	King	Schwartz	
Duffy	La Follette	Shipstead	

NAYS—34

Andrews	Connally	McGill	Pope
Ashurst	Ellender	McKellar	Radcliffe
Bailey	George	Miller	Reynolds
Barkley	Graves	Minton	Russell
Bilbo	Green	Murray	Sheppard
Bulow	Harrison	Neely	Smith
Burke	Hatch	Norris	Truman
Byrnes	Hayden	Overton	
Chavez	Lee	Pepper	

NOT VOTING—13

Berry	Clark	Hughes	Schwellenbach
Byrd	Dieterich	Lewis	Thomas, Okla.
Capper	Glass	Logan	Tydings
Caraway			

So the amendment as amended was agreed to.

Mr. SMITH obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator from South Carolina yield to me?

Mr. SMITH. I yield.

Mr. BARKLEY. I now desire to renew the unanimous-consent request which I submitted earlier in the evening, that beginning at not later than 4 o'clock tomorrow the Senate proceed to vote on any amendments not then acted on or which may be offered, or any substitute which has not been acted on or which may be offered, and on the bill to final disposition.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, I remove one condition, but assert the other, that that implies we will not have a night session.

Mr. BARKLEY. I have stated that over and over again, and that is one of the reasons why I submited the unanimous-consent request at this time, to avoid a night session. If it is agreed to, there will be no night session.

Mr. RUSSELL. Mr. President, as I understand, if the pending bill shall be perfected and a substitute for the whole bill offered, there will be no limit on debate. I think some limitation should be made whereby those who have amendments to offer, and who would like to have 5 or 10 minutes to explain them, might be recognized. One Senator might take the floor and consume all the time.

Mr. BARKLEY. No Senator could occupy more than 15 minutes on any amendment.

Mr. RUSSELL. I understand, but there are, I believe, two substitutes to be offered, and there is no limitation on debate on substitutes.

Mr. BARKLEY. A substitute cannot be offered until all the amendments have been disposed of, so that contingency would not arise.

Mr. ADAMS. Mr. President, I wish to make an inquiry to determine whether I understood correctly the unanimous-consent agreement. It was that at 4 o'clock tomorrow we should vote without further debate upon all amendments pending or then offered?

Mr. BARKLEY. That is correct.

Mr. ADAMS. At the close of the last session of Congress a very important bill was before the Senate, and from the floor many amendments were offered, and there was no chance even to explain the amendments. Personally I shall not consent to any unanimous-consent agreement which will not at least permit an explanation on the floor of an amendment which is offered and which has not been printed and placed upon my desk. If there were a provision for 2 minutes or 3 minutes or 5 minutes, so that an amendment can be explained, that would be all right; but this bill is very important, an amendment may be offered from the floor, presented in writing, or submitted orally, and under the unanimous-consent agreement we could not even inquire for an explanation. Unless some provision is made to afford opportunity to explain amendments offered from the floor which are not upon the desk, I shall object to the unanimous-consent agreement.

Mr. BARKLEY. The Senator objects to the agreement?

Mr. ADAMS. Unless some provision is made to advise Senators as to what is being presented.

Mr. BARKLEY. Of course, Mr. President, it is impossible to agree to begin voting without debate at any particular hour if there shall be coupled with it an amendment or reservation that there will be debate.

Mr. ADAMS. It is not impossible to provide that 5 minutes shall be allowed to those who offer amendments on the floor to explain the amendments, I will say to the Senator.

Mr. BARKLEY. If we can have an understanding that 5 minutes shall be given to the proponents of amendments and not have unlimited debate, it would be well.

Mr. ADAMS. That is exactly what I mean.

Mr. BARKLEY. Then I am willing to modify the unanimous-consent request——

Mr. NORRIS. Mr. President, I would not object to the unanimous-consent agreement as first proposed. I would not object if 5 minutes were allowed for debate. But I am not willing to agree that no one shall have the 5 minutes except the one who introduces the amendment. That is the manifestly unfair thing about it. If that is the modification, I object to it.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LEE. I wish to say in regard to the substitute that I have repeatedly said I wanted to offer that I do want to offer it. I have talked with the Senator from Kentucky, and he assures me there will be opportunity to offer it. I feel that the committee and Senators have been very patient, and I want just enough time to present that substitute. I shall not object to a unanimous-consent agreement. I feel that the Senator's only purpose is to facilitate our work here in the Senate.

Mr. BARKLEY. Mr. President, I offer a modification of my request: That beginning at not later than 3 o'clock on tomorrow no Senator shall speak more than once nor longer than 5 minutes on the bill, or any amendment, or any substitute; and that beginning at 5 o'clock, without further debate, the Senate shall proceed to vote upon the amendments or substitutes, and on the bill itself for final disposition.

The VICE PRESIDENT. Is there objection?

Mr. BURKE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BURKE. If the so-called jute amendment is going to be offered by the Senator from Alabama, much longer time will be required to discuss it than allowed in the unanimous-consent agreement which is now requested. If that jute amendment is to be offered, I shall have to object to the unanimous-consent agreement.

Mr. BARKLEY. I do not know, of course, about the jute amendment, except I understand there is one in the offing. But if it should be offered prior to the hour of 3 o'clock, of course, it will be offered under the same limitations that now apply to amendments.

I will say for the information of the Senate that if this agreement is entered into now it is my purpose to move to recess until 11 o'clock tomorrow, so we will have that much more time then.

Mr. SMITH. Mr. President, will the Senator from Kentucky restate his last proposal?

Mr. BARKLEY. The request that I made was that beginning at 3 o'clock on tomorrow no Senator shall speak more than once nor longer than 5 minutes on the bill, any amendment or any substitute thereto, and that beginning at the hour of 5 o'clock, without further debate, we shall proceed to vote on all amendments and substitutes that are then pending, or that may be offered, without further debate to final conclusion of the bill.

Mr. ADAMS. Mr. President, the same evils that existed before exist in respect to that proposal; that is, that amendments can be offered after 5 o'clock, under stress, without explanation. I have no objection to limiting debate, but, as a Senator of the United States, I do feel that I ought not to be asked to vote upon amendments which have not been explained by even one word on the floor of the Senate. Unless that is changed, I shall object.

Mr. McNARY. Mr. President, I may suggest to the capable Democratic leader that we meet at 11 o'clock tomorrow, and, beginning at 2 o'clock, no one shall speak more frequently or longer than 5 minutes on the bill, on any amendment, or any substitute that may be offered thereto. That does not suppress debate, but, in my opinion, we will finish more happily and in a better state of mind than we would in any other way. I submit that suggestion to the Senator.

Mr. BARKLEY. Let me understand—that beginning at 2 o'clock, instead of 3, there should be a 5-minute limitation on all debate, running through to final disposition?

Mr. McNARY. Yes.

Mr. BARKLEY. On the bill, amendments, substitutes, motions to recommit, or any other thing that may be offered in connection with this legislation?

Mr. McNARY. Yes.

Mr. SMITH. Why move it to 2 o'clock in place of 3?

Mr. McNARY. Very well; I am willing to go back to 3 as far as that is concerned.

Mr. BARKLEY. I modify the request, Mr. President, that beginning at the hour of 3 o'clock, with the understanding that we meet at 11, no Senator shall speak more than once nor longer than 5 minutes on the bill, on any amendment, on any substitute, or motion to recommit, or otherwise dispose of this bill.

The VICE PRESIDENT. Is there objection to the unanimous-consent request?

Mr. McADOO. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McADOO. I have an amendment in the nature of a substitute which I have been patiently waiting an opportunity to discuss briefly, and which I should like to have an opportunity to explain to the Senate. Under the proposed rule, as I understand it, I would have no opportunity to do that.

Mr. BARKLEY. Mr. President, if the Senator will permit me, we will have 4 hours tomorrow with the same limitation under which we are now proceeding.

Mr. McADOO. There is no limitation on a substitute under the rule.

Mr. BARKLEY. No. The Senator, as I understand it, is offering an amendment.

Mr. McADOO. An amendment in the nature of a substitute.

Mr. BARKLEY. But it will not be in order to offer a substitute for the whole bill until all amendments are disposed of. It never is. If the Senator, as he said to me, offers it as a substitute to the bill, he can do that and speak upon it until 3 o'clock under the same limitation that we have been proceeding under until now.

Mr. McADOO. I do not think that will give me the opportunity which I feel will be necessary to enable me to explain my amendment, which is in the nature of a substitute.

RECESS

Mr. BARKLEY. I move that the Senate recess until 8 o'clock tonight, and then proceed with the bill.

The motion was agreed to; and (at 5 o'clock and 58 minutes p. m.) the Senate took a recess until 8 o'clock p. m.

EVENING SESSION

At the expiration of the recess the Senate reassembled, and the Vice President resumed the chair.

Mr. SMITH. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson, Colo.	Pepper
Andrews	Copeland	King	Pope
Ashurst	Davis	La Follette	Radcliffe
Austin	Dieterich	Lee	Reynolds
Bailey	Donahey	Lodge	Russell
Bankhead	Duffy	Lonergan	Schwartz
Barkley	Ellender	Lundeen	Sheppard
Berry	Frazier	McCarran	Smathers
Bilbo	George	McGill	Smith
Bone	Gerry	McKellar	Steiwer
Borah	Gibson	McNary	Thomas, Utah
Bridges	Gillette	Maloney	Townsend
Brown, Mich.	Graves	Miller	Truman
Brown, N. H.	Guffey	Minton	Vandenberg
Bulkley	Hale	Moore	Van Nuys
Bulow	Harrison	Murray	Wagner
Burke	Hatch	Neely	Walsh
Byrd	Hayden	Norris	Wheeler
Byrnes	Herring	Nye	
Capper	Hitchcock	O'Mahoney	
Chavez	Holt	Overton	

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

Mr. COPELAND. Mr. President, I ask unanimous consent that a short telegram from the Grange of my State, now in session, be read.

The VICE PRESIDENT. Without objection, the telegram will be read.

The Chief Clerk read as follows:

OGDENSBURG, N. Y., *December 16, 1937.*

HON. ROYAL S. COPELAND,
Senate Office Building, Washington, D. C.:

New York State Grange, assembled in sixty-fifth annual session, representing 135,000 farm folks, is strongly of the opinion that the Senate farm bill, S. 2787, should be recommitted to the Committee on Agriculture and its compulsory features stricken out.

We are opposed to the wholly unnecessary and un-American regimentation of agriculture proposed in the bill.

We are persuaded that no progress can be made by evading, nullifying, and violating the Constitution, as this bill does; if the measure is not modified to meet these objections, we trust it may never be enacted.

NEW YORK STATE GRANGE,
RAYMOND COOPER, *Master.*

Mr. SMITH. Mr. President, I ask to have read for the information of the Senate the new section which I have offered as an amendment to the bill.

The VICE PRESIDENT. The amendment offered by the Senator from South Carolina will be stated.

The LEGISLATIVE CLERK. On page 82, between lines 21 and 22, it is proposed to insert the following new section:

SEC. 64. The Commodity Credit Corporation is hereby authorized and directed to proceed immediately to purchase cotton in the open market and to continue to make such purchases until the average price of seven-eighths Middling cotton on the 10 designated spot cotton markets is 12 cents per pound, or until the Corporation has purchased 6,000,000 bales of cotton of the 1937 crop. No cotton acquired by the Corporation shall be sold if the average price of seven-eighths Middling cotton on the 10 designated spot cotton markets is less than 12 cents per pound, except upon the approval of the President.

Mr. SMITH. Mr. President, this bill and all the antecedent bills have been predicated upon an effort to bring about such a price for farm products as would give a reasonable return to the farmers.

When the A. A. A. was declared unconstitutional, there was formulated and enacted the Soil Conservation Act, which afforded a premium or a bonus to whatever acreage was left out of cultivation in what are known as row crops, and planted to such soil-building vegetation as would improve the character of the soil.

Upon the report that only 34,000,000 acres of cotton had been planted this year, the trade did not expect a crop in excess of 14,000,000 bales. Never before in the history of cotton production in America had there been any crop approximating the present yield except in 1926, when 44,000,000 acres were planted to cotton, and then the total crop was only 17,000,000 bales plus.

This year, to the astonishment of the Department and to the astonishment of every cotton man, on this reported acreage of 34,000,000 acres, approximately 19,000,000 bales of

cotton was made. Of course, the effect was to paralyze the market. The average price today is not to exceed 8 cents a pound. There has been no condition in my section of the country to parallel the present one. In the depth of the depression of 1933, when cotton went down to about 6 cents a pound, the condition was not as bad as now, for the reason that other things were down in proportion. Now, with cotton at the present price, everything that has to be bought is out of all proportion to what it was in 1933. I think every cotton man in the Senate knows that this has been the most extensive crop ever produced in the United States.

At first blush it looks as though to purchase 6,000,000 bales of cotton would be a tremendous draft on the Treasury. Those of us who are interested in the matter have discussed it with Mr. Jesse Jones, of the R. F. C., and he said it would not cost the Treasury a penny because the cotton will finance itself. If we enter the market and begin to buy, and the price as it is today begins to rise, whatever difference there is as the scale comes up will be that much to the credit of the Treasury. As we have already obligated ourselves to pay a bonus of 3 cents a pound on cotton upon which the loan has been made, as the price goes up the obligation of the Government Treasury is lessened to that amount. If it should go to 11 cents a pound, the Government would have to pay only 1 cent; and should it reach 12 cents, the Government would have to pay no bonus at all.

The object of the amendment is that if the bill should become law there cannot be made in the Cotton Belt for market purposes in excess of 10,000,000 bales, the purpose being that by decreasing production there will be a demand for the tremendous surplus and it will gradually drift into the market. What we are asking the Senate to do today—and it affects nothing but cotton, and will cost no one anything, and if any benefit accrues it will go to the cotton grower—is to relieve the pressure and anticipate the effect of the pending bill.

If it should reach the objective hoped for, it is planned to take off the market the 6,000,000 bales of cotton and give the export and domestic consumption an opportunity to advance to where there would be some profit in it for the cotton grower.

I hope everyone here who understands the situation will thoroughly appreciate the fact that even under the loan 3,000,000 bales of cotton have already been placed, and the Government has financed less than 15 percent of it. The bankers are anxious to take the loans and hold the cotton as security. When the operation of the bill shall have had its effect then the Government can begin to unload the surplus without its having such a dreadful effect as it is now having.

Under the terms of the loan, for the first time since loans have been made on cotton the Secretary of Agriculture saw fit to grade the loans according to the grades of cotton, 9 cents on a certain grade and staple, 8 cents on the grade below that, and 7½ cents on the grade below that. On account of the enormous crop and the weather conditions, the average price of cotton is a little less than 8 cents, or 1 cent below the basis upon which 9 cents was promised. Therefore, if we adopt this amendment we can have the Commodity Credit Corporation through the R. F. C. go into the market and buy this cotton with the money advanced by the banks. Mr. Jones testified before the body of Senators representing the cotton States that it would not cost a dollar and that the Government actually stands to make a profit because when they begin to buy, as they bid the market goes up and all the earlier purchases will show a profit. It means that they shall buy only until the purchases reach 6,000,000 bales, which is calculated to be the amount necessary to leave the balance that would be needed for domestic consumption and export. It does not affect any other commodity than cotton. It does not injure anybody at all, but brings a benefit to that part of the general production of agriculture which is in a worse condition than any other major agricultural crop. No one dreamed that the amount of cotton would be approximately 19,000,000 bales. So far as the cotton itself is concerned there is no better crop at a price than cotton.

I want Senators to understand that unless this amendment is adopted we may look for the present low level of cotton for the next 2 years or until this surplus is absorbed. This is simply asking the Government to use its power to go into the market and anticipate the effects of the bill, to lift this burden and allow cotton to recover to the point where those who produce it may have an opportunity to meet their pressing obligations.

Mr. President, it is not necessary for me to make an extended plea. I reiterate that it does not affect anyone but the cotton people immediately, but it does promise to put into circulation money that is sorely needed. The cotton growers cannot meet their tax bills or their ordinary supply bills at the present price of cotton. I believe that by lifting this burden, without any expense to the Government, the relief would be almost immediate. I hope the amendment will be adopted.

Mr. OVERTON. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. SMITH. I yield.

Mr. OVERTON. Is the Senator in possession of advice as to how much of the 1937 crop is still in the hands of the producing farmers?

Mr. SMITH. I took occasion to ask, and the trade and representatives of the Department informed me that less cotton has been thrown on the market in proportion to the crop than in any other year, hoping that something might be done to bring about a better price. I should say that the farmers themselves, outside of the loans, hold somewhere between 5,000,000 and 6,000,000 bales of cotton.

Mr. OVERTON. I suggest to the Senator from South Carolina that it may be well to modify his amendment by directing that the purchase shall be made from the producers of the 1937 crop of cotton.

Mr. SMITH. Mr. President, I hope they will be the beneficiaries. I would rather leave the cotton in their hands until the price should get to where it would be of tremendous benefit to those who are watching and hoping we will do something for them.

Mr. OVERTON. I believe legislation of this character would not be beneficial to the producers unless the purchase is made from the producers. If the producers have not sufficient cotton on hand it would be better for the program to go into effect as of date August 1, 1938, rather than at the present time. In other words, I am apprehensive that a provision of this character may help the trade and not help the farmer. What I want to do is to help the farmers and not to help the trade particularly.

Mr. SMITH. What we are endeavoring to do is to help the farmer now.

Mr. OVERTON. If a very large proportion of the crop has been sold and is in the hands of the trade, how does the Senator expect to help the farmer?

Mr. SMITH. A pretty large proportion of it is already in the loan.

Mr. OVERTON. The Senator said about 5,000,000 or 6,000,000 bales are still in the hands of the farmers.

Mr. SMITH. I think so.

Mr. OVERTON. If we undertake to purchase 6,000,000 bales, most of it would be taken out of the hands of the trade rather than out of the hands of the farmer.

Mr. SMITH. I think the trade holds a very small percentage. What we are endeavoring to do is to stimulate the price to the point where not only the Government would save on its subsidy, but where the general market price will enable the farmers to sell what they have now on hand.

Mr. OVERTON. Then what would be the objection to inserting, in line 3 of the Senator's amendment, after the word "cotton," the words "from producers of cotton," so the Commodity Credit Corporation would be authorized and directed immediately to purchase from producers of cotton in the open market?

Mr. SMITH. They have had the opportunity to borrow. The trade has not had that opportunity. It is that amount of cotton that is outside the loan that we want to take off the market so as to relieve the pressure.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SMITH. Certainly.

Mr. BARKLEY. Of course, if the Commodity Credit Corporation is to buy this cotton in the open market, it means it buys it on the market from those who have offered it for sale.

Mr. SMITH. That is correct.

Mr. BARKLEY. If the purchasers from producers have paid 7 or 8 or 9 cents a pound for cotton and have offered it on the open market, and the Commodity Credit Corporation is bound to pay 12 cents a pound——

Mr. SMITH. Oh, no; they would buy at the market. It may never go to 12 cents. I seriously doubt if it would ever go to 12 cents.

Mr. BARKLEY. They are compelled to buy cotton on 10 designated spot markets.

Mr. SMITH. No; they are to buy at the average price on 10 designated markets.

Mr. BARKLEY. They have to keep on buying until the price is 12 cents or until they have bought 6,000,000 bales.

Mr. SMITH. That is correct.

Mr. BARKLEY. According to the interpretation which I place upon the amendment, and apparently which is placed on it by the Senator from Louisiana [Mr. OVERTON]—having in mind those who now have bought the cotton and have it in storage, who bought it at 7 or 8 or even 10 cents a pound—in the process of boosting the price to 12 cents while the Government is buying that 6,000,000 bales, is it not possible that a considerable portion of the cotton would be bought from those who have purchased it from the farmer at a much lower price as it has gone up toward 12 cents a pound?

Mr. SMITH. I think that is probably true.

Mr. BARKLEY. Does the Senator think the Commodity Credit Corporation, which is the Government by another name, ought to be compelled to buy cotton from those who have bought from the farmer at a greater profit, in some cases as much as 5 or 4 cents a pound?

Does the Senator think we really ought to direct the Commodity Credit Corporation to buy that cotton in large quantities? Even if it were assumed that it bought only half of the 6,000,000 bales from those who bought it from the farmer, they would realize a considerable profit out of it.

Mr. SMITH. The objective is not to make a great difference in the price of the 6,000,000 bales. It is to relieve the pressure on the cotton which is now held by the farmers. There is a good deal of it in the loan. On a good deal of it the farmers have borrowed money. We are merely trying to lift the pressure of the 6,000,000 bales, so that those who have put it in warehouses and borrowed money on it can get it out; and we also want to save the Government as much as possible from the subsidy. That is what we are after. We are trying to save what the farmer has.

Mr. BARKLEY. Would the Senator be willing to modify the amendment so as to provide that in cases where the Corporation purchased it from those who bought from the farmer it should not pay more than a certain amount above what they paid the farmers for it? If they bought the farmer's cotton at 7 cents a pound, I would not want the Government compelled to buy it and pay 11 cents and give the purchasers that profit.

Mr. SMITH. I wish the Senator could see the real objective of getting the 6,000,000 bales off the market. It is to give the tremendous amount of cotton that is in the loan and in the farmer's hands a chance to benefit.

Mr. BARKLEY. I appreciate that.

The PRESIDING OFFICER (Mr. HATCH in the chair). The time of the Senator on the amendment has expired.

Mr. BARKLEY. Mr. President, I ask to be recognized.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. BARKLEY. I wish to ask the Senator from South Carolina another question in my own time. I can see the possible benefit of lifting off the market 6,000,000 bales of cotton now in the hands of the farmers, but if in the process we are only lifting it at a higher price from those who have bought it from the farmer, while the creation of that vacuum might help the farmer by enabling him to shove his cotton into the vacuum, at the same time we would be providing what would seem to me to be a considerable profit to the one who purchased the cotton from the farmer.

Mr. SMITH. Every bale sold to the Government passes, it is gone, and there is no hope on the part of the farmer to realize any benefit from the rise. Our opinion was that if we would go into the open market and buy, the farmer, being advised of what we were doing, would be more likely to hold his cotton off and benefit than if he should sell it at the market today, because when it is sold, it is gone.

Mr. BARKLEY. If the amendment were adopted and the Commodity Credit Corporation were to proceed in the purchase of this 6,000,000 bales of cotton, of course, that process would naturally result in raising the price of cotton.

Mr. SMITH. Yes; but I would not want any farmer who could help it to sell until the trade had been exhausted, so as to give him the full benefit on his loan cotton and on the cotton he might hold.

Mr. BARKLEY. Assuming that the Government bought these 6,000,000 bales, we will say at an average of 10 cents a pound—and there are 500 pounds to the bale, I believe——

Mr. SMITH. Yes.

Mr. BARKLEY. That would represent in actual cash, for 6,000,000 bales, if the Government bought it and paid for it, $50 a bale.

Mr. SMITH. That is correct.

Mr. BARKLEY. That would mean $30,000,000.

Mr. SMITH. Yes.

Mr. BARKLEY. How much money, if any, has the Commodity Credit Corporation available for this purpose now?

Mr. SMITH. Some of us knew beforehand that the banks were willing, as Mr. Jones told us, to put up 100 percent.

Mr. BARKLEY. One hundred percent of what?

Mr. SMITH. Of the purchase price, and take the cotton as collateral, the Government guaranteeing the debentures, and we were informed that it would not take a penny out of the Treasury, and if the plan succeeded, and we started at the present price, as it moved on up there would perhaps be a profit in it for the Government.

Mr. BARKLEY. Suppose another bumper crop were produced next year such as that produced this year; what would be the chance of the Government getting rid of the 6,000,000 bales it bought under the amendment?

Mr. SMITH. Mr. President, we were proceeding on the assumption that the bill we are now working on would become law, and if any relief at all is to be given the farmer pending the enactment of this bill it would just anticipate it and relieve the farmer now.

There is no fear of a bumper crop of cotton next year. The farmers are thoroughly aware of the astounding carryover both in this country and abroad, and this is the only opportunity they know of to get immediate relief.

Mr. BARKLEY. Of course, frequently such a situation results in one man thinking that the other fellow will reduce, and he will go ahead and increase.

Mr. SMITH. That would not happen if this bill should be enacted.

If the bill becomes the law and the compulsory feature goes into effect the farmer will have to reduce his crop. Then suppose the seasons are not like what they have been this year; we would come nearer a 7,000,000-bale crop than a 10,000,000-bale crop.

Mr. OVERTON. Mr. President, will the Senator from Kentucky yield to me?

Mr. BARKLEY. I yield.

Mr. OVERTON. I desire to ask the Senator from South Carolina another question with reference to the amendment he proposes. The Commodity Credit Corporation cannot sell any of the cotton at less than 12 cents a pound except upon the approval of the President.

Mr. SMITH. That is correct.

Mr. OVERTON. There is an item of uncertainty in the whole situation, and if 6,000,000 bales of cotton were held over the market, to be released at such a price as the President might designate at any time, that would keep the price down. I think that if the Senator wishes to carry out the purpose of his amendment, there should not be any uncertainty whatever as to the price at which the Commodity Credit Corporation would sell the cotton. It ought not to be upon the approval of the President or on the approval of anyone else. It ought to be provided that the Commodity Credit Corporation could not sell the cotton for less than 12 cents at any time.

Mr. SMITH. Several who conferred on that subject felt that it would be better to leave the discretion with the man who has worked so assiduously to bring about better conditions for the farmer. We thought that perhaps the President, who initiated all the relief activity, would know when it would be advisable to release any of the cotton.

Mr. OVERTON. It is not a question of the wisdom or of the interest of the President in the cotton farmer, but this is the question, and this only is the question: If there is an element of uncertainty as to what price the cotton shall be sold for, then the 6,000,000 bales will operate as a depressing influence upon the cotton market, it matters not whether we leave it to the President or to any other official on God's green earth.

Mr. SMITH. Mr. President, personally I think the Senator's argument is very sound; but conditions might arise when it would be advisable to change the selling price. It might be advisable to raise it, if conditions justified, or to lower it. But the consensus of the gentlemen who were in the meeting when we were seeking to devise some way to relieve the terrible condition of the cotton farmer was that perhaps it would be better to start off with this provision, and as we are likely to be in continuous session, if things should develop so that it might be well for us to fix some definite price, we could do it by amending the law.

Mr. McGILL. Mr. President, will the Senator from Kentucky yield to me?

Mr. BARKLEY. I yield.

Mr. McGILL. I should like to have some information from the Senator from South Carolina, and I feel he would be able to furnish it.

As I understand, about 18,000,000 bales of cotton were produced in the United States last season, and I should like to be advised as to about how much of that 18,000,000 bales is still in the hands and under the ownership of the producers, the farmers who raised it.

Mr. SMITH. Mr. President, it is almost impossible to answer that question, but the best estimate that could be gotten was that between five and six million bales are still in the farmers' hands. About 3,600,000 bales are in the loan.

Mr. McGILL. Has the cotton over and above the five or six million bales been sold, or does it remain to be marketed?

Mr. SMITH. About 3,600,000 bales are in the loan, and the mills have bought a good deal, which they would not resell, of course. Some of the cotton has been already exported and is out of the country.

Mr. SMATHERS. Mr. President, I send to the desk, with the request that it be read into the RECORD, copy of a telegram directed by me to Secretary Wallace, and his reply thereto, on the subject of whether or not he favors the pending bill now under discussion.

The PRESIDING OFFICER. Does the Senator desire to have the letters read at the desk?

Mr. SMATHERS. I desire to have them read; yes.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

The following telegram was sent at 2:30 p. m., December 16, 1937:

Hon. HENRY A. WALLACE,
Secretary, United States Department of Agriculture,
Washington, D. C.:

One section of the public press quotes you as being for and another section quotes you as being against the agricultural bill now pending before the Senate. Stop. One group of Senators supporting the pending bill quotes you as being in favor of the bill while another group of Senators who are not in favor of the passage of the bill quotes you as not being in sympathy with the agricultural bill now pending before the Senate. Stop. Coming from New Jersey where we do not produce a crop to largely benefit by the act it is important for me to know in making up my mind whether to vote for or against this bill (comma) to know unequivocally whether the Department of Agriculture is for or against the agricultural bill now pending before the Senate as amended. Stop. Please wire me your answer.

WILLIAM H. SMATHERS,
United States Senator, New Jersey.

DEPARTMENT OF AGRICULTURE,
Washington, December 16, 1937.

Hon. WILLIAM H. SMATHERS,
United States Senate.

DEAR SENATOR: I believe there are many excellent points in both the Senate and House drafts of farm legislation and that there will be an opportunity for the conference committee to work out a stronger draft than either.

The criticism of the Senate bill credited to me in some of the morning papers today was directed at the price-fixing or so-called two-price or domestic-allotment type of a bill, and not at the bill reported by the Senate Agriculture Committee, except insofar as that bill might under certain conditions produce difficulties similar to those of price fixing. In my press conference of yesterday I made it clear that I felt the Senate bill as reported out by the Agriculture Committee was much more workable than these price-fixing, two-price systems, or domestic-allotment proposals. My fear of that type of bill was that it would interfere with Secretary Hull's reciprocal-trade program by requiring a complete embargo on all agricultural imports and that it would require Government licensing of all purchasers of farm products as well as all farmers selling farm products.

My views with regard to the Senate bill have been set forth in a letter which I wrote Senators POPE and McGILL.

I sincerely trust that you will vote for the most practical form of ever-normal-granary legislation to which the Senate can agree.

Sincerely yours,

H. A. WALLACE, *Secretary.*

Mr. OVERTON obtained the floor.

Mr. BORAH. Mr. President, I should like to put into the RECORD a paragraph or two in connection with this letter.

Mr. OVERTON. I am very glad to yield to the Senator from Idaho.

Mr. BORAH. I desire to read into the RECORD a statement by Secretary Wallace, found in the paper in quotations:

This is the situation as I sense it. There is a feeling that other groups use the Government's power to impose a type of scarcity for their own profit, and farmers don't see any reason why I should frown on farmers using Government power to do the same. They say "Why not meet fire with fire? Why not have a show-down?" But just because other elements do these things I don't see why the farmers should.

If we began a program like that we would have a downward spiral of scarcity. I don't see why the Government should stand for that kind of thing. As Secretary of Agriculture, my obligation is to see if something can't be worked out for farmers to cooperate in bringing about an ascending spiral of abundance instead of a descending spiral of scarcity.

I should like to have had that attached to my remarks some days ago in this Chamber upon the philosophy of scarcity, but at that time the interview had not been given and published.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. McNARY. I thank the Senator.

Mr. President, this letter from the Secretary of Agriculture——

Mr. OVERTON. Does the Senator desire to ask me a question or to address the Senate?

Mr. McNARY. I simply desire to make a remark in line with what has just been said by the Senator from Idaho [Mr. BORAH].

Some few days ago the Senator from Idaho [Mr. POPE] and the Senator from Kansas [Mr. McGILL] received a letter from the Secretary of Agriculture in which the Secretary denounced the bill. As I read the statement attributed to the Secretary in the newspaper this morning, he was against the measure. After reading the letter which the Secretary sent to the distinguished Senator from New Jersey [Mr. SMATHERS], one cannot ascertain what the Secretary's position is. I think that letter should be referred to the

Bureau of Standards for a chemical test. [Laughter.] I should like to make that motion.

Mr. OVERTON. Mr. President, I offer an amendment to the pending amendment offered by the Senator from South Carolina [Mr. SMITH], in line 3, after the word "cotton", to insert the words "from the producers of cotton."

The purpose of this amendment, Mr. President, is to benefit the individual farmer. The whole purpose of our present contemplated legislation is to benefit the farmer. If purchases are to be made by the Commodity Credit Corporation at a higher price, the producing farmer should get the benefit of the higher price.

As I suggested in my colloquy with the very able senior Senator from South Carolina [Mr. SMITH], and as has been very forcefully presented by the senior Senator from Kentucky [Mr. BARKLEY], it would serve no immediate purpose as far as the Government is concerned, representing the Nation, if we should undertake to create an artificial market in favor of the trade that has purchased cotton at a lower price. It would serve no beneficial purpose if we should undertake to raise the price of cotton in the hands of the trade after the trade has purchased it at a low price.

I am not making this statement in antagonism to the trade, but I am making it in the interest of the farmers.

According to the statement given to me by the Senator from South Carolina, there is sufficient cotton still in the hands of the farmer to buy the 6,000,000 bales out of the 1937 crop. If, however, there is not, I propose after this amendment is acted upon to offer another amendment, and in line 7 to strike out the words "of the 1937 crop", so that the amendment would read:

> The Commodity Credit Corporation is hereby authorized and directed to proceed immediately to purchase cotton from the producers of cotton in the open market, and to continue to make such purchases until the average price of seven-eighths Middling cotton on the 10 designated spot cotton markets is 12 cents per pound, or until the Corporation has purchased 6,000,000 bales of cotton.

If the Commodity Corporation is not in a position to get the 6,000,000 bales from the producing farmers by August, it will be able to get the additional quantity necessary to make up the 6,000,000 bales out of the 1938 crop.

Therefore, Mr. President, I submit the amendment. It speaks for itself.

The PRESIDING OFFICER (Mr. HATCH in the chair). The question is on the amendment of the Senator from Louisiana to the amendment of the Senator from South Carolina [Mr. SMITH].

Mr. BILBO. Mr. President, before any action is taken on the amendment offered by the Senator from Louisiana, I desire to make a few observations, because I was in part responsible for the amendment offered by the distinguished Senator from South Carolina. I wish to say to Senators from the other sections of the country that if they really want to help the distressed South here is their opportunity. I am afraid the distinguished Senator from Louisiana [Mr. OVERTON] and the Senator from Kentucky [Mr. BARKLEY] miss the philosophy of this amendment and the real purpose of it.

The purpose of this amendment is to help the farmer, the producer, and not the cotton speculator or buyer; and I think I shall be able to show Senators how it will help the farmer and help the Government.

Mr. BARKLEY. Mr. President, will the Senator yield to me in order that I may make a correction?

Mr. BILBO. I yield.

Mr. BARKLEY. In the colloquy a moment ago between the Senator from South Carolina [Mr. SMITH] and me, the suggestion was made that 6,000,000 bales at $50 would amount to $30,000,000. It would amount to $300,000,000.

Mr. BILBO. As the Senator from South Carolina has said, this proposition would not cost the taxpayers of the Government one red cent.

Mr. BORAH. Mr. President, will the Senator yield to me, so that I may ask him a question?

Mr. BILBO. I yield.

Mr. BORAH. I should like to have it more explicitly explained why it will not cost the Government anything. That is the matter which most concerns me.

Mr. BILBO. The purpose of the bill which we are trying to pass, so far as the cotton feature of it is concerned, is to eliminate the great surplus that we have on our hands, which has brought the price of cotton down now to about 7 or 8 cents a pound, and that is 7 cents below the cost of production. This cotton crop cost the cotton farmers of the South between 10 and 12 cents a pound to produce. There may be sections in the Cotton Belt where cotton was produced at 10 cents a pound, but in the great white sections of the South where the small farmers operate I know that it cost 12 cents a pound.

The Government is lending 9 cents a pound on the cotton, and already the Government has invested 9 cents for between three and four million bales of the 1937 crop; and unless something is done to boost the price of this cotton, the Government stands a chance to lose.

The proposition we are now making will enable the Government to save money on the loans it has already made.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. REYNOLDS. Will not the Senator also state whether at the same time the Government will not really have an opportunity to make something out of the investment, as well as to safeguard the loans which the Government has already made?

Mr. BILBO. That is true.

The Senator from Kentucky has an idea that the purchase of this 6,000,000 bales in the open market will help the cotton speculator. That is not true, except to a very small extent, for this reason: The cotton buyers who have bought up a part of the 1937 cotton either sell it to the mills or they export it; and a large percentage of the crop they have already bought is gone, so far as their ownership is concerned. It is out of their hands, and it cannot be bought.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. BARKLEY. I desire to ask the Senator a question. I am seeking information. I probably do not understand all I know about cotton. [Laughter.]

How do we know that the purchaser of the cotton from the farmer has gotten rid of it; that he has either exported it or sold it to the mills? The season for cotton is not old. It is new. The cotton has been picked in the fall of 1937, and much of it has been sold, but I do not know what proportion. How do we know how much has already been sold? How can we be assured that this cotton will be purchased from the farmer, and not from those who have purchased it from the farmer?

Mr. BANKHEAD. Mr. President, will the Senator from Mississippi permit me to answer that question?

Mr. BILBO. The Senator from Alabama desires to answer that question. I will yield to him because of seniority.

Mr. BANKHEAD. I am quite willing to accept the statement of the Senator from Kentucky that he probably does not understand all he knows about cotton. [Laughter.]

Mr. President, we all know, and all who are connected with the cotton trade know, that so far as the cotton buyers are concerned it would not make any difference if cotton went up 10 cents a pound between now and tomorrow night; the cotton buyers would not make anything, because the very first thing the buyers do on the day they buy the cotton is to hedge it. It will break any cotton merchant in the world not promptly to hedge his cotton. After he has finished a day's transaction in buying cotton from the farmers, that very night he hedges every bale. He sells it on the market. The Senator understands what hedging means?

Mr. BARKLEY. Yes; I know what hedging means.

Mr. BANKHEAD. He sells it on the market, so it is totally immaterial to him from the money standpoint whether the price goes up or goes down. He does not lose either way. He makes his profit not by virtue of a change

in the price of cotton but by virtue of a commission upon each unit handled by him. That is the reason why the cotton dealers are always interested in quantity and not in price.

Mr. BARKLEY. If this amendment is adopted, will the buyer continue to hedge every night?

Mr. BANKHEAD. If he buys any cotton, he will. This is the proposition: Suppose he bought his cotton; he would hedge every night at the price at which he bought it. Suppose his cost has averaged 8 cents a pound. It does not make any difference which way the price moves, whether up or down. If it moves up, he has it sold at that price, and his situation just balances itself up. He does not make anything with the rise or with the fall. If the price rises, he gets the profit on his spot cotton to overcome and offset his loss on his futures contract; and they just balance each other every day.

Mr. BARKLEY. I understand that when he buys cotton he hedges or he sells before he goes to bed, so that if the price goes up by the time he gets up the next morning he has already sold his cotton.

Mr. BANKHEAD. That is correct.

Mr. BARKLEY. But if he knows that by reason of any amendment of this sort cotton is going up, not for 1 day but for several days, perhaps for months, will he hedge then?

Mr. BANKHEAD. He will never know until after the President signs the law what will be done, and then it will be too late.

Mr. SMITH. Mr. President, I will state to the Senator that every cotton buyer in America who buys cotton hedges immediately. His profit lies in his commission. If he buys at 10 cents he sells the contract immediately.

Let us see how it works. His commissions are all fixed. He buys at 10 cents and sells at 10 cents. If he has sold, and cotton goes down a cent a pound, or $5 a bale, on his hedged contract he has made $5, but he has lost $5 on his spot. One counteracts the other.

If he has sold a good deal of cotton ahead he immediately buys a contract, so that it is called insurance. The price is fixed. He never makes 1 penny out of the spot transaction except his commission.

Mr. BARKLEY. Now let me ask about the man who does not buy actual cotton in the bale but who goes down to a broker's office and says, "Buy me a thousand bales of cotton tomorrow," not for delivery but just for speculative purposes, and he holds it for a month or 2 months, and it goes on up to 12 cents.

Mr. SMITH. We were talking about spot cotton in the hands of the farmer.

Mr. BARKLEY. Yes, of course; but does this amendment in any way deal with or have any effect upon that kind of a transaction, which is purely a speculative matter, without any delivery of the cotton being expected at all?

Mr. SMITH. I hope it will have that effect, because that man has bought a certain amount of futures, and if the price goes up it is a transaction between the futures market and him. We are after the boy in the field who has the spots, and as the price goes up he may make a profit; but in making that profit he has lifted the market, or aided in lifting it, for the benefit of the man who does not deal in futures, but who deals in actual cotton.

Mr. BARKLEY. I am anxious that the Government shall not have too many spots on it, after this transaction has been gone through, in the way of a loss by reason of purchasing the cotton at 12 cents, if the price should go up that high, and then holding it indefinitely, with the possibility of a loss. I do not think the Government should be in this business for the purpose of making money. The possibility that the Government may make a little money out of the transaction does not attract me at all. If the farmer, the man who has grown the cotton, is to be benefited, that is one thing; but if the benefit is to inure to the benefit of the man who has already bought the cotton from the farmer, that is a different thing.

Mr. OVERTON. Mr. President, may I make one observation right there?

Mr. BILBO. I yield.

Mr. OVERTON. The conclusion cannot be escaped that most of the 18,500,000-bale crop of 1937 is still in existence, and that most of it has gotten out of the hands of the farmer. Wherever that cotton is, when the price goes up it is going to benefit the present holders of the cotton; and the purchases are to be made from the present holders of the cotton, as the amendment now reads. What I desire to do is to limit the purchases to the producers of the cotton; and that will help the cotton farmer.

Mr. SMITH. Mr. President, if the Senator from Mississippi will allow me to interrupt him further——

Mr. BILBO. I shall be glad to do so.

Mr. SMITH. I wish all of us here understood the real workings of the modern cotton market. If a large amount of cotton has been bought, it does seem as if somebody would make a profit out of it. So far as the buyer is concerned, he could not do so, because, as I have said, he has hedged, and every spot transaction carries a hedge.

The dealer in futures, the one who just takes a gambling chance and buys cotton without having any hedge contemplated, may or may not make a profit; but if the market goes on up, whether by the sale of futures or by the purchase of futures, the man who has the actual spots is the one who is going to benefit by it. The mills which have their cotton are not going to sell it, and most of the cotton bought by the buyers has been sold to the mills on the hedge.

Mr. OVERTON. Mr. President, will the Senator from Mississippi further yield?

Mr. BILBO. I yield, although I do not wish to yield all of my time.

Mr. OVERTON. I desire to ask just one question of the Senator from South Carolina.

Mr. SMITH. I suggest that the Senator wait until the Senator from Mississippi concludes his remarks.

Mr. OVERTON. Very well.

Mr. BILBO. Mr. President, I am indebted to my distinguished seniors from Alabama and South Carolina and Louisiana for the very illuminating explanations they have given to my friend the Senator from Kentucky.

I wish to get this proposition over to the Senate: I think it is conceded that between 5,000,000 and 6,000,000 bales of the 1937 crop are still in the hands of the farmers, and have not been sold. That cotton is still in their possession. Between three and four million bales are in the hands of the Government on a 9-cent loan. That is still the producers' cotton. In other words, about 10,000,000 bales of the eighteen- or nineteen-million-bale crop is still in the possession of the real dirt farmer who produced it.

The PRESIDING OFFICER. The time of the Senator from Mississippi on the amendment has expired.

Mr. BORAH. Mr. President, I asked the Senator from Mississippi a question a short time ago.

Mr. BILBO. I am very sorry I did not get to it.

Mr. BORAH. I was about to say that I asked the Senator to explain how the Government could buy this cotton without any outlay of money. He was interrupted in his explanation; and I ask him if he will not now explain the matter, so that we on this side who know very little about cotton will understand how the transaction can be carried out. I shall object to being interrupted until the Senator explains.

The PRESIDING OFFICER. The Senator from Idaho yields to no one except the Senator from Mississippi.

Mr. BILBO. I have a right to surrender the opportunity to inform the Senator; have I not?

Mr. BORAH. I simply want the explanation.

Mr. BILBO. I appreciate that fact.

I was in all the conferences with the Honorable Jesse Jones, chairman of the board of the Reconstruction Finance

Corporation, in which he explained that the only thing needed to carry out this transaction would be the credit of the Government, but no actual money out of the Treasury of the United States, because the Commodity Credit Corporation could borrow all the money through his organization upon the credit of the Government, and the banks of the country were willing to advance the money on the cotton that was bought, just as they had advanced the money on the 9-cent loan. The Government has invested in only 15 percent of the nearly 4,000,000 bales on which we have loaned $45 a bale; and the same thing will happen in the purchase of the 6,000,000 bales. Mr. Jones assured us that it would not take one cent. He is a financial wizard.

Mr. McNARY obtained the floor.

Mr. BILBO. Mr. President, will the Senator from Oregon permit me to make one other statement in connection with what I was trying to get over when I was taken off the floor by the distinguished gentleman who interrupted me?

Mr. McNARY. Certainly.

Mr. BILBO. If this bill passes, it will be 2 or 3 years before the cost of production will ever be gotten out of the cotton crop of the South. This is the only chance to give the cotton producer of the South the cost of production at this time. When we assure you that it will not cost the Treasury a cent but that the Government itself will make money, and save the money it has invested or that it stands a chance to invest in the cotton, it strikes me you ought to let the amendment be adopted and go to conference and have the matter fought out there.

Mr. McNARY. Mr. President, I observe that King Cotton is on parade.

Mr. KING. Always.

Mr. McNARY. I desire again to refer to the poor, lowly wheat grower, whom I have frequently mentioned.

On line 3, after the word "cotton", I offer the following amendment:

And 30,000,000 bushels of Pacific Northwest white wheat.

Mr. President, without making an argument, I ask that the very impressive telegram which I send to the desk be read by the clerk.

The PRESIDING OFFICER. Without objection, the telegram will be read.

The Chief Clerk read as follows:

ST. PAUL, MINN., *December 13, 1937.*

Hon. CHARLES L. MCNARY,
Senate Office Building, Washington, D. C.:

Conference of farm groups have thoroughly discussed current and prospective wheat prices. Income of all wheat producers needs protection which would approve from subsidizing at this time 30,000,000 bushels of wheat out of Pacific Northwest. Wheat price to farmers at this time 30 to 40 cents below parity, with prospect of lower price level. Five or six million dollar subsidy at this time may save Government several times that amount later on if proposed farm bill becomes law and effective. Either provide wheat subsidy by amendment to farm bill or gain commitment from Secretary of Agriculture for use of funds set aside under section no. 32.

M. W. THATCHER, *for National Farmers' Union.*
NORTHWEST FARMERS' UNION LEGISLATIVE COMMITTEE.
WHEAT CONSERVATION CONFERENCE.
MINNESOTA FARM CONFERENCE BOARD.

Mr. SMITH obtained the floor.

The PRESIDING OFFICER. If the Senator from South Carolina will permit the Chair to do so, he would like to make an observation for the benefit of the Senator from Oregon. The Chair does not know whether the Senator from Oregon was aware that the Senator from Louisiana [Mr. OVERTON] had already offered an amendment to the amendment offered by the Senator from South Carolina.

Mr. McNARY. I did not, of course, understand that to be the case. I always try to observe the rules of the Senate, and I did not understand that that was so. My amendment is only in the offing now.

The PRESIDING OFFICER. The Senator from Oregon withdraws his amendment and will reoffer it later.

Mr. SMITH. Mr. President, I desire to speak on the amendment offered by the Senator from Louisiana [Mr. OVERTON].

I feel like resenting the levity that seems to characterize tonight a thing that is more tragic than all the effort we have made here for a month to try to relieve the distressed condition of the farmers. Now we come here with a very technical thing known as the cotton market. It has grown up to the point where, with the purchase of cotton and the sale of hedges either on the bear side or the bull side, either sell or buy, the farmer is wrapped up in the price he is to get. We have gotten together and attempted to work out a plan by which immediate relief could be given.

We sent for Mr. Jones, and his simple explanation was that they bought the cotton. They did it when there was a 13,000,000-bale surplus upon which 12 cents was loaned. The Government never put out one dollar. The banks took it 100 percent, with the Government's guaranty that if there was any loss in it the Government would make it good. They did not lose a dollar, and we have in this bill a proposal to redistribute to the farmers $1,800,000 made under that transaction. As the cotton is bought these debentures are extended to the banks and the banks are guaranteed 100 percent—not a dollar out.

I see men sit here and laugh as though it were a joke that 6,000,000 people today in my section of the country, by the providence of God, are deluged under a tremendous burden of cotton; and we come here with a proposition that the Government, using the facilities of the banks, shall let the cotton finance itself, as the Chairman of the Reconstruction Finance Corporation says it will do. He said:

The cotton will finance itself. I can go into the open market and buy the crop, and the banks will finance it. The only risk the Government runs is that when the time comes when the cotton must be disposed of, the Government will have to make good to the banks the difference between what they get and what they loaned.

He repeated and repeated to us that they would let the farmers have 100 percent.

Here we stand, quibbling from time to time as to what this would cost. Here we have parity price provided for, and we argue back and forth whether it would cost the Government $500,000,000 or whether it would not cost more than $400,000,000.

Here is a proposition which, if the bill is worth the paper it is printed on, is simply anticipating the effect of the bill. If the bill works, the Government has taken no risk, unless in the succeeding 2 or 3 years the farmers repeat this tremendous crop of cotton. If the bill does not work, the Government has taken a risk.

All I am asking you to do is to give the Reconstruction Finance Corporation and the Commodity Credit Corporation authority to go into the market and lift off this tremendous burden of the surplus, give your bill an opportunity to work, give the farmers an opportunity to meet the situation by reducing their crop, and not leave them to wait for perhaps 2 years before the price can revive to a point where they can have something to buy with.

That is all there is to it. Oh, yes; it is a great joke when we come here with a serious proposition to relieve our people, but it was not a joke when an effort was made under the Soil Conservation Act to prevent somebody from competing with somebody else. The mills of New England tonight are running only one-third time; and why? It is because orders are being canceled and they have no assurance of where the price is going or what is going to happen. In my section of the country we are being asked to take certain action that will at least stabilize the price and let the mills know what they can depend upon.

They do not know, with this tremendous surplus on hand and no effort on the part of the Government to relieve them or to impound the surplus, but what the price may go down to 4 or 5 cents. Consequently orders are being canceled and warehouses are being stacked up with goods and the mill hands are being turned off, and yet in the face of that tragedy, in the face of an honest effort on our part to relieve the situation without going into the Federal Government, it becomes a joke.

Mr. President, here is an opportunity for us to do an immediate service to a great section of our people who have held the balance of trade in favor of the United States for 70 years.

The sale of cotton abroad has always kept the balance of trade favorable to the United States, and yet because it happens to be beyond that border line in the South it is considered a joke.

If wheat was in this condition and the wheat people were to say, "We can take 200,000,000 bushels of wheat off the market without any cost to the Government and it will help us," does anyone think I would not vote for it? But the minute we mention the South—I hate to mention that again—it angers me when I see the indifference of this body toward the producers of cotton, and only an effort made to apply all the technicalities possible, when our proposal involves nothing more than a helping hand without any actual cash outlay on the part of the Government.

Mr. BANKHEAD. Mr. President, I look upon the amendment offered by the Senator from South Carolina [Mr. SMITH] as holding out the best assurance of help to the distressed cotton growers of anything else contained in the bill. The principle underlying his proposal harks back to the days of the McNary-Haugen bill and is based upon the same fundamental principle that secured the approval of both Houses of Congress twice but each time fell under the hand of the veto of President Hoover.

The underlying principle in that program, which was fought out and discussed and considered throughout the country, was the purchase of nonperishable exportable commodities, taking them out of the market when the market was unduly depressed with a burdensome surplus. The method of financing was by an equalization fee which to be levied upon the farm commodities and the money used for buying those commodities out of the market. President Coolidge maintained that that would be unconstitutional and unauthorized, and vetoed the measure.

The difference involved here is one of financing—not the principle of buying surpluses under proper conditions to protect the welfare of great areas of the country and large elements of our population. The difference is the method of financing. Instead of an equalization fee, it is proposed here to buy the cotton out of the market. It has been explained that in conferences with Mr. Jesse Jones, President of the R. F. C., a man whose financial talent, resourcefulness, soundness, and success in the handling of Government money has been amply tested and proven, Mr. Jones laid down to representatives of the cotton States the principle that this matter could be financed without expense to the Government.

Cotton is considered a good, safe security. It can be held indefinitely. The time can be bided until market conditions are satisfactory, and ultimately the money can be gotten out of it safely. The banks are anxious to carry loans upon cotton. There are probably 4,000,000 or 5,000,000 bales of cotton under the 9-cent loan, most of which is carried by the banks. No money is sought from the Federal Treasury.

What would be the financial result to the Government? Let us look at this thing seriously and as businessmen because it involves suffering and desperate people by the millions. Here was the most unexpected surplus from a 2-years' crop, with the consumption both at home and abroad decreased, with market demands for that cotton diminished, with the cotton mills slowing down everywhere, so that instead of getting better, our situation is getting worse. Can we take a sufficient quantity of that cotton off the market to relieve the situation without at the same time bringing improper burdens upon the Federal Treasury? The money is available.

How will the matter operate? I submit that the Government, instead of being at an expense, will make money out of the transaction. In the first place, we buy in the market with prices at the lowest. As the price goes up, whatever cotton is bought at a lower price gives the Government a profit. The average finally will give the Government the profit upon half of its purchases.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. MCGILL in the chair). Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BANKHEAD. I yield.

Mr. NORRIS. How long does the Senator estimate the Government would have to hold the cotton before it would be possible to sell it on the market?

Mr. BANKHEAD. I am glad the Senator asked the question. It is a proper question. It is a necessary consideration in determining the status of the Government from the financial standpoint.

I want the Senator to bear in mind that we are in a different situation, assuming the passage of the bill, than were the wheat or cotton growers during the days of the Federal Farm Board. There an attractive price was fixed. Loans were made on cotton, I think, at 18 cents a pound. I do not know how high wheat was.

At any rate an attractive price was fixed. I never condemned the Farm Board. I thought they acted as best they could on the formula given them by Congress. At any rate, they undertook that stabilizing transaction with no power to regulate or control in any way the quantity of the commodity to be produced and tendered to them or upon the markets at the price fixed by the Farm Board.

Here we have a straight compulsory regulation, so far as cotton is concerned, which presents an entirely different situation. It is within the power of the Government itself to fix the size of the crop so that if the Government next year will reduce the size of the crop, as we have all frankly and openly talked about doing, to around 10,000,000 bales, and assuming a 13,000,000-bale consumption, that would take 3,000,000 bales the first year out of the surplus or carry-over. Assuming the same transaction for 2 years we would have taken 6,000,000 bales out of the surplus and would have brought the carry-over down to around 7,000,000 bales, so that the burdensome carry-over will have disappeared and the Government still would be in a position to continue control and adjust the supply so as to feed the cotton into the market.

I think 2 or 3 years will close it up notwithstanding the present great depressing surplus.

Mr. NORRIS. Suppose it takes 6 years; how much interest will the banks have to have?

Mr. BANKHEAD. There is a profit. That is one of the items of profit for the Government.

Mr. NORRIS. The Government is not going to put up the money?

Mr. BANKHEAD. The banks are going to put it up.

Mr. NORRIS. They must have interest; must they not?

Mr. BANKHEAD. The Commodity Credit Corporation enters a charge against the cotton of 4 percent interest. The banks take it at 2½ percent interest or less.

Mr. NORRIS. How much will it cost to store and insure it in the meantime?

Mr. BANKHEAD. There is pretty cheap storage now.

Mr. GEORGE. Mr. President——

Mr. BANKHEAD. I yield to the Senator from Georgia.

Mr. GEORGE. I may suggest to the Senator from Alabama that the Commodity Credit Corporation is now carrying the cotton on an average of about 15 cents per bale per month. That includes storage and insurance. The price has varied from approximately 25 cents a bale per month to approximately 15 cents per bale per month.

Mr. BANKHEAD. That, of course, is a very low carrying charge. As I said, they get the difference in the interest charged the farmers who have the cotton under loan, but these purchases will not be under loan. It will simply be a straight carrying charge with the interest at 2½ percent or less per annum. The banks are carrying the cotton tendered them and are delighted to get it.

There is another consideration about which we should think from the Government standpoint.

One consideration is the loss they now have upon the 9-cent loans. The present farm price of cotton is below 8 cents, as it is in the interior markets, where the cotton is stored, so there is a loss of at least $5 a bale on every

bale of cotton. There are probably five or six million bales of cotton under the loan. If the price of cotton is not put up above 9 cents, plus the carrying charges, then the Government will have a loss on that large quantity of cotton, because the loans are nonrecourse loans, and there is a possibility of loss of the interest and the carrying charges, together with the spread between the market price, now below 8 cents, and 9 cents a pound. So it is to the financial interest of the Government to take a sufficient quantity out of this carry-over, or surplus, to help bring the price up so that in the market the cotton under loan will bring at least the amount of the outlay the Government has on account of it.

There is one other consideration from the standpoint of the Government; that is the situation with reference to the adjustment payments, the 3-cent payments, or the spread between 12 cents and the average price on the 10 spot markets.

If the price of cotton is run up anywhere above 9 cents a pound, the Government will save money in its adjustment payments. They have agreed to pay the difference. Twelve cents is the ceiling, 9 cents the lowest figure. The difference, therefore, is 3 cents a pound. It is commonly spoken of as the 3-cent adjustment payment, which Congress authorized at the last session.

If the price of cotton is raised to 10 cents a pound, the Government will save the difference between 9 cents and 10 cents on each bale of cotton in the adjustment payment plan, or $5 a bale. So there would be a profit to the Government on the adjustment payments; there would be saved the loss on the five or six million bales under the loan; there would be the profit on the cotton the Government buys at the lower rate, and there would be the difference in interest which the Government earns.

I submit, Mr. President, that this is the one opportunity to render a great and helpful service in this matter, and upon a sound principle. I think it ought to be established as a permanent program, just as was sought to be done under the McNary-Haugen bill. I think the rule ought to be established. There never has been a better opportunity on earth to fairly and squarely and honestly adjust it, because the power is turned over to the Government to adjust the supply, to regulate and control, through the national marketing quota, the volume of cotton to be put on the market each year, and in that way to protect the Government until it shall have disposed of the cotton which it is contemplated taking under this purchase program.

Mr. President, I hope, therefore, that the Senate will see its way clear to give us this opportunity to work the matter out, let the measure go to conference under the wise amendment offered by the Senator from Louisiana, and give us an opportunity to see if we cannot work it out in some way. I think it is already well worked out for the protection of the Government, and we can work it out in any other way that may seem wise.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. McKELLAR. Mr. President, I wish to ask the Senator from Alabama a question about the amendment of the Senator from Louisiana on page 3, where it is proposed to strike out the words "purchase cotton" and strike out the words "in the open market and" and substituting the words "from producers of cotton."

Mr. OVERTON. Mr. President, the Senator has misread the amendment. I propose to strike out no words at all. On line 3, after the word "cotton", I propose to insert the words "from producers of cotton", so that the purchases will be made from producers of cotton.

Mr. McKELLAR. The effect would be the same.

Mr. BANKHEAD. I understand that.

Mr. McKELLAR. I should like to have the opinion of the Senator from Alabama about this particular amendment. I think it is an excellent amendment, and I think there is enough cotton in the hands of the producers at the present time, or in their control, so that it is possible for the Government to buy 6,000,000 bales from them. I hope the amendment will be accepted.

Mr. OVERTON. From all sources of information it appears that there is undoubtedly a very large quantity of cotton in the hands of the producers. It has not gone into the channels of trade, as the cotton trade frankly say, because of the disgustingly low price. Much of it has not gone out of the cotton loan. The farmers are just sitting waiting, they are in distress, they are in consternation and confusion, and they are holding very, very large quantities of cotton according to all information that comes to all of us who are connected in an intimate way with the cotton situation, waiting for some possible chance.

Mr. BORAH. Mr. President, I should like to ask whether the amendment offered by the Senator from Louisiana is satisfactory to the proponents of the bill?

Mr. SMITH. Mr. President, there seems to be some misapprehension, as I am sponsoring the amendment. I will be very glad to accept the amendment so as to leave the purchasers of this cotton personally to exhaust the supply from the producers.

Mr. BANKHEAD. Mr. President, I hope the Senate will let this matter go to conference.

Mr. McNARY. Mr. President, I suggested an amendment a few moments ago, but I was thwarted by the fact that the Senator from Louisiana had proposed an amendment. I now understand that his amendment has not been accepted, so I think the one I shall now propose will be in order. I propound that as a parliamentary inquiry.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). The amendment of the Senator from Oregon would be in order.

Mr. McNARY. After the word "President" and the period, on line 11, I suggest the insertion of the words "also the Commodity Credit Corporation is hereby authorized and directed to proceed immediately to purchase 30,000,000 bushels of Pacific Northwest white wheat, to be disposed of according to rules and regulations promulgated by the Secretary of Agriculture."

Mr. SMITH. Mr. President, will the Senator yield?

Mr. McNARY. I shall be very happy to yield, but at the proper time.

In support of this proposal I hark back to the telegram I had read a few moments ago from some of the wheat growers in the great fertile region of the Pacific Northwest.

I now yield to the Senator from South Carolina.

Mr. SMITH. Mr. President, I will be very glad to accept the amendment if my friend the Senator from Oregon feels that the wheat people are in as dire distress as are the cotton people. I shall be delighted to accept it.

Mr. McNARY. I can frankly say that I think they are very much worse off than are the cotton producers. I am not asking the amiable Senator to accept my amendment. I propose it and we will let it take the usual course.

Mr. McGILL. Mr. President, will the Senator from Oregon yield to me?

Mr. McNARY. I yield.

Mr. McGILL. Does the Senator from Oregon provide in his amendment a minimum price at which the wheat may be sold after it is purchased?

Mr. McNARY. No; I am leaving that, as in the pending bill, to the great judgment, the insuperable judgment, the immaculate judgment, of the Secretary of Agriculture.

Mr. McGILL. If the Senator from Oregon does not have a minimum price provided at which the wheat could be sold, would not his proposal necessarily have the effect of depressing the market after the wheat had been purchased, if it were salable at any time at any price?

Mr. McNARY. No, Mr. President. The Senator from Oregon well remembers, and I think the Senator from Kansas will when I refer to it, that the white wheat is soft wheat, out of which are made pies and cakes, the bulk of which are disposed of west of the Rocky Mountains and in the oriental countries, and it does not come in competition with the hard wheat of Kansas and the eastern regions. So I assure the

Senator from Kansas that this is not competitive in any way. It is just in line with the proposal made by the Senator from South Carolina.

Mr. McGILL. Mr. President, when the amendment of the Senator from South Carolina was first printed and placed on the desks of Senators, it occurred to me that there was just as much logic in purchasing surplus wheat, thereby attempting to raise the market price of wheat at this time, as there would be in purchasing a quantity of the surplus cotton. After I deliberated upon the matter and had prepared an amendment to be proposed to the amendment of the Senator from South Carolina, I arrived at the conclusion that such purchase of wheat would be unwise. In my judgment we would do nothing more nor less than contribute to an increase to whatever surplus might exist at the beginning of the next marketing year. I think that would be the effect not only at that time with regard to wheat but that the Senator's proposal to buy cotton will have the same effect on that commodity.

In addition to that, in my judgment the holding of wheat in the hands of this corporation, to be disposed of at any time or holding cotton in the hands of the corporation to be disposed of at the discretion of the President, in whose judgment I have as much confidence as anyone here, would have a depressing effect on market prices from the time the amendment was adopted and the commodity purchased.

I cannot support either proposal. I cannot support the proposal of the Senator from South Carolina, as much as I should like to do so, since he has earnestly advocated its adoption. I certainly cannot support the proposal of the Senator from Oregon, which would place wheat in the hands of this corporation to be subject to sale at any time at any price, and which would continuously have the effect of depressing market prices.

I hope the Senate will see fit to reject not only the amendment proposed by the Senator from Oregon but also the amendment proposed by the Senator from South Carolina.

Mr. HATCH. Mr. President, I am opposed to the amendment offered by the Senator from Oregon. In the State of New Mexico considerable wheat and some cotton are raised. The conditions of the wheat market are altogether different from those in the cotton market today. It may be that if we have a large wheat crop next year the wheat farmers of the Nation will be here asking for exactly the same relief that is being sought by the cotton farmers today, and at that time it might be proper to take some such action as is proposed, but it certainly is not proper now, in my opinion, to include wheat in the amendment.

Mr. President, I see an altogether different situation as to cotton.

I shall not go into the arguments that have been advanced here throughout the course of the debate on this bill. Neither shall I restate conditions in the cotton industry, which have been so graphically portrayed here throughout the various days of this debate. But everyone who knows anything at all about cotton knows that today cotton cannot be sold for what it cost to produce it. That, Mr. President, is the big difference between the situation in cotton and wheat and any other grain. Cotton cannot bring to the producer that which it has cost him to make the crop today.

Mr. President, we are establishing and we have all talked about the ever-normal-granary plan. We have said what a wonderful thing it is. It has been extolled on both sides of this Chamber. It has been stated that whenever any agricultural commodity is below the cost of production, the Government should aid the farmer in storing up the excess supply, so that it should not be a weight and burden on the market to drag down the prices of commodities which are necessary for our consumption.

The Secretary of Agriculture favors the ever-normal-granary plan; and I ask Senators seriously—not laughingly or jokingly, but I ask them seriously—when would there ever be a better time to start the ever-normal granary with respect to cotton than now, today, at this time?

The simple amendment offered by the Senator from South Carolina does that very thing. It takes 6,000,000 bales of cotton out of the market and puts it in an ever-normal granary, where it can be stored and kept until this excess supply is done away with, and then it can be gradually worked into consumption without loss to the Government and with profit to the producer.

Is there anything extreme or radical about that proposition? If Senators believe in an ever-normal-granary plan, they believe in it now for cotton. That, Mr. President, is, in substance, what I think about this amendment. If we believe in the philosophy of this bill at all, we believe in this amendment. If we do not believe in the amendment, we do not believe in the philosophy of the bill.

Mr. President, so far as I myself am concerned, I want to say that I do not believe fundamentally in the philosophy of curtailment and controlled production; but I recognize that extreme times come upon us, times of emergency, when the only way we can meet the emergency is by adopting some drastic provision which we might not be willing to adopt as a permanent proposition. So far as cotton is concerned, I repeat that anyone who knows anything at all about cotton knows that that emergency exists now, and justification exists for adopting a program of curtailment to meet the emergency in which we now are.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. BARKLEY. What effect would the adoption of the amendment as it is now drawn, and its administration to the extent of purchasing the 6,000,000 bales, have upon the necessity for making loans in the future upon surpluses that may occur in future crops?

Mr. HATCH. I think it possibly would have the effect of doing away with that necessity in the future.

Mr. BARKLEY. It occurred to me that that might be the result if the amount of cotton provided for in the amendment as it is now before the Senate should be agreed to. That does offer in my mind some mitigation of whatever other defects might possibly be attached to it.

Mr. HATCH. Let me say something else about the amendment and concerning the plan upon which we are embarking. We might just as well speak frankly, for all of us should at least understand the situation.

We are saying to the cotton farmer that it is going to be necessary to reduce his acreage next year, not only substantially but perhaps as much as 35 or 45 percent. The thing we are offering to the cotton farmer is that reducing his acreage will bring him a better price. That is all that the cotton farmer is going to get out of it.

The reason I say that that is all, Mr. President, is that if Senators have made any study of the moneys which will be available under this bill they will see that the parity payment, or the payment on parity, will be so small that the only substantial return the cotton producer can get will be in an advance in price. I say that unless this amendment is adopted, or some similar plan is evolved by which this excessive supply can be removed from the market, the curtailment program itself will fail next year, because the surplus next year will still be so great that the price of cotton is bound to be down, and down perhaps even lower than it is today, and all of our work and all of our efforts will be a complete failure unless something is done to take that dead weight off the market.

Mr. President, the advantage of this proposal over the old Federal Farm Loan Board is simply that we have a limit fixed here beyond which the cotton will not be sold. The cotton is removed, and the trade knows that it is removed. It will not come back on the market until it reaches 12 cents a pound. That is the limitation that makes the plan a success. That plan operates in connection with the curtailment program. It takes them both to be successful. If we take away either, the other necessarily fails. That is the reason why I began, Mr. President, by saying that this amendment should be considered in all seriousness if Senators believe at all in the principles of this measure.

Mr. BORAH. Mr. President, I am not sure but that I have spoken already on this amendment.

The PRESIDING OFFICER. The Senator from Idaho has not spoken on the amendment. The Senator is recognized for 15 minutes.

Mr. BORAH. Mr. President, I was hopeful that the amendment offered by the Senator from South Carolina might be voted upon on its own merits. I should not want to vote for the wheat amendment for the reason that with no price fixed at which the wheat will be disposed of it will necessarily depress the market.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. McNARY. My attention is called to the fact that I overlooked a matter in connection with my amendment to the amendment of the Senator from South Carolina. I desire to perfect my amendment. After the words "disposed of" I wish to insert "at not less than the parity price therefor," which gives the commodity a price which will probably stabilize the market and meet the conditions of this bill.

Mr. BORAH. Not less than what?

Mr. McNARY. Parity price.

The PRESIDING OFFICER. The Senator from Oregon has the right to modify his amendment, and it will be modified accordingly.

Mr. BORAH. Mr. President, I am sorry to say that I am still opposed to the wheat amendment. I should like to have a vote singly on the cotton amendment. I think cotton is in a different situation. A different program may be adopted with reference to it than with reference to almost any other commodity.

Mr. President, the Senator from South Carolina [Mr. SMITH] sometime ago was of the opinion that this proposal had met with derision. I do not think so. I think he entirely misinterpreted the situation. The only thing we were interested to know was how the proposition could be floated without an actual outlay from the Government. I am now advised that Mr. Jones states that it can be financed, the program can be carried through, without a dollar's expenditure by the Government. If that is the statement of Mr. Jones, and it is made here upon the floor as his statement, so far as I am concerned I am willing to follow Mr. Jones in this matter; but I do not want to vote on the amendment with the wheat proposal tied to it.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. HATCH. In fairness to the Senator from Idaho, I think he should know what Mr. Jones' views are. If I am wrong, I shall ask to be corrected. Mr. Jones did state substantially what has been said here tonight about finances; but the opinion of Mr. Jones was that the Government should continue buying only until cotton reached 10 cents a pound. Did he not say that?

Mr. SMITH. He said he thought perhaps that would be the better figure. We were of the opinion that as the Government had already committed itself to 12 cents, it would be safer to put the figure at 12 cents.

Mr. HATCH. I realize that that is the opinion of the Senator from South Carolina; but in view of the fact that Mr. Jones' thought has been expressed here, I thought it only fair that the complete statement should be made. I myself believe that it would be better to follow Mr. Jones' advice and stop purchasing cotton when it reaches 10 cents a pound. I think I shall offer an amendment to change the 12 cents to 10 cents. I think in many ways it would be more advantageous. However, there is an amendment pending, and I cannot offer the amendment now; but I make that suggestion.

Mr. SMITH. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. SMITH. The Senator confirms the statement that Mr. Jones said he could finance this transaction without taking money out of the Treasury?

Mr. HATCH. Absolutely.

Mr. BORAH. Mr. President, I have said all I desire to say. My regret is, and I repeat it, that the cotton amendment cannot be permitted to be voted on by the Senate singly.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Oregon [Mr. McNARY] to the amendment offered by the Senator from South Carolina [Mr. SMITH]. [Putting the question.] The noes seem to have it.

Mr. McNARY. Mr. President, I ask for a division. I ask also that the names of those rising on either side of the question shall be recorded.

The PRESIDING OFFICER. The Chair is not advised of any such parliamentary procedure.

Mr. McNARY. That is a procedure which has been invoked here on several occasions. Otherwise, I shall have to call for the yeas and nays.

The PRESIDING OFFICER. The Senator from Oregon has the right to demand the yeas and nays.

Mr. McNARY. Then I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KING. Mr. President, I shall vote for the amendment offered by the Senator from Oregon, though not because I believe in the policy if it were adopted, for I should then vote against the amendment of the Senator from South Carolina, which would include the cotton proposition. In other words, I am opposed to this whole policy. I am opposed to having the Federal Government project itself into the cotton or wheat fields for the purpose of purchasing either cotton or wheat or other commodities; but if we are to have cotton purchased, there is no reason why we should not have wheat purchased.

I shall vote for the Senator's amendment; but, then, if the amendment is adopted, I shall vote against the entire amendment which has been offered by the Senator from South Carolina.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present and voting he would vote as I am about to vote. I therefore feel at liberty to vote, and vote "nay."

The roll call was concluded.

Mr. BYRD. I announce the general pair of the Senator from Virginia [Mr. GLASS] with the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. MINTON. I announce the general pair of the Senator from Rhode Island [Mr. GREEN] with the Senator from Kansas [Mr. CAPPER].

The Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from New Hampshire [Mr. BROWN], the Senator from South Dakota [Mr. BULOW], the Senator from Nebraska [Mr. BURKE], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Ohio [Mr. DONAHEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Virginia [Mr. GLASS], the Senator from Rhode Island [Mr. GREEN], the Senator from West Virginia [Mr. HOLT], the Senator from Illinois [Mr. LEWIS], the Senator from Kentucky [Mr. LOGAN], the Senator from Connecticut [Mr. LONERGAN], the Senator from California [Mr. McADOO], the Senator from Arkansas [Mr. MILLER], the Senator from New Jersey [Mr. MOORE], the Senator from Florida [Mr. PEPPER], the Senator from Nevada [Mr. PITTMAN], the Senator from Washington [Mr. SCHWELLENBACH], the Senator from New Jersey [Mr. SMATHERS], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], and the Senator from Montana [Mr. WHEELER] are unavoidably detained from the Senate.

The result was announced—yeas 19, nays 48, as follows:

YEAS—19

Austin	Hale	Lundeen	Overton
Bankhead	Harrison	McKellar	Smith
Berry	Hitchcock	McNary	Steiwer
Bridges	King	Murray	Van Nuys
Frazier	Lee	Nye	

NAYS—48

Adams	Connally	Hayden	Pope
Andrews	Copeland	Herring	Radcliffe
Ashurst	Davis	Johnson, Colo.	Reynolds
Barkley	Dieterich	La Follette	Russell
Bilbo	Duffy	Lodge	Schwartz
Bone	Ellender	McCarran	Sheppard
Borah	George	McGill	Thomas, Utah
Brown, Mich.	Gerry	Maloney	Townsend
Bulkley	Gibson	Minton	Truman
Byrd	Graves	Neely	Vandenberg
Byrnes	Guffey	Norris	Wagner
Chavez	Hatch	O'Mahoney	Walsh

NOT VOTING—29

Bailey	Gillette	Lonergan	Smathers
Brown, N. H.	Glass	McAdoo	Thomas, Okla.
Bulow	Green	Miller	Tydings
Burke	Holt	Moore	Wheeler
Capper	Hughes	Pepper	White
Caraway	Johnson, Calif.	Pittman	
Clark	Lewis	Schwellenbach	
Donahey	Logan	Shipstead	

So Mr. McNARY's amendment to Mr. SMITH's amendment was rejected.

The PRESIDING OFFICER. The question recurs on the amendment offered by the Senator from South Carolina [Mr. SMITH].

Mr. NORRIS. On that I call for the yeas and nays.

Mr. LEE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state his parliamentary inquiry.

Mr. LEE. I understood that an amendment was offered by the Senator from Louisiana [Mr. OVERTON] to the amendment of the Senator from South Carolina.

The PRESIDING OFFICER. The Chair will state that that amendment has been adopted and has become a part of the original amendment.

Mr. HATCH. Mr. President, in line 6 of the amendment, I move to strike out the figures "12" and substitute the figures "10", so as to read "10 cents per pound", instead of "12 cents per pound."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico to the amendment offered by the Senator from South Carolina.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. SMITH], as amended.

Mr. TRUMAN. Mr. President, is the amendment of the Senator from South Carolina still open to amendment?

The PRESIDING OFFICER. It is.

Mr. TRUMAN. I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Missouri to the amendment offered by the Senator from South Carolina will be stated.

The CHIEF CLERK. At the proper place in the amendment it is proposed to insert the following:

One hundred million pounds of copper to be purchased at 8 cents per pound and not to be sold for less than 10 cents per pound; 15,000,000 pounds of lead to be purchased at 6 cents per pound and not to be sold for less than 7 cents per pound; 100,000,000 bushels of wheat to be bought at $1.25 and not to be sold for less than $1.50 per bushel; 500,000,000 bushels of corn to be bought for 75 cents per bushel and not to be sold for less than $1 per bushel if the 1938 corn crop exceeds 2,500,000,000 bushels; 2,000,000 pounds of cheese at 19 cents and not to be sold for less than 25 cents; 2,000,000 pounds of butter at 20 cents and not to be sold for less than 30 cents per pound; 750,000,000 board feet of Douglas fir lumber at not less than $25 per thousand board feet and not to be sold at less than $27.50; 8,000 carloads of apples at $1,000 per car and not to be sold for less than $2,000 per car; 100,000 cases of Wisconsin peas at 83 cents and not to be sold for less than $1.50 per case; 10,000,000 pounds of wool at 40 cents to be sold at not less than 50 cents per pound.

[Laughter.]

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri to the amendment offered by the Senator from South Carolina.

Mr. SMITH. Mr. President, I hope all those who care to do so will enjoy to the fullest this glorious piece of wit in the face of the terrific condition that exists outside of the Senate Chamber. We have been here for a month trying to relieve what is called the distressed condition of the farmer; and now this absurd effort is made to ridicule a condition which, if we individually had to face it, would be another proposition!

Go out into the regions where the farmers make this stuff—with their bare homes, with their scanty provisions—and then, if you want to do so, make it a laughingstock. Yes; if those of you who sit in the galleries and those of you who are on the floor of the Senate think the condition we are trying to remedy by this bill, and specifically by the amendment I have proposed, goes to the heart of one of the tragic things with which we are confronted, go on record, if you want to do so, as being in a hilarious frame of mind over this tragedy, as ridiculing the distress of the man whose home is to be sold, to whose home Santa Claus will not come, whose feet are on the bare ground. Yet it is all a mere joke, and you show your amusement by proposing to buy lead and copper and zinc!

Mr. TRUMAN. Mr. President, the wheat farmers and the corn farmers and the cattle growers and the men who produce lead and zinc and copper are in exactly the same condition as those who raise cotton. If the Senator from South Carolina wants to buy this cotton which is now in the hands of the cotton speculators, it is just as sane and sound to buy the things I have asked to have added to his amendment.

Mr. SMITH. Then why, in the name of Heaven, did not the Senator include them in the bill?

Mr. TRUMAN. I do not think it ought to be done, and I am going to vote against the amendment and against my own proposal as well.

Mr. SMITH. Mr. President, I just want to register my protest against the Senate of the United States making a joke of the tragedy that confronts those who have kept the Senate here for a month trying to frame a bill to bring about relief. If you want to scrap the whole thing, if you want to say to the farmers, "We will build up tariff walls and protect industry," if you want to say to the relief people, "We will pour out a billion five hundred million dollars for relief, but we will just make a joke of you who feed and clothe the Nation," I would to God that the farmers were organized as labor is organized!

Mr. TRUMAN, Mr. BRIDGES (and other Senators) addressed the Chair.

The VICE PRESIDENT. Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I yield to the Senator from Missouri.

Mr. TRUMAN. I am just as much interested in the cotton farmer as is the able Senator from South Carolina.

Mr. SMITH. Well, the Senator has a very poor way of demonstrating it.

Mr. TRUMAN. We raise cotton in Missouri just as well as it is raised in South Carolina, and we raise a little bit more of it to the acre. We are doing everything we possibly can in this bill for cotton, and I want to go just as far as I can; but I think you are going too far with it.

Mr. BRIDGES. Mr. President, will the Senator from South Carolina yield?

Mr. SMITH. Yes; I yield.

Mr. BRIDGES. Does the Senator think it is any more of a crime to buy cheese and thereby help out the dairy farmer than it is to buy some other commodity?

Mr. SMITH. Well, if I may judge from the character of the men that I see here, I think perhaps we might substitute cheese for some heads to the great benefit of the Senate. [Laughter.] But, be that as it may, here we have a specific proposition, and one that has been shown to be very practical in its solution; and yet the weapon of ridicule is invoked. So far as I am concerned, it is a matter of unspeakable humiliation to think that the people I represent are not shown more respect than this body is evidencing tonight.

Mr. KING. Mr. President, will the Senator permit a question?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Utah?

Mr. SMITH. I yield.

Mr. KING. As I understand, the proposal now before us came from the floor of the Senate and not from the committee.

Mr. SMITH. No; the proposal came from a body of men who got together, those of us who were trying to solve the cotton problem.

Mr. KING. Why was it not brought to the attention of the committee? Why was it not reported as a part of the bill if it is so important?

Mr. SMITH. The reason for that was that we were trying to devise some means by which the situation could be relieved, and this method occurred to some of us, so we got together and fashioned the proposal. We called in Mr. Jesse Jones and got his advice before we submitted it.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Missouri to the amendment of the Senator from South Carolina.

Mr. ASHURST. Mr. President, of course merriment naturally ensued upon the reading of the amendment submitted by the able Senator from Missouri [Mr. TRUMAN], but no merriment came from me or my colleague when we heard read the proposal to purchase 100,000,000 pounds of copper. Had I evidenced any merriment upon that proposition the constituency which I in part represent would have rebuked me in a way that I would remember.

Arizona produces one-sixth of the copper of the world. Fifty percent of all the taxes paid in Arizona are paid by the copper industry. Fifty-two percent of all the wages paid in Arizona are paid by the copper industry. If it be right and just and proper to valorize and fix the prices of wheat and other commodities, it is right and just and proper to fix the price of and valorize copper. The copper industry of Arizona does not want a bounty, a gift, a grant out of the Federal Treasury. That industry asks no money from the Federal Treasury.

The copper smelters in Arizona which are treating copper ores are now reducing their forces. The copper mines are reducing their forces. The distress and the misery so eloquently depicted by the able senior Senator from South Carolina [Mr. SMITH] may be duplicated in the copper-producing States. All that the copper miners have ever asked, all that the copper producers have ever asked, is a protective tariff on copper. Give the copper industry a protective tariff on copper and that industry will not ask the United States for a penny in the way of relief. But, unfortunately, such a tariff has been denied. I said here in 1930, in 1932, and in 1934, give this industry a protective tariff on copper and it will not ask relief.

It may be said that in urging a tariff on copper imported into the United States I have abandoned the Democratic Party. Not at all. I say for the tenth time on the floor of the Senate that the protective-tariff system did not originate with the Republican Party. It originated with James Madison, Thomas Jefferson, and Andrew Jackson. When the Arizona Senators urge a tariff on copper or any other commodity, they are standing on the early fundamental principle of the Democratic Party.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri to the amendment of the Senator from South Carolina.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Carolina as amended.

Mr. DUFFY. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand if he were present he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. BARKLEY. The Senator from Arkansas [Mrs. CARAWAY] is paired with the Senator from Maryland [Mr. TYDINGS]. If present, the Senator from Arkansas [Mrs. CARAWAY] would vote "yea," and the Senator from Maryland [Mr. TYDINGS] would vote "nay."

The Senator from South Dakota [Mr. BULOW] has a general pair with the Senator from Kansas [Mr. CAPPER], and the Senator from Virginia [Mr. GLASS] has a general pair with the Senator from Minnesota [Mr. SHIPSTEAD].

If present, the Senator from Illinois [Mr. LEWIS] and the Senator from Rhode Island [Mr. GREEN] would vote "nay."

The Senator from Delaware [Mr. HUGHES] is detained from the Senate by illness.

The following-named Senators are unavoidably detained:

The Senator from North Carolina [Mr. BAILEY], the Senator from New Hampshire [Mr. BROWN], the Senator from South Dakota [Mr. BULOW], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Ohio [Mr. DONAHEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Virginia [Mr. GLASS], the Senator from Rhode Island [Mr. GREEN], the Senator from West Virginia [Mr. HOLT], the Senator from Illinois [Mr. LEWIS], the Senator from Kentucky [Mr. LOGAN], the Senator from Connecticut [Mr. LONERGAN], the Senator from California [Mr. MCADOO], the Senator from Arkansas [Mr. MILLER], the Senator from Indiana [Mr. MINTON], the Senator from New Jersey [Mr. MOORE], the Senator from Florida [Mr. PEPPER], the Senator from Nevada [Mr. PITTMAN], the Senator from Washington [Mr. SCHWELLENBACH], the Senator from New Jersey [Mr. SMATHERS], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], the Senator from New York [Mr. WAGNER], and the Senator from Montana [Mr. WHEELER].

The result was announced—yeas 26, nays 39, as follows:

YEAS—26

Andrews	Byrnes	Hatch	Overton
Ashurst	Connally	Hayden	Reynolds
Bankhead	Ellender	Lee	Russell
Barkley	Frazier	Lundeen	Sheppard
Berry	George	McCarran	Smith
Bilbo	Graves	McKellar	
Borah	Harrison	Murray	

NAYS—39

Adams	Dieterich	La Follette	Radcliffe
Austin	Duffy	Lodge	Schwartz
Bone	Gerry	McGill	Steiwer
Bridges	Gibson	McNary	Thomas, Utah
Brown, Mich.	Guffey	Maloney	Townsend
Bulkley	Hale	Neely	Truman
Burke	Herring	Norris	Vandenberg
Byrd	Hitchcock	Nye	Van Nuys
Chaves	Johnson, Colo.	O'Mahoney	Walsh
Copeland	King	Pope	

NOT VOTING—31

Bailey	Gillette	Lonergan	Shipstead
Brown, N. H.	Glass	McAdoo	Smathers
Bulow	Green	Miller	Thomas, Okla.
Capper	Holt	Minton	Tydings
Caraway	Hughes	Moore	Wagner
Clark	Johnson, Calif.	Pepper	Wheeler
Davis	Lewis	Pittman	White
Donahey	Logan	Schwellenbach	

So Mr. SMITH's amendment, as amended, was rejected.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the order which I send to the desk may be entered.

The VICE PRESIDENT. The clerk will read, as requested.

The Chief Clerk read as follows:

Ordered, by unanimous consent, That beginning at the hour of 3 o'clock p. m. on tomorrow, December 17, 1937, no Senator shall speak more than once or longer than 5 minutes on the pending bill, any amendment to or substitute therefor, motion to recom-

mit, or other amendment affecting the final disposition of the measure.

The VICE PRESIDENT. Is there objection?

Mr. FRAZIER. Mr. President——

The VICE PRESIDENT. Is there objection?

Mr. FRAZIER. Yes; there is objection.

Mr. BARKLEY. Mr. President, may I ask the Senator——

Mr. FRAZIER. I should like to make a statement first.

Mr. BARKLEY. Very well.

Mr. FRAZIER. The Senator from California [Mr. McADOO] offered a substitute for the bill sometime ago. It contains what is known as the cost-of-production provision for the amount of products used for home consumption.

Under the rules of the Senate a substitute of that kind cannot be offered formally until all the amendments are disposed of. A unanimous-consent agreement of this kind would jockey out of the picture any Senator who wanted to offer or discuss a substitute, if he wants to have any discussion of it. I know of four or five Senators who want to discuss the substitute which the Senator from California desires to offer.

Mr. BARKLEY. Mr. President, after the Senate recessed this afternoon the Senator from California [Mr. McADOO], who is unavoidably detained tonight, told me that whatever unanimous-consent agreement I sought this evening would be satisfactory to him. I assured him that if the agreement should be entered into I would assist him in obtaining recognition before 3 o'clock tomorrow so he might have more time on the substitute which he would later offer. I am satisfied this arrangement will be satisfactory to him. It is also satisfactory to the Senator from Oklahoma [Mr. LEE], who intends to offer a substitute.

Mr. FRAZIER. Mr. President, I think four or five or more Senators intend to speak on the McAdoo substitute, and I, myself, should like to speak on it for a few minutes. I cannot agree to the unanimous-consent agreement which has been offered.

The VICE PRESIDENT. Objection is heard.

Mr. McGILL. Mr. President, I send an amendment to the desk which I should like to have stated.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 30, line 15, after the word "Secretary", it is proposed to strike out the following:

Any farmer failing to furnish such proofs in the manner and within the time provided shall be guilty of a misdemeanor and upon conviction thereof be subject to a fine of not more than $100.

Mr. McGILL. Mr. President, the amendment strikes out the penalty proposed to be imposed on any farmer. The section originally provided that the farmer should furnish his reports to the Secretary of Agriculture and provided a penalty of $100 fine in the event the reports were not supplied. The amendment I offer strikes out the penalty feature of the section.

Mr. BORAH. What page is that?

Mr. McGILL. Page 30, line 15, after the word "Secretary," to strike out the balance of the paragraph.

Mr. BORAH. Very well. I am in favor of it.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McGILL. Mr. President, I move to amend, on page 30, line 8, by striking out "$1,000" and inserting in lieu thereof "$500."

The amendment was agreed to.

Mr. MURRAY. Mr. President, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 18, line 22, before the period, it is proposed to insert a comma and the words:

and in no event shall the percentage of the acreage to be diverted from the production of any type of wheat be so great that, upon the basis of the normal yield of the acreage planted to such type of wheat, the total supply of such type of wheat for such marketing year is likely to be less than the requirements for the domestic consumption of such type of wheat during such marketing year.

On page 25, line 17, after the period, to insert the following new sentence:

In no event shall the marketing quota applicable to any type of wheat be less than the requirements for market for domestic consumption of such type of wheat.

Mr. MURRAY. Mr. President, this amendment is intended to prevent too great a curtailment of acreage of wheat of certain types, varieties which are not grown in excess of consumption requirements in this country. I have particular reference to wheat that is grown in the arid States of the West, such as No. 1 Hard Spring wheat, which is never grown in excess of the requirements of this country. If there is any curtailment of the production of that kind of wheat, it will be necessary to import it from Canada, and such wheat is in demand by the millers and bakers, and must be had in sufficient quantity to meet the market demand in this country.

Mr. POPE. Mr. President, the Senator from Montana spoke to me about the amendment, and, so far as I am concerned, I accept it for the purpose of taking it to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BORAH. Mr. President, on page 25, line 22, after the word "referendum", I propose to insert the words "by means of secret ballot."

Mr. POPE. Mr. President, so far as I am concerned, as one of the authors of the bill, I have no objection to the amendment.

The amendment was agreed to.

Mr. OVERTON. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 79, after line 16, it is proposed to insert a new paragraph, to read as follows:

The sum of $1,000,000 is hereby authorized to be appropriated for the fiscal year ending June 30, 1939, of which 75 percent shall be allocated to the Secretary of Commerce and 25 percent to the Secretary of Agriculture for research into and development of new and extended foreign markets and outlets for farm commodities and products thereof.

Mr. POPE. Does the Senator provide for an authorization of this appropriation separate and apart from the moneys provided for the purposes of the bill?

Mr. OVERTON. Yes. It would not take any money out of the appropriation for the purposes of the bill.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The question is on agreeing to the amendment.

On a division, the amendment was rejected.

Mr. BORAH. Mr. President, I call the attention of the authors of the bill to page 28, line 20. I shall ask that the numerals "50" be changed to "25."

This has reference to what is called an unfair agricultural practice. The unfair practice is marketing more than is permitted to be marketed. But the amount over the amount allowed might be a very small item. A person might market more than was permitted to the extent of a few bushels or a few bales, and I think the penalty is entirely too severe. I move to strike out "50" and to insert in lieu thereof "25."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Idaho.

The amendment was agreed to.

Mr. BANKHEAD. Mr. President, I move an amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to insert, on page 41, line 11, the following:

The Commodity Credit Corporation shall place all insurance of every nature taken out by it on cotton with insurance agents in the

State where the cotton is warehoused, provided such insurance may be secured at a cost not greater than similar insurance offered on said cotton elsewhere.

Mr. KING. Mr. President, will the Senator explain the reason for that? Why depart from the general policy by which commodities and property are insured?

Mr. BANKHEAD. This merely provides for placing the insurance in the State where the cotton is warehoused, instead of placing it in New York. It applies to cotton scattered all over the South.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. COPELAND. Mr. President, a moment ago, without any consideration of the reasons for the amendment, the Senate voted down an amendment offered by the Senator from Louisiana [Mr. OVERTON]. This is a matter which, in my opinion, is deserving of more consideration than we gave it. In order that the Senator from Louisiana may be permitted to explain the purpose of the amendment, I ask unanimous consent that the vote be reconsidered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York that the vote by which the amendment offered by the Senator from Louisiana was rejected be reconsidered? The Chair hears none, and the vote is reconsidered.

Mr. OVERTON. Mr. President, the amendment I offer is one which has been adopted by the House of Representatives to the farm bill. The amendment provides for an annual allocation of a million dollars out of the administration fund to be used in finding new markets and new outlets for agricultural products.

The difference between the amendment I have proposed and the amendment adopted by the House is that my amendment is merely an authorization. It authorizes the appropriation of a million dollars for the fiscal year ending June 30, 1939, and it undertakes to allocate 75 percent of that amount to the Department of Commerce and the other 25 percent to the Department of Agriculture.

Very much has been said on the floor of the Senate to the effect that we are losing our foreign markets for agricultural products and that nothing is being done about it. We have heard the criticism made over and over again in reference to the pending farm bill that no effort is made at all to encourage our declining foreign market.

It occurred to me that it would be a wise thing to authorize an appropriation of a million dollars to be used by the Department of Commerce, in cooperation with the Department of Agriculture, in order to find new foreign markets and new outlets for our agricultural products. I do not know to what department the money could be allocated better than to the Department of Commerce, especially acting in conjunction with the Department of Agriculture.

Mr. KING. Mr. President, will the Senator yield?

Mr. OVERTON. I am glad to yield.

Mr. KING. The Department of State, under the leadership of Secretary Hull, has expended a considerable amount of money and is expending a large sum now in trying to find markets not only for agricultural commodities but for all American-produced commodities. I know that the Department of Commerce has agents in nearly every country in the world, and I have contacted many of them in Asia, as well as in various countries of Europe. They are spending a great deal of time and considerable money in trying to find markets for agricultural products. The Department of Agriculture also has its representatives in various countries of the world. So that now we are represented by a large number of agents, perhaps several hundred, in the aggregate, from the various departments of the Government, seeking to find markets for our agricultural commodities, as well as manufactured articles.

Mr. OVERTON. Mr. President, in reply to the learned Senator from Utah, I should say that the State Department undertakes to push our foreign trade through the negotiation of reciprocal-trade agreements. The purpose of my amendment is not to find ways and means to devise new reciprocal-trade agreements, or modify those in existence, but the purpose is to find new markets and outlets for our agricultural products in foreign lands. I think the Department of Commerce, not the Department of State, is the one charged with that obligation, and I think we could facilitate the work the Senator from Utah says the Department of Commerce and the Department of Agriculture are now doing by authorizing an appropriation of a special fund to be used for the purpose of finding better markets for agricultural products.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. OVERTON. I am glad to yield.

Mr. REYNOLDS. I am very much interested in the proposal of the Senator from Louisiana, but I should like to make inquiry as to whether or not any of the million dollars is to be utilized in the establishment of more agencies of the Department of Commerce throughout the world? I make the inquiry for the reason that it has been my understanding that for the past several years, on account of limited appropriations, our Department of Commerce has necessarily been required to reduce its personnel in various parts of the world. Is this money to be used for research?

Mr. OVERTON. I should say to the Senator from North Carolina that 75 percent of it is to be turned over to the Secretary of Commerce, and 25 percent to the Secretary of Agriculture. They will cooperate, and they will devise such ways and means as they in their wisdom consider best in order to promote our foreign trade in reference to agricultural products.

They will select the agency if any additional agency is to be selected. They will advise the ways and the means.

I do not think we can leave the expenditure of these funds in better hands than those of the present Secretary of Agriculture and the present Secretary of Commerce. I think they are both doing a very able and capable work in the management of their Departments, and I am sure they will expend this money wisely; and if they cannot wisely spend not to exceed a million dollars, they will return the money to the Treasury.

Mr. REYNOLDS. In other words, there is no manner particularly specified for limiting the expenditure of any part or portion of the million dollars.

Mr. OVERTON. No. I would not undertake through an amendment to outline in detail just what the Secretary of Commerce and the Secretary of Agriculture should do.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. McKELLAR. The Senator understands that we now have agents for this very business in almost every country of the world, both agricultural and commercial. The Department sends in recommendations for the increases it desires to have made from year to year. There has been a constant increase of these agents, both in the Department of Agriculture and in the Department of Commerce. I do not think we ought to authorize an appropriation like this in this bill.

Mr. OVERTON. I am limiting it. Does not the Senator from Tennessee think renewed effort ought to be made to extend our foreign commerce and our trade in reference to our agricultural products?

Mr. McKELLAR. I should like to see our commerce and trade expanded wherever possible, but I do not think this is the place to authorize an appropriation either for the Commerce Department or for the Agricultural Department.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. OVERTON. I am glad to yield to the Senator from New York.

Mr. COPELAND. I think everyone knows that I have no enthusiasm for this bill; but if there ever was a time when the United States should seek foreign markets for agriculture, it is now. It is distressing to see how our cotton production is being reduced in America, and cotton production is being increased in many places throughout the world.

I have not been happy over the activities of various agents abroad; but I believe that with the stimulus of neces-

sity, with the need of the disposition of agricultural products produced in America, the money now proposed to be expended will be well invested. I sincerely hope that our friends—even those who are antagonistic to the bill—may see the wisdom of including in it, if it must be a law, this wise proceeding.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. BRIDGES. I should like to ask the Senator the question if it is not rather inconsistent to appropriate in this bill money to locate foreign markets for agricultural products when the bill, by its general purpose, will further cause us to lose the foreign markets we now have.

Mr. OVERTON. It is very inconsistent, I will say to the Senator, to spend at least $500,000,000 of the Government's money annually in order to curtail production of our agricultural products—because that is the main intention and purpose of the bill—and then refuse to spend the niggardly sum of $1,000,000 to promote our foreign trade. Does that answer the Senator?

Mr. BRIDGES. No, Mr. President. We have deliberately lost our foreign markets here in agricultural products by our program of curtailed production. This bill will further carry on that program.

I agree that the Senator's method of procedure is an excellent one, but I think it is highly inconsistent to include it in a bill which has the reverse purpose in mind.

Mr. OVERTON. But the ever-normal-granary plan does not contemplate that we are going to have a scarcity. We are going to have sufficient to meet domestic trade and foreign commerce at all times.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. RUSSELL. I did not understand from the reading of the amendment whether this sum of $1,000,000 was to be taken from the funds appropriated for the farmers, or authorized in a new appropriation.

Mr. OVERTON. Not one cent will come out of the funds that go to the farmers. It is a new appropriation.

Mr. RUSSELL. A new appropriation?

Mr. OVERTON. Yes.

Mr. President, I yield the floor.

Mr. KING. Mr. President, there is one way by which we may obtain a part of the foreign market we have lost. When we passed the last tariff bill, known as the Smoot-Hawley tariff bill of unfavorable memory, we then largely dug the grave of our foreign commerce. If we should pass a sensible tariff bill, we should regain a part of our foreign commerce. But the tariff bill to which I have referred and other farm measures which we have passed have contributed to the losses we have sustained in our foreign markets. If we will pursue a wise policy, we shall regain them; but the policy embodied in this bill, plus the high tariff, will lose us forever our foreign markets.

Mr. ADAMS. Mr. President, it seems to me that the argument presented by the Senator from Tennessee [Mr. McKELLAR] has pointed out rather clearly that this is not the time or place to make this authorization. In other words, there are regular committees and regular processes by which such matters should be considered. It should not be considered in a farm bill. We do know that every embassy of any consequence which this country has throughout the world has connected with it attachés by whom great efforts are being made throughout the world to obtain markets for our products. The Agricultural Department is making efforts, as well as the Department of Commerce, to secure markets throughout the world.

Both of these Departments come before the committees of Congress and ask for appropriations, and those appropriations have been given without stint. They are adequately supplied for those purposes.

One other thing I would speak of is the matter of legislative procedure. The Senator from Louisiana says the House has already included in its bill a similar appropriation.

Mr. OVERTON. I may say to the Senator that the House amendment allocates out of the appropriation made for the farm program a million dollars annually to be used by the Secretary of Commerce for the purpose of finding new markets for our agricultural products.

Mr. ADAMS. That is, the House bill having included an authorization for an appropriation, if the Senate makes an appropriation we shall have definitely fixed the amount of money. If the Senate declines to make an appropriation, the matter may then go to conference to settle the difference between the Senate making no appropriation and the House making its appropriation. Therefore, it seems to me that this is not the time and not the place to include this particular item in the bill.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. McKELLAR. I have had occasion to visit a number of foreign capitals during the past year. In all the capitals I visited I found that we had agricultural agents located. They are vigilant in their efforts to gain foreign markets for us. We have constantly increased their number, as the Senator from Colorado, who is a member of the Appropriations Committee, knows. We have very numerous commercial agents, every one of them alive and working to sell our products wherever they can. It does seem to me that the Senate ought not to authorize an appropriation of this kind until the matter comes up regularly, so that it can be adjusted upon the recommendations of the Secretary of Commerce and the Secretary of Agriculture.

I do not think we ought to interpose here an authorization that they may or may not ask for. They are doing their job, and doing it well.

I do not think we ought to authorize this appropriation, and I am going to vote against the amendment.

Mr. ADAMS. Mr. President, I am in accord with that statement. I think it is true, and I think the Senator from Louisiana knows it, that full information is brought before the Appropriations Committee. That committee acts after full information. We do not have full information at this time either as to the amount of money appropriated for these purposes or as to the need for them. We are considering a different type of bill at this time. It will be only a matter of weeks before these matters can be considered.

We shall then have before us a bill providing the appropriations for the Department of Agriculture and another bill providing the appropriations for the Department of Commerce. At that time the heads of those Departments will be before the committees of the House and the Senate and adequate information will be given, and unquestionably adequate appropriations will be made, because no one differs from the purpose behind this amendment. We wish to stimulate foreign trade, but we do not, or should not, wish to spend money without knowing whether or not it is needed.

Mr. REYNOLDS. Mr. President, I was very happy indeed to hear the statement made by my able friend the senior Senator from Tennessee [Mr. McKELLAR], that during the past summer he had been provided the opportunity of personally visiting a number of countries in Europe, and that while there he observed at first hand that the representatives of the Department of Commerce, and likewise those of the Department of Agriculture, were alert and doing a splendid job.

Let us begin our argument, Mr. President, by assuming—we are perfectly willing to do that, I am sure—that all these representatives of the Department of Commerce and likewise those of the Department of Agriculture are on the job and doing a good job. That being the case it is well at this juncture to recall that since 1933 the personnel of that division of the Department of Commerce having to do with foreign trade has been curtailed almost 50 percent. Since 1933, one-half of the men employed by that division of the Government were dismissed from the service on account of lack of appropriations, as I am informed. Since that time that division has been working under a tremendous handicap.

As all Senators know, the bill which we have considered here for many days contemplates—unhappily, of course—an

expenditure of one-half billion dollars a year in order to provide safety and protection, and, in a sense, security for the agricultural producers of five big basic products—tobacco, corn, rice, cotton, and wheat. If we contemplate the expenditure of such a huge amount of money in 1 year, as much as was expended by the Federal Farm Board under the administration of Mr. Hoover, I believe we should most certainly favorably consider the expenditure of the pittance of $1,000,000 a year for the purpose of endeavoring to find purchasers for farm products that we are growing.

Mention was made here a moment ago by one of my colleagues of our agents in various countries in the world constantly seeking markets for our manufactured products as well as our agricultural products. I say that now is the time for the Government to interest itself in a serious active endeavor to secure additional markets. Now is the time of all times to do that. Why?

Mr. President, we know that Great Britain is interested at this time only in preparing for war. In particular reference to agriculture, Mr. President, we know that the great plants in Great Britain which had formerly been used for the manufacture of farm implements have been converted into munitions plants.

The manufactured products of those farm-implement plants of Great Britain formerly went to the Transvaal, to the Straits Settlements, and to Australia. Today the manufacturers of farm implements of the United States of America are supplying that demand. We know that every country in Europe is interesting itself in preparation for war. We know that Japan and China, our competitors, as well as Germany, Italy, France, and Great Britain, our competitors particularly in South America, are not in a position to compete with us as heretofore they have been.

In support of the statement that I made a moment ago to the effect that now is the time for us to seek foreign markets for agricultural products as well as anything else, I remind Senators that statistics will reveal that within the past several months the trade of the United States has materially increased in the countries of South America, whereas in that same southern portion of the Western Hemisphere the foreign trade that has heretofore been enjoyed by Japan, Italy, France, Great Britain, and Germany has been somewhat reduced.

I say that now of all times is the time we should provide the Department with sufficient men. I heard here a moment ago that we have representatives in every country of the world. I beg to disagree with that statement. We have representatives only in 35 countries of the world and there are many sections of the world where we are not represented. In many sections of the world we are not represented by agents from the Department of Commerce or from the Department of Agriculture. Now is the time to provide for representation in all those countries in order that we may take advantage of the opportunity which now knocks at our doors.

The opportunity that is presented now is by way of the fact that all of our competitors upon the face of the earth are today either engaged in war or preparing for war and are thinking about nothing but war, whereas on the other hand, enjoying the delightfully isolated position that we do, we can spend our time in seeking markets in time of peace in order that we may provide prosperity for the 130,000,000 people of this country.

Mr. BYRNES obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. BARKLEY. If there is to be any further discussion of the amendment, I think we had better suspend for tonight. If we can have a vote on the amendment immediately, I should like to do so.

Mr. BYRNES. I want to discuss it only a moment.

The VICE PRESIDENT. The Senator from South Carolina is recognized.

Mr. BYRNES. I desire only to call attention to the fact that we are now appropriating to the Commerce Department $520,000 in one item for the purpose of expanding our commerce abroad, and in another item $778,000 for the promotion and development of foreign commerce. In addition to that, we have an appropriation of $298,000 to the Department of Agriculture for acquiring and diffusing useful information regarding agriculture abroad.

Mr. REYNOLDS. Mr. President, I am very glad, indeed, that my distinguished friend from South Carolina——

The PRESIDING OFFICER. The Senator from North Carolina has spoken once on the amendment and cannot speak again upon it. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. OVERTON].

On a division, the amendment was rejected.

ADDITIONAL BILL INTRODUCED

Mr. SMITH introduced a bill (S. 3146) authorizing the Commodity Credit Corporation to make certain purchases of cotton from producers, and for other purposes, which was read twice by its title and referred to the Committee on Agriculture and Forestry.

AGRICULTURAL RELIEF—AMENDMENT

Mr. BONE submitted an amendment intended to be proposed by him to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which was ordered to lie on the table and to be printed.

EXECUTIVE SESSION

Mr. BARKLEY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers for promotion in the Navy and in the Marine Corps.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of Capt. Courtland Moshier Brown, Air Corps, to be major with temporary rank in the Air Corps, Regular Army, from December 12, 1937, under the provisions of law.

He also, from the same committee, reported favorably the nomination of Capt. Theodore Addison Weyher, Corps of Engineers, for appointment, by transfer, to the Ordnance Department, Regular Army.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order. The clerk will read the nominations on the Executive Calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the nominations of postmasters may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

That completes the Executive Calendar.

COPYRIGHT TREATY

Mr. WAGNER. I ask that three telegrams received by me, protesting against the so-called copyright treaty which is now pending before the Senate, be printed in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., *December 15, 1937.*

Hon. ROBERT F. WAGNER,
The Senate:

The Allied Printing Trades Council of Greater New York respectfully requests your support in the rejection of the copyright

treaty reported out by the Foreign Relations Committee, as its passage would not help general industry in the United States, and would remove protection to the printing industry from foreign competition which we have been endeavoring to prevent for the past 30 years.

WILLIAM J. ROBINSON,
Secretary, 63 Park Row.

NEW YORK, N. Y., *December 15, 1937.*

Senator ROBERT F. WAGNER,
The Senate:

Mailers Union No. 6 respectfully requests your support in the rejection of the copyright treaty reported out by the Foreign Relations Commitee as its passage would not help industry in the United States and would remove protection to the printing industry from foreign competition which we have been endeavoring to prevent for the past 30 years.

FRANKEL O'HARA,
Business Representative, Mailers Union No. 6,
230 West Forty-first Street.

NEW YORK, N. Y., *December 15, 1937.*

Hon. ROBERT F. WAGNER,
Senate Office Building:

The printing industry, and especially printing trades workers of America and international printing trades unions, seriously disturbed regarding pending copyright treaty now on Senate Calendar and recently reported by Foreign Relations Committee. Approval of this treaty will remove protection printing trades of America have had for the last 30 years and would be serious blow to employment situation here. Tariff legislation cannot possibly prevent or cure disastrous results. Urge and appeal to you to do all in your power and influence to have this proposed treaty rejected by not ratifying its provisions.

MATTHEW WOLL.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 11 o'clock and 5 minutes p. m.) the Senate took a recess until tomorrow, Friday, December 17, 1937, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 16 (legislative day of November 16), 1937

POSTMASTERS

MINNESOTA

Dewey R. Wilcox, Pine City.
Vera M. Hegg, Shevlin.

MISSOURI

Don Roy King, Gallatin.
Pearl E. Bussert, Wardell.

PENNSYLVANIA

Loy W. Oligher, Clymer.
Harry E. Reichert, Gilbertsville.
Arthur D. Gibson, Mayview.
James M. Gates, South Fork.

HOUSE OF REPRESENTATIVES

THURSDAY, DECEMBER 16, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who are the highest among all the sons of God, Thou whose advent is the testimony of the Father's heart to the eternal in man, keep our hearts open to Thee; let the divinest One be our wisest and most profound teacher. "They that wait on the Lord shall renew their strength." Father of mercies, we wait; renew our strength, create within us the right spirit, teach us to be quiet and listen. We pray Thee to go with us through temptation and deliver us from evil; may our daily labor be a song and not a strife. O God of might, purge from out this old earth brazen and false display of justice, and may the Lord of Life ride the tempest of this confused world. Blessed Lord, remember those who shed their tears where none can see and those who laugh to ease their aching hearts. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein three short tables which I have prepared.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. TAYLOR of Tennessee. Mr. Speaker, I ask unanimous consent to extend and revise my own remarks on the pending measure.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BINDERUP. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a brief address by Mr. James H. R. Cromwell.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. JENKS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a statement I made on December 14, 1937, before the United States Tariff Commission in behalf of an increase in the duty on shoes.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. ANDERSON of Missouri and Mr. BUCK asked and were given permission to extend their own remarks in the RECORD.

Mr. ROBINSON of Utah. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter written by me to the President of the United States on the silver question.

The SPEAKER. Is there objection to the request of the gentleman from Utah?

There was no objection.

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a radio address delivered by the gentleman from California [Mr. VOORHIS] before America's Town Hall of the Air.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, it is evident there will be two or three substitutes offered to the committee amendment which is now pending.

It seems to me, after consultation with the chairman of the Committee on Labor, the gentleman from Georgia [Mr. RAMSPECK], the gentleman from New York [Mr. O'CONNOR], and the minority leader [Mr. SNELL] that it would probably be better procedure to take up the substitute amendments as they are offered and dispose of them before we begin the consideration of amendments to the committee amendment which is in the nature of a substitute.

Therefore, Mr. Speaker, I ask unanimous consent that all substitute amendments may be disposed of as offered before amendments may be in order to the committee amendment.

Mr. BOILEAU. Reserving the right to object, Mr. Speaker, it may develop when the committee amendment is being considered that some other Member may desire to offer a substitute amendment at that time. Would this request preclude the offering of substitute amendments after we have begun consideration of the Norton amendment? I do not

know now that any Members may have in mind offering substitute amendments at that time, but such a situation may arise.

Mr. RAYBURN. No; it would not preclude the offering of such substitute amendments, although I believe by the time we have disposed of three or four substitute amendments everyone who intends to offer such an amendment will have it ready.

Mr. BOILEAU. I presume that is the better practice, but after we begin the consideration of the Norton amendment the situation may possibly change.

Mr. RAYBURN. If a substitute amendment were offered at that time, it could be disposed of.

The SPEAKER. In answer to the suggestion of the gentleman, the Chair may state he is sure the Chairman of the Committee of the Whole House on the state of the Union, in the event the agreement requested by the gentleman from Texas is in effect, would recognize Members to other germane amendments to the pending substitute amendment. A substitute amendment to a substitute would not be in order, but a germane amendment to a substitute would be in order while such substitute was under consideration.

Mr. MAPES. Reserving the right to object, Mr. Speaker, I agree with the purpose of the request of the gentleman from Texas, but I should like to ask what would be the situation provided one of the substitutes should be adopted in the committee. Would this dispose of the whole matter?

Mr. RAYBURN. The gentleman is correct.

Mr. MAPES. Then the original bill or the substitute offered by the gentlewoman from New Jersey would not be further considered?

Mr. RAYBURN. The gentleman is correct.

Mr. RICH. Mr. Speaker, reserving the right to object, may I say to the majority leader that only about one-fourth of the Members of the House are present. This would put Members who are not here but who may be affected by this request in the position where they do not know what is going on.

Mr. RAYBURN. When the Chairman of the Committee of the Whole House on the state of the Union takes the chair he may make such an announcement, and there may be a few more Members here at that time. There is no way of waiting until 400 Members may come in.

Mr. RICH. Some of the Members who are interested in this bill may have substitutes to offer, and, of course, this unanimous-consent request may affect them.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE WAGE AND HOUR BILL

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 2475) to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 2475) with Mr. MCCORMACK in the chair.

The Clerk read the title of the bill.

Mr. HEALEY, Mr. LAMNECK, and Mr. WILCOX rose.

The CHAIRMAN. For what purpose does the gentleman from Massachusetts rise?

Mr. HEALEY. To propound a parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. HEALEY. Do I understand the Norton amendment is now before the Committee for consideration?

The CHAIRMAN. The gentleman is correct.

Mr. HEALEY. May I ask, Mr. Chairman, if there is any objection to that amendment being read by the Clerk by paragraphs so that Members may follow the bill and its consideration proceed in a more orderly manner?

The CHAIRMAN. Prior to that time the Committee of the Whole will have to consider any substitutes that may be offered for the Norton amendment, and the House has already given its direction to the Committee of the Whole.

Mr. HEALEY. Is there any objection to its being read by paragraphs so that the Members may follow the amendments more closely?

The CHAIRMAN. In the opinion of the Chair, that is a matter which may be submitted when the Norton amendment comes up for consideration and it is in order to offer perfecting amendments.

Mr. LAMNECK. Mr. Chairman, I offer a substitute for the Norton amendment.

The CHAIRMAN. May the Chair inquire whether any member of the Committee on Labor desires to offer a substitute? If not, the gentleman from Ohio offers a substitute amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LAMNECK as a substitute for the committee amendment: In lieu of the amendment offered by the gentlewoman from New Jersey, as amended, insert the following:

"SEC. 1. (a) The employment of workers under any substandard labor condition in occupations in commerce, or directly and substantially affecting commerce, shall be an unfair method of competition in commerce within the meaning of section 5 of the act entitled 'An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes,' approved September 26, 1914.

"Such unfair methods of competition in commerce shall be in all respects and to the same extent subject to the provisions and to the operation of said act as though the same had been specifically denominated by section 5 of said act as written.

"(b) When used in this section the term 'substandard labor condition' means a condition of employment under which (1) any worker is employed at an oppressive wage, or (2) any worker is employed for an oppressive workweek, or (3) where oppressive child labor exists.

"In the determination of whether a wage is an oppressive wage there shall be taken into account the cost of living in the community in which the employment exists; those considerations by which a court of law would be guided in a suit for the recovery of the value of services rendered at the request of the employer, where the compensation for such services had not been fixed by agreement between the parties; the wages established for work of like or comparable character in the same general locality by collective labor agreements negotiated between employers and employees by representatives of their own choosing; and the wages for work of like or comparable character in the same general locality paid by employers maintaining minimum-wage standards.

"In determining whether a workweek is oppressive there shall be taken into account the relation of the work to the physical health, efficiency, and well-being of the worker, the number of workers available for employment in the occupation involved; and the hours of employment established for work of like or comparable character in the same general locality by collective labor agreements negotiated between employers and employees by representatives of their own choosing.

"There shall also be taken into account in arriving at either or both of such determinations, the contemporaneous financial condition of the employer and his record of earnings for the period of 5 years next preceding the determination, and such other considerations, general and particular, as may be relevant in the judgment of the Federal Trade Commission to the determination to be made.

"In neither of the above considerations shall any one of the considerations specified be governing, but weight shall be given to each to the end of securing for employees fair and reasonable compensation for services rendered and the most reasonable hours of work comparable with continuity of employment for the maximum numbers of workers and with due regard for the maintenance of fair and reasonable profits to employers.

"In determining whether employment of minors is oppressive child labor the employment of any individual under the age of 16 years shall be deemed to be oppressive child labor, and the employment of any individual between the ages of 16 and 18 years in any occupation generally recognized as hazardous for the employment of children of such age or detrimental to their health and well-being shall be deemed to be oppressive child labor.

"SEC. 2. Compliance by an employer with the laws of any State, within which such employment exists, prescribing wage and/or hours and/or child-labor standards applicable to the work covered by such employment shall be prima facie evidence that the conditions of any such employment are not substandard within the meaning of section 2 hereof, in the respects covered by such State law or laws.

"SEC. 3. (a) Except as otherwise expressly provided herein, terms used in section 2 hereof shall have the same meaning as when used in Federal Trade Commission Act, approved September 26, 1914, and the application of this act shall be subject to the same exceptions

as are expressly provided for in the case of the Federal Trade Commission Act by the terms thereof.

"(b) When used in section 2 or 3 hereof—

"(1) The term 'employment' does not include services in an executive, administrative, supervisory, or professional character or as an agricultural laborer;

"(2) The term 'State' shall include the District of Columbia and any Territory or possession of the United States, except the Philippine Islands;

"(3) The term 'wage and/or hours and/or child-labor standards' means provision for minimum wages and/or maximum hours of employment and/or prohibition or limitation of child labor in employment;

"(4) The term 'employer' or 'employers' includes an individual, partnership, association, corporation, joint-stock company, or any unincorporated organization; and

"(5) The term 'worker' or 'workers' shall mean any individual who is employed for hire in occupations specified in section 2 (a) hereof, subject, however, to the limitations imposed by subsection (b) (1) of this section 4, and subject further to the terms of such reasonable administrative regulations as the Federal Trade Commission may from time to time adopt limiting or modifying the operation of section 2 hereof in the case of learners, apprentices, handicapped workers, and in the case of overtime work, emergency work, continuous processes, and other situations requiring exceptional treatment in the judgment of the said Federal Trade Commission.

"SEC. 4. The Federal Trade Commission in the administration of this act shall from time to time adopt and enforce such regulations hereunder as may, after ascertainment of facts, be necessary in its judgment and calculated to carry into effect the purpose and intent hereof.

"SEC. 5. If any provision of this act, or the application thereof to any person or circumstance is held invalid, the remainder of the act and the application of such provisions to other persons or circumstances shall not be affected thereby."

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes.

Mr. LAMNECK. Mr. Chairman, I have only 5 minutes, and I do not know whether I can tell this story in that time or not.

Mr. HARLAN. Mr. Chairman, I rise to submit a unanimous-consent request.

The CHAIRMAN. The Chair cannot recognize the gentleman for that purpose unless the gentleman from Ohio [Mr. LAMNECK] yields.

Mr. LAMNECK. I yield, Mr. Chairman.

Mr. HARLAN. I ask unanimous consent that the gentleman, who has the burden of presenting this matter, be granted an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. GRISWOLD. I object, Mr. Chairman.

Mr. LAMNECK. Mr. Chairman, I hope I may have the attention of the Committee, as I am not going to detain you long, but I would like to have the members of the Committee get the picture as I see it in introducing this amendment.

This proposed substitute places under the Federal Trade Commission the administration of this act. The Federal Trade Commission has been in existence since 1914. It has the confidence of the American people, and any bill that is referred to it for enforcement, in my opinion, will be enforced without any favoritism whatever.

My bill provides, in brief, that the Federal Trade Commission shall have the power to declare as unfair trade practices if any concern pays subnormal wages, employs persons for abnormal hours, or employs child labor; and by a simple order to cease and desist they can prohibit the shipment of goods produced under such conditions in interstate commerce.

This sort of law will not hurt business, except such business as ought to be hurt. It will not hurt the employees. It will not mean the loss of a single job in this country for anybody who is now working. The bill applies equally to every American citizen.

It is not a sectional bill. You do not need to make any exceptions under this bill. You do not have to exclude the man who produces turpentine, the man who is in the dairy business or in the corn business or the wheat business or any other business. This is an American bill that applies equally to every American citizen and shows no favoritism whatever.

I go back to the original intent of the hour and wage legislation and in my judgment the proponents of that bill wanted to control the pay and the hours of every man and woman who worked in the United States regardless of whom they worked for or how much money they got.

I will admit that the bill now before us in the Norton amendment provides for a limit of 40 cents, but that was not the intention, and I contend that the real promoters of this legislation want to pass a bill and adopt a principle that the President of the United States, whoever he may be, and a board or commission, shall have the right to say how many hours you shall work, how much money you shall receive, and I claim, Mr. Chairman, with all the sincerity I have, if such a bill is ever passed and the President in power uses the power under that bill, he can remain in office as long as he wants and can also name his successor.

Another thing I believe, and I believe it sincerely, the real intent of the hour and wage legislation as proposed and as was intended by the original sponsors is to distribute—I want you to hear me on this—the earnings of business regardless of whether the man or woman who works for that business is underpaid or not. This is what I think the intent of the bill is.

I want to call your attention to another fact. We are dealing with dynamite when we are dealing with this bill. Business is all shot to pieces, and it will be further destroyed if we pass any such bill.

I want to read from an authority. Here is a man who was with the N. R. A. for 2 years.

He had under his control 65 statisticians and when he was asked for an opinion as to the effect of hour and wage legislation said:

> It will mean the curtailment of employment of at least a half million men the first year of its operation.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. KNUTSON. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended 5 minutes.

The CHAIRMAN. Is there objection?

Mr. GRISWOLD. Mr. Chairman, I object.

The CHAIRMAN. Does the gentleman from Indiana desire to be heard in opposition to the amendment?

Mr. GRISWOLD. I do.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. GRISWOLD. Mr. Chairman, the House knows that I have opposed the pending substitute for the Senate bill, and everything that I have in mind in the way of opposition to that, and everything that those of us who believe in the fixing of hours and wages by Congress object to in the Norton amendment is also contained in this, but this goes much further than the Norton substitute. This substitute fixes no yardstick whatsoever. Under this you give labor not a thing in the way of fixing minimum wages or maximum hours. There are a lot of words, much to do about nothing, but it does contain vital errors. For instance, I read the provision:

> There shall be taken into account in arriving at either or both such determinations the contemporaneous financial condition of the employer and his record of earnings during the period of 5 years next preceding the determination.

To what employer does it refer? The employer in which plant? Is one employer on a particular street to have his inability to properly finance himself used as a basis for fixing of wages, while another employer on the same street, with ability to properly finance himself, with more energy devoted to his business, with better ability and more mental equipment, to have that taken into consideration and weighed in the scale against the inefficient employer, for the purpose of fixing wages and hours in those two plants on the same street? Is that the kind of wage and hour legislation you are going to adopt here? Will you adopt this substitute and penalize labor because it happens to be working for an inefficient employer, something over which it has no control? Or did the author fail to consider labor and did he want only to penalize progress and efficiency in industry? This Lamneck substitute destroys both.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield.

Mr. GRISWOLD. Yes.

Mr. RANDOLPH. It is a fact, is it not, that the Federal Trade Commission is overburdened now with duties not even close to what this substitute would affect?

Mr. GRISWOLD. The Federal Trade Commission started about 2 years ago to hold hearings on the pottery industry and is still holding hearings. It has never reached a decision yet on that one industry. How can we expect it to render a decision in all the industries of the United States with their varied ramifications when we fail even to set up a yardstick to guide them?

Mr. MAVERICK. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. Yes.

Mr. MAVERICK. The next section provides that compliance by an employer with the laws of any State shall be prima facie evidence that the conditions of such employment are not substandard. In other words, if that particular State should happen to have a low standard, that would break down the Federal control.

Mr. GRISWOLD. I would think it would, or even if the State had no law at all. In fact, this amendment contains not a thing that fixes any wage either high or low. The principal objective of the bill seems to be to increase the personnel of the Federal Trade Commission.

Mr. MAVERICK. In other words, this demoralizes the whole purpose of the legislation?

Mr. GRISWOLD. Yes.

Mr. GREENWOOD. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. Yes.

Mr. GREENWOOD. Will the gentleman explain under this proposal what would become of those wage and hour contracts that have been settled by unions and employers, whether they would be open to controversy, and also what becomes of the Wagner Labor Relations Act, whether it goes out of the window?

Mr. GRISWOLD. In my opinion, the Wagner Labor Relations Act would be annulled, and the wage and hour contracts made under it abrogated. Further, it would by implication repeal the Emergency Railway Labor Act and all other acts now in effect governing labor relations.

Mr. CELLER. I notice the following provision:

> There shall be taken into account in arriving at either or both of such determinations, the contemporaneous financial condition of the employer and his record of earnings for the period of 5 years next preceding the determination.

Would not that give rise to endless controversy, would it not be impossible to determine as far as the Federal Trade Commission is concerned?

Mr. GRISWOLD. I just discussed that phase. I think it would be impossible.

Mr. CRAWFORD. Mr. Chairman, can the gentleman tell us in what way people can be kept on the pay roll of any given institution if in the failure to take into consideration the financial position of that company, wages are set beyond the ability of the financial structure of the company to bear?

Mr. GRISWOLD. I may say this to the gentleman, and it is my position and my position only, that any industry in the United States or any plant in the United States that cannot pay a living wage and that reduces its employees to serfdom should not survive and that the Nation and labor and industry will be better off to have that plant bankrupt and out of business. Such a plant in its struggle for existence is a detriment to the rest of the industry, a danger to financial institutions, of no benefit to labor, and a menace to the community.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. CRAWFORD. That comes back to what constitutes a living wage under given conditions.

Mr. RAYBURN. Mr. Chairman, I move to strike out the last word. It so happens that when the Federal Trade Commission Act was under consideration in the Committee on Interstate and Foreign Commerce in 1914 I was a member of that committee, and was appointed as a member of the subcommittee that wrote the Federal Trade Commission Act. The only reason that I take the floor at this time is because I think I know something about what the Federal Trade Commission Act was passed for, and what its functions were to be. For years the Federal Trade Commission did not function as those of us who were friendly to it hoped it would, and on the floor of this House during the consideration at one time of the appropriation for the Federal Trade Commission I made the statement that if the Federal Trade Commission were to go on with the personnel it then had and were to transact its business in the future as it had in the past, I thought the act ought to be repealed. But within the last 10 years there has been no commission in the Government that has done more to establish itself in the confidence of all right-thinking people than the Federal Trade Commission. [Applause.]

Being friendly to it, and knowing something about its functions and wanting it to go on serving the Nation in the next decade and in the decades to come as it has in the last 10 years, and with the overcrowded condition of its calendar and with a job big at the present time as its membership can perform, it would be most tragic if we put this extra work upon them; something, regardless of what may be said by the proponents of this amendment, that is entirely foreign to anything that anybody who had anything to do with the bringing into existence of the Federal Trade Commission ever thought it would function upon at any time.

I trust, therefore, that the friends of the Federal Trade Commission and the friends of wage and hour legislation of any sort or any kind will join in voting down the substitute. [Applause.]

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Chairman, I rise in opposition to the pro forma amendment.

I am very glad, indeed, to hear our distinguished leader praise the Federal Trade Commission, although at one time when we had a bill here during the last session, I remember he was trying to give certain duties to another commission. With this, we know who is going to perform. We have evidence now that they are high-class men, that they do their duty, but if you pass this other bill and let somebody else administer it, you do not know who it is going to be.

I say to you that the Federal Trade Commission has always handled these things satisfactorily and they are in a position to handle them satisfactorily. I think the House has confidence in that Commission, and you need not be afraid that that membership cannot handle this bill, if one man appointed under the other bill, can handle it at all.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. McREYNOLDS. I gladly yield to the gentleman from Idaho.

Mr. WHITE of Idaho. Does not the gentleman from Tennessee think that if the Federal Trade Commission would function to eliminate unfair trade practices and unfair competition and bring about an adjustment of prices in the country, we would be relieved of many of the problems that face the country today?

Mr. McREYNOLDS. I think they are acting on all those matters that are before them. They have always been very diligent, within the means of their appropriation. They will be diligent in this matter.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. COX. I would like to make the observation that I got out of the statement of our majority leader, evidence of very great friendship for the Federal Trade Commission and very great concern in sustaining the reputation of that Board, and that he would regard it as tragic that administering an impossible monstrosity, as this proposed legislation is, would have to be put under their jurisdiction.

Mr. McREYNOLDS. I think the gentleman is exactly correct. I think it is a monstrosity, but I would rather have the Federal Trade Commission try to administer the mon-

strosity than anyone appointed whom we do not know anything about. [Applause.]

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. RAYBURN. I find this to be true, if the gentleman will let me make this statement, I find especially on this side of the House that those who are opposing wage and hour legislation appear to be rather unanimously in favor of the Lamneck substitute.

Mr. McREYNOLDS. I think that is correct, because it is so much better than what you are offering.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

Mr. CELLER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I do not rise so much in opposition to the substitute that has been offered by the gentleman from Ohio [Mr. LAMNECK] as I do to methods of bill drafting. Of course the Lamneck substitute is palpably unconstitutional since it delegates to a Federal agency legislative powers, without proper standards or limitations. Why Brother LAMNECK selected the Federal Trade Commission to carry out his wage and hour proposals is beyond me. Clearly he is an obstructionist. He opposes the bill and wants to clog the legislative machinery considering the bill. Republicans and reactionary Democrats will join with the gentleman from Ohio to support the substitute amendment. "Anything to beat the bill" is their motto. They are doomed to defeat. This substitute amendment should be voted down and will be voted down.

WHEREAS CLAUSES

I notice in the Lamneck substitute amendment of the gentleman from Ohio a sort of a declaration of policy. I notice also in the bill that came over from the Senate there is a declaration of policy, together with a great many "whereas" clauses. I notice in the committee print, which is the substitute offered by the lady from New Jersey [Mrs. NORTON] there is likewise a declaration of policy embodied in the bill, and on pages 10 and 11 about a half dozen "whereas" clauses. "Whereas, the hours of labor," and so forth; "Whereas, such wide variations"; and "Whereas, substandard conditions," and so forth.

Now, "whereas" clauses have no place in legislation. Scan the statute books for 150 years, and you will find only rare occasions where they occur in completed Federal statutes. Sometimes in periods of emergency, such as in a war, bills or statutes may contain "whereas" clauses. I say to the gentlewoman from New Jersey that it is very dangerous to put "whereas" clauses in any kind of a bill or statute. They clutter up a bill. We on the Judiciary Committee uniformly strike out "whereas" clauses. Ofttimes, resolutions contain pages and reams of "whereas" clauses and finally at the end we find a simple statement of declaration as to the action contemplated or desired.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mrs. NORTON. The purpose of putting those in is to declare the intent of the bill.

I remind the gentleman further that we are advised that under a decision rendered by the Supreme Court it was shown that where the intent of the bill was declared it was held to be constitutional.

Mr. CELLER. Only in a case of "declaration of intention" did the Court so construe. I do not recall any decision of the Supreme Court giving an imprimatur of approval to "whereas" clauses in a statute. I do not stress these statements in opposition to the gentlewoman's substitute. I favor it and urge its adoption. I desire to perfect her substitute.

Page 1, line 7, contains the words "legislative declaration." Then follows section 1 (a) as such declared intention. That is fine. That is proper. But why the additional "whereas" clauses on pages 10 and 11? They add nothing. They are surplusage at best.

I am given to understand that former Senator Black, now on the Supreme Court, in pique and in anger wrote in these "whereas" clauses. They have no place in the bill. Furthermore, they delimit and narrow the purposes of the bill, because if in future years the conditions embraced in these "whereas" clauses no longer exist, then the Court, in endeavoring to find out what the statute means, would go back to these "whereas" clauses and say that, since such conditions do not exist, the act is not applicable. That may be the opposite of what you want. Let the law expand and be embraced in conditions which may arise in the future. The applicability of the law should not be limited to the conditions that existed at the time of the passage of the act. I am quite convinced that many of the conditions outlined in these "whereas" clauses will not exist 5 years or 10 years hence. When, then, a case comes before it the Court will say in construing the statute: "Since the conditions that were embodied in the 'whereas' clauses do not exist, the law is not applicable to the facts in the instant case." So I say to the gentlewoman from New Jersey that the "whereas" clauses delimit the jurisdiction of the bill. She should broaden, not lessen, the application of the bill.

"Whereas" clauses are nothing but propaganda; they are arguments for the bill; they are arguments that should be presented in the Well of the House, not in the bill. They are argumentative, and in many instances they are faulty. If they be faulty, then, again, the bill is jeopardized with reference to construction. I say to the gentlewoman that it would be well indeed for her to ponder this situation very carefully, and when the time comes a motion should be made to strike out these "whereas" clauses.

The Members of Congress are well aware of the reason for the passage of the bill, and we need not have them in the bill itself in the form of "whereas" clauses.

LABOR SCHISM

It is indeed regrettable that labor cannot and does not present a united front on this bill. We Members are every moment importuned by this faction and that faction of labor. Their demands are irreconcilable. I have always been a friend of labor. I have striven constantly, I can pardonably say, to carry out labor's wishes not only in advocacy and support by legislation sponsored by labor but also in my votes thereupon. I have always been endorsed for reelection by labor every time I ran. I have earned, I hope, those eight biennial endorsements. I am here 15 years. I hope I can continue to earn labor's approval. In my work on this bill before us I am acting, according to my belief, sincerely in the interests of labor as a whole. Unfortunately I cannot please all labor factions. Let these factions realize the plight and difficulty of a Representative. I hope they will be sympathetic and understanding.

How glorious it would be if labor were not divided. May the day be near at hand when peace and harmony will prevail and labor schisms no longer will exist.

DIFFICULTY IN PASSING ANY BILL

The geographic and economic and political divisions of this House makes passage of any labor bill difficult. There are scores here who would oppose any labor wage and hour bill, no matter what its provisions. They glory in the present labor's schism. They aid and abet dissension and disunion. They applaud the causes of labor's discomforture and are happy at our embarrassment.

CHILD LABOR

These opponents do not want any interference with child labor. Frankly, I want to take immature children from mill and factory. I want to save those millions of children from industrial slavery, from economic serfdom. The salvation of these children trenscends all other considerations. At least all factions can agree that child labor must be no more. Reactionary Republicans and blinded Democrats can rant and rail all they desire, but I say even if the bill before us is not perfect, and it is not perfect mainly because it banishes child labor, regardless of its faults the bill must primarily win my vote.

Mr. MICHENER. Mr. Chairman, I rise in opposition to the pro forma motion.

Mr. Chairman, throughout the debate, much discussion has been indulged in as to the attitude of William Green, president, American Federation of Labor, and John L. Lewis, head of the Committee for Industrial Organization, toward the legislation we are now considering. Two definite conclusions, however, can be stated with certainty:

First. The pending bill is opposed and condemned by the American Federation of Labor.

Second. The pending bill is sponsored and advocated by the Committee for Industrial Organization.

If the Members of Congress want to follow the leadership of William Green, they have but one course to pursue, and that is to vote to recommit the bill, and in case that vote fails, then to vote against the passage of the bill.

On the other hand, if the Members want to follow the leadership of John L. Lewis there is but one course to pursue, and that is to vote against recommitment, and for the passage of any bill presented for a final vote.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. I yield to the distinguished gentleman from Connecticut.

Mr. PHILLIPS. I would like to ask the gentleman if he is really in favor of wage and hour legislation.

Mr. MICHENER. I am certainly not in favor of any such extreme legislation as the gentleman proposed in his amendment introduced on yesterday——

Mr. PHILLIPS. The gentleman has not answered my question.

Mr. MICHENER. I am answering the gentleman's question. Just give me time. The amendment offered by the gentleman yesterday is not supported by any reliable labor organizations, or business or industrial leaders, and I hope that the gentleman did not want to demagogue when he made the proposition.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield for a further question?

Mr. MICHENER. I am sorry, but I cannot yield further.

Mr. PHILLIPS. The gentleman is not answering my question.

The CHAIRMAN. The gentleman from Michigan declines to yield further.

Mr. COLMER. Mr. Chairman, will the gentleman yield to me for a short question?

Mr. MICHENER. My time is very limited, but I yield for a short question only.

Mr. COLMER. Do I understand a fair inference from the gentleman's statement is that a vote in favor of this bill would be a vote in favor of the C. I. O. as against the A. F. L.?

Mr. MICHENER. That is not only the inference but the fact so far as the support of this bill is concerned. Some of the Members, including the chairman of the committee, smile at this. The truth about this particular matter, though, may have much effect on the vote of some Members of the House. In the language of one of our very distinguished national figures, "Let us look at the record."

The Senate bill, S. 2475, passed the Senate and came to the Labor Committee of the House during the last session of Congress. Apparently the committee was divided, and quarreled over the bill for a long time. Finally, the distinguished chairman, the lady from New Jersey [Mrs. NORTON], advised the House that she had directed communications to both William Green and John L. Lewis as to their attitude toward the Black-Connery bill. In response to those communications, on November 22, 1937, William Green addressed a letter to the chairman, stating clearly the position of the A. F. of L. Among other things, he said:

> On August 9, 1937, the American Federation of Labor stated as its position on the fair labor standards bill, as approved by the House Labor Committee, that the bill "was reasonably acceptable and fairly satisfactory to labor."

However, Mr. Green, continuing, advised that the American Federation of Labor had changed its attitude and protested most strenuously against the Board set up in the bill. He called attention to the unfairness of the National Labor Relations Board, and feared a repetition. He also called attention to the fact that economic conditions were different in the country at this time than they were when the original approval was given. Speaking of these conditions, he said:

> For labor this recession already has assumed the proportions of a serious depression.

He concluded his letter to Mrs. NORTON, as follows:

> The American Federation of Labor feels, however, that the character of the changes in the present draft of the fair labor standards bill, now before the House Rules Committee, are such that proper consideration thereof can only be had before the House Labor Committee, where it was originally considered, rather than on the floor of the House. It seems, therefore, that the draft should be referred back to that committee for amendments or that a new bill be substituted.

The Norton amendment, which is now before the House as a substitute, changes the administration of the law from a board of five to an administrator in the Department of Labor.

On December 10, 1937, Mr. Green, as president of the American Federation of Labor, addressed a letter to every Member of Congress, enclosing an analysis of the Norton substitute for the Black-Connery bill, which the House is now considering. In that analysis he condemned in no uncertain terms the bill the committee is now asking us to enact into law. Among other things in that letter, Mr. Green said:

> It is inconceivable that Congress would vote to confer upon a single Government administrator such broad, definite, and comprehensive power. Under this amended act the power of the Board, as provided for in the original measure (to consist of five members), would be fixed in a single administrator.

Continuing further in the analysis, he said:

> If the Board is dangerous, even under such circumstances, and unacceptable, certainly the Administrator is even more dangerous and should be rejected.

Understand, Mr. Green is speaking of the Norton amendment, which is now being suggested by the committee.

Is there any doubt in anyone's mind as to the attitude of the American Federation of Labor? If so, let him remember that the Dockweiler amendment—the American Federation of Labor bill, presented by the gentleman from Indiana [Mr. GRISWOLD]—was defeated at the behest of the House leadership and a majority of the Committee on Labor.

I pause here to read a telegram just received, addressed to me from William Green, president, American Federation of Labor, which is as follows:

> Because the pending wage and hour bill is highly objectionable to membership of American Federation of Labor, I respectfully request you vote to recommit to the appropriate committee for revision, study, and necessary changes, in order to make it a practical and constructive measure.

Of course, this clinches the matter, and everything said heretofore about the position of the American Federation of Labor is prologue.

Now, let us see what the Committee for Industrial Organization has to say about this legislation. In answer to Chairman NORTON's letter, addressed to John L. Lewis, at the same time she inquired of William Green, labor's Non-Partisan League gave out a statement, under date of November 18, 1937, stating that—

> The league favors immediate enactment of the Black-Connery fair labor standards bill. The league will exert all the influence at its command through its Nation-wide organization on behalf of prompt passage of this legislation.

Under the same date John L. Lewis, referring to the bill, replied to Chairman NORTON's letter, and his letter concludes as follows:

> That every effort should be made to bring about its passage at the earliest possible moment.

If there is still doubt in anybody's mind as to the attitude of the C. I. O. toward this legislation, let me call your attention to letter dated December 17, 1937, addressed to every Member of Congress, signed by Homer Martin, international president, United Automobile Workers of America, the largest affiliate of the C. I. O., and the organization that introduced sit-down strikes in the labor movement in America. Mr. Martin's letter reads in part as follows:

1. That our Union considers it vital to the security and welfare of its members that you cast your vote and use your influence in favor of the Black-Connery fair labor standards bill.
2. That we consider it equally vital to the security and welfare of all wage earners, and therefore of the country as a whole.
3. That representatives in Congress who vote against or fail to vote or pair in favor of the bill, are thereby placing themselves on record as opposed to the best interests of their constituents.
4. That an unfavorable vote on this bill or failure to vote or pair in favor will not be forgotten next year when representatives ask their constituents to reelect them, as this will be the acid test of a representative's real position.
5. That this is not a political threat but a frank expression of conviction and fair notice that Representatives who do not represent cannot expect support.

Again I ask, is there any doubt in any Member's mind as to the attitude of the C. I. O. toward the Black-Connery bill, or its successor, the Norton amendment? This threat is an insult to the independence of every Member of Congress. Members will vote their convictions.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. I yield to the distinguished chairman of the committee.

Mrs. NORTON. In the consideration of this bill, is the gentleman following the labor organizations or is he following the purposes of the bill?

Mr. MICHENER. I am not following these two labor organizations, because that would be impossible and, in the second place, there is much difference of opinion as to just what the purposes of this bill are. Being uncertain as to that, I say again that I must be better satisfied as to just what will be accomplished before I would be justified in voting for the measure.

Inasmuch as the chairman of the committee has indicated that possibly there may be Members among us who follow a particular labor organization, let me say that, as one Member of Congress, it makes no difference to me whether the A. F. L. is for legislation, whether the C. I. O. is for it, whether the National Chamber of Commerce is for it, whether the National Manufacturers' Association is for it, whether Frank Hague, of New Jersey, is for it, or whether the great farm organizations of the country are for it. All of these organizations represent groups of our citizens with various interests, and their suggestions and advice in connection with legislation should not only be welcome but sought by Congress. In the final analysis, however, Congress must do the sifting, taking the good from the bad, and any bill when it leaves the House should be the composite of the best conscientious conclusion of the majority of the House. There are too many blind followers of partisan, selfish, and prejudiced organizations or leaders in the country today. I hope none of these followers are in Congress.

If the chairman of the committee wants to know whether or not I believe in organized labor and collective bargaining, my answer is an emphatic "yes." If she wants to know if I believe in the philosophy of sit-down strikes, my answer is an emphatic "no." If she wants to know whether or not I am in favor of pushing this bill through because the C. I. O. is back of it, my answer is "no." And if she wants to know if I am opposed to the bill because the A. F. L. is opposed to it, again my answer is "no."

I am opposed to the bill because:

First. The Black-Connery bill sets up another bureau or commission. The Norton amendment places the same powers in an administrator or the head of another bureau. More, more expense; more power in Washington.

Second. I do not believe that any agency responsible to the Executive or to any bureau chief should have the discretion to fix and limit hours and wages throughout the length and breadth of our land.

Third. I am satisfied that if this bill became a law at this time it would throw many thousands of people out of work and would increase instead of decrease unemployment.

Fourth. The wage fixed would be the maximum wage, and the hours fixed would be the minimum hours.

Fifth. Arbitrary fixing of wages by any bureau or agency would militate against small industries and prevent the development of new industries.

Sixth. Every farm organization and the farmers generally throughout the country are absolutely opposed to this regulation.

Seventh. I believe that the bill would be a direct hindrance to economic recovery, and agree with William Green that its enactment at this time would be a national menace to recovery.

Eighth. I believe that a yearly income, rather than an hourly income, must be at the bottom of proper living standards for our people. In many industries in my State the wage earners would actually receive a smaller weekly check under this law than they are now receiving. These people do not want such legislation.

Ninth. This legislation is an effort to revive the drastic provisions of the defunct and discredited N. R. A.

Tenth. I believe that a vast majority of my constituents do not favor the enactment of any law at this time that will increase the cost of living, as this law surely will.

Eleventh. Industry and labor should be given a chance to revive. This epidemic of governmental control, social and economic reform, and planned economy should stop and stop now. Let us begin by recommitting this bill to the committee.

Mr. DIES. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. Has the gentleman reduced his motion to writing?

Mr. DIES. I will do so if the Chairman requires it.

The CHAIRMAN. The Chair would request the gentleman to reduce his motion to writing.

Mr. PACE. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I have not taken any time to speak on this bill, and I would therefore appreciate your close attention.

A great deal has been said about the South in connection with this legislation. My home is away down in Georgia. I believe the people of my State and the representatives of my State desire that our wage earners have just as good wages, just as many pleasures, and just as many comforts as those in any other part of the Nation. I have not been enthusiastic about the committee bill, but I believe the situation is partially taken care of in the pending substitute. If you were to go to my home, you would find that the committee bill will do two things. It would throw thousands of people out of employment and it would close down thousands of places of business. What is to become of the small businessman or the man whose business is in bad financial shape, those who are not able to pay 40 cents an hour or to comply with the standard fixed by the Board or the Administrator? Must they go out of business?

Mr. Chairman, it seems to me that those men in my section and your section of the country who have a little business, who are fighting for their wives and their children, have just as much right to keep up their fight as have the wage earners. [Applause.] And what would you do with those thousands and thousands who are kept on the pay roll today for the sole and single purpose of keeping them from starving to death? Shall we cut them off? Those who cannot produce a product that we can sell commensurate with $3.20 a day at present prices.

Mr. Chairman, all I am asking for my section—and I want my people to have everything your people have—is that you be reasonable, that you fix it so that we can take care of those who cannot take care of themselves, and that we can take care of that man who is in business and who is trying to make an honest fight to support his wife and children, because he is still, if you please, an American citizen. [Applause.]

Would it be wise to pass a law that would run the little man out of business and leave the public at the mercy of big business? What would happen to the cost of living? Would it be wise to pass a law that would deny work to the unfortunate and less able?

That the committee bill is not satisfactory, not even to those who labor, is shown by a telegram which I have just

received from Mr. William Green, president of the American Federation of Labor, as follows:

Because the pending wage and hour bill is highly objectionable to membership of American Federation of Labor, I respectfully request you to vote to recommit to the appropriate committee for revision, study, and necessary changes in order to make it a practical and constructive measure.

From this telegram it will be seen that Mr. Green and the millions of workers who are members of his great organization want a practical measure and that they do not consider the pending committee bill either practical or constructive.

And what kind of law does the President of the United States want? We also received a message from him, and what did he say? The President said:

We should provide flexible machinery which will enable industries throughout the country to adjust themselves progressively to better labor conditions.

The pending committee bill is not practical nor constructive as wanted by the wage earners. It is not drawn so as to insure industry that it will be permitted to adjust itself progressively to the higher standards which the President requested. It is not drawn so as to protect the small-business man or the less efficient workers.

On the other hand, it seems to me that this substitute now before us is practical, constructive, and guarantees a progressive and orderly adjustment of low wages and long hours, referred to as "substandard labor conditions." I refer to the following provisions:

When used in this section the term "substandard labor condition" means a condition of employment under which (1) any worker is employed at an oppressive wage, or (2) any worker is employed for an oppressive workweek, or (3) where oppressive child labor exists.

In the determination of whether a wage is an oppressive wage there shall be taken into account the cost of living in the community in which the employment exists; those considerations by which a court of law would be guided in a suit for the recovery of the value of services rendered at the request of the employer, where the compensation for such services had not been fixed by agreement between the parties; the wages established for work of like or comparable character in the same general locality by collective labor agreements negotiated between employers and employees by representatives of their own choosing; and the wages for work of like or comparable character in the same general locality paid by employers maintaining minimum-wage standards.

In determining whether a workweek is oppressive there shall be taken into account the relation of the work to the physical health, efficiency, and well-being of the worker, the number of workers available for employment in the occupation involved; and the hours of employment established for work of like or comparable character in the same general locality by collective labor agreements negotiated between employers and employees by representatives of their own choosing.

There shall also be taken into account in arriving at either or both of such determinations, the contemporaneous financial condition of the employer and his record of earnings for the period of 5 years next preceding the determination, and such other considerations, general and particular, as may be relevant in the judgment of the Federal Trade Commission to the determination to be made.

In neither of the above considerations shall any one of the considerations specified be governing, but weight shall be given to each to the end of securing for employees fair and reasonable compensation for services rendered and the most reasonable hours of work compatible with continuity of employment for the maximum numbers of workers and with due regard for the maintenance of fair and reasonable profits to employers.

In my opinion these provisions, this yardstick, would progressively bring about better wages and shorter hours, abolish the sweatshop and child labor, and do it in a reasonable, practical, and constructive manner, fair both to those who do the work and those who provide the jobs. And more than that, it will be a sensible step toward solving one of the greatest problems facing us today; that is, providing private employment for the millions now without work.

I want to see the men and women who work from day to day receive not only a living wage, but a profitable return from their daily efforts. Progress has been slow for the wage earner in securing improvement in his living conditions, a better and safer place in which to work, and recognition of his rights in the economic set-up. But there has of late been substantial progress along those lines.

During the last few years, through the cooperation of a sympathetic Congress, and under the leadership of a great Democratic President, Franklin Roosevelt, the rights and necessities of the wage earner have received greater recognition than in all the years before.

The right to organize and bargain collectively is a part of the basic law of the Nation.

The right of the worker to choose his own representative or spokesman is now protected by law.

A Federal old-age-benefit program has been set up, under which 32,000,000 have applied, including 527,000 in the State of Georgia.

Every State, except one, now has a program for aid to the needy and aged, under which nearly $30,000,000 of Federal, State, and local funds are paid out each month to 1,500,000 of those in distress.

Unemployment compensation has been arranged for over 21,000,000 workers, of which 306,000 are in the State of Georgia.

From the dawn of human history man has striven, without ceasing, to maintain and improve his economic welfare. The struggle for existence controls not only man, but all creatures under heaven. The wage earner first struggled to exist, and now, with a certain condition of existence assured, he struggles to improve his manner of living.

This desire, this yearning to climb the scale of living, is just as human, just as real, as was the earlier struggle for bare existence. Our forefathers assaulted the barriers and overcame the burdens which Nature itself had thrown up against the march of civilization. Their children's children now seek to overcome the obstacles and improve the social and economic conditions which bar their way to a happier, a healthier, and more abundant life.

In this struggle for better things I would counsel the selection of wise, loyal, and 100-percent American leadership.

To our zeal, enthusiasm, and determination I would add a good portion of common sense, patience, tolerance, and understanding.

I would always bear in mind the fate of the one who killed the goose which laid the golden egg.

The most powerful force in this Nation today is public opinion, and there is one characteristic of the American people which is outstanding and which should never be overlooked in treating with any public question. That is good sportsmanship, in that the people demand a fair and a square deal, and they will not support any person or any movement that bears evidence of unfairness or taking undue advantage.

That is why we condemn that corporation which pays its president a salary of one hundred or two hundred thousand dollars a year and then works its employees long hours at starvation wages.

That is why we refuse to uphold the money lender who takes advantage of the misfortune or urgent needs of a borrower and charges an unconscionable rate of interest.

That is why we must legislate against the employer who regards the worker as no more than a cog in the machine; who forgets that from the heart of him who labors there springs every motion of hope, love, and ambition known to the human spirit.

That is why one who seeks to speak for those who work from day to day, which high privilege I claim, can find no sympathy for those employers who would deny the workers a fair share in the profits of their employment, and who seek to increase their own gain by denying the worker a safe and healthy place in which to work, reasonable hours of labor, and a living wage.

A wage in keeping with the type of work, the nature of the business, the conditions of employment, the cost of living, the proper maintenance and education of the family, the need for recreation, and some provision for that day when the worker's strength is gone and his uncertain step turns toward the setting sun.

That employer who forgets or refuses to recognize these rules of the game of life, these standards of a fair and square

deal, can never hope to gain and hold the support of that all-powerful force known as public opinion.

But, on the other hand, he who labors from day to day must remember that the divine command, "Do unto others as you would be done by" applies with equal force to him.

While there rest with him definite human rights and social privileges, he can make no permanent progress if he disregards the fundamental rights of those who have made the investment and provide the employment.

Neither can any good come to any of us through creating and inflaming a spirit of class hatred. This Nation was founded in order to escape the harmful effect of class arrayed against class; its future greatness will depend upon our respecting the natural and constitutional rights of every citizen, be he high or low, great or small.

I refuse to believe that every man who has made a success has done so at the expense of others.

I refuse to believe that every man who has accumulated some of this world's possessions is an economic royalist and should be shot at sunrise.

I refuse to believe that ambition, intelligence, untiring energy, executive ability, and the practice of thrift and economy are no longer entitled to their just rewards.

I refuse to believe that through organization or for human or sentimental reasons a man gains any right to become lazy, inefficient, disloyal, or to disregard his contracts.

On the contrary, when through organization and legislation we compel the employer to respect the human, the economic, and the social rights and needs of the worker, in return the worker should respect and protect the economic and constitutional rights and needs of the employer.

To the employer the worker owes a high degree of loyalty and sympathetic cooperation. His job is his business and the success of the enterprise in which he is engaged is reflected in the character of the service he renders.

In return for such loyalty and cooperation a profitable business should pay a profitable wage.

I have been deeply impressed by the loyalty and active support which the railroad employees give to the railroad management. It seems that every man on the road is a salesman and a booster. They help to find business, to keep business, to create business. They try to do 8 hours' work for 8 hours' pay. And from this fine spirit of cooperation has come the fine relationship that now exists between the railroad employee and management.

We can draw another lesson from the same source. Industrial disorders have practically ceased in railroad circles, and in my judgment this condition has been brought about by two things—paying a profitable wage and the arbitration of all wage differences which arise.

I look to the day when the same condition will exist in every branch of industry; when the costly strike will come no more; when through collective bargaining, mutual respect and understanding, and a proper balance of the human and commercial impulses, the employer and the employee, either in person or through their chosen representatives, may draw up their chairs and settle their differences promptly and peacefully; having due regard not only for their own respective rights and needs, but also for the rights and needs of that greater multitude, the consumer, who must pay the bill in the end.

There are some who have said they would be master. But if I know the American people, they do not want and will never submit to any master. In our veins flows the blood of free men, inherited from forefathers who loved liberty better than life, and I can never believe that either capital or labor will permit the other to enter a servitude that is out of place in this land of the free.

No; that is not what we want or need. All we must have is a mutual understanding and for big business to recognize and respect the rights and needs of those who have labored to make it big.

If I judge correctly the sentiment of the American people today, they want peace.

They want peace among the nations of the earth, and they insist that this Nation remain free from the passions, the prejudices, and the propaganda so prevalent in foreign lands. They insist that the profits be taken out of war; that sordid selfishness and the passion for personal gain shall never again put our boys in the trenches at a dollar a day while the munitions makers are making millions out of war profits.

And the American people also want peace within our own shores, domestic and industrial peace and understanding around our own firesides. They want civil strife to cease and the principles of mutual respect, tolerance, and sympathetic understanding to prevail.

Industrial disorders cause an enormous economic waste. They slow down production, reduce pay rolls, and increase the burden of the consumer. They have been regarded as necessary in the past, but the Wagner Labor Relations Act has given labor such solidarity and cohesion that it is now able to meet capital on equal terms.

Capital, out of respect for that act as the law of the land, and labor, in grateful acknowledgment and appreciation of the rights and protection which that law affords, should now both be willing to adjust their affairs and settle their differences promptly, peacefully, and in keeping with the respective rights of each other.

I hope it can be said that I tried always to promote the welfare of the employee and protect the fundamental rights of the employer. And that, in my effort to be fair to both, I also tried to guard and defend the interest of those millions who must buy the necessities of life which are produced through the joint efforts of capital and labor.

We should drive the alien agitator from the ranks of labor and free the American worker from the burden of alien competition.

Social unrest gives the alien agitator a fertile field in which to work. While in the midst of a fight, we are all tempted to accept the assistance of anyone who offers help; but the Communist organizers have no real interest in the worker's permanent welfare, and are seeking to take advantage of discontent and disorder in order to promote their frightful communistic beliefs.

They welcome economic dislocation. They delight to see class arrayed against class. They fan the fires of hatred between capital and labor. They preach the doctrine of hate. They conceal their purpose. They despise American ideals. They seek revolution and the overthrow of democratic government.

We should drive them out. Treat them with no more consideration than you would the prowler at night who seeks to destroy your home or harm your family.

In this land of freedom, American citizens want neither the communism of Russia nor the fascism of Germany. One is just as bad as the other.

Have you investigated the condition of labor in those two countries, the two that are in greatest contrast to democracy? Both live by force, and force alone. Both have dictators as ruthless as an emperor.

In Russia the laborer is denied all personal gain and must work only for the common good.

In Germany the laborer is in slavery, is denied the right to strike, the right to organize, the right to bargain, and must work as, when, and where the ruling power dictates.

Do you know what communism is? It stands for hatred of God and all forms of religion; the abolishment of marriage; the destruction of private property; the promotion of class hatred; the denial of all forms of representative or democratic government; the abolishment of freedom of speech, freedom of press, freedom of assembly, and trial by jury; and the promotion of a class or civil war by force, violence, and revolution.

And what do they promise you for this destruction? They say that neither you nor anybody else will have anything, and therefore you will then be as good as anybody. In return for being on the bottom and having everybody else down there with you they would destroy the American system of

government, under which our forefathers have builded the greatest, the most powerful, and the richest nation on earth, where our wage earners are even now the best paid, the best housed, the best fed, the best clothed, and the most contented and free on the face of the earth.

When they sing the song of the Soviet ask them why they let 6,000,000 people starve to death in 1933 and 1934, right in the middle of that part of Russia that was once the granary of Europe. Why, if we let just one person starve in this country we never hear the last of it. Half of the population of Russia would move out tomorrow if the immigration barriers were let down.

Free American labor should drive out the alien agitator who would make them like the regimented, ticketed, terrorized, and forced labor of Russia and Germany.

I call upon you, if you love your home, if you prize the right to work, if you appreciate your family, if you value freedom of speech, if you enjoy the profits of labor, if you fear God and love liberty, I call upon you to drive out any alien agitators who seek to arouse passions to the point where some would destroy the greatest blessings known to civilized government—the inalienable right to life, liberty, and the pursuit of happiness.

It is of equal importance that we close our doors to the aliens coming to our shores and deport those now in this country.

While we struggle with the intricate problems of unemployment and distress among our own citizens, we shelter at least 4,000,000 foreigners who entered this country illegally and in utter disregard of our laws.

They can never secure American citizenship because they came here in violation of law. They owe no allegiance to our flag and have no respect for our Government.

They grasp every opportunity for personal gain, receive the benefits of our charitable impulses, swell our relief rolls, and hold jobs while loyal American citizens are without work.

We are living in the age of the machine. Every year new machines are invented to do the work of thousands and thousands of men and women. Without any additions from foreign lands we are going to have our hands full in trying to provide employment for those being displaced by inventive skill and for the natural increase of our own population.

We treasure our American citizenship as a priceless heritage. It is, and we should keep it so. We should guard and defend it and our democratic form of government against all enemies.

Yet we keep open our doors to foreign elements of most every race, class, and creed, who journey here solely to cash in on the great resources of this Nation. Many of them, while claiming the protection of our laws, seek to undermine and defeat constitutional democracy.

Thus we cheapen and endanger the citizenship which we cherish so highly. I believe the time has come to close our doors to such immigrants and rid our shores of such undesirables.

No longer should we permit America to be the asylum for the people of other lands or the dumping ground for Europe.

Instead we should make it and we should keep it, as our forefathers intended, the land of the free and the home of the brave—first, last, and always, an America for Americans.

Mr. BERNARD. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, every Member of this House is a friend of labor. Every Member who has spoken on this bill has come out and told us frankly, without mincing words, that he is a friend of labor. Never before has labor had so many warm friends in Congress. I am worried about big business, which seems to have lost its old friends and spokesmen, all of whom, from both sides of the House and all sections of the country, have suddenly gone over to the side of the workers. As one who has always spoken for the underdog, I wonder if I ought not speak today for America's friendless and downtrodden industrialists.

All these friends of labor have become friends of wage and hour legislation. Some kind of wage and hour legislation, but not this legislation. Not the Fair Labor Standards Act, which is before us now. Not the bill 218 Members acted to bring before this House. What kind of legislation do these new friends of labor and of fair labor standards want? They want any kind of legislation guaranteed not to pass.

That is why they point out weaknesses in the present bill and do nothing to strengthen it. The gentleman from Texas, labor's friend and one of the best orators in this House, is against the bill. Why? Well, for one thing, because he estimates that it will aid only half a million workers.

I have a constituent back home, a good American in spite of his Italian accent, a worker who has toiled in this country for 40 years and raised 10 good American children. If I told this old friend, Tony, "Tony, I voted against this bill because it only helps half a million people," I know what Tony would answer.

He would say:

> Mistre BERNARD, whassa matter? You meana to tella me you not vota for dissa bil because it joosta help halfuna million peepla? Whassa matter you no fixum up so help five milliona—ten milliona—peepla? If you no can fixum up, atsa better to help halfuna milliona peepla than notting. If you can help one peepla, is pully good. Mistre BERNARD, I no understand thata kind business.

The gentleman from Illinois [Mr. KELLER] agrees with Tony. He said that any bill is better than no bill. I agree with my friend Mr. KELLER, and my friend Tony.

But there are some friends of labor who seem to think that no bill is better than the best bill. This morning's New York Times describes their position like this:

> Republican and Democratic opponents of any Federal legislation of this nature view the situation with considerable satisfaction, believing that they can throw their strength to various groups among the bill's supporters in such a manner as to produce a large group of dissidents who will finally combine with them to recommit the bill.

Mr. Chairman, in spite of the President's urgent recommendation of its passage, this bill has already gone over from the first session of this Congress to the special session. We have already delayed too long. Having just freed it from the smothering embrace of one committee, are we going to send it to its death in the arms of the committee that mothered it? Senate 2475 is not a perfect bill. But it is the best bill we have got. Let all true friends of labor get together and pass it—now! [Applause.]

Mr. LANHAM. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, all right-thinking people are interested in proper wages and proper hours of work for those who toil; but, in my judgment, the measure as proposed by the committee, which is the one I am persuaded we shall finally be called upon to vote, is a step away from any assurance of permanent security in that regard.

My principal objection to that proposal is that I believe it to be decidedly and dinstinctly un-American. It provides for the establishment of a dictatorship over labor and over industry, the identity of the dictator yet unknown and undisclosed. Dictatorships may arise in an hour, a day, or a year, but democracies come through long periods of time in growth and development, attended by suffering, turmoil, and hardship, and sometimes even by battle and bloodshed. Such has been the history of our country. It did not come to us through the inspiration or the impulse of a moment. It was a heritage of the ages and represented the struggle of the Anglo-Saxon people throughout many centuries to get for themselves the privileges that were rightfully theirs.

Though George Washington did not give expression to the proverbial phrase, "Government of the people by the people and for the people," he sponsored the principle that made that phrase possible.

Mr. Chairman, in my judgment, this dictatorship proposal of the committee is an effort to start in our country some of the things that are in vogue in certain countries across the sea. Free peoples seldom lose their liberty on the battlefield, but frequently they sacrifice and surrender it through lack of

vigilance in times of peace. With all these spurious governmental isms from abroad being preached in this country, I think the American people should be notified that over there among those who live under such regimes 90 percent of the people would come to our shores if they could possibly find a way to do so, in order that they might live under the free Government of America and under the Stars and Stripes.

This bill proposes a step in the direction of autocracy and bureaucracy, which was the initial step in depriving the people of some of those countries abroad of the liberties which were rightfully theirs.

Let us not launch upon this dangerous policy. In those very lands they who labor have been reduced to serfdom and to slavery, and they live in a state of abject fear, denied even the right of freedom of speech.

What would happen in those countries if the present dictators should pass from the scene? You do not know and I do not know, because those governments and those policies are ephemeral. They cannot endure through the ages as the principles of our Government have endured. When we built we built for permanence and we established this Government of ours upon those rights of the people which must endure through all the ages if government itself is to endure.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LANHAM. In that regard, let me bring this to your attention. James Russell Lowell was a great American poet, but in addition he was a statesman of no mean ability. In the early days of our governmental history on a visit to France he met Francois Guizot, the distinguished historian, who had served as Prime Minister. This great Frenchman asked him how long the American Republic would endure, and James Russell Lowell answered wisely, "As long as the principles of its founders remain dominant in the hearts of its people" [applause]; and that, my friends, is true. Let us also be true to those age-old hard-won principles which those founders gave us, and not turn this country of ours into a totalitarian state based upon the combined principles of fascism, nazi-ism, and communism. [Applause.]

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Minnesota [Mr. BERNARD] stated that labor had many friends in the House, perhaps meaning that some of those who professed to be its friends were not friends of labor.

Mr. BERNARD. I meant that.

Mr. HOFFMAN. Granting to all Members of the House the same honesty and sincerity which the gentleman claims for himself, it may be true that some of those who in their own wisdom and, may I say, egotism think they alone are friends of labor, are not doing as much for labor as they think they are. Neither the gentleman from Minnesota nor any group has the right to claim to be the only friends of labor in this body.

I recall very distinctly that last spring when John L. Lewis and his C. I. O. had driven hundreds of men from their work in Michigan, the gentleman from Minnesota [Mr. BERNARD] was up in the northern part of Minnesota talking about striking and closing mines.

Mr. BERNARD. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. No; I decline to yield now.

I have been wondering how much, if anything, the gentleman received at that time as an organizer.

Mr. KVALE. Mr. Chairman, I make the point of order the gentleman who is addressing the Chair is addressing his remarks to my colleague and is acting in a manner unbecoming his office.

Mr. HOFFMAN. I am replying, if the Chair please, to the statement made by the gentleman from Minnesota [Mr. BERNARD] that those who professed to be friends of labor were not and who directed his remark to me.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from Michigan will proceed in order.

Mr. HOFFMAN. Who are the friends of labor, those who go about closing the places where jobs are given, those who organize and drive men from their work, or the men who keep the factories open, who meet the pay rolls, and who provide the jobs? Who are the true friends of labor?

Mr. BERNARD. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. No; I do not yield.

Comparisons are odious; none will be made. It should not be forgotten that last January and February—yes, on through into March and April—when, on the floor of this House, some of us were doing battle for the right of the worker to his job, were fighting for the worker's right to employment, to retain the job he had held perhaps for years, for the privilege of earning his own food, clothing, and shelter; were opposing the riots, the civil strife brought to our cities and our State by the C. I. O. and its supporters, others were supporting that organization at the very time it was driving the laboring man from his job, demanding that he sign on the dotted line, pay tribute to its leaders, in order that he might retain his job.

No one can camouflage the issue; no one who does not see through their hypocrisy; no one is longer deceived as to their real purpose, which was to subject labor to the yoke imposed by them to levy tribute upon the honest toiler.

When the attack was made on the American Federation of Labor; when the N. L. R. B., the Senate Civil Liberties Committee, John L. Lewis, and the C. I. O. were wrecking that organization, long the safeguard of American labor, where were these men who claim the exclusive right to pose as the friends of labor? Were they in the ranks fighting the battle for the A. F. of L., or were they in the camp of the C. I. O.? The records of the House will answer the question.

Get this issue of friendship for labor on a practical basis. How many jobs were ever created by those fellows who are organizing the workers? How many dollars did any one of those organizers or those who are spokesmen in this House for labor ever give to workers? How many jobs did they ever give? How many dollars did they ever add to a pay roll?

After all, you cannot eat those free speeches, those eloquent pleas in behalf of the oppressed and the underpaid; those denunciations of employers. The only things you can eat are the groceries, the meat, the flour, and the bread the workers purchase with the money paid them by the men these spokesmen day after day condemn.

Workers are alive today because of the food, clothing, and shelter—all of which they earned—which they have been enabled to purchase through the employment given them by the men you would crucify. And when you have crucified these employers, what have you left?

This does not mean that all workers are adequately paid, for of course they are not. But it is an argument that, until a better way which is practical is found, we should not destroy what we have, even though what we have be unsatisfactory or insufficient.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. No; I do not yield.

Last spring in Michigan, after they had closed the factories and had driven the workers from their jobs, they thought they had control of our State.

Their candidate for mayor of Detroit announced:

> Labor must seize the reins of government in Detroit and every other American city.

He failed in that move.

And the people of Monroe, who courageously fought and won the battle against the C. I. O., who decided and insisted that 99 C. I. O. workers should not deprive 1,159 mill employees who desired to work of their jobs, within a month repudiated the C. I. O.'s candidate for mayor and returned Mayor Knaggs to office by a vote of 5 to 1.

But the battle continues.

When a national magazine gave Governor Murphy as the authority for the statement, shortly after his return from the Philippine Islands to become a candidate for Governor of Michigan, that President Roosevelt said:

> If communism breaks in America, it will be in the Detroit area, where it will first manifest itself—

many were surprised.

When, on the last day of December following Murphy's election, John L. Lewis and his C. I. O., with armed invaders, struck the plants of General Motors in Flint, drove thousands of workers from their jobs, closed the plants, fortified themselves, and, by Murphy's use of Michigan's National Guard, held possession for 44 days, at a loss in wages to General Motors employees throughout the area of $44,000,000, independent workers and citizens generally began to wonder whether these armed forces were carrying out the orders of "red" Moscow, and how it was that the President, if Murphy quoted him correctly, had obtained his information about the coming of communism.

Still later and after Governor Murphy had shown his friendship for, and his support of, these armed Communists, they took over and held possession for a day of Lansing, Michigan's capital.

Of this and the Communists' prior activities, Governor Murphy said:

> Communists deliberately created disorders in the Lansing labor holiday, the Consumers' Power Co. strike, and in some phases of the sit downs. They not only sought disorders but they sought bloodshed. They wanted bloodshed, and they sought to draw us into a fight.

But it is a matter of record that throughout the strike and down to the present time, the Governor has assisted these Communists in their attempt to take over Michigan.

His latest move is to appoint a C. I. O. organizer and an officer of the U. A. W. A., a man who ran as C. I. O.'s candidate for councilman of Detroit, Richard T. Frankensteen, as a member of the State welfare board.

Frankensteen said, according to the morning paper, they had $500,000 in the treasury—to do what? To compel the workers of Ford to join the C. I. O. and to pay tribute to Lewis. [Applause.] Yes, you applaud, and I should think you would, if you believe in giving Lewis the right to levy tribute. They are forcing workers to pay for the right to work in America.

Is the Governor and the C. I. O. getting ready for another strike in Michigan? They did their share toward putting the motor industry on the rocks last spring.

Does the Governor intend to assist the C. I. O. in closing Ford and, if they will not sign a new contract, General Motors and Chrysler?

And did he appoint Frankensteen to the welfare board so that the public treasury would be available for the support of the strikers? Does Governor Murphy mean that the taxpayers of Michigan and those who want to work are to be compelled, during the coming winter, to support in idleness U. A. W. A. workers who will not work, who will not let others work?

You may remember that when the last relief appropriation was made by Congress, Congressman MICHENER inquired of Buchanan, then chairman of the Appropriations Committee, whether that relief money was to be available for the support of strikers, and Buchanan replied that it was not.

However, Governor Murphy apparently has overruled that statement and he intends to finance Lewis' strikes by the use of welfare funds distributed with Frankensteen's help—something you should think about. [Applause.]

There is one phase of the labor situation that I have not heard discussed on the floor.

Throughout the country there is a vast number of small industrial plants and business enterprises which employ many persons at a relatively low wage.

If this bill be enacted with a minimum wage of 40 cents and maximum hours of 40 per week, we all know that it will be but a short time before a strenuous drive will be made to increase the minimum wage and lower the maximum-hour limit. Nor does anyone doubt that such drive will, in a measure at least, be successful in some, if not in all, industries.

It is a matter of common knowledge that railroad companies, many large corporations, including some few of the larger industrial plants, a far greater number of the smaller plants, carry on the pay roll old employees at a reduced wage who are unable either because of age or some other physical handicap to return a full measure of value for even the low wage paid them.

There are hundreds of thousands of persons throughout the country who are employed, some at full time, some at odd hours, at less than 40 cents per hour, performing tasks, doing work, which is not absolutely necessary, but which is given to them, either because they have served as workers over a long period of time or because the employer desires to assist them personally.

Perhaps all here can recall some such instance in his own experience or among his own acquaintances.

If we establish a minimum wage and make it, as in the end it will be made, applicable to all workers, this multitude, made up in large part of those who have passed their prime, of the aged, of the physically unfit, will be thrown out of employment; they will be forced into idleness; they will be forced onto the relief rolls or the pension rolls, and the workers, as a class, will be required to support them, for they will by law be deprived of all opportunity to assist themselves.

I can understand why John L. Lewis would like to see this bill enacted into law. If it becomes a law, he will at once begin to organize the group of workers referred to above. If the law provides for a minimum wage of 40 cents per hour, industry, as a matter of self-preservation, will be forced to discharge the incompetent, the nonproductive, and to distribute the work among those who can turn out the goods.

This wholesale discharging of those who have passed middle age, of those who, for any reason, are incompetent or nonproductive on a 40 cents per hour basis, will throw open wide the door of opportunity for Lewis and his organizers. They will be permitted to prey upon these defenseless and fearful workers.

In view of the experience of the past few months, we know what will happen. Immediately Lewis' organizers will enter this field. He will induce those who are about to lose their jobs to pay an initiation fee, to pay monthly dues, or, if this cannot be done, he will take them into membership without the payment of dues. Then when industry cannot longer employ them because it must pay at least 40 cents per hour, and when they are discharged his newly organized union will file a complaint with the N. L. R. B., charging that these employees were discharged because of their union activities, because of their union membership, and the small employer will be subjected to the same methods of persecution which have been used in the larger industries.

In every city, town, and hamlet throughout the Nation where industry is unable to pay 40 cents an hour and is forced to discharge some of its employees you will have these complaints by the C. I. O. and the N. L. R. B., and the effect upon business will be ruinous.

The small businessman cannot meet the heavy expense of defending himself, as Ford and Weirton and the large corporations have been able up to this time to do.

Anticipate the working of this law and judge for yourself how it will affect the industries in your home community. If you do this you will refuse to sacrifice your workers, your local industries, upon the altar of Lewis' ambition. You will vote to recommit this bill. [Applause.]

[Here the gavel fell.]

The pro forma amendment was withdrawn.

Mr. WOOD. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, I voted for the Green amendment for the purpose of getting ourselves out of an entanglement. The Green amendment provided for a 40-cent minimum wage and a 40-hour maximum week. The Senate bill, as reported out by the House committee, provided a 40-cent maximum wage and a 40-hour minimum week.

I did this with the hope that the bill might be referred to the conferees and the conferees would then not be disturbed by any restrictions whatever, but could bring in a bill that would provide either a 30-cent minimum wage or a 40-cent or 50-cent minimum wage or a 10-cent minimum wage, and a 40-, or 44-, or 45-, or a 50-hour week, whichever they may choose. But the Green amendment was defeated.

Now, the bill as reported by the committee is before you, and I have noted that the same tactics are being employed now that were employed by some of the Southern Members on the Green amendment. They deliberately came down the aisle and voted for that amendment because they thought if that amendment were passed they would stand a better show of defeating it in the House. They told me this.

Now, you have before you the Norton amendment to the Senate bill, which was reported out of the committee and the Lamneck substitute for that amendment. Of course, if this substitute passes, the bill is destroyed.

Let us be fair and not engage in so much disgraceful demagogy. There are three ways to defeat legislation. One is to honestly vote against it. Another is to get in such amendments as will make the bill so drastic that they know it will not pass or get in such damaging amendments as will emasculate the bill, so that any man or woman would be ashamed to vote for it.

Let us be honest with the workers of this Nation. Talk about dictatorship. The gentleman from Texas [Mr. LANHAM] knows as well as I do that every dictatorship that has been established since the World War was not established because of the establishment in those countries of boards or departments, but every dictatorship has been brought about by misery and suffering and despair among the people of those nations. [Applause.] If you want to kill this bill then vote against it and be honest enough to let your constituents know your true position, and be honest enough then, if you want to help prevent a dictatorship to vote for the passage of a wage and hour bill giving the workers sufficient buying power, to keep body and soul together, so they will be more contented. That is the only way you are going to prevent a dictatorship.

This bill does not suit me, and I resent the disgraceful and ungentlemanly statements made upon this floor by a number of Members referring to this bill as an illegitimate piece of legislation. This is an insult to the Labor Committee and a reflection upon the character of the proponents of this bill. It is a reflection upon the character of the immortal Billy Connery.

It is not the gentlemanly way to defeat legislation. [Applause.]

[Here the gavel fell.]

Mr. WOOD. Mr. Chairman, I ask unanimous consent to proceed for 2 more minutes.

Mr. WELCH. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 minutes.

Mr. LAMNECK. I object, Mr. Chairman.

Mr. DIES. Mr. Chairman, I rise in opposition to the pro forma amendment. I rise for the purpose of presenting to the membership of the House, and particularly the committee, the plight that exists in reference to the oil field and refinery workers in my congressional district. A vast majority of the workers are engaged in the refining, drilling, or production of oil at a minimum wage far in excess of what is proposed by this bill, working on a 36-hour basis. The International Oil Workers Union, headed by Mr. H. C. Fremming, a very prominent and capable union executive, has presented certain very serious objections to the proposed legislation. The gentleman from Oklahoma [Mr. BOREN] will propose an amendment at the proper time which I hope the committee may accept. Mr. Fremming and his organization is affiliated with the C. I. O. Mr. Fremming says in reference to this bill:

> The proposed wage and hour bill provides for a 40-hour maximum workweek and a 40-cent minimum hourly rate. If this becomes the law of the land without suitable amendment applying particularly to the petroleum industry, it will defeat the very purpose that the act intends to accomplish; that is, added employment. This act would reduce the employment load in the petroleum industry approximately 18 percent, because the industry would take advantage of the specific fact that they have gone from 36 hours' employment as a standard week to 40 hours by direction of the Congress of the United States.
>
> While it is true that certain collective bargaining agreements exist within the industry establishing 36 hours as a maximum workweek these companies would be faced with an unfair competitive relation with other oil companies if they attempted to maintain, by virtue of collective bargaining, 36 hours as against a 40-hour week that would become effective with the adoption of the bill by the Congress.
>
> It is because of this special situation applying to the great petroleum industry that the attached amendment is proposed. All Congressmen coming from oil-producing and refining centers, such as the great refineries on the Atlantic seaboard, New Jersey, Pennsylvania, Gulf coast, Great Lakes, and Pacific coast, would be a party to increasing the hours of employment of their constituents 4 hours per week if they voted for the bill without the proposed amendment applying to the petroleum industry.
>
> The 36-hour workweek in the petroleum industry is an accepted principle, and surely the great arm of the Federal Government is not going to be used to disturb this equitable principle which is now operating favorably, both to the employee and to the employer.
>
> It is because of the unique situation as it affects the petroleum industry where we have weekly hours of employment less than the bill provides that we urge this special amendment to safeguard this forward-looking program established in 1933.

Mr. Chairman, I have read the foregoing in order that the amendment which will be proposed by Mr. BOREN at the request of this organization, which represents hundreds of thousands of oil and refinery workers throughout the United States may be understood in advance, and that the vast organization may be understood.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. KELLER. Mr. Chairman, I rise in opposition to the amendment. The first mistake I desire to correct is this: The statement has been made here many times that we are trying "to fix wages." The fact is that we are trying to transfix the poverty of this country, to strike it down, to banish it, and give decent living conditions to the men and women who are now denied them. That is the main object of this bill we are talking about. I do not blame any man for belonging to a wrecking crew, but we ought to remember that a very small number of men can tear down in a few days what it takes a hundred men a year to build. That ought to be one of the considerations for the Members of this body. I respect the man who, like my friend from Tennessee [Mr. MCREYNOLDS], stands up and says frankly that he is against all wage and hour legislation. I do not blame him if he feels that way about it. But I am sorry to see that some of our friends, as my friend from Minnesota suggests, are tremendous friends of labor, but who want to deny any opportunity to labor. I suggest to my friend away down in Georgia who spoke a few moments ago, telling of the conditions of poverty existing in his State, that Georgia has been a State in charge of its own business and its own laws for 150 years. If Georgia has not done away with conditions of poverty in 150 years, in the name of God, how long is it going to take Georgia to do away with these disgraceful conditions? Then there are other States of which that is also true—all of them, in fact, except for the length of time they have been States. How long is it going to take any State to do away with conditions of poverty? The answer ought to be perfectly clear to any man who thinks this over, and that is that no State alone can do it; that industry is national, and must be dealt with nationally. Only the Nation can deal successfully with this question. You cannot get away from that fact. You will never do away with poverty in the different States by State government; it cannot be done. The Nation alone can and must do it.

Mr. ANDRESEN of Minnesota. How about Illinois?

Mr. KELLER. It is in the same class, and I said here the other day that there is not a man representing a district on this floor in whose district there are not substandard wages, including my own and yours and that of every other man here, and instead of objecting to this bill you ought to be helping us pass it.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Referring to my friend from Texas, Mr. LANHAM, who suggested powerfully and eloquently that we are better off than the people of Europe, and that we ought to let well enough alone, he might just as well have said that we are better off than the people of China, and why not let that alone. That is not the question. The question is, Are we as well off as we ought to be, and as well off as we can be? No other question is worthy of consideration here.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. RANDOLPH. To continue the thought you have expressed relative to the argument of the gentleman from Texas, there is no vestige of a dictatorship in the proposed legislation to help labor when we ask the employer, the employee, and the consumer to come together and iron out their differences and logically raise sublabor standards, is there? I feel that such a plan is the carrying out of the finest principles of a true democracy.

Mr. KELLER. The gentleman from West Virginia is entirely right. Oh, any thought of dictatorship is arrant nonsense. Any man who has thought about it knows this is true.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, we have listened to two splendid speeches expressing generalization of viewpoint. One was intended to counteract the effect of the other, and the applause was almost equal in intensity. If that reflected the fate of the bill itself, the result of our deliberations is very much in doubt.

But I rose at this moment to congratulate our popular leader of the majority. He referred to the original personnel of the Federal Trade Commission. How tragic their failure! He had even contemplated the repeal of the act itself, although he was largely responsible for its creation. No one will express the present situation better. We are very fearful of the Board or Administrator provided in this bill. Their possible action may, indeed, prove tragic.

It was a sparsely settled country and the wayfarer said to the Scotchman, "How can you ever get a doctor here?" He said, "We can't. We just dee a natural death." [Laughter.]

I have been favoring a proper wage and hour bill. The textile industry wanted me to do so—both the employer and the employee. This morning, after their careful consideration, I am requested by the textile employers of the North to vote against the bill which will be before us today. I had been willing to cast aside my own perhaps somewhat prejudicial feelings and do everything I could to help that industry in its extremity. The two great labor parties seem hopelessly divided. So what can I do for them? It seems now that the textile industry of the North, rather than accept the doctors to be provided under this bill and the prescription the doctors must inflict upon them, evidently prefer to "dee a natural death." [Laughter and applause.]

[Here the gavel fell.]

The pro forma amendment was withdrawn.

PASS THE WAGE AND HOUR BILL

Mr. ELLENBOGEN. Mr. Chairman, I move to strike out the last word. I was unable to obtain time to speak on the wage and hour bill during the general debate. I am taking this opportunity to show the need for the passage of this bill.

Mr. Chairman, a great deal has been said about the necessity for establishing a ceiling of hours beyond which any particular industry may not go, and for establishing a bottom of wages below which it may not fall. It has been pointed out during the debate on this bill how necessary it is to do both, in order to abolish excessively long hours and to increase the standard of living of the lowest-paid workers in the United States.

TECHNOLOGICAL UNEMPLOYMENT

I would like to ask the Members of this House another question. I would like to call their attention to another problem. That is the question of technological unemployment. What are we going to do about it? For instance, I am reliably informed that in the steel industry in the next 3 years improved machinery and improved plant facilities will probably displace between 100,000 and 125,000 workers. In the coal industry installation of new or improved machinery will probably displace some 200,000 or 250,000 workers in the next 10 years. The same thing is going on in every other industry.

MAN-HOUR PRODUCTIVITY HAS BEEN INCREASED BY 20 PERCENT

Man-hour productivity today is 20 percent greater than it was in 1929. If we want to go back to the level of employment and unemployment that prevailed in 1929, we would have to produce 20 percent more goods and give 20 percent more services than we did last spring.

What are we going to do about that problem? How are we going to meet the steady advance of science, the steady improvement of machinery, and the resultant technological displacement of workers? Remember that every time new machinery is installed, every time a new plant is put into operation, men and women are thrown out of employment.

I am in favor of progress. I am in favor of new machines. I am in favor of new plants, but I am not in favor of throwing these hundreds of thousands of men and women on the scrap heap. We must go forward, but we should not go forward by jeopardizing the economic existence of hundreds of thousands of industrial workers and their wives and children who are dependent upon them for support.

THE WAGE AND HOUR BILL IS THE SOLUTION FOR TECHNOLOGICAL UNEMPLOYMENT

The only solution to this problem that I know of is an increase in the purchasing power of the people which will keep pace with the increased productivity caused by the installation of new machinery or the construction of new plants. The best way to achieve increased purchasing power is by increasing the wages of the lowest-paid workers and by decreasing the hours of those working men and women who are forced to work excessive hours. This is exactly what the wage and hour bill proposes to do.

AN INCREASE IN THE PURCHASING POWER BY 10 PERCENT WOULD MEAN OPERATION OF INDUSTRY AT FULL CAPACITY

It has been said by leading economists that if we could raise the purchasing power of the underprivileged one-third of our population, we would obtain such an increase in our purchasing power that it would enable the operation of all of our factories at full capacity. This, I believe, would mean the end of unemployment.

PROTECT THE UNORGANIZED FROM WAGE CUTTING DURING BUSINESS RECESSIONS

Let me present to you still another problem. We are now in the midst of a serious business recession. This means that the total amount of business to be divided among the employers of labor is diminishing. Every businessman, every manufacturer will naturally endeavor to prevent a reduction of his own volume of business. He will endeavor to preserve the size of his own share of business, although the total amount of business has declined and is still declining. He can only do that by taking business away from other businessmen or other manufacturers.

In such a situation the temptation for the employer to slash the wages and lengthen the hours of his employees and thereby obtain lower prices will be great, particularly if his employees are unorganized. This would decrease the purchasing power of these employees, which, in turn, would cause further reduction in the operation of other industries, further unemployment, and the vicious cycle downward into another, a deeper depression would get into full swing.

THE PASSAGE OF THE WAGE AND HOUR BILL WILL PREVENT WHOLESALE WAGE SLASHING

This is exactly what is going to happen unless we pass this bill. The passage of the wage and hour bill will protect the wage level of the unorganized and preserve fair standards of hours for them.

ABOLISH CHILD LABOR

The wage and hour bill, now pending, will also end the exploitation of little children. It will abolish child labor. It will permit young children to go to school, to develop mentally and physically, instead of being sweated in factories for long hours at miserable wages.

FEDERAL LEGISLATION ON WAGES AND HOURS, SUPPLEMENTED BY STATE LEGISLATION, IS NECESSARY

I know of only one good reason why a decent, far-sighted, and socially minded employer would pay low wages and work long hours. The only reason that can be advanced for such action is the fact that a competitor in another State or even in the same State, where there is no State legislation, is doing so. Competition is a great force and it may force a decent employer against his own will to pay wages which he himself considers too low. This can only be remedied by Federal legislation—legislation which will fix minimum wages and maximum hours for industries serving interstate commerce. Such wage and hour standards would be the law in every State in the Union and would prevent an unscrupulous employer from sweating his own labor and thereby force his competitors to lower their wages and lengthen their hours. Federal legislation should be supplemented by State legislation regulating intrastate industry and business.

Just as the United States could not continue to exist as a Nation half free and half slavery, so in this generation it is impossible for our industries to exist half decent shops, half sweatshops.

THE SWEATSHOP IS NOT LIMITED TO THE SOUTH

Let no one believe that the sweatshop, the payment of starvation wages, and the working of excessively long hours only exists in the South. It exists in the North, in the East, as well as in the West. No one section in the country has a monopoly on decent conditions or on the existence of the sweatshop.

THE PASSAGE OF THE WAGE AND HOUR BILL IS NECESSARY FOR BUSINESS AND INDUSTRY

The passage of the wage and hour bill will secure the gradual elimination of underpaid labor and the abolition of excessive hours. It is not a labor measure. It is a business measure. It is true that the passage of this bill is necessary to protect and advance the standard of living of several millions of underprivileged, underpaid, and exploited workers. But it is just as necessary to protect the decent employer against the unscrupulous competitor who endeavors to obtain a larger share of the market at the expense of labor.

The passage of the wage and hour bill is necessary to stabilize employment, to increase the income of millions of Americans, to enlarge the market for goods and services, to permit increased production, to stabilize prices, and to reduce unemployment. The choice before us is whether we want to continue the spending of billions for relief or establish decent and fair wages and a higher standard of living. The bill before us is not simply a humanitarian measure. It is, as I have said, just as much a business measure. The choice before us is whether we shall continue to spend billions for unemployment and work relief or whether we shall increase employment and the purchasing power of our working population by decreasing hours and raising the wages of the lowest paid workers. With that alternative before us there can only be one choice for reasonable and enlightened men—the passage of the wage and hour bill.

A VOTE AGAINST THIS BILL IS A VOTE FOR GREATER APPROPRIATIONS FOR UNEMPLOYMENT RELIEF

Mr. Chairman and members of the Committee, I hope my colleagues will carefully consider the problems before us. I hope they will remember that if they vote against this bill they vote for greater and ever greater appropriations for the W. P. A. and unemployment relief.

I hope my colleagues will understand that the failure to pass this bill means the continuance of an unbalanced Budget and greater expenditures by the Federal Government and State governments for the support of the unemployed.

Failure to pass this bill means even more. Unless we increase the purchasing power of our lowest paid workers and further decrease unemployment by the shortening of the working day and the working week, we make it impossible for our industrial system to function. Unless we pass on to our working population a proper share of increased industrial productivity we disturb the necessary balance between productive capacity and purchasing power and lead our Nation into a depression which will be deeper and longer than the last depression.

A VOTE AGAINST THE WAGE AND HOUR BILL IS A VOTE FOR A NEW AND EXTENDED BUSINESS RECESSION

Our people still remember the horror, the suffering, and the starvation of the last depression. I doubt if our people are willing to go through another depression and suffer until so-called natural forces will correct the lack of balance between production and consumption. This is our opportunity. We can pass the wage and hour bill. Intelligently administered it will mean a tremendous step forward. It will mean a higher standard of living for the lowest-paid workers and their families. It will mean greater purchasing power for the entire population. It will mean a revived demand for goods and services and renewed business prosperity.

PRESENT BILL IS NOT PERFECT

I realize that the bills now before us—the Senate bill and the Norton substitute—are not perfect. I have prepared several amendments which I propose to submit. I realize that every Member of the House has some criticisms. We can never get a perfect bill. If we would wait for a perfect bill we could never legislate at all.

I believe that the need for the passage of the wage and hour bill by the Federal Government is so great that I am willing to accept the bill in the best form in which we can get it.

I am going to vote for the wage and hour bill, and I hope that a majority of my colleagues will do likewise. I hope that they will do so in the interest of labor, in the interest of business, in the interest of our entire economic system, and for the sake of suffering humanity.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that all debate on this substitute and all amendments thereto be limited to 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

Mr. RUTHERFORD. Mr. Chairman, I object.

Mr. JOHNSON of Minnesota. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, many of us do not agree entirely with what either Mr. Lewis or Mr. Green proposes. I introduced a bill, H. R. 8698, setting up a 40–40 scale enforceable in the Federal courts on petition of a majority of the workers in an industry, but after listening to the debate yesterday and today I have come to the conclusion that if I introduced this bill as a substitute I would be acting in a filibustering manner and I have decided not to offer it but to support the committee bill. [Applause.]

The committee bill is a good bill. If for no other reason, this bill can be defended even if in a small measure it corrects the abuse of child labor in the United States. Any Member of this House can justify his vote for the committee bill on this ground. The child-labor proposition has been kicking around the 48 States now for nearly 14 years, and if this committee bill can in some small way correct this situation, this legislation is justified. I say to my southern friends who are opposing the bill that the only thing the North fears from the South is competition. The other day

the gentleman from Wisconsin [Mr. BOILEAU] offered an amendment to the farm bill prohibiting the use of cotton lands for grazing and dairying purposes. The object behind that amendment was to protect the North from southern competition in the dairy industry.

The South has got to get out of the cotton business partially, at least, with 21,000,000 bales in the market. They are going into other lines of business. If the South is sensible enough to see, they will raise the purchasing power of their people and they will be on a par with the North. These things are important.

After carefully rereading this bill last night I have reached the conclusion that it is a good bill, one that will meet many of the demands of labor in this country. Rome was not built in a day, neither can legislation such as this be written in a day and be satisfactory to all parties concerned. If John Lewis and William Green do not want this kind of bill and cannot agree on one, let us lock them in a room until the bill is passed and at least put some kind of labor-standards legislation on the statute books. [Applause.]

[Here the gavel fell.]

Mr. DEEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman who preceded me and made the statement that when the South gets sensible enough it will remedy its condition. The gentleman's indictment against the South constitutes a greater indictment against his own sense of fairness.

I hold in my hand an interesting story that I can give my colleagues in 3 minutes; so I hope you will give me your attention. The people of my State are entitled to as high a wage and to as good working conditions as are the people in any part of the country; and they want them. But here is one reason why we cannot do what our friends from the North want us to do, and the figures that I read you were furnished me on yesterday by a representative of the Interstate Commerce Commission: A carload of 50,000 pounds of iron bars from Cleveland, Ohio, to Atlanta, Ga., carries a freight charge of $285. The same carload of iron bars moving from Atlanta to Cleveland carries a freight charge of $395, or $110 more. The workers in the foundries and factories of Atlanta, Ga., the district of my colleague who spoke in favor of the bill on yesterday are discriminated against under the regulations of the Interstate Commerce Commission. The manufacturer is likewise discriminated against.

The present rate on canned goods, moving in carload lots of 60,000 pounds from Atlanta, Ga., to San Francisco, Calif., is 87 cents per 100 pounds. Effective January 1 it will be 92 cents; while the same carload moving from San Francisco to Atlanta, Ga., carries a rate of only 85 cents. In other words it costs us in Georgia $42 more when we ship our canned goods from Atlanta to San Francisco than it does the people in San Francisco shipping similar goods to Atlanta.

Another case: From Charleston, S. C., to Baltimore, Md., baking pans shipped in packages of 1,000 pounds or less carry a rate of $1.08 per 100 pounds, or $10.80 per 1,000 pounds. The same packages from Baltimore to Charleston carry a rate of only 85 cents, or $8.50 per 1,000 pounds. This makes a difference of $2.30 per 1,000 pounds.

I say to you, my colleagues, from every section of the United States, that as long as any board or bureau or administrator in Washington discriminates against any section of the country, whether it be mine, or yours, it is time for this Congress to assert itself and to recommit to the committee the pending bill which will set up another similar condition. I claim that the pending amendment offered by the gentleman from Ohio and the committee bill would set up under the Federal Trade Commission, without discrimination or without authority to make differentials, a proposition that will further penalize the South in its present sufferings.

[Here the gavel fell.]

Mr. DEEN. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. DEEN. A shipment of firebrick weighing 40,000 pounds moves from Albany, N. Y., to Birmingham, Ala. If shipped yesterday at a rate of 37½ cents the freight would be $150. Effective on December 20, the rate will be changed to 37 cents. If, however, the same brick moves from Birmingham, Ala., to Albany, N. Y., although the rate is 37 cents, the minimum carload is 60,000 pounds, the freight would be $216. When you people in Albany buy our brick you pay one rate and when we buy your brick we pay another.

The workers in Birmingham in the brick kilns are depressed because of these discriminatory and indefensible freight rates. [Applause.]

Likewise the manufacturer of firebrick in Birmingham, Ala., is a victim of these discriminatory, indefensible, and unjust freight rates. Effective December 20, the manufacturer of firebrick in Birmingham must pay $220 freight charges on a minimum car, or 60,000 pounds, moving from Birmingham, Ala., to Albany, N. Y., while the manufacturer of firebrick in Albany, N. Y., pays only $150 freight charges on the same carload of brick. Granting there was ever justification for this discriminate favoritism to foster industry in the North and in official territory, despite its handicaps by higher freight rates, the South has made substantial progress in every State in the South.

Another case in point will be interesting. A carload shipment of green cabbage under ventilation, weighing 24,000 pounds, moves from Athens, Ga., to Watertown, N. Y., at a rate of 74 cents per hundred pounds, or $177.60 freight charges for the carload, while a carload shipment of green cabbage under ventilation, weighing 24,000 pounds, moving from Watertown, N. Y., to Athens, Ga., takes a rate of 68 cents per hundred pounds, or $163.20, or a difference of $14.40. This difference of $14.40, which the shipper in Athens, Ga., pays in excess of the amount paid by the shipper in Watertown, N. Y., is a direct charge upon labor in the vicinity of Athens, Ga., which produces that cabbage.

If my colleagues of the North and East, who live in what is known as official territory with reference to freight rates, are to render a great service to the farmers of the South, they can do so by assisting those of us from the South in adjusting this iniquitous and most intolerable situation.

Another interesting case in point is that of a carload shipment of fiberboard boxes, not corrugated, weighing 36,000 pounds, and moving from Atlanta, Ga., to New York City, and which takes a rate of 77 cents per hundred pounds, or $277.20 for the carload, while the same carload of fiberboard boxes shipped from New York City to Atlanta, Ga., over the same railroad takes a much lower rate, that of 68 cents per hundred pounds, or $244.80, or a defference of $32.40.

This charge of $32.40 which the manufacturer and shipper of fiberboard boxes in Atlanta, Ga., must pay in moving his merchandise to New York City in excess of the amount paid by a manufacturer of fiberboard boxes in New York City and shipping them to Atlanta, Ga., is a direct charge both upon labor and capital in the vicinity of Atlanta, Ga. No one can deny this fact.

Time will not permit me to recite the many interesting cases in point, cited in various reports of the Interstate Commerce Commission, showing that freight rates paid by southern industry, manufacturers, and business are not only discriminatory, indefensible, and unjustifiable but these unwarranted "supercharges" which have been and are being borne by southern people, including labor, constitute a "crown of thorns" pressing down upon the brow of nearly one-third of the citizens of the United States—those people living in the South.

It is known to all of us that legislation to correct this freight-rate situation is not necessary. The Interstate Commerce Commission has the power under existing law to make proper adjustments.

It is well known to my colleagues and to many in the country that the United States is divided into three divisions with reference to freight-rate charges. The western territory is west of the Mississippi River; southern territory is east of the Mississippi River and south of Richmond, Petersburg, and the Ohio River; offical territory is that part of the country east of the Mississippi River and north of Richmond, Petersburg, Charlestown, W. Va., and the Ohio River.

Perhaps there was a time when all industry and manufacturing was confined to official territory. This is not the case at the present time. Southern and western territories are paying tribute to industry in official territory. This tribute is shared in by both capital and labor.

Industry should be allowed to develop wherever capital, labor, climatic conditions, raw materials, and so forth, are available and best suited.

Some of my colleagues from the North are clamoring against the trend of the textile industry to the South. They have enjoyed a monopoly on this industry for many years. The truth of the matter is there is as much justification for coal-mining plants a thousand miles from the coal fields as there is for textile mills in New England, a thousand miles from the cotton fields. Neither one makes common sense.

The present bill under consideration, known as the Black-Connery wage and hour bill, would set up either an administrator or a board to administer the act from Washington, D. C. Either the board or the administrator would determine minimum wages and maximum hours, and what in its judgment would be proper working conditions, child labor, oppressive hours and working conditions, and so forth. For one Member of the Congress, I am unwilling to set up an administrator or a board, for all intents and purposes to ultimately become a dictator, both to American industry and to labor in the United States. I do not think it is fair for either labor or industry to be harpooned, regimented, regulated, stampeded, and slaughtered upon the altar of dictatorship.

If a dictatorship is set up by the Congress for labor or industry under a board or administrator and the same policy is pursued for agriculture and for all other activities of the American people, we will then have destroyed our form of government and will number ourselves among those nations of the world which are not democracies but which are dictatorships. Dictatorship leads to fascism, nazi-ism, socialism, and communism.

I accord to every Member the same honesty and sincerity of purpose in supporting the legislation which I reserve for myself in declining to support it. I have always supported measures which I thought would benefit labor, and labor knows this; but I do not propose to support what I consider a half-baked and ill-advised piece of legislation which, if it becomes law, will be a perfect example of disappointment and disillusionment for labor and will paralyze and destroy what little progress the South has made in an industrial way during the past 70 years. Of course, this is only my honest and humble opinion.

Time will not permit me to discuss what I consider proper labor legislation, but such legislation can be afforded by the Congress. In my judgment, the pending bill would destroy what progress labor has made through the Wagner Labor Relations Act and through collective bargaining and would throw the country back to that barbarous stage of sit-down strikes through which we emerged during the late summer of this year.

I therefore plead with my colleagues not to further penalize the South and the West by setting up another board or administrator to discriminate against our people in a similar manner to that which we are bearing in connection with the iniquitous freight-rate problem.

The problem is being attacked for the first time in an effective way by the Governors of nine of the Southern States. Shortly a conference between the Governors of these States and the President of the United States, so I am informed, will be held for the purpose of bringing to the President's attention the seriousness of this situation. Heretofore efforts have been made to correct the injustices perpetrated against the South by individual Members of Congress and Governors of the various States. It is hoped that this concentrated and unified effort will result in a satisfactory adjustment of the matter. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that all debate on the pending substitute and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey.

Mr. RUTHERFORD. Mr. Chairman, I object.

Mr. RAYBURN. Will the gentleman withhold his objection?

Mr. RUTHERFORD. No. I object.

Mrs. NORTON. Mr. Chairman, I move that all debate on the pending substitute amendment and all amendments thereto close in 30 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. REED] in opposition to the pending pro forma amendment.

Mr. REED of New York. Mr. Chairman, I have been a very interested listener to many of the speeches, and very able speeches, made on both sides of the House. I do not question the sincerity of any man who has spoken on this measure. There are certain things, however, that have come to my mind since I have been listening to this debate. I wonder if we have lost sight of just exactly how inconsistent we are?

I start with this premise, which no man can successfully dispute: That is, the United States has the highest cost of production of any country in the world. England probably comes next. Then we go down the scale until we get to Japan, where the wages are about as much per day for 14 hours' work as we are paying for an hour's work. As a result of this disparity between the cost of production in other countries and our own, we see them gradually displacing our labor with their goods. Only recently we found the wages of a very large factory in the North to be 90 cents an hour for a 6-hour day. In Japan they work 14 hours a day for 90 cents. When you get out into Ohio and note the pottery business there, you will find a disparity between 70 cents an hour as compared with 37 cents a day in Japan.

Mr. Chairman, practically every piece of major legislation that has been enacted into law by this Congress has had a tendency to raise the cost of production in this country. I think no one will be able to successfully dispute that fact. This bill, of course, will further increase the cost of production. Rightfully or wrongfully, we cannot lose sight of the fact that we are engaged in competition with the industries of other nations.

The administration—and I am not speaking politically—has had for its objective regaining a part of our lost world market. In that market the country that must of necessity succeed is the one with the lowest cost of production. So we are going right ahead here with two philosophies that are diametrically opposed to each other. The only feature in this bill that could possibly have protected labor was the tariff provision, which has been stricken out. The result is that the administration is hoping to get into the markets of the world in competition with low-cost production countries and depreciated currency and with other countries that have every advantage so far as transportation rates are concerned. At the same time, the administration comes in here with bill after bill to increase the cost of production in this country. Until those two philosophies are reconciled in some way, we are faced with the situation that we must either have a lower cost of production or we must protect our home market. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. There are a number of Members who are seeking recognition in the 25 minutes remaining on this substitute amendment. Without objection, the Chair will recognize each gentleman for 3 minutes.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman, having been unable to secure time to speak on this bill when it was being considered under general debate, I have requested this privilege to register my further views on the subject. On August 20 of this year I addressed the House at some length on the legislation which is now pending, and in that address I outlined my objections to the so-called Black-Connery bill.

Mr. Chairman, I am motivated today by two reasons for further discussing the measure. First, I desire to categorically deny and courteously resent an insinuation made by my distinguished friend from New York [Mr. CELLER] while the bill was under general debate to the effect that Tennessee affords an example of low labor standards. This statement was probably made inadvertently, because it is certainly not borne out by the facts. I doubt if any State in the Union has fewer sweatshops than the State of Tennessee. I would be willing to gamble "dollars to doughnuts" that for every sweatshop that can be found in Tennessee 100 sweatshops can be found in the State from which my New York friend comes. And whatever sweatshops we may have in Tennessee are not to the "manor born," but come from the section of the country represented by my New York friend—probably several of them coming from his own district. [Applause.]

Mr. Chairman, I am opposed to this proposition because it is a species of fascism, and it is a well-known fact that fascism is an inveterate foe of free enterprise and free labor. For proof of this fact I cite you to what has happened in Italy and in other nations governed by dictatorships.

One of the first acts of the Fascist Party in Italy when it came into power was to completely put an end to labor unions as they then existed and to create new unions in each trade or craft as a part of so-called state corporations which bear a strong similarity to the principles of the legislation proposed in the pending bill. Under the Italian system those who are selected to represent labor are not named by the workers but by the politicians, and the same is also true of the representatives of the employers. The will of the government is final and determinative with both. Under this system it is unlawful to strike, and the employer is prohibited to close, expand, or contract his operations without government, which means political, approval.

Mr. Chairman, if this legislation is enacted into law, I predict that in the not distant future the same thing will happen to both labor and industry in the United States.

Under the regimentation of labor in Italy and its subservience to political domination, the pay of the worker has not been increased, his hours shortened, or his living conditions improved. The exact reverse has happened. The living standard of the Italian worker under the Fascist regime has steadily been lowered and is still going down.

The effect of fascism upon the labor organizations in Italy presents a tragic spectacle. The workingman has been deprived of his right to strike, to have any determinative voice in dealing with wages, hours of labor, or working conditions. He has been bereft of his right to choose those who may represent him in negotiating these matters. He is absolutely at the mercy of the political leaders, whose whims he is compelled to serve. The industrialists are in a similar plight. It was the support of the industrialists which made it possible for Mussolini to march on Rome 15 years ago. At that time the industrialists in Italy thought it would be a magnificent achievement if labor unions could be subjected to political control. They thought they would be able to control the politician and all would be well, but they were soon disillusioned. While the politicians promptly put an end to labor agitation, dosed the agitators with castor oil, or, when necessary, exiled them, thereby destroying labor unions by setting up a so-called corporative system, they also set up a corporation for each industry and thereby dominated industry in the same manner. The inevitable result was that both the freedom of labor and the freedom of industry was definitely destroyed. Thus the great industrialists of Italy found in fascism an escape from labor disputes, but they also found themselves shackled in abject enslavement to a political machine which they ineptly helped to create.

In conclusion, Mr. Chairman, I predict that if this measure becomes law, it will signify the first step in the disintegration of organized labor and will mean ultimate serfdom for both the workingman and industry. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. SHAFER] for 3 minutes.

Mr. SHAFER of Michigan. Mr. Chairman, because of my inability to obtain time during the general debate I am taking this method of making known my position relative to the pending legislation.

The proposed wage and hour bill, known as the Black-Connery bill which has been offered as a substitute for the Senate bill by the gentlewoman from New Jersey, in my opinion, would be but a futile gesture toward accomplishing what it is claimed it will achieve.

The theory underlying the demand for wage and hour legislation is that an increase of wages in the lower-paid labor brackets is necessary to increase consumer purchasing power; that hours must be shortened to provide more jobs, reduce unemployment, lighten the relief load on the Federal Government, and encourage more retail spending.

It is obvious, of course, that if these assumptions are correct, the greater the number of workers whose pay is increased and whose hours are shortened, the greater will be the beneficial effects of the act and the more consumer-purchasing power will be increased.

But the administration bill, or Labor Committee substitute for the Senate bill, by providing for a method of whittling away the beneficial effects of the act by vesting in an administrative agency the power to grant a multitude of preferential exemptions, has implanted within the bill itself the seeds of its own destruction.

It is conceded, even by proponents of the bill, that the exemptions would run into thousands upon thousands. The result of these discriminatory exemptions and differentials would not only whittle away the beneficial effects of the bill by taking from under it thousands upon thousands of workers, but it would also have a bad effect on labor as well.

The only practical approach to the whole question is through an act by Congress establishing whatever minimum wages and maximum hours are found to be the best, granting exemptions in the act itself to such workers as agricultural labor, transportation employees, and others whose occupation makes it clearly impractical for them to be brought under the operations of the act, leaving enforcement to existing agencies of the Government, such as the Department of Justice.

I personally agree in principle with the purposes sought to be achieved by the committee substitute, but believe the whole question is so complex that it is highly dangerous to vest some new administrator with this new instrument of power of life and death over industry and labor and then leave this act to become the football of sectional, regional, political, and industrial disputes and manipulation.

Mr. Chairman, I yield the balance of my time to the gentleman from Florida [Mr. GREEN].

Mr. BOILEAU. Mr. Chairman, the time has been allotted among those who had asked for time.

Mr. GREEN. The gentleman from Michigan has yielded to me.

The CHAIRMAN. The gentleman from Michigan has yielded the balance of his time. The gentleman from Florida is recognized for 5 minutes.

Mr. GREEN. Mr. Chairman, it was not my intention to speak to the actual merit of this legislation, but having served on the Committee on Labor for several years I be-

lieve I should in the interest of labor express my views on the substance of the legislation and express the hope that the Members of the House will recommit the bill to the Committee on Labor, provided the pending amendment to the amendment does not prevail.

The organized labor groups are divided upon this legislation. Hon. William Green, president of the American Federation of Labor, has called upon us to vote to recommit or to defeat this legislation. The president of the Florida Federation of Labor has taken similar action. I quote from a telegram just received from him:

TALLAHASSEE, FLA., *December 14, 1937.*

Congressman LEX GREEN,
House of Representatives:

If you cannot support Dockweiler substitute for wage and hour suggest recommitment. I believe that administration of regulatory measures should be left to State labor departments.

WENDELL C. HEATON,
President, Florida Federation of Labor.

The Dockweiler substitute to which he refers was introduced on yesterday by the gentleman from Indiana [Mr. GRISWOLD]. It was defeated. If I am to obey the wish of the president of the federation of labor of my State, I am now to vote for the recommitment of this bill and to vote against its final passage if it is not recommitted. In casting this vote, it is my belief that I am serving the best interests of labor of my State and casting their vote as they would have it cast if they knew the circumstances.

Ever since I have been a Member of the House, I have earnestly endeavored to vote on every occasion in the best interest of labor for my district because my sympathies are with them and I know the burdens they bear from my own experience, and I also know the important part in our American society and American institutions which is filled by the millions of laborers in our Nation.

The purpose of this bill is to foster monopoly and big business and giant industrial plants at the sacrifice of the small businessman and the small factory or plant. I find among my colleagues many of those representing districts in which giant industry has the balance of power are supporting this legislation. In these giant industries the wage scale is far higher than that proposed in the bill. Neither these industries nor their employees will be affected by this bill directly. On the other hand, the small industries and the small-business men will suffer greatly and thousands of them will be forced into bankruptcy as the result of the operations of this bill if it becomes a law. They will be sacrificed to the giant industries and the workers in these small factories will be thrown out of employment and many of them placed upon the charity or relief rolls. Mass production in the large factories and plants will go on unabated and, in fact, their business will be increased on account of the drying up of the small factories, the small sawmills, and the little industries. The purchasing power in the dried-up areas will likewise diminish and the relief rolls in these areas will increase. Probably three persons in America will be thrown out of employment by this bill where one would gain employment.

Another purpose of the bill is to attach industries in their present localities and thus prevent the free migration of business and industries to new areas where it is needed, even to supply local demand. Many of my colleagues will recall that the late Congressman Connery, of Massachusetts, said in substance that the industries of New England must be protected and kept in New England and that their migration to the South must cease. It is obvious that the small-scale production in the South cannot survive the monopolistic effect which this bill will cause. For the past three-quarters of a century the South has been gruesomely penalized by the North in many respects. One of the most glaring examples of discrimination and penalty ever placed upon a free people is the freight-rate differentials made against the South in favor of the northern industrial centers. The sponsors of this bill know that with the freight-rate yoke now around the neck of the South, our industries there will not be able to compete with the industries in the North if the wage scale is uniform.

As much as I would like to do so, it is impossible for me to forget that almost half of the wealth of the South was destroyed by one stroke of the pen about three-quarters of a century ago. This was done by a President from the North who desired to destroy the South economically. It worked all too successfully. Ever since this conflict practically every law of trade and economic balance has been against the South and for the North.

The bill before us, however, goes even further. It would penalize the West and all sections of our country where industry is now trying to develop. In my humble opinion, this measure, if enacted into law, will crucify labor upon the cross of sectionalism. It will enable fascism and communism to use the industrial East as the means of driving a dagger in the heart of the farming West and of the persecuted South. As I see it, this legislation brings America to the very crossroads of democracy. The vote which you cast on this bill may be the controlling vote on whether democracy in America shall survive or whether America shall be regimented into final dictatorship.

This measure will destroy a large portion of the purchasing power which is now disseminated through the various parts of our country. It will further unequalize the now limited distribution of purchasing power in the hands of the rank and file of the American people. It will regiment the rank and file of the American people and destroy their present economic freedom. It will establish in America what now exists in the nations of Europe and Asia which are under dictatorships. When you destroy the power of the rank and file of the American people you destroy the very soul of democracy, upon which we have thrived. When you pass this legislation you destroy the fundamental principle which was uppermost in the minds of the representatives of the Thirteen Colonies when they breathed life into America's Constitution.

When you undertake to destroy industry and labor alike in certain areas of our country in the hope industry in other sections of our country may thrive by their downfall, you are establishing a philosophy of government which will weaken the Nation. No other process of regimentation and dictatorship has been offered to the American people with force equal to this measure. [Applause.]

Many of those in the higher ranks of labor organizations believe that this bill, if enacted, will destroy existing power of labor to bargain collectively. They fear that, if the wages are written into law, the usefulness of labor organizations will cease and the ultimate goal may be reached whereby the entire power of labor and its organizations as such may be destroyed. Labor has been regimented in many of the dictatorial forms of government. Regimentation in many of them has taught us that the power and rights of labor through regimentation have been destroyed. I do not believe that the American people desire a dictatorial form of government. I do not believe that they desire regimentation as such. I caution my colleagues that this is no time to regiment and throw laborers out of employment; but, to the contrary, it is a time when Congress should exercise every possible wisdom in order to give employment to laborers who are now unemployed.

Many believe that the passage of this legislation may throw the Nation into a depression of broad proportions. The result is grave. I urge my colleagues to think carefully before the final vote is taken. Let the bill be committed to the Labor Committee for further study and deliberation. By doing this we will comply with the greatest exponent of labor in America.

I have just received a telegram from him, as follows:

WASHINGTON, D. C., *December 16, 1937.*

Hon. LEX GREEN,
Washington, D. C.:

Because the pending wage and hour bill is highly objectionable to membership of American Federation of Labor, I respectfully request you vote to recommit to the appropriate committee for revision, study, and necessary changes in order to make it a practical and constructive measure.

WILLIAM GREEN,
President, American Federation of Labor.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I do not believe the distinguished gentleman from Minnesota [Mr. BERNARD] needs any defense at my hands or the hands of any other Member of the House. This afternoon some references were made to the gentleman. May I say that in my judgment, and I believe the views I entertain are shared by an overwhelming majority of the Members of the House, the gentleman from Minnesota has demonstrated during his service here not only that he is well able to represent his district and the people of this country but a desire to work for the best interests of the laboring man and the people of this country who are in need of assistance.

I want to commend the gentleman particularly because of the fact that any association he may have had with those who are attempting to organize labor was largely in his own congressional district; and I, for one, commend him for his courage in going back into his district and there assisting labor to organize. He did this not only by lip service but by actual assistance to what he felt was in the best interest of organized labor.

Something has been said about this country going headlong into dictatorship if we adopt the pending committee proposal. In my judgment, the fact this country is going toward dictatorship is the reason we need this type of legislation if we are to preserve democracy in this country. [Applause.] The test here, as has been suggested, is whether or not we are going to have dictatorship or democracy. I believe if we do not do something to remedy the conditions which have prevailed in this country for several years, and if we do not do something along the line of regulating hours and wages in industry, there is a greater likelihood of a dictatorship being developed in this country. I, for one, believe the passage of this legislation will do more than any other one thing to preserve democracy in the United States of America. [Applause.]

Yesterday and on previous occasions during the discussion on this bill I have expressed the view that it would be better to adopt the proposal generally known as the American Federation of Labor's proposal with reference to hours and wages in industry. I believe it would be better to avoid wage differentials. I think that bill is proper. However, I do say to the membership of the House that since this amendment has been turned down, I, for one, want to do all I possibly can to support the committee proposal in this instance. [Applause.]

[Here the gavel fell.]

Mr. HOOK. Mr. Chairman, I move to strike out the last five words, and these five words are "shall not be affected thereby." I am wondering whether these last words would not have a real meaning if this amendment were adopted, because the exploitation of labor would not be affected thereby.

I am not going to talk of sectionalism, but I am going to go back for a few years and say, if you will pardon a personal reference, that a number of years ago I worked in the lumber camps of the North from 5 o'clock in the morning until 8 and 9 o'clock at night for the meager and paltry sum of $12 a month. All the oppression is not in the South. Just recently, as late as 2 years ago, certain lumber companies in my district paid starvation wages and I know personally that men worked for 2 or 3 weeks and after paying their board and tobacco they were in debt to the company. Conditions like this should not exist in this Nation. This condition does not prevail in all woods operations, because some are real good to labor, but those chiselers and labor exploiters make it impossible for the real operators to be as fair as they want to and still meet competition. A survey was made in my district last summer as to what was the prevailing wage, and it was found, after all industries had been taken into consideration, that the prevailing wage was less than 36 cents an hour; oh, yes; the last five words are applicable all right, because these conditions, as mentioned by me, "shall not be affected thereby." The Lamneck amendment should be defeated and the amendment proposed by the chairman of the Committee on Labor should be put into effect.

Let us not talk about my district alone. Down in the turpentine industry in the South, after a survey the National Child Labor Committee found in Georgia and Florida that in 17 out of 24 camps visited, children from 9 to 16 years of age were employed, and that men were in a state of peonage and being paid from 75 cents to $1.25 a day, while the children from 9 to 16 years of age were getting 35 to 70 cents a day. In these camps 45 children or 5 percent of the entire force were under 16 years of age. The 1930 census shows 1,713 children between ages of 10 and 16 were employed in Georgia and Florida, and, I understand, mostly in the turpentine industry. The committee estimates 1,600 this year in these States will be employed by the larger turpentine producers.

Wages for men ran from 50 cents to $1.25—seldom higher. For dippers—collecting gum—75 cents to $1.75. The day is about 14 hours. Sunup to sundown.

On the false plea that the industry is agriculture, this industry is exempt from the Social Security Act, the Workmen's Compensation Act, and all State labor laws, including this bill. For God's sake, are we going to allow peonage to exist in a nation that is supposed to have reached a high state of civilization? Company-owned camps and high prices at commissary stores add to a picture of exploited labor equaled by few, if any, industries in America.

If industries of this nature will not act human we must bring them in and force better living conditions.

Oh, it is in the North, it is in the South, it is in the East, and it is in the West that the low-wage conditions exist and that low-paid labor is exploited. It is up to us men and women of this Congress to face the problem fairly, openly, honestly, and fearlessly, and put into effect legislation which will do away with the sweatshops and bring us freedom. [Aplause.]

[Here the gavel fell.]

Mr. GREENWOOD. Mr. Chairman, I am supporting the pending bill as representing the best compromise that could be obtained by the Committee on Labor. I think the philosophy of their measure is correct. The purpose of a democracy is to protect the weak of the Nation, and this measure seeks the regulation of wages and hours of those in the lower brackets, those who are inarticulate and have no union or other organization to enforce a contract for them. As their friends, we are attempting to lay down a yardstick with which to measure their services.

I am against the proposal of the gentleman from Ohio [Mr. LAMNECK]. I can think of no amendment that would cause more confusion or bring about more uncertainty in the matter of labor standards with respect to wages and hours. It provides no standard or yardstick whatever. It throws the whole labor problem wide open for the Federal Trade Commission, a Government agency that is already burdened with other problems and activities.

The substitute proposed by the gentleman from Ohio [Mr. LAMNECK] is an entire reversal of the philosophy of the pending bill, which is based upon the idea of Congress laying down some kind of standard with respect to organized industries engaged in interstate commerce under which their employees may work. This amendment would throw it all open and would conflict with the Wagner Labor Relations Act, under which we have collective bargaining and have contracts already entered into. Such contracts would be thrown into the hopper with all the others and the entire matter would have to be decided by the Federal Trade Commission. There could be nothing that would cause more confusion than to pass such an amendment, containing a philosophy entirely different from the pending bill, opening up the whole question of labor conditions with respect to hours and wages and leaving it to the Federal Trade Commission, not to settle the matter for any particular industry, but to settle the matter as would be done in lawsuits with respect to a particular board.

I do believe in the pending bill. If we are to have differentials, they should not be based upon climate or geography, race, color, or previous condition of servitude, but upon the ability of the worker to produce, and this formula should be

used in determining whether there should be a differential or not. [Applause.]

Mr. HEALEY. Mr. Chairman, I have only 3 minutes and I am going to confine my remarks to the particular substitute that is now before the Committee.

There has been considerable complaint about the committee bill based on the fact that it does not fix definite hours and wages and because it may, in its administration, permit differentials. Now, we have a substitute offered by the gentleman from Ohio. The purpose in offering it is plainly obvious to most of us. It is an attempt to deliberately emasculate the bill the committee has reported. It provides no maximum or minimum standards. It leaves the whole field of wage and hour determination entirely to the unlimited discretion of the Federal Trade Commission; and if this substitute bill ever went to a court for construction it would undoubtedly be held unconstitutional because it is altogether vague and indefinite in its provisions affecting wages and hours.

The Labor Committee bill is patterned after the minimum-wage statutes in effect in a great many of our States. In every one of those statutes certain legislative guides or standards are provided. The administrative authority in fixing or determining the minimum wage must be guided by these standards and whether or not they will stand the test of constitutionality in the courts depends entirely upon a reasonable finding in accordance with the legislative standards set up in the act.

In my opinion, this is the only way we can legislate, particularly with respect to minimum-wage legislation, but this Lamneck substitute bill leaves that question entirely open, provides no yardstick or legislative standards whatsoever for the administrative authority designated in the bill in determining reasonable and fair labor standards.

[Here the gavel fell.]

FEDERAL TRADE COMMISSION NO PLACE FOR LABOR LEGISLATION

Mr. MAVERICK. Mr. Chairman, I have heard a great many interesting speeches this morning. For instance, one of the gentlemen said we ought to have the provisions of this bill under the Federal Trade Commission, because we do not know who is going to be appointed on the commission which is provided. My answer is that Franklin D. Roosevelt is going to make the appointment, and I will be satisfied with such appointment.

Now, we will take up the matter of the Federal Trade Commission, because that is going to be voted on immediately after I get through. The Federal Trade Commission is not suited to this character of legislation. It would be just as foolish to put this legislation under the Federal Trade Commission as it would be to put the Marine Corps under the Department of Agriculture.

One of my friends on the Republican side, who is today posing as one of the pals of organized labor, is getting up here and defending the A. F. of L. As far as he is concerned, I have never seen him vote either for the A. F. of L. or the C. I. O. or the labor movement. This worthy colleague on the Republican side is terribly worried about other people being demagogues. I did not know that demagogues were anything new. Nobody need get pious.

OIL MEN OF TEXAS NOT COVERED BY BILL

Then my good friend from Texas got up and defended the oil men of Texas. Well, everybody knows the oil men working in the oil fields of Texas get from 75 cents to more than $1 an hour, and the fact we will provide 40 hours as the maximum will not affect the oil workers of Texas in the slightest. One day the gentleman is out for the A. F. of L. bill and the next day for the C. I. O.. In any event, the bill before us does not affect the oil workers.

If we adopt the amendment offered by the gentleman from Ohio [Mr. LAMNECK] we have defeated the entire purpose of this proposed legislation. You will see that the people who are opposed to minimum-wage legislation are the ones who are all for this particular legislation, because it puts the powers back in the States that have no wage legislation and makes it so that the legislation is worthless.

One of the gentleman on the other side who spoke today said that you cannot live on speeches. We cannot live on his speeches either. We cannot live on speeches of either side. But we can use our heads and legislate.

So I say this Lamneck amendment ought to be voted down so we can pass on the amendment offered by the gentlewoman from New Jersey.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. I yield to the distinguished lady from New Jersey.

Mrs. NORTON. Is it not a fact, too, that the Federal Trade Commission directs its activities against persons singly and not against organized groups, and therefore they could not act in this matter?

Mr. MAVERICK. They act against certain businesses, too; but they have not anything to do with labor whatsoever. The only purpose of the Lamneck amendment is to make this ineffective and sabotage it. If we follow any principle of legislation or any rule of logic, even the enemies of the bill could not vote for that amendment.

Mrs. NORTON. And is it not a fact also that it would take them years to get close to any one of these cases?

Mr. MAVERICK. They would have to reorganize completely, and, as I said before, it would be similar to having the War Department and the Department of Agriculture in one department. Vote it down, vote it down, because the elements do not mix any more than oil and water. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired. The question is on agreeing to the substitute offered by the gentleman from Ohio [Mr. LAMNECK].

The question was taken; and on a division (demanded by Mr. LAMNECK) there were—ayes 84, noes 126.

Mr. LAMNECK. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. RANDOLPH and Mr. LAMNECK to act as tellers.

The Committee again divided; and the tellers reported—ayes 95, noes 144.

So the substitute was rejected.

Mr. BACON. Mr. Chairman, I offer the following amendment in the nature of a substitute, which I send to the desk and ask to have read.

The Clerk read as follows:

Substitute offered by Mr. BACON to the committee amendment:

"To provide for the establishment of a Federal Commission of Inquiry for study and report on the abolition of unfair labor conditions.

"Whereas sound public policy urges the humane principle that excessive and oppressive hours of labor, wages so low as to deny a decent standard of living, and the exploitation of child labor, should not be tolerated as necessary evils in our economy, and that remedies for such conditions should be sought; and

"Whereas the Black-Connery fair labor standards bill, so-called, reported from the Committee on Labor on August 6, 1937, signally fails as a legislative remedy in attaining such constructive purpose and objective, and threatens instead to aggravate unemployment, impede the Nation's economic rehabilitation, and introduce serious encroachments on constitutional government; and

"Whereas industry, agriculture, and labor, buttressed by wide public sentiment, are charging that the said measure, if enacted into law, would impose governmental dictatorship over industry, constitute a menace to the collective bargaining rights of labor, and add further burdens on the farmer; and

"Whereas the debate on the said bill in the Senate of the United States exposed its grave imperfections and called public attention to the lamentable lack of realistic study given the subject by the joint committee of the Congress considering the proposal, evidenced by the fact that the Committee on Labor of the House of Representatives, in reporting the measure, was entirely silent on the probable application of the bill in its fundamental effects on industry, labor, and agriculture, the economic sequences and repercussions that might be expected to follow its enactment, and on matters that the Nation as a whole has a right to be informed upon, in terms:

"(a) The number of employees, employers, and industries that would be affected, their distribution, and whether engaged in direct interstate commerce or affecting interstate commerce;

"(b) The effects on existing employment of subefficient workers and the inexpert young or elderly from the possible unwillingness or inability of employers to raise wages or reduce hours to the regulatory "standards";

"(c) The tendency to effect the displacement of women in gainful occupations or to force them into the minimum or lowest wage classifications;

"(d) The tendency to have present higher wages gravitate to the "standard" minimum wages, and the tendency to effect wage reductions above "standard minima" by offsetting reduction of "substandard" hours of labor to "standard hours";

"(e) The tendency of lower-paid agricultural labor to migrate to higher wage industrial centers;

"(f) The effects on the continuance in business of small or marginal firms and industries;

"(g) The influence on agricultural producing costs in terms of farmer purchases of industrial goods subject to wage-hour regulation;

"(h) The effects on local and Federal relief programs resulting from possible swelling of relief rolls due to discharge of subefficient workers;

"(i) The operation of the bill on the general cost of living, influencing prices, production, and employment;

"(j) The dangers to industry, agriculture, and the American workman resulting from increased competition caused by larger foreign imports produced at 'substandard' wage and hour rates;

"(k) The lack of safeguards thrown around administrative machinery against setting up political rather than economic or social wage and hour standards; and the arbitrary imposition of discriminatory standards and exemptions in the application of the bill;

"(l) The tendency toward ultimate Government price-fixing and production control;

"(m) The Federal bureaucracy necessary for administration with consequent vulnerability of administrators to be politically coerced and influenced;

"(n) The tendency to impede or destroy labor's collective bargaining rights and to freeze and make secondary labor's power to achieve better wage and working conditions; and

"Whereas any true and fair labor-standards proposal looking to the abolition of excessive and oppressive hours of labor, wages so low as to deny a decent standard of living, and the exploitation of child labor, should have such purposes as its sole aim and not be linked and joined to dictatorial regulation of industry and labor as embodied in the Black-Connery bill, so called, which is utterly abortive of its declaratory objectives, tyrannical in its projected application, and represents a serious encroachment on constitutional government and democratic processes; and

"Whereas it is notoriously apparent that there has been no adequate and responsible study and examination of the measures that may be available or attainable looking toward the abolition of excessive and oppressive hours of labor and wages so low as to deny a decent standard of living, without at the same time imposing on our economy and democracy the dangers and defects inherent in the so-called Black-Connery bill, and it being in the highest public interest that the potential field of State, Federal, or joint State-Federal legislative regulation of the subject be examined in all of its fundamental aspects and interrelations: Therefore be it

"*Resolved, etc.*, That a commission to be composed of 15 members, 1 of whom shall be elected as chairman, is hereby authorized and directed to be established, and it shall be the duty of the said commission to explore and examine all the fundamental aspects and the potential field of legislative regulation or remedy that may be available or attainable looking to the objective of abolishing or ameliorating excessive and oppressive hours of labor, wages so low as to deny a decent standard of living, and the exploitation of child labor, to the end that such conditions may be removed from our economy as rapidly as possible; and the appointments to said commission shall be made as follows: Three members shall be appointed by the Speaker of the House from the membership of the House of Representatives; three members shall be appointed by the Vice President from the membership of the Senate; and nine members shall be appointed by the President, representative of industry, agriculture, labor, and the general public, subject to confirmation by the Senate; and be it further

"*Resolved*, That the said commission, in submitting its findings, shall include as exhaustive report as possible on the social, economic, and legal factors involved in the problem; and in making its recommendations the commission shall in nowise be limited as to the remedies it may propose but shall be left free to declare its independent judgment.

"For the purpose of this joint resolution, the commission, or any subcommittee thereof, is authorized to hold such hearings; to sit and act at such times and places; to employ such experts and assistants; to administer such oaths; and to take such testimony and to make such expenditures as it deems advisable. The expenses of the commission, which shall not exceed $100,000, are hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated."

Mr. RAYBURN. Mr. Chairman, I think this substitute is clearly subject to the point of order as not being germane and I therefore make the point of order that it is not germane.

The CHAIRMAN. Does the gentleman from New York desire to be heard upon the point of order?

Mr. BACON. Mr. Chairman, the substitute which I have offered has the same objective as the pending bill, and provides that sound public policy urges the human principle that excessive and oppressive hours of labor, wages so low as to deny a decent standard of living, and the exploitation of child labor, should not be tolerated as necessary evils in our economy, and that remedies for such conditions should be sought.

Yesterday the able chairman of the Committee on Rules, the gentleman from New York [Mr. O'CONNOR], in arguing in favor of a point of order stated:

Mr. Chairman, earlier today I said I believed that any bill that approaches a possible solution of the question of wages and hours is germane as a substitute to the pending amendment.

The present Chairman of the Committee of the Whole House on the state of the Union, apparently agreed with the gentleman from New York, and stated:

The Chair believes, having in mind the broad objective of this bill, the establishment of minimum wages and maximum hours, that the Committee of the Whole House on the state of the Union and the House are not precluded from considering another method or another means of accomplishing that purpose than the one recommended by the Senate bill or by the House committee.

Mr. Chairman, I claim that this substitute has the same objective, but approaches the whole question in a different manner. I have nothing further to say. I rely entirely upon the Chair's decision yesterday.

Mr. O'CONNOR of New York. Mr. Chairman, will the gentleman yield to me?

Mr. BACON. Yes.

Mr. O'CONNOR of New York. Of course, there is quite a lot of difference between the objective of a bill where you undertake legislation and the objective of an investigation which is preliminary to any legislation, if ever. I was talking about bills which enact legislation. The gentleman drops all legislation when he suggests an investigation, and pushes the whole thing into the future.

Mr. BACON. I suggest that some investigation ought to be made in view of the present chaotic condition of the legislation at the present moment.

Mr. O'CONNOR of New York. But it would be well to assume that investigation was made before this legislation was proposed.

Mr. BACON. The committee bill also calls for an investigation.

The CHAIRMAN. The Chair is prepared to rule. It is very clear to the Chair that the substitute offered by the gentleman from New York [Mr. BACON] is subject to the point of order. There are various grounds upon which the Chair could sustain the point of order, but the Chair will sustain the point of order on the ground that it is not germane to the bill under consideration.

The ruling made by the Chair yesterday was on the point of order that was before the Chair at that particular time, and was addressed to the substitute which was offered, and to which the point of order was made. The Chair has before him Cannon's Precedents, volume 8. Section 2989 states:

To a proposal to authorize certain activities, an amendment proposing to investigate the advisability of undertaking such activities is not germane.

Disregarding any other grounds upon which the proposed substitute may be held to be out of order, the Chair rules that the substitute is not germane.

The Chair sustains the point of order.

There being no other substitute to be offered, the question now recurs upon the amendment offered by the gentlewoman from New Jersey.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that the substitute which I offered be read by sections.

The CHAIRMAN. The gentlewoman from New Jersey asks unanimous consent that the amendment under consideration be read by sections for amendment. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read the first section of the substitute.

The Clerk read as follows:

That this act may be cited as the Fair Labor Standards Act of 1937.

PART I—LEGISLATIVE DECLARATION; DEFINITIONS; WAGE AND HOUR DIVISION OF DEPARTMENT OF LABOR

LEGISLATIVE DECLARATION

SECTION 1. (a) The employment of workers under substandard labor conditions in occupations in interstate commerce, in the production of goods for interstate commerce, or otherwise directly affecting interstate commerce (1) causes interstate commerce and the channels and instrumentalities of interstate commerce to be used to spread and perpetuate among the workers of the several States conditions detrimental to the physical and economic health, efficiency, and well-being of such workers; (2) directly burdens interstate commerce and the free flow of goods in interstate commerce; (3) constitutes an unfair method of competition in interstate commerce; (4) leads to labor disputes directly burdening and obstructing interstate commerce and the free flow of goods in interstate commerce; and (5) directly interferes with the orderly and fair marketing of goods in interstate commerce.

(b) The correction of such conditions directly affecting interstate commerce requires that the Congress exercise its legislative power to regulate commerce among the several States by prohibiting the shipment in interstate commerce of goods produced under substandard labor conditions and by providing for the elimination of substandard labor conditions in occupations in and directly affecting interstate commerce.

Mr. DONDERO. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I notice on page 10 of the bill now under consideration, the wage and hour bill, this statement:

Whereas wages paid in interstate industries vary greatly between industries and throughout the Nation, reaching as low as $5 or less per week.

I took occasion to step downstairs about 10 minutes ago to ascertain what we pay to the men who serve us daily in the restaurant of the House of Representatives, beneath the dome of this Capitol. Apparently we have imported to this Nation the fair labor standards of Japan, for, to my great surprise and amazement, I was informed we were paying to those men the munificent sum of 66⅔ cents a day, $5 per week, $20 per month.

If this House passes this bill you are saying to the American people through their Congress, "Don't you dare do as I do, but you do as I say," because under the provisions of this bill I discover that the Government of the United States, every State, and every political subdivision thereof is eliminated or excluded from the provisions of this proposed legislation.

Those who live in glass houses should not throw stones.

Thou hypocrite, cast out first the beam out of thine own eye, and then shalt thou see clearly to cast out the mote out of thy brother's eye.

[Applause.]

Mr. CELLER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I desire to address myself in opposition to the remarks made the day before yesterday by my distinguished friend, our colleague from Georgia [Mr. RAMSPECK], wherein he implied that the delegation of power—as is involved in the Norton substitute—to one administrator is, as he indicated, palpably unconstitutional.

My argument will be purely a legal one. All factions of labor are pulling in different directions. One wants a board; one does not want a board. One wants an administrator; one does not want an administrator. Frankly, we are going to be damned if we do and damned if we do not. Under such circumstances, I am going to stand by the committee. This is the usual practice in the House. It is the only practice in a legislative body composed of 435 Members. We would get nowhere unless we were willing to follow the committees. The committee is the natural authority to follow, and particularly so, when those who are to be benefited by the bill are in hopeless disaccord.

THE SET-UP OF AN ADMINISTRATOR IN THE NORTON SUBSTITUTE IS CONSTITUTIONAL

That is a very important proposition and should be considered most carefully by every Member of the House. I have taken the trouble to examine many precedents during the last 48 hours, and I fail to find that the delegation of power to the Administrator in the instant substitute, as compared with other unwarranted delegations, is in the slightest degree unconstitutional. The delegation of rights and authority to the Administrator is sound and proper.

NO STANDARD OR PROPER GUIDE IN N. R. A.

We have the famous Schechter decision, wherein, in a word, the Court held that Congress could not delegate legislative power to the President to exercise unfettered discretion to make whatever laws he thinks may be needed or advisable for the rehabilitation and expansion of trade and industry. I use the word "unfettered" advisedly. The delegated power can never be unlimited. It must always, to be legal, be circumscribed and delimited.

Under the N. R. A. the President was authorized to pass upon codes that were fashioned and devised by various groups in various industries, but in the act we gave the President unlimited power to do whatever he wished with these codes. He could act apropos of these codes without let or hindrance. There was no standard devised. There was no limitation. There was a wholly unlimited frontier of power. The President could act upon good grounds or "coffee grounds." There was a complete abdication by us to the President in passing on those codes.

THERE IS PROPER STANDARD IN NORTON SUBSTITUTE

Unlike N. R. A., the substitute offered by the gentlelady from New Jersey contains a sufficient guide or standard of conduct for the administrator to follow. We have definite standards enunciated throughout the bill. We have definite guides. We have a definite catalog of delegated power. Nothing is left in the air. The power granted is definitely limited. There is a complete and definite standard fixed. The Administrator has the right to appoint committees of capital and labor, but in their negotiations, in their work, in their deliberations, they must come within the confines of the standard of power and limitations set in the bill; that is, in their establishment of minimum-wage and maximum-hour standards there must be considered by them these standards, namely:

Health, efficiency, and general well-being of the workers and the profitable operation of American business so far as and as rapidly as is economically feasible, and without interfering with or impeding or diminishing in any way the right of employees to bargain collectively.

These are the exact words of the bill, page 11, lines 20–24.

There are general limits and standards with reference to a substantial number of employees in any occupation. The Administrator and his committees must operate under such guide and standard. There are other specific limitations. For example, that committee has no power to go beyond a certain amount of money per hour as wages; a certain number of hours per week. The Administrator must be very careful that in that committee there is equal representation between employers and employees. Capital and labor must be equally represented. That is a definite standard under which the Administrator must operate. He is not given unlimited power as was the President with reference to code authorities. Further, in the membership of these committees, the Administrator must select members representing the public. The Administrator must also, in his appointments, give due consideration to geographic conditions obtaining in the industry.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that the time of the gentleman may be extended.

The CHAIRMAN. Is there objection?

There was no objection.

Mrs. NORTON. Will the gentleman yield?

Mr. CELLER. I yield.

Mrs. NORTON. The gentleman from Georgia [Mr. RAMSPECK] said yesterday that my amendment delegates legislative power to committees, the members of which are not Government officials. Is it not true that those members are appointed by the Administrator, receive compensation from the Government, are required to take an oath of office, and does that not make them Government employees?

Mr. CELLER. I think the lady from New Jersey is quite right in her conclusions, but let me say further, Mr. Chairman, because of these limitations, because of this very definite standard that is set forth in the bill, there is no unwarranted nor illegal delegation of our power to the Administrator. I think, therefore, that the substitute is eminently constitutional.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

PRECEDENTS—N. R. A.

The last word on the subject of unwarranted delegation of legislative power to an administrative official is, of course, the unanimous decision of the Supreme Court in the case of A. L. A. Schechter Poultry Corporation and others against the United States, reported in the October 1934 term of the United States Reports, volume 295, at page 495 and following pages. Among other things, the Court said:

* * * the President in approving a code may impose his own conditions, adding to or taking from what is proposed, as "in his discretion" he thinks necessary "to effectuate the policy" declared by the act. Of course, he has no less liberty when he prescribes a code on his own motion or on complaint, and he is free to prescribe one if a code has not been approved.

Be it remembered, in the instant legislation before us there is no such unrestricted, sweeping delegation of power. The Administrator is not given the right to impose his own conditions. He cannot act in any way he sees fit, as could the President under the N. R. A.

The Court, in the Schechter case, furthermore, said the following:

Section 3 of the Recovery Act is without precedent. It supplies no standards for any trade, industry, or activity. It does not undertake to prescribe rules of conduct to be applied to particular states of fact determined by appropriate administrative procedure. Instead of prescribing rules of conduct, it authorizes the making of codes to prescribe them. For that legislative undertaking, section 3 sets up no standards, aside from the statement of the general aims of rehabilitation, correction, and expansion described in section 1. In view of the scope of that broad declaration and of the nature of the few restrictions that are imposed, the discretion of the President in approving or prescribing codes, and thus enacting laws for the government of trade and industry throughout the country, is virtually unfettered.

No such factors enter into the legislation before us. There is a definite standard, and there are prescribed rules of conduct which must be followed. There are not a "few restrictions," as was the case in the N. R. A., but many restrictions. A careful examination of the bill before us indicates these many restrictions.

INTERSTATE COMMERCE COMMISSION

Many attacks were leveled against the Interstate Commerce Commission on the score that Congress delegated to that Commission unwarranted powers. But Congress was careful to prescribe certain limitations of powers. Congress hewed out paths leading to direct objectives. There were limitations as to short hauls and limitations as to long hauls. There could be no changes in rates unless and until public hearings had been held. In a word, definite guides were set within which the members of the Commission were permitted to act.

Congress was solicitous in its endeavor to keep open the channels of competition. The courts repeatedly have held that this was not "a delegation to the Commission of legislative power which Congress was incompetent to make." (See 234 U. S. 476 at 486, citing *Field* v. *Clark*, 143 U. S. 649 (1892); *Butfield* v. *Stranahan*, 192 U. S. 470, 24 Sup. Ct. 349 (1904); *Union Bridge Co.* v. *United States*, 204 U. S. 364, 27 Sup. Ct. 367 (1907); and *Monongahela Bridge Co.* v. *United States*, 216 U. S. 177, 30 Sup. Ct. 356 (1910).)

FEDERAL RESERVE ACT

The Federal Reserve Act has repeatedly been subjected to attack on the ground of unwarranted delegation of power. The Federal Reserve Board was given authority—

To grant by special permit to national banks applying therefor * * * the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said Board may prescribe.

In *First National Bank* v. *Fellows ex rel. Union Trust Co.* (244 U. S. 416, 37 Sup. Ct. 734 (1917)), the Court said (244 U. S. 416 at 427, per White, Chief Justice):

* * * We think it necessary to do no more than say that a contention * * * that the authority given by the section to the Reserve Board was void because conferring legislative power on that Board is so plainly adversely disposed of by many previous adjudications as to cause it to be necessary only to refer to them.

Citing *Field* v. *Clark* (143 U. S. 649, 12 Sup. Ct. 485 (1892); *Buttfield* v. *Stranahan* (192 U. S. 470, 24 Sup. Ct. 349 (1904)); *United States* v. *Grimaud* (220 U. S. 506, 31 Sup. Ct. 480 (1911)); *Monongahela Bridge Co.* v. *United States* (216 U. S. 177, 30 Sup. Ct. 356 (1910)); and the *Intermountain Rate Cases* (234 U. S. 476, 34 Sup. Ct. 986 (1914)), Van Devanter and Day, Justices, concurring on another ground.

DRAFT BOARD

In the *Selective Draft Law Cases* (245 U. S. 366, 38 Sup. Ct. 159, 1918) an argument based on the administrative features of the Selective Service Act—act of May 18, 1917 (40 Stat. 76, c. 15) was dismissed in much the same language and on many of the same authorities (opinion by White, C. J.). This case was followed in *Jones* v. *Perkins* (245 U. S. 290, 38 Sup. Ct. 166 (1918)); *Goldman* v. *United States* (245 U. S. 474, 38 Sup. Ct. 166 (1918)); *Kramer* v. *United States* (245 U. S. 478, 38 Sup. Ct. 168 (1918)); *Ruthenberg* v. *United States* (245 U. S. 480, 38 Sup. Ct. 168 (1918)); *Yanyar* v. *United States* (246 U. S. 649, 38 Sup. Ct. 332 (1918)); *Stephens* v. *United States* (247 U. S. 504, 38 Sup. Ct. 579 (1918)); *Pierce* v. *United States* (252 U. S. 239, 40 Sup. Ct. 205 (1920)); and *O'Connell* v. *United States* (253 U. S. 142, 40 Sup. Ct. 444 (1920)). The same summary manner of sustaining wartime legislation was also exemplified in *McKinley* v. *United States* (249 U. S. 397, 39 Sup. Ct. 324 (1919)). The case upheld a provision of the Selective Service Act (40 Stat. 83, c. 15, sec. 13) authorizing the Secretary of War to fix a limit around military stations within which the maintenance of a bawdy house should be a Federal crime (memorandum opinion by Day, J.).

MARITIME AUTHORITY

The next case again involved what may be termed the "maritime authority of the Secretary of War." This authority included (by act of Sept. 19, 1890, 26 Stat. 454, c. 907, sec. 7, and act of July 13, 1892, 27 Stat. 110, c. 158, sec. 3) power to approve the construction of bridges over navigable waters. Under this power the Secretary had approved the construction of a railroad bridge across the Sacramento River in replacement of another on condition that the piles of the former bridge should be razed down to 7 feet below the lowest low-water mark. This was done, and when a dredge was injured by running on the stumps so left, the Secretary's order was pleaded in defense of a suit for damages (in *Southern Pacific Co.* v. *Olympian Dredging Co.*, (260 U. S. 205, 43 Sup. Ct. 26 (1922)). In upholding this defense, the Court said (per Sutherland, J., 260 U. S. 205, at 208, 210):

By this legislation Congress * * * committed to the Secretary of War administrative power insofar as administration was necessary * * *. In the light of this general assumption by Congress of control over the subject and of the large powers delegated to the Secretary, the condition imposed by that officer cannot be considered otherwise than as an authoritative determination of what was reasonably necessary to be done to insure free and safe navigation * * *. "Congress intended by its legislation to give the same force and effect to the decision of the Secretary of War that would have been accorded to direct action by it on the subject. It is for Congress, under the Constitution * * * to prescribe the way in which the question of obstruction shall be determined." (Quotation taken from *Monongahela Bridge Co.* v. *United States* (216 U. S. 177, 30 Sup. Ct. 356 (1910).)

A STATE PRECEDENT

Then followed a case—*Douglas* v. *Nobel* (261 U. S. 165, 43 Sup. Ct. 303 (1923))—involving a State statute—Washington Laws of 1893, chapter 55—establishing a dentistry examining board, and requiring all persons wishing to practice dentistry to pass an examination in order to be licensed. No further provision was made as to the examination. To a claim that this statute delegated legislative power to the examiners the Court, speaking through Mr. Justice Brandeis, replied (261 U. S. 165 at 169–170):

The legislature itself may make this finding of the facts of general application, and by embodying it in the statute make it law * * *. But the legislature need not make this general finding. To determine the subjects of which one must have knowlege * * * the extent of knowledge in each subject; the degree of skill requisite; and the procedure to be followed in conducting the examination; these are matters appropriately committed to an administrative board. (Citing *Mutual Film Corporation* v. *Industrial Comm.*, 236 U. S. 230, 35 Sup. Ct. 387 (1915). The principal case was followed in *Fife* v. *Louisiana State Board of Medical Examiners*, 274 U. S. 720, 47 Sup. Ct. 580 (1927), and in *Griffin* v. *Powers*, 275 U. S. 495, 48 Sup. Ct. 83 (1927), and in *Dr. Bloom, Dentist, Inc.*, v. *Cruise*, 288 U. S. 538, 53 Supp. Ct. 320 (1933).)

TRANSPORTATION ACT

In *Avent* v. *United States* (266 U. S. 127, 45 Sup. Ct. 34 (1924), per Holmes, J.) setting up of a board was confronted by an attack on the validity of a provision of the Transportation Act of 1920 (act of Feb. 28, 1920, 41, Stat. 456, at 474, c. 91, title IV, sec. 402 (15)) empowering the Commission in emergencies to make "reasonable directions" "in the interest of the public and the commerce of the people," including directions "for preference or priority in transportation." The case involved a conviction for obtaining a shipment of coal in violation of the Commission's rules as to priority, and the Court said (266 U. S. 127, at 130–131):

That it (Congress) can give the powers here given to the Commission * * * no longer admits of dispute. * * * The statute confines the power of the Commission to emergencies, and the requirement that the rules shall be reasonable and in the interest of the public and of commerce fixes the only standard that is practicable or needed. * * * Congress may make violation of the Commission's rules a crime.

Citing *Interstate Commerce Commission* v. *Illinois Central R. R.* (215 U. S. 452, 30 Sup. Ct. 155 (1910)), *United States* v. *Grimaud* (220 U. S. 506, 31 Sup. Ct. 480 (1911)), *Union Bridge Co.* v. *United States* (204 U. S. 364, 27 Sup. Ct. 367 (1907)), the *Intermountain Rate Cases* (234 U. S. 476, 34 Sup. Ct. 986 (1914)), and *Mutual Film Corp.* v. *Industrial Commission* (236 U. S. 247, 35 Sup. Ct. 393 (1915)).

TARIFF ACT

In *Hampton, Jr., & Co.* v. *United States* (276 U. S. 394, 48 Sup. Ct. 348 (1928)), discussed 31 Mich. L. Rev. 786, at 795 (1933)), an attack was made on the so-called flexible provision of the Tariff Act of 1922 (act of Sept. 21, 1922, c. 356, title III, sec. 315, 42 Stat. 858, at 941). This empowered the President to increase or decrease customs duties up to 50 percent of those specified in the act upon ascertaining that the cost of production in competing countries was not equalized with such cost in the United States by the duties already imposed. In ascertaining such cost the President was to consider "insofar as he finds it practicable" produced by foreign persons or governments, and "any other advantages or disadvantages in competition." In upholding the action of the President under this power the Court said (276 U. S. 394, at 405–406, 409, per Taft, C. J.):

The well-known maxim "Delegata postestas no potest delegari" * * * has had wider application in the construction of our Federal and State constitutions than it has in private law * * * (They) divide the governmental power into three branches * * * and the rule is that in the actual administration of the government, Congress or the legislature should exercise the legislative power * * * and in carrying out the constitutional division into three branches it is a breach of the national fundamental law if Congress gives up its legislative power and transfers it to the President. * * * This is not to say that the three branches are not coordinate parts of one government and that each in the field of its duties may not invoke the action of the two other branches insofar as the action invoked shall not be an assumption of the constitutional field of action of another branch. In determining what it may do in seeking assistance from another branch, the extent and character of that assistance must be fixed according to common sense and the inherent necessities of the governmental coordination.

The field of Congress involves all and many varieties of legislative action, and Congress has found it frequently necessary to use officers of the executive branch, within defined limits, to secure the exact effect intended by its acts of legislation, by vesting discretion in such officers to make public regulations interpreting a statute and directing the details of its execution, even to the extent of providing for penalizing a breach of such regulations.

Mr. BACON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I offered my resolution as a substitute in good faith; in fact, I introduced it on December 9. I fully appreciate that it was probably subject to a point of order, but in view of the rather broad and startling decisions of the Chair yesterday, I felt its submission justified.

I believe that the bill in the Senate was amended some 35 times. Since the original Black-Connery bill was reported last August the Committee on Labor has made some 60 amendments. Then, at the suggestion of the Department of Labor, additional amendments were made; so the committee made some 159 amendments in all, I believe, which are now consolidated in the so-called Norton amendment.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BACON. I yield.

Mrs. NORTON. I think the gentleman is mistaken. So far as I know, no amendments were suggested by the Department of Labor.

Mr. BACON. Then 159 amendments were made to the original bill which are now all incorporated in the Norton amendment.

Mrs. NORTON. I have not counted the amendments.

Mr. BACON. I inquired of a member of the Committee on Labor. I cite this merely to show the confusion surrounding this whole legislation. It seems to me that we are not approaching it in a judicial and careful way. Nothing can be more important to the future of this country than that we have proper legislation on wages and hours; and I am thoroughly in favor of the principle that is sought to be established. I therefore suggested a Federal commission of inquiry of 15 members to investigate this whole broad problem from a national point of view and the relations of this problem to the Federal Government.

I took my analogy from the old Monetary Commission, out of which came the Owen-Glass bill providing for the Federal Reserve Board; from the Morrow Commission, out of which came legislation on aviation and from which date our entire aviation development may be said to have started. This is just as important as any other legislation that has ever come before this Congress, and it seems to me that a national commission should have investigated this whole subject. I suggested a commission of three Members of the House, to be appointed by the Speaker; three Members of the Senate, to be appointed by the Vice President; and nine members to be appointed by the President, which are to represent industry, agriculture, labor, and the public. The resolution contemplated that final action on the Black-Connery wage and hour bill should be postponed until the proposed commission reported to the Congress at the next regular session. It was not intended to postpone this proposition indefinitely.

The resolution declares on its face that oppressive hours of labor and substandard wages and exploitation of child labor shall not be tolerated as necessary evils in our economy and that remedies for such conditions must be found. The resolution provides that the country should have full knowledge of where it is going before it gets underway. That is the only sound legislative procedure. My resolution was offered in good faith and to my way of thinking provided a sensible approach to this very important and vital question. [Applause.]

The gentlewoman from New Jersey tells me that so far as she knows no amendments were suggested by the Department of Labor. This makes the confusion even worse, because it is public knowledge that the Department of Labor

certainly intended to submit some. And I am wondering why the Department was not given the opportunity. It would seem that the Department concerned would be consulted, especially after the Secretary of Labor, after a White House conference, stated she would propose changes in the administration's wage and hour bill.

The Washington Star, either in its issue of November 10 or November 11, carried the following item under an Associated Press line:

Secretary of Labor Perkins said after a White House conference today that she would propose changes in the administration's wage and hour bill when congressional committees start new hearings on the subject.

The Secretary said she had discussed the bill with President Roosevelt but preferred not to say what changes she had in mind.

She told newsmen that if congressional committees seek her views she would have some modifications to suggest in the light of studies the Labor Department has made since the bill won Senate approval last session. * * * Asked about proposals to have Congress, rather than a board, fix control of minimum-wage and maximum-hour standards, Secretary Perkins said a board would be necessary if the program was to be approached "from the point of view of flexibility."

She said if the standard were to be fixed by Congress all that would be needed would be an enforcement.

I think it is perfectly fair to rely on information of this sort, especially when the Secretary of Labor is directly quoted.

All of the Labor Committee's amendments were agreed to in closed session of the committee and public hearings denied. It seems more than strange that Secretary Perkins was not given an opportunity to advance her views on the subject, and especially so when her Department had made studies and had definite modifications to suggest.

In other words, to put it bluntly, the vital changes made by the Labor Committee were made without affording labor, industry, the public, and even the administration's own Department of Labor an opportunity to go on record.

The whole bill is permeated with confused thinking and represents a hodgepodge of compromise that satisfies no one. The resolution I submitted, I think, states the case fairly, and, I believe, also proposes the sensible approach to the problem.

Under leave to do so, I append an editorial from the Baltimore Sun, which is captioned "The Bill Nobody Knows." It is a singularly appropriate title for the measure under consideration. The editorial follows:

THE BILL NOBODY KNOWS

In the consideration of the wage and hour bill, the House and the House Labor Committee would do much better to get down to questions of fundamental policy and quit fiddling around with matters of administrative detail. Matters of administrative detail may be important, of course. It may conceivably make a good deal of difference whether the proposed bill is administered by a supposedly impartial board of five members or by a single administrator working with the advice of groups representing labor, industry, and the public. There are certain questions that ought to be weighed in this connection, and weighed thoroughly, before a final choice is made as between the two plans, if indeed either of them is accepted.

But these questions and their like are, after all, of secondary consequence in a matter of this kind. It is far less important to know how the proposed wage and hour measure is going to be administered than to know what it will do. And nobody in either House of Congress has yet told us what it is going to do. The reason seems to be that nobody knows. The Senate passed this bill last spring without any clear apprehension of its consequences and the House committee has approved it without any clear apprehension as to how many industries it is going to affect or how many workers will be subject to its provisions. There seems to be no clear understanding of the possible effect the operation of wage and hour standards may have on employment as a whole or on the employment of particular groups. It may work out in such a way as to prejudice agriculture. It may prejudice the interests of the South and give other sections an advantage in the competition for the home market. Nobody knows.

And, what is worse, nobody seems to want to know. The House committee fiddles around with the question of administration and passes the buck on the matter of fundamentals. The House leaders are, according to Mr. Trussell's dispatch from Washington yesterday, out to pass the bill by the end of next week. Neither the Speaker nor the majority leader seems to have much of an impression as to what it is all about. They just want to pass a bill and leave all fundamental questions up to five men, or to one man, as the case may be. Most of those who do not take one of these alternatives will probably be for the American Federation of Labor's plan to fix a single minimum wage and a single maximum working week for the whole country and then hope for the best.

The only man who seems to have the slightest desire to find out what the bill means is Representative BACON of New York, a Republican, who has proposed in a resolution that a Federal commission be appointed to find the answers to a few of the fundamental questions to which this proposal gives rise. Mr. BACON wants to lay a factual foundation for the legislation before final action is taken. His is a counsel to which his colleagues might appropriately pay greater heed than they have been paying in their zeal to pass a measure the effect of which is still obscure.

[Here the gavel fell.]

Mr. BACON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein an editorial commenting on my resolution.

The CHAIRMAN. The gentleman from New York will have to secure that permission in the House.

Mr. RABAUT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, at the time Henry Ford announced his $5-a-day policy some wise men of the country foretold the doom of the automotive industry. A great many in the industry also echoed their remarks and said, "It can't be done." My purpose in coming before the Committee today is to say a word about the automotive industry, to which directly this wage and hour bill does not apply.

This industry is confined in great part to my city and State, but every State in the Union supplies materials used in the manufacture of its product.

Directly and indirectly, 1 out of every 11 gainful workers receives a pay envelope, to a number in excess of 4,000,000.

For the purpose of information and instruction, I am inserting in the RECORD a chart prepared by me and based upon information supplied by the Automobile Manufacturers Association, which figures are taken from the 1930 census, setting forth employment in the industry in the individual States, not including truck drivers and raw-material suppliers, and totaling 2,007,688 persons. Moreover, the chart will show the number of automobile retail stores in each State as well as the number of automobile factories and gasoline refineries. The chart further sets forth the materials purchased from each State, and it ranks the States numerically in the order of such employment. A study of the chart and the return purchases by the industry from your State will prove most interesting.

CHART NO. 1

No.	State	Employment in automotive industry [1]	Automotive retail stores	Automotive factories and gasoline refineries	Materials supplied by the State
1	Michigan	400,912	10,404	261	Iron ore, lumber, copper, brass, lacquers, leather.
2	Ohio	200,736	15,167	477	Pig iron, steel paint, lacquers.
3	New York	151,072	19,985	534	Talc, excelsior, paint, iron, fabrics, wool, metal, varnish, lacquer, tanning chemicals, refineries.
4	California	120,564	17,853	202	Petroleum, lumber, chromium, mercury, magnesite, silica, glycerine, talc, moss, wool, borax.
5	Pennsylvania	112,491	16,505	531	Chemicals, steel, iron, plate glass, coal, leather, aluminum.
6	Illinois	105,611	13,809	435	Steel, pig iron, coal, lacquers, chemicals, leather.
7	Texas	94,306	15,290	101	Cotton, petroleum, wool, mohair, hides, sulphur, mercury, carbon black.
8	Indiana	73,928	7,871	161	Steel, pig iron, plate glass.
9	New Jersey	62,858	7,683	142	Chemicals, leather, brass, copper, zinc.
10	Wisconsin	52,529	6,645	136	Lumber, hides, iron ore, excelsior.
11	Massachusetts	52,497	7,455	167	Upholstery cloth.
12	Missouri	49,342	8,377	102	Lead, zinc, hides, lacquers, tungsten.
13	Oklahoma	36,276	7,115	60	Zinc, petroleum, lead, hides, cotton.
14	Minnesota	30,850	5,943	50	Iron ore, lumber, hides, wool, linseed oil.
15	Iowa	29,985	7,196	42	Hides, wool, linseed oil, flaxseed.

[1] Exclusive of truck drivers and raw-material suppliers.

CHART No. 1—Continued

No.	State	Employment in automotive industry	Automotive retail stores	Automotive factories and gasoline refineries	Materials supplied by the State
16	Kansas	27,766	6,546	30	Hides, linseed oil, petroleum, flaxseed, zinc.
17	Connecticut	27,390	3,464	95	Brass.
18	Louisiana	24,447	3,050	21	Cotton, sulphur, lumber, sugarcane, carbon black.
19	Tennessee	23,820	3,057	14	Cotton, lumber, coal, bauxite.
20	Washington	22,950	4,725	16	Lumber, mercury, magnesite, copper refining.
21	North Carolina	22,697	5,865	9	Cotton fabrics, mica, silica, cotton.
22	Georgia	22,435	4,527	12	Cotton fabrics, bauxite, turpentine, manganese.
23	Florida	21,040	4,826	2	Cotton, lumber, sugarcane, turpentine.
24	Kentucky	19,564	3,343	25	Coal, lumber, paint, lacquers, leather.
25	Nebraska	19,489	3,774	18	Flaxseed, linseed oil, hides, wool.
26	Virginia	19,478	3,971	11	Cotton, emery, excelsior.
27	Alabama	16,525	3,167	3	Cotton, iron ore, steel, turpentine.
28	Maryland	16,481	2,356	15	Plate glass, paints.
29	Colorado	15,077	3,001	24	Vanadium, lead, zinc, hides, wool, molybdenum.
30	Oregon	14,151	3,252	6	Lumber, wool, mercury.
31	Arkansas	13,117	3,056	11	Lumber, bauxite, petroleum, manganese.
32	West Virginia	12,021	2,642	5	Lumber, coal, glass.
33	Mississippi	11,501	2,755	1	Lumber, cotton, sugarcane.
34	South Carolina	9,638	2,616	3	Cotton, cotton fabrics.
35	South Dakota	7,314	2,012	3	Flaxseed, hides, linseed oil.
36	Rhode Island	6,770	1,326	23	Upholstery cloth.
37	Maine	6,302	1,834	2	Paper, lumber, mohair, mica.
38	North Dakota	6,209	1,588	0	Flaxseed, hides, linseed oil.
39	Montana	5,798	1,331	17	Manganese, wool, copper, nickel, silver, hides, flaxseed.
40	Arizona	5,752	1,141	3	Copper, nickel, molybdenum, asbestos, tungsten.
41	Utah	5,386	1,062	1	Copper, lead, zinc, silver, wool, hides.
42	New Hampshire	4,846	1,282	5	Mohair, leather.
43	Wyoming	4,495	619	17	Petroleum, hides, wool, carbon black, flaxseed.
44	Idaho	4,463	1,082	0	Lead, zinc, hides, silver, wool.
45	New Mexico	3,775	920	5	Molybdenum, zinc, copper, wool, hides, cotton.
46	Vermont	3,232	1,088	3	Abrasives, silica, lacquer, mohair, leather.
47	Delaware	2,278	611	6	Plate glass, paints.
48	Nevada	1,351	288	0	Copper, lead, wool, mercury, magnesite, tungsten, vanadium, borax.

A second chart setting forth the purchase in 1936 of automobiles in the various States and the number of cars in the State in ratio to State population, also the numerical rank of your State as an automobile purchaser, will further engage your study.

CHART No. 2

State	Population	Cars purchased 1936 [1]	Population per new car 1936	Rank number	Population per motor vehicle [1]	Rank number
Alabama	2,864,000	48,385	59.17	47	9.63	48
Arizona	406,000	16,268	24.95	10	3.53	15
Arkansas	2,023,000	29,097	69.52	49	9.31	47
California	6,059,000	289,911	20.89	6	2.60	2
Colorado	1,066,000	44,781	23.80	8	3.37	10
Connecticut	1,734,000	59,582	29.10	20	4.35	27
Delaware	259,000	10,200	25.39	14	4.34	26
Dist. of Columbia	619,000	35,727	17.32	2	3.41	11
Florida	1,642,000	48,400	33.90	30	4.24	24
Georgia	3,060,000	56,522	54.14	43	7.43	44
Idaho	485,000	19,377	25.03	11	3.65	16
Illinois	7,845,000	267,261	29.35	21	4.73	33
Indiana	3,459,000	136,307	25.38	13	3.82	19
Iowa	2,643,000	84,882	29.96	22	3.49	14
Kansas	1,886,000	65,447	28.82	19	3.26	6
Kentucky	2,883,000	50,979	56.55	45	7.74	46
Louisiana	2,122,000	47,224	44.96	40	7.02	43
Maine	853,000	25,227	36.72	33	4.45	30
Maryland	1,674,000	51,610	32.44	27	4.42	29
Massachusetts	4,425,000	132,611	33.37	28	5.42	38
Michigan	4,783,000	251,808	19.00	4	3.48	12
Minnesota	2,635,000	95,917	27.47	16	3.36	9
Mississippi	2,008,000	35,373	57.05	46	9.75	49
Missouri	3,959,000	107,882	36.70	34	4.89	35

[1] "Cars purchased 1936" includes commercial car registrations.

CHART No. 2—Continued

State	Population	Cars purchased 1936	Population per new car 1936	Rank number	Population per motor vehicle	Rank number
Montana	531,000	26,675	19.91	5	3.18	5
Nebraska	1,364,000	44,691	30.52	23	3.30	8
Nevada	100,000	6,465	15.47	1	2.60	1
New Hampshire	508,000	14,454	35.15	31	4.16	22
New Jersey	4,328,000	128,672	33.64	29	4.59	32
New Mexico	422,000	15,426	27.36	15	3.88	20
New York	12,935,000	342,482	37.77	36	5.27	36
North Carolina	3,457,000	63,650	54.31	44	6.83	42
North Dakota	703,000	13,775	51.03	41	4.20	23
Ohio	6,713,000	274,893	24.42	9	3.78	18
Oklahoma	2,528,000	71,342	35.43	32	4.75	34
Oregon	1,017,000	48,510	20.96	7	3.06	4
Pennsylvania	10,136,000	315,200	32.16	26	5.28	37
Rhode Island	681,000	21,903	31.09	25	4.28	25
South Carolina	1,860,000	30,111	61.73	48	6.67	41
South Dakota	692,000	16,518	41.89	38	3.71	17
Tennessee	2,864,000	53,021	54.02	42	7.52	45
Texas	6,117,000	196,898	31.07	24	4.14	21
Utah	515,000	17,969	28.66	18	4.42	28
Vermont	380,000	10,721	35.44	33	4.52	31
Virginia	2,671,000	63,240	42.24	39	6.40	39
Washington	1,643,000	65,124	25.23	12	3.29	7
West Virginia	1,830,000	46,453	39.39	37	6.54	40
Wisconsin	2,908,000	105,806	27.48	17	3.48	13
Wyoming	233,000	12,354	18.86	3	3.04	3
Total	128,429,000	4,016,141				

NOTE.—Population figures obtained from Department of Commerce, Bureau of the Census. Cars purchased 1936 data obtained from Automotive Daily News of Feb. 10, 1937. Population per motor vehicle and rank number in this class obtained from Automotive Facts and Figures, published by the Automobile Manufacturers' Association.

Why do I set forth these charts? Because, by comparison, the industry, almost from its inception, astounded the country by its pay rate, and accordingly it attracted from the South, the West, and the East those peculiarly fitted geniuses and others who have found a fitting place for the outlet of their skill and to themselves proper remuneration.

The industry enjoys first place in the business of the Nation. It pays an annual tax of one and a half billion dollars. It paid the railroads in 1936, $450,732,000. Fifty-four percent of the families in the United States own its product. And with it all the industry has not received the treatment it should rightfully enjoy because of the indirect discrimination against its product in certain industries and sections of our country due to the payment of misery-creating wages.

The industry ranks as the first consumer of steel strips, bars, sheets, malleable iron, alloy steel, and steel of all forms. Also it is the first consumer of gasoline, lubricating oil, rubber, plate glass, nickel, lead, and mohair. And in this connection let it be remembered that the industry last year made in excess of 4,000,000 automobiles.

The following figures are applicable to field and farm materials necessary in the construction of 1,000,000 Ford cars:

Cotton: 69,000,000 pounds—the yield of 431,250 acres.

Wool: 3,200,000 pounds—the product of 800,000 sheep.

Lumber: 112,000 feet—the product of 20,500 acres.

Cattle: Leather from 30,000 head.

Soybeans: 1,800,000 pounds—the yield of 30,000 acres.

Flax: 2,400,000 pounds, the equivalent to 118,000 bushels—the product of 17,500 acres.

Tung oil: 728,000 gallons—the product of 16,000 acres.

Corn: 500,000 bushels—the yield of 12,500 acres.

Goats' hair: 350,000 pounds—the product of 87,500 goats.

Turpentine: 2,000,000 pounds—manufactured from pine pitch.

Sugarcane: 2,300,000 gallons of molasses—produced from 12,500 acres of sugarcane.

It is a humming industry, friends, and even the honey bee serves us to the number of 93,000,000 to supply 6,000 pounds of beeswax.

And finally last, but necessary, castor oil—341,000 pounds used for lacquers and artificial leather for rumble seats.

These items of farm production have been mentioned to impress the Committee of the glorious part the automotive industry plays in every State of the Union.

Increase the buying power where it is inadequate today and extend it to those who have it not and thereby assist both industry and agriculture.

Those are the business facts and the hope of the wage and hour bill.

But through the maze of figures, through the technicalities of parliamentary procedure, through the noise and heat of debate comes the cry of the weak, in supplication to the strong, "How strong are you?" Oh, I have heard here today, "This is not the time to pass this legislation"; but I say to you, "Procrastination, thou art the thief of time." "How strong are you" when property rights conflict with human rights? When remembering the phrase, "I am my brother's keeper", how strong are you? [Applause.]

Mr. BRADLEY. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, it has been singularly significant that those who oppose this bill have been allied, in numerous instances, with those who have proposed certain substitutes. The substitute which we just voted down, proposed by Mr. LAMNECK, of Ohio, I think could have been characterized as the chamber of commerce bill. They act upon the theory that if they must take a bill they would take the one that would be the least effective. I have heard no discussion on this floor that would lead me to believe that those who oppose this bill are willing to advocate the continuance of the low-wage scales in this country. Instead, we have heard an academic discussion that it would disrupt industry, that it would disturb the industrial equilibrium throughout the Nation. No one has dared to take this floor, and I would like to see a single Member take it and try to defend the justice of $7 and $8 a week as an American standard of wage. You have not heard one opponent of this bill attempt to justify such a low wage scale.

Mr. Chairman, we have been subjected to a barrage of propaganda from the opponents of this measure who seek to instill fear, who seek to intimidate Members of Congress by saying that if this bill passes it will disrupt industry and will create further unemployment throughout the country. I do not think we have any need to worry about disturbing industry or about increasing unemployment. The only disturbance that will be caused by a bill which seeks to correct intolerable conditions, will be a disturbance of the nefarious practices some people seek to perpetuate through low wage scales and substandard wages throughout the United States. I do not think anyone is justified in saying that certain sections of the country would be subjected to unfair competition. I recall that a couple of years ago an analysis was made of one of the leading textile corporations in the southern part of the United States, the Bibbs Manufacturing Co. This analysis showed that on an original investment of $25,000 of preferred stock they had paid approximately $1,000,000 of dividends. That was the Bibbs Manufacturing Corporation, one of the greatest textile concerns in the southern part of the United States. For anyone to maintain that they cannot pay the same wage as prevails in other sections of the country is to follow an erroneous assumption.

They cannot pay it if they seek to declare a million-dollar dividend on an investment of $25,000, but if they are content with a normal profit they can pay a wage equal to the standard provided by this bill. I think myself there has been a sit-down strike of industry in this country in an attempt to influence Congress.

I have a communication, and I think perhaps every Member of the House has received it. This concern admits that in order to influence Congress to defeat this legislation it has deliberately refrained from purchasing goods and has ceased its operations. Here is what it says:

About 7 or 8 months ago, when this bill was first discussed and advocated, we, together with hundreds of others, immediately discontinued our expansion and our purchases.

Mr. KELLER. Who is it from?

Mr. BRADLEY. This is from the Grogan Manufacturing Co., of Bivins, Tex., a lumber concern.

They continue further and intimate if this wage and hour bill is killed and other progressive legislative measures repealed we can have prosperity back again.

I appeal to Congress not to be influenced by the threats of manufacturers' organizations and Liberty League affiliates, and to refuse to place its stamp of approval on these intolerable conditions, but by its passage of this bill to write into the law the principle that the American worker is entitled to protection by the Federal Government against exploitation. [Applause.]

[Here the gavel fell.]

Mr. IZAC. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I notice this morning a great many Members are wondering just who is for the pending bill. The gentleman from Michigan [Mr. MICHENER] seemed to think it was only a section of the American Federation of Labor or the C. I. O. that was interested. In California we have a $16-minimum wage for women and I want to assure you when that law went into effect we saw the wages of women in industry raised from $5 and $6 a week to at least $16 a week. It does not result in a ceiling. We still have our stenographers and others getting $125 a month. Let us not worry about that.

I do not care what the American Federation of Labor or the C. I. O. or anybody else thinks about my vote on this question. I have received from some units of organized labor a plea that I vote for this bill. Yesterday morning, however, I received a telegram from the American Federation of Labor of my State to this effect:

Either support the Dockweiler amendment or kill the bill.

I want to read what I said in reply:

In justice to labor, both organized and unorganized, in recognition of the need of increasing the purchasing power of the low-income group of America, and in loyalty to the man best fitted to know the needs of the Nation, our President, I shall support the best hour and wage bill that we are able to pass now. Even if we can make only the first step, I believe it imperative to take that step now.

[Applause.]

Mr. RANDOLPH. Will the gentleman yield?

Mr. IZAC. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. Will the gentleman also include the wire he received?

Mr. IZAC. I will be glad to read it. This is from Edward D. Vandeleur, secretary of the California State Federation of Labor. I understand similar telegrams were received by Members, from not only the American Federation of Labor of my State but of other States.

Strongly request you support American Federation of Labor wage and hour bill introduced by Congressman DOCKWEILER. If Federation bill not substituted, urge you vote recommittal.

There is just one danger, as I see it, in the conduct of the Members on the floor today and that is, we may be so anxious to give everybody a chance to get his amendment accepted that we will not only emasculate the bill but render it so bad that no one will want to support it. We see the social-security legislation with so many exemptions that it applies to perhaps only one-third of our people. Last week we passed a farm bill and we exempted from its provisions, at least from its benefits as I see it, practically all of the people of my State because we do not raise any one of the five major crops. I do not believe we should pass that kind of wage and hour legislation.

I am happy to be able to stand here and say it is this committee of the House of Representatives and not the American Federation of Labor, the Chamber of Commerce, or anyone else that is giving me a chance to vote on this bill. It is the best thought of the membership of the Labor Committee, who represent us, that is giving us the pending bill today. I for one am going to go down the line for it and I firmly believe we must accept this bill, even though some may think it inadequate, or else we are not going to have any bill at all. It has been an inspiration to me the

way many groups of organized labor, disregarding the fact that this bill does not directly aid them, have come to the rescue of those of their comrades less fortunate than themselves.

This bill, to my mind, will be the charter of the unorganized workers of America. By it I hope to see the underprivileged groups of our population become articulate and gain for themselves rights heretofore denied them under our economic system. It has likewise been of material encouragement to me that many employers have also assured me of their belief in the merits of this bill. The president of the largest industry in my district assured me personally that he was in favor of good hours and wages legislation. And I believe we will be keeping faith with those in every walk of life if we will make it possible to raise the standard of that one-third of our Nation whose purchasing power at the present time is barely sufficient to sustain life.

My colleagues, how can you or how can we in California, however enlightened our policy of employment may be—how can we expect to sell the fruits of our soil and the products of our factories unless we make it possible to increase the purchasing power of the people in all sections of the country whereby they may share with us the good things we produce?

Because I believe that this bill will directly aid many millions of people and indirectly better the economic conditions of all the people of the United States, I am resolved to support the bill and appeal to you to do likewise. [Applause.]

Mr. FLANNERY. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, we have heard much debate pro and con on the merits and demerits of the pending legislation. We must, as men of honor, accept the integrity and good faith of the opponents and proponents of the various proposals that have been offered. In doing this it is well to survey generally the field as it is at the present time. There are those who are honestly opposed to wage and hour legislation, those who are opposed to this specific bill, and those who are in favor of this bill or in favor of it as amended.

I would like to revert very briefly to some of the remarks that were made this morning on the floor of the House. Our distinguished friend and colleague from Texas [Mr. DIES] in his opening remarks pointed out in stentorian tones that industry must collapse if this bill is passed, that cobwebs would gather on the wheels of industry, and that business would be prostrated, a very convincing and very persuasive argument, except for the fact, as Mr. DIES went on to say:

> Mr. Chairman, if you propose to assist wages and hours, do not do it by this legislation, because it affects only 2 percent of the employees.

I respectfully submit to the gentleman from Texas [Mr. DIES], if this affects only 2 percent—and as I recall it, that was his figure—of the employees in industry to be affected, how can it have this terrifically devastating effect on our national economy? Frankly, I do not believe that makes sense.

Let us go further. We are told, "If you do this you will wreck industry." My family traditions go back into the hard coal fields, when my grandfather worked in the mines and got 70 cents a day. He did not see daylight from one end of the week to the other. There they went down into the bowels of the earth before dawn and they came up after dark. When they struck and asked for a living wage they were told, "Oh, the industry cannot survive." But the industry has survived and they have received a living wage, and the industry went on to prosper.

When the men who worked in the steel mills in 12-hour shifts, 12 hours on and 12 hours off, asked for better working conditions they were told, "The industry cannot survive. If you do this you will place such a burden upon us we cannot carry on." But the steel industry, hearty industry that it was, kind of pulled through.

We have heard this argument pro and con whenever labor has asked for an opportunity to live and breathe. Let us think back to the days of the company store, when you were born in a company house, probably brought into the world with the assistance of neighbors and friends, played in the company street, traded at the company store, called in the company doctor, worked all your life for the company, were owned body and soul by the company, and when you died were buried by the company undertaker, and you still owed the company money. Those, or similar conditions, are the conditions which still prevail in some sections today.

Business says, "Oh, we cannot stand reasonable regulation of wages up to $16 a week." If business does not have some such legislation as we have before us today, then legitimate business, honest business, fair, decent, and reasonable business will be put out of business by chiselers and frauds. Business needs this legislation to protect itself. I know of the lofts of the piece-work and the pants factories where the widows and orphans slave all day and take their material home to work on it all night. When they get back and submit it for a pittance they are frequently told by the superintendent, "We are sorry, that particular garment must be rejected and you cannot be paid for it." I am not talking about any section, and I am not talking about any locality, I am talking about the underprivileged, the underpaid, and the undernourished people of this Nation, whether they be in the North, the South, the East, or the West. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that all debate on this section close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mr. RANKIN. Mr. Chairman, I believe this so-called wage and hour bill is the most dangerous piece of legislation I have ever seen come to the floor of the House. It would wipe out the Bill of Rights and destroy those great constitutional guaranties of human liberty for which our forefathers fought and bled.

The Bill of Rights, the most sacred provision of the Constitution, was placed there at the request of Thomas Jefferson and is embodied in the first 10 amendments. That was probably Jefferson's greatest contribution to mankind.

The fifth amendment provides that no one shall "be deprived of life, liberty, or property without due process of law," which means without legal proceedings in a legally constituted court of law.

The most powerful address ever delivered by a human being on this earth, outside of Holy Writ, was that delivered by Patrick Henry before the Virginia Convention at the outbreak of the Revolutionary War. It excels Demosthenes' Oration on the Crown. It far surpasses Cicero's reply to Catiline. It aroused the American people to a consciousness of their rights, a realization of their responsibilities to themselves and to their posterity. It shook the thrones of Europe, and stirred the nations of mankind to a new resistance to tyranny and a new determination to enjoy that freedom, that liberty, which the "God of the Nations" intended for them to enjoy.

His subject was human liberty—the liberty for which the Revolutionary War was fought, the liberty guaranteed by the Constitution of the United States, and specifically by the Bill of Rights to which I have just referred.

This measure, if enacted into law, and upheld by the courts, would sound the death knell of that liberty. Men who do not seem to understand, or appreciate, the far-reaching and dangerous effects of legislation of this kind appear, or pretend, to think that they are voting to raise wages and put people to work.

As a matter of fact it will not put people to work, but will throw thousands of people out of work and deprive them of the only means they have of earning a livelihood. By the passage of this law, you would deny to the very people you are talking about—the underprivileged—the right to work at all. If they could not get the minimum wage provided

for in this bill, or set by the board, or the Department of Labor, they could not work at all. That happened in the District of Columbia when the minimum-wage law for women was in effect here 15 years ago. Women who could not get the minimum wage were forced to beg or starve. It was at their instance that the measure was taken to the Supreme Court at that time.

Shakespeare said, "You take my life when you do take the means whereby I live." What greater liberty could a man or a woman have than the liberty to work for their daily bread, or for bread for their children? This bill would wipe out that liberty and strike that part of the Bill of Rights from the Constitution of the United States. It would then be but a short step to wipe out the rest of those sacred rights which guarantee religious and personal liberty of all kinds.

Then we would be swept into either communism or fascism. They are both symptoms of the same disease; one of them is the fever and the other the chill of a dying democracy, the dying liberties of mankind.

If this measure passes, and becomes law, in its present form, the men who vote for it will live to hear themselves cursed by the laboring people of America as the worst enemies the laboring man ever had in public office.

I have devoted my time since I have been in Congress to the cause of the laboring man, whether in the factory or on the farm. I know that, taken as a whole, this measure would be disastrous to them. You men from the Northeastern States do not hesitate to say that what you are trying to do is to stop the growth of industry in the South. You want to close our factories and throw our laborers out upon the street without employment.

How do you expect them to live? Shall they go back to the farm, which is already crowded? Shall they go on relief, and live at Government expense? If so, who is going to pay that expense? Where are we going to get the money to maintain the enormous relief rolls this bill would create? You are not fooling anybody in the South by your prating about raising wages. What you want is to keep the workmen in the South from getting any wages at all. You want to force all the factories in the South and West back into the cities of the East; such as Boston, New York, Pittsburgh, Philadelphia, and Baltimore.

You say you already pay your laborers in Boston, Pittsburgh, New York, and Baltimore 40 cents an hour. But you fail to tell the public that you turn right around and take it away from them in overcharges for house rents and exorbitant prices for food, clothing, fuel, electricity, and other necessities of life. You do not seem to be interested in the people getting the truth about those things, but only in destroying southern industries and bringing them back to your localities, concentrating them in the great cities of the East and preventing the people in the South and West from engaging in any industrial activities at all.

The real friends of labor do not want this bill. The American Federation of Labor is asking that it be recommitted to the committee. They know that it would not only throw thousands of people out of work who are now drawing less than 40 cents an hour, but that it would create a virtual dictatorship over all industrial labor and ultimately result in reducing the wages of the ones who are now well paid and well satisfied.

When you attempt to compare the wages paid in the South with the wages paid in the great cities of the North, you fail to give credit for the difference in living expenses. I should like to see the wages of people in all southern industries raised, but you would not; you want to see their plants closed and their people thrown out of work, to keep them from competing with the people you represent.

Some of you have recently admitted on this floor that house rents in Boston and New York cost the laboring man about $6 a room per month, or from 3 to 10 times what it costs industrial workers in the Southern States. In the South large numbers of these workers live out on the farm where they not only have cheap house rent, or live with members of their own families, but they have their own gardens, corn patches, cows, their own milk and butter, their own chickens and eggs, their own potatoes and beans, which the man in the northern city would have to buy in a tin can or a paper sack, and pay from three to five times what it would cost the man on a southern farm—to say nothing of the heavier clothing and the extra money you must spend in your northern climates for heat and electric energy.

We are decentralizing our industries in the South and bringing them as close as possible to the man who tills the soil, in order that the people in those areas may live at home and enjoy the benefits of industrial employment.

In addition to the evil consequences of this measure from a standpoint of human rights and from a standpoint of the penalties it would impose upon industrial workers, it would be the greatest blow to the farmers of the Nation that could be delivered at this time. It would raise the prices of everything he has to buy, without in any way increasing the prices of the things he has to sell. He is already burdened to death. When he buys back the products of his own farm, after they have gone through a manufacturing establishment, he pays such exorbitant prices that he is barely able to live. This bill would increase that spread and intensify the farmer's burden. If the farmers of America got a real parity price for farm commodities today, cotton would sell for not less than 20 cents, and wheat at not less than $2 a bushel, and corn and other products of the farm in proportion.

But, as I said, you propose to increase this spread and pile these burdens higher upon the backs of the toiling farmers of America by increasing the cost of production of industrial commodities, outlawing industry in agricultural States, and raising the prices of the things the farmer has to buy.

If you are in earnest about wanting to help the poorly paid laborers, why not include the farmers in your scheme? Why not make it possible for them to earn 40 cents an hour? They work equally as hard and invariably much harder than do workers in industry. The cotton farmer only receives 1 cent an hour for his work for each cent a pound he gets for his cotton. Today, when cotton is 8 cents a pound, the farmer is only getting 8 cents an hour for his work. Instead of piling additional burdens on his back, why not raise his income to 40 cents an hour by fixing the price of cotton at 40 cents a pound?

If you will do that, we Members from the South could afford to vote with you. Forty-cent cotton means $4 wheat and $3 corn. If you are going to fix industrial labor's wages at a minimum of 40 cents an hour, why not be honest with the farmers and fix the prices of their commodities in proportion? That would guarantee the farmer 40 cents a pound for his cotton, the wheat grower $4 a bushel for his wheat, and the corn grower $3 a bushel for his corn, and other agricultural commodities in proportion.

But that is not what you are after. You are not interested in the farmers' welfare, nor in the welfare of the people in the agricultural States.

Besides, you cannot affect the price of labor in foreign countries; therefore you would have to increase the tariff to keep foreign manufacturers from underselling you. The farmer would get no benefit from that tariff but would reap its burdens, which would further grind him down into the economic dust and impoverish him and his family.

No wonder the farmers of the Nation are against this legislation; no wonder the American Federation of Labor is against it; no wonder the people of the South are against it; no wonder the people of the North and West are pouring in their protests against it. They realize its far-reaching and dangerous effects.

Let us recommit this measure to the committee and turn our attention to other matters that will help to promote the peace, prosperity, and happiness of the American people as a whole. [Applause.]

Mr. MITCHELL of Tennessee. Mr. Chairman, the wage and hour bill proposed here today will not be helpful to either labor or industry in the South. There is no demand for the passage of the bill at this time. It will work more harm than good. A great depression and slowing up in business is on and has been for weeks. No one can deny this fact.

Then why pass another Federal regulatory measure? Why not give business and industry a breathing spell? The patient needs time for recovery and not additional regulation. No man in the House is more anxious to help the workingman than am I. I have every desire and reason to aid him. He is entitled to this at my hands. I believe in the dignity of honest toil. I believe sincerely in the precepts of the Bible that "the laborer is worthy of his hire." I want to help the cause of the workingman in every possible and legal way, for I know from experience the hardships he has to undergo. I have shared them all. I have worked in mills and mines, and know from actual experience the need for every favorable consideration being extended to him. I am always ready and anxious to support legislation that I think will be helpful to the great mass of our working people. My record on this question speaks for itself. Since I have been a Member of the House I have had the endorsement and support of labor and the labor organizations. I appreciate the support of the American Federation of Labor and note that they do not endorse the bill we are now considering.

I do not believe that the Federal Government should further extend its power into the individual States. We have done enough of this already. To do so is contrary to the Constitution. It violates every principle of the sovereignty of States' rights. No Member of this body favors child labor or would endorse sweatshop conditions in any mill or factory. Certainly I do not. These practices, if they exist, can be corrected, as they should be, in the respective States.

To pass this bill will be injurious to our farmers. It will add to the cost of all he buys. It will increase the expense of his farming operations. While under the provisions of the bill he is exempt in its wording, nevertheless he will not be exempt from its effects when it goes into operation. An administrator is provided for, to be appointed by the President, to administer this bill if it is passed. He will be empowered to regulate all industry and labor.

This is too much power to delegate to any man or to any set of men, or to any board or bureau. It is un-American. It is dictatorship. The highly industrialized sections would profit from the passage of this law at the expense of other sections, and, especially the South and my own State of Tennessee. Industrialized centers and sections would naturally dominate the action of the Administrator and have a very great advantage over other sections of our country, now struggling to promote new business in industry. No man can predict how much the enforcement of a bill of this kind would cost the taxpayers in administrative expense. No one dare predict how many Government employees will be named to enforce its provisions. No estimate has been forthcoming as to any of these questions. Practically unlimited authority is vested in the Administrator, who is empowered to preside over the destiny of both business and labor in America. The small manufacturer and mill operators, who are now at work, employing many men, would be put out of business by regulation and price fixing from Washington. Big business, only, could assert itself and come here to Washington and demand its rights and secure favors, while the small operator in my State and district is struggling to meet his pay rolls, would not be able to do this. Why put him out of business and force those now at work out of employment to favor capital and big business? Why deny the small operator the right to live and pursue his business? Why also penalize the consumers with higher prices? All manufactured articles will advance in price as a result of this bill. Shoes, clothing, building material, canned fruits, meats, and vegetables will increase in price. Purchasing power will be reduced, rather than increased, in my judgment. All creameries, cheese factories, cotton gins, canning plants, rayon mills, hosiery mills, stave mills, heading mills, shirt factories, pencil factories, overall factories, and sawmills throughout the country would have the price of wages fixed and the hours of employment, by the administrator under this act. It will result in closing many small factories and driving many from their places of labor, where they are now satisfied with working conditions and the pay they are receiving, and they will be forced out of employment during the winter months. Surely this should not be done. It simply means more will have to go on the relief rolls and more distress and unemployment will exist in our country.

In addition, the farmer will be required to pay increased cost for labor. He will be forced to compete with the prices paid by industry. This will mean lower production for him in the future. The added cost of the canners, the creameries, and the mills will be passed back to the farmer producer and it will be reflected in reduced prices that he will receive for his farm products.

I confidently believe labor will be better off to make its own contracts as to hours and wages and to bargain collectively, as they now have the right to do, rather than to be further regimented by passing this bill. Why create more Government investigators to embarrass, harass, and annoy both labor and industry throughout the country. If labor cannot earn what is set out in the bill, if minimum wages are enforced, then they will be forced to work at whatever job and wage they can obtain in business to which the law does not apply or be forced to make independent contracts with the employer.

This measure is largely another N. R. A. It is a dangerous experiment and un-Democratic in principle. It will affect the prosperity of the whole Nation. It will affect the destiny of millions of wage earners. It will affect the future welfare of all business in America. The economic conditions and widespread unemployment now existing do not justify this. It cannot benefit either labor or industry but will result in confusion, unrest, and further depression in business. It will result in taking millions of jobs out of the salaried class and put the worker on a production basis or piece work, and largely destroy individual enterprise. Either this will be the result of an attempt to legislate better salaries and shorter working hours or we will shortly find that goods of foreign manufacture have entered our ports and will dominate the domestic markets. For we know that we can have no control over labor or working conditions in other countries.

I cannot lend my support to setting up new Federal bureaus and additional Government agents to further harass and annoy my people. I cannot support this bill. I do not want to further restrict labor's right to freedom of action, nor do I want to further restrict legitimate business in my section. I think every individual should have the right to work and the opportunity to earn an honest living and an honest wage. I believe in good wages and all that business can legitimately bear to bring this about, but in our efforts to help labor we should not destroy the business interests of the country which make possible its employment. I believe in the Democratic principles of government and in the mandates of our Constitution. I do not want to rob youth of its opportunity nor old age of its security.

Labor and business should be at peace, for neither can survive without the other. They have kindred interests and should have mutual interests. I sincerely believe that the interest of each can be best served by refraining from the passage of this bill and affording to labor and industry a much-needed rest from regulation out of Washington. Fewer boards and bureaus, with a reduction in the expense of government and a reduction in taxes, will reach the end so much desired. These fundamental principles should have our attention, rather than to further regulate and intimidate labor and industry with a horde of Government agents working out of Washington who are not familiar with local conditions in different sections of our common country and who would be more interested in drawing their salary than helping the workingman or his employer.

Thomas Jefferson, who was the greatest political philosopher this Nation ever had, once said.

> Were we directed from Washington when to sow and when to reap, we should soon want bread.

This was true when he said it over a hundred years ago, and is equally true today. [Applause.]

The Clerk read as follows:

DEFINITIONS

SEC. 2. (a) As used in this act, unless the context otherwise requires—

(1) "Person" includes an individual, partnership, association, corporation, business trust, receiver, trustee, trustee in bankruptcy, or liquidating or reorganizing agent.

(2) "Interstate commerce" means trade, commerce, transportation, transmission, or communication among the several States or from any State to any place outside thereof.

(3) "State" means any State of the United States or the District of Columbia or any Territory or possession of the United States.

(4) "Administrator" means the Administrator of the Wage and Hour Division created by section 3 of this act.

(5) "Occupation" means an occupation, industry, trade, or business, or branch thereof or class of work or craft therein in which persons are gainfully employed.

(6) "Employer" includes any person acting directly or indirectly in the interest of an employer in relation to an employee, but shall not include the United States or any State or political subdivision thereof or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization.

(7) "Employee" includes any individual employed or suffered or permitted to work by an employer, but shall not include any person employed in a bona fide executive, administrative, professional, or local retailing capacity, or any person employed in the capacity of outside salesman (as such terms are defined and delimited by regulations of the Administrator), nor shall "employee" include any person employed as a seaman; or any railroad employee subject to the provisions of the Hours of Service Act (U. S. C., title 45, ch. 3); or any employee with respect to whom the Interstate Commerce Commission has power to establish qualifications and maximum hours of service pursuant to the provisions of section 204 of the Motor Carrier Act, 1935 (U. S. C., 1934 ed., title 49, ch. 8): *Provided, however,* That the wage provisions of this act shall apply to employees of such carriers by motor vehicle; or any air transport employee subject to the provisions of title II of the Railway Labor Act, approved April 10, 1936; or any person employed in the taking of fish, sea foods, or sponges; or any person employed in agriculture. As used in this act the term "agriculture" includes farming in all its branches, and among other things includes the cultivation and tillage of the soil, dairying, forestry, horticulture, market gardening, and the cultivation and growing of fruits, vegetables, nuts, nursery products, ferns, flowers, bulbs, livestock, bees, and poultry, and further includes the definition contained in subdivision (g) of section 15 of the Agricultural Marketing Act, approved June 15, 1929, as amended, or any other agricultural or horticultural commodity, and any practices performed by a farmer or on a farm as an incident to such farming operations, including delivery to market. Independent contractors and their employees engaged in transporting farm products from farm to market are not persons employed in agriculture.

(8) "Oppressive wage" means a wage lower than the applicable minimum wage declared by order of the Administrator under the provisions of section 4.

(9) "Oppressive workweek" means a workweek (or workday) longer than the applicable maximum workweek declared by order of the Administrator under the provisions of section 4.

(10) "Oppressive child labor" means a condition of employment under which (A) any employee (as defined in this act to exclude employees in agriculture) under the age of 16 years is employed by an employer (other than a parent or a person standing in place of a parent) in any occupation, or (B) any such employee between the ages of 16 and 18 years is employed by an employer (other than a parent or a person standing in place of a parent) in any occupation which the Chief of the Children's Bureau in the Department of Labor shall from time to time by order declare to be particularly hazardous for the employment of such children or detrimental to their health or well-being; but oppressive child labor shall not be deemed to exist by virtue of the employment in any occupation of any person with respect to whom the employer shall have on file a certificate issued and held pursuant to the regulation of the Chief of the Children's Bureau certifying that such person is above the oppressive child-labor age. The Chief of the Children's Bureau shall provide by regulation or by order that the employment of employees under the age of 16 years in any occupation shall not be deemed to constitute oppressive child labor if and to the extent that the Chief of the Children's Bureau determines that such employment is confined to periods which will not interfere with their schooling and to conditions which will not interfere with their health and well-being.

(11) "Substandard labor conditions" means a condition of employment under which (A) any employee is employed at an oppressive wage; or (B) any employee is employed for an oppressive workweek; or (C) oppressive child labor exists.

(12) "Fair labor standards" means a condition of employment under which (A) no employee is employed at an oppressive wage; or (B) no employee is employed for an oppressive workweek; or (C) no oppressive child labor exists.

(13) "Labor standard order" means an order of the Administrator under sections 4, 6, or 8 of this act.

(14) "Goods" means goods (including ships and marine equipment), wares, products, commodities, merchandise, or articles or subjects of commerce of any character, or any part or ingredient thereof, but shall not mean goods after their delivery into the actual physical possession of the ultimate consumer thereof other than a producer, manufacturer, or processor thereof.

(15) "Unfair goods" means goods in the production of which employees have been employed in any occupation under any substandard labor condition, or any goods produced in whole or in part by convicts or prisoners except convicts or prisoners on parole or on probation, or inmates of Federal penal or correctional institutions producing goods for the use of the United States Government.

(16) "Fair goods" means goods in the production of which no employees have been employed in any occupation under any substandard labor condition.

(17) "Produced" means produced, manufactured, mined, handled, or in any other manner worked on; and for the purposes of this act an employee shall be deemed to have been engaged in the production of goods if such employee was employed in producing, manufacturing, mining, handling, transporting, or in any other manner working on such goods, or in any process or occupation necessary to the production thereof.

(18) "Sale" or "sell" includes any sale, exchange, contract to sell, consignment for sale, shipment for sale, or other disposition.

(19) "To a substantial extent" means not casually, sporadically, or accidentally, but as a settled or recurrent characteristic of the matter or occupation described, or of a portion thereof, which need not be a large or preponderant portion thereof.

(20) The term "person employed in agriculture" as used in this act, insofar as it shall refer to fresh fruits or vegetables, shall include persons employed within the area of production engaged in preparing, packing, or storing such fresh fruits or vegetables in their raw or natural state.

(b) For the purposes of this act, proof that any employee was employed under any substandard labor condition in any factory, mill, workshop, mine, quarry, or other place of employment where goods were produced, within 90 days prior to the removal of such goods therefrom (but not earlier than 120 days after the enactment of this act), shall be prima facie evidence that such goods were produced by such employee employed under such substandard labor condition.

(c) All wage and hour regulations under the provisions of this act shall apply to workers without regard to sex.

Mr. GRISWOLD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 4, line 19, strike out all of lines 19 and 20 to and including the comma after the word "amended" in line 21.

Mr. GRISWOLD. Mr. Chairman, I ask the attention of the gentleman from Wisconsin [Mr. SCHNEIDER]. I intend to withdraw the amendment I have just offered, but I ask his attention because he was the author of the amendment in the committee. On page 4, beginning in line 19, we find the language:

And further includes the definition contained in subdivision (g) of section 15 of the Agricultural Marketing Act approved June 15, 1929.

This, it will be recalled, did not appear in the original Senate bill, and was placed in this, I think, upon the motion of the gentleman from Wisconsin. The Agricultural Marketing Act of June 15, 1929 (46 Stat., pt. 2, p. 11), does not contain any paragraph (g), and never did contain any paragraph (g). That act designated paragraphs only as far as paragraph (f). Thereafter, in 1931, under a separate act, which was an act to amend an act entitled "An act defining butter"——

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. Yes.

Mr. CULKIN. Does not the gentleman think that would be corrected by striking out paragraph (g) and making it apply simply to section 15, which, as I understand, it defines cooperative marketing?

Mr. GRISWOLD. I am not endeavoring to tell the gentleman how it should be amended. I am telling the gentleman that as it now reads it cites one to nothing.

Mr. CULKIN. May I suggest that the gentleman offer an amendment striking out paragraph (g) and letting section 15 be descriptive?

Mr. GRISWOLD. I am not interested in it. I am calling the attention of those gentlemen who are interested in it to the fact that so far as this reads now they have cited something that does not exist in the statutes or anywhere else,

and that no court could possibly know from this citation to what they refer.

Mrs. NORTON. I think the gentleman should make the correction that it is not a committee amendment, but that it was in the original Senate bill.

Mr. GRISWOLD. The gentlewoman from New Jersey informs me that this is not a committee amendment, that it was in the Senate bill.

Mr. SCHNEIDER of Wisconsin. I did not offer that amendment in the committee.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. GRISWOLD. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Without objection, the amendment will be withdrawn.

There was no objection.

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. SCHNEIDER of Wisconsin: Page 6, line 4, after the word "employment", insert "of the age of 14 but".

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, most of the discussion of this bill has been upon the matter of hours and wages, notwithstanding the fact that a very important part of the bill deals with child labor. That has been given very little consideration. I have offered this amendment to set a bottom to the age prescribed in the bill under which child labor cannot be employed, and that would be 14 years in other than manufacturing and mining. Employment between 14 and 16 years would be permissible at the discretion of the Chief of the Children's Bureau, in case such a permit to a child would not be used in manufacturing and mining nor interfere with its schooling nor with its welfare. Children between 16 and 18 years of age may not be employed in any hazardous employment. The amendment as it would read in the bill, perfecting that part of the bill, would provide that the Chief of the Children's Bureau shall provide by regulation or by order, that the employment of children of the age of 14 but under the age of 16 except in mining and manufacturing shall not be deemed to constitute oppressive child labor if and to the extent that the Chief of the Children's Bureau determines that such employment is confined to periods which will not interfere with their schooling and to conditions which will not interfere with their health and well-being. I have another amendment pending that will strike out the words "and occupation" and substitute "occupations other than manufacturing and mining." Children between 14 and 16 would not be permitted employment in mining and manufacturing.

This bill applies only to products moving in interstate commerce. There is not much employment for children between 14 and 16 years of age, outside of mining and manufacturing, in interstate commerce, so there would be few who would be employed between the ages of 14 and 16. Further, there need be no fear with reference to abuses of the discretionary power by the Chief of the Children's Bureau. The bill, with reference to child-labor administrative machinery, provides that there shall be cooperation between the Federal Children's Bureau and the respective States, all of which now have some form of child-labor regulation, and there are State officials who administer those child-labor laws. The bill directs that there shall be cooperation with them. The bill provides for establishing administrative machinery a good deal the same as is provided in practically all of the States, at least all of the progressive States that have child-labor legislation that is effective, and it provides for work certificates that children shall have before they can be employed.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mrs. NORTON. Mr. Chairman, the committee accepts this amendment. It merely limits the jurisdiction of the Chief of the Children's Bureau to children of 14 or over. Not to do this would certainly mean a great deal of confusion of jurisdiction, as nearly all States have laws governing the employment of children under 14 years of age.

Therefore, Mr. Chairman, the committee is inclined to accept this amendment.

Mr. MARTIN of Colorado. Mr. Chairman, I rise in opposition to the amendment.

Perhaps some of you ladies and gentlemen think I am just a little prevalent on the floor on this bill; but if you do, I want to say in extenuation that the duty devolves on me to present the Wheeler-Johnson child-labor amendment, which I am glad to do, and I have been conducting a little one-man insurrection against the House Labor Committee child-labor provisions of the bill, trying to tell you what is the matter with it. I have explained my objections twice to the House.

Mr. Chairman, I am surprised that a member of the committee comes in now at the eleventh hour and fifty-ninth minute, under the 5-minute rule, with a bunch of amendments, the effect of which you cannot possibly understand in the limited time, on a bill which has been in the Committee on Labor since last summer, and which from time to time they have been amending until some House mathematician has calculated there are 159 amendments in the bill. But none of those amendments, until this amendment by Mr. SCHNEIDER of Wisconsin, touched the child-labor committee amendment. That was presumed to be the one perfect thing in the bill, that, like Minerva, sprang full-orbed from the brow of Jove. It was perfect. It could not be touched. Now, at the last moment, a bunch of amendments are brought into it. It reminds me of an old engineer named Steve Weir that I used to fire for on the Dodge division of the Santa Fe. We had an old rattletrap that we had to nurse over the division, and when we finally got her back to the roundhouse, Old Steve went in to put his work-repair report on the book, and he put on a report that came very near costing him his job. He simply wrote on the book, "Engine No. 562. Jack up whistle and bell and run new engine under them." [Laughter.]

It seems to me, Mr. Chairman, that the only way they can repair this alleged child-labor bill is to jack up the title to it and run a new bill under it.

I said in my analysis of this House provision in general debate, and I said yesterday, that it is the most unconstitutional delegation of power to a bureau chief ever attempted by legislation, perhaps with the exception of the first "hot oil" bill. The first "hot oil" bill undertook to delegate power to the President to define and put into effect prohibitions against interstate commerce in oil, and it was unanimously held unconstitutional by the Supreme Court of the United States.

I want the members of the Committee on Labor who said they could convince this House of the merits of this legislation to take this floor and read the definition of "oppressive child labor," and if it does not convince the Members of this House that it is a mere gesture, that there is no law in it, that it hands over to a bureau chief the law as well as the children, I will get up in the presence of this House and I will eat that page and swallow it. [Laughter.]

That does not rest on my word alone, Mr. Chairman. It rests also on the word of the Chief of the Children's Bureau, who, when asked by the chairman of the Senate Interstate Commerce Committee whether Congress could undertake to delegate such powers as were contained in a provision of that sort, said that she did not think such delegations of power ought to be made and constitutional questions raised. Now, you are going to vote on perfecting amendments to the thing and you cannot know in a few minutes what they mean. [Applause.]

[Here the gavel fell.]

Mr. VOORHIS. Mr. Chairman, I rise in favor of the pending amendment.

The child-labor provisions of the bill we have before us constitute one of the best child-labor laws that has ever been brought before the Congress of the United States. The

amendment offered by the gentleman from Wisconsin [Mr. SCHNEIDER] simply does this: It answers all possible objections which have just been made by the gentleman from Colorado [Mr. MARTIN], because it provides that the Chief of the Children's Bureau shall not have the power to issue special certificates to any children less than 14 years of age, if employed in interstate commerce. Neither shall that official be able to issue certificates for manufacturing and mining employment. It is simply a perfecting amendment to make more clear and plain the intent and purpose of this legislation as drawn and introduced by the committee.

Mr. DOCKWEILER. Mr. Chairman, will my colleague yield?

Mr. VOORHIS. In just a moment I will. If this amendment is not adopted, it is true that the Chief of the Children's Bureau might be subjected to great pressure from certain groups in order to issue special certificates. Under the present administration of that Bureau, I have no fear whatsoever that that pressure would be effective. In the future, however, it might be. Therefore, I believe it is wise to adopt this amendment of the gentleman from Wisconsin.

But, above all things, I believe it is wise for us to stick to this legislation as it has been drawn by the committee. This is merely a perfecting amendment and seems to be worthy of support by all means.

Mr. DOCKWEILER. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS. I yield.

Mr. DOCKWEILER. As I understand this amendment, and as the gentleman has just stated, this amendment would not permit the Children's Bureau to issue a certificate for the employment of any child under the age of 14 years in any circumstances. Is that correct?

Mr. VOORHIS. This applies only to children employed in interstate commerce.

Mr. DOCKWEILER. All right; the sending of reels of motion-picture film for the entertainment of people through exhibition of the pictures in movie theaters has been construed to be interstate commerce. How in the world are you going to employ Freddie Bartholomew or any other minor in the light of such an amendment, notwithstanding the fact that our State protects them and forbids that they be contracted with except under supervision of the court? Should we not think of this phase of the question?

Mr. VOORHIS. The gentleman knows perfectly well what I did yesterday afternoon in the amendment I myself introduced to the Griswold substitute, wherein theatrical work was still left in its present situation and special certificates could still be issued for such work. But I feel that it is more important that we protect the millions of children in this country who might be employed in interstate commerce at very low wages. I am supporting this amendment because it meets the main issue squarely. I hope the theatrical problem can be cared for in another amendment.

Mr. DOCKWEILER. I am not alone in this position.

Mr. SIROVICH. If the gentleman from California will yield, if the amendment offered by the gentleman from Wisconsin is not adopted, then we shall have exceptions under which a million boys and girls under 16 will still work in the mills, the mines, the looms, and the factories producing goods that enter interstate commerce and taking the positions of men entitled to them.

Mr. VOORHIS. And undercutting the wage scale of their fathers who ought to have their places.

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS. I yield.

Mr. SCHNEIDER of Wisconsin. Is it not true that there are tens of thousands of children who would like to work just the same as the children employed in the motion-picture industry? If we start to make exceptions for the motion-picture industry we shall have all that pressure placed upon the Children's Bureau in behalf of the tens of thousands of other children who probably are in greater need of employment for many reasons than the children employed in the motion-picture industry.

Mr. VOORHIS. I think the gentleman is absolutely right, and he is to be commended for the big thing he is doing in such a fine, clean way.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS. I yield.

Mrs. ROGERS of Massachusetts. I understand that this amendment would be a very definite and real protection for children under 14 who might otherwise be allowed to work without this provision in the bill.

Mr. VOORHIS. That is right. This bill is the best piece of legislation that Congress can pass. We should make it a matter of law that children under 14 cannot work in interstate commerce occupations instead of leaving it to the Children's Bureau.

[Here the gavel fell.]

Mr. DOCKWEILER. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, like the other Members, I do not wish to see child labor continued as we generally understand it. I am just as strong in my opposition to child labor as any Member, but there must be exceptions to the rule. The arts, the sciences, the theater represent such exceptions. The businesses that I represent in my district produce moving pictures. As I understand, the courts have through various cases established precedents holding the motion-picture business to be interstate commerce. The transportation of motion-picture film in interstate commerce is just as much interstate commerce as the transportation of any other packages.

Under this amendment clearly it would not be possible to employ children under 14, because the Children's Bureau is forbidden to issue a certificate to any person under that age. This clearly means that it is forbidden to issue a certificate to the industry in my State and will keep us from having such fine entertainment, as you and I know it to be, as is given us by Shirley Temple, Freddie Bartholomew, and many other notable child actors and actresses. Forbid the use of their talents and you help destroy a business that employs 300,000 people in this country and do an injury to these children.

These children are protected, they go to school daily; and not one child can be employed in California, irrespective of all the rumors one hears about the motion-picture industry, without the contract being approved by the court of general jurisdiction. All the moneys that the child receives are impounded in the name of a guardian, or the person that stands as parent to that child.

This sort of amendment, Mr. Chairman, would eliminate this kind of good entertainment. The women present here today know that the best sort of entertainment they can offer their children is the entertainment provided by these little actors and actresses.

Mr. SIROVICH. But that is intrastate commerce.

Mr. DOCKWEILER. I beg the gentleman's pardon; it is not intrastate commerce, it is interstate commerce. The sending of any sort of theatrical entertainment by way of motion pictures has been held to be interstate commerce, and the people employed in making those pictures are employed in interstate commerce.

Mr. SIROVICH. Can the gentleman cite any decision that so holds?

Mr. DOCKWEILER. I cannot at the moment refer the gentleman to a specific decision, but I know it has been so held.

I have read, reread, and analyzed this provision and I am 100 percent for the provision as it stands in the bill. Let us stand by the bill and not try on the floor of the House to amend it so as to forbid something else. This provision on child labor has been properly worked out and makes it

possible to have the exceptions I have mentioned. If you try to go further on the floor of the House, it will mean the destruction of the bill and its defeat on final passage.

[Here the gavel fell.]

Mrs. O'DAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, when my colleague the gentleman from Colorado, yesterday said that the Senate amendment to the child-labor provision had been thrown into the wastebasket, in one respect he was right. It was put in the wastebasket because it was opposed by the National Child Labor Committee and by every body of men and women I know of who have been working on the child-labor proposition for 20 years or more. His fear of domination by the Children's Bureau has been removed by the amendment offered by the gentleman from Wisconsin [Mr. SCHNEIDER]. I am told that the Bureau wishes no more power because of the great political pressure that would be brought to bear upon it.

Let me say a word with reference to the interstate movement of goods manufactured partially at least by child labor. There is a county, Washington by name, in a certain State in our country in which mines are located. There are children working with their parents in those mines. An investigation was made by the National Child Labor Committee and it was found that most of the children of that district were employed in these so-called mines. The work is not done underground. Holes are dug and the earth is brought up in buckets. The children sort the material. We have the case of a mother with three sons, one 6, one 10, and one 12-years old and they all work at that kind of mining all day long. Their combined wages were found to be $4.20 per week.

Mr. SIROVICH. Does the gentlewoman from New York approve that?

Mrs. O'DAY. I do not. There is a similar condition existing in certain sections where shrimp canning goes on. The children do not can the shrimp, but they take the heads off and they take from the shrimp that very stiff cellophane-like covering. Those children go out at 4 and half past 4 in the morning to meet the shrimp people who come in. They work for their parents and their work is thrown in with that of their parents. Those shrimp are canned and sent all over the country. Now, does that come under the interstate feature?

Mr. VOORHIS. Will the gentlewoman yield?

Mrs. O'DAY. I yield to the gentleman from California.

Mr. VOORHIS. For the sake of those children, we want to try to pass this amendment.

Mrs. O'DAY. We do.

Mr. VOORHIS. But if the gentlewoman will pardon me, may I say I think we understand the point of view of the gentleman from California [Mr. DOCKWEILER]. I would suggest to the gentleman from California [Mr. DOCKWEILER] that he could accomplish his purpose by adding a provision at the end of the section to the effect that the Chief of the Children's Bureau shall have discretion in the case of children employed in theatrical work. I should be glad to vote for such an amendment. Young actors and actresses will then be eligible to special certificates. Let us pass the Schneider amendment as it is though.

Mr. DOCKWEILER. I have prepared such an amendment.

Mr. SIROVICH. Is the gentlewoman in sympathy with the amendment offered by the gentleman from Wisconsin [Mr. SCHNEIDER]?

Mrs. O'DAY. Yes; I am.

[Here the gavel fell.]

Mr. DOCKWEILER. Mr. Chairman, I ask unanimous consent that the consideration of the pending amendment be passed over until my amendment is considered.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. SIROVICH and Mr. HOOK objected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHNEIDER].

The amendment was agreed to.

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SCHNEIDER of Wisconsin: Page 6, line 5, after the word "in", strike out the words "any occupation" and insert "occupations other than manufacturing and mining."

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, this amendment perfects the committee amendment by striking out "any occupation" and inserting in lieu thereof the words "occupations other than manufacturing and mining." This will not permit the employment of children between 14 and 16 in manufacturing or mining. In industries other than that, they may be employed in case it does not interfere with their schooling or welfare. The amendment is a perfecting amendment to the effect that children shall not be employed in manufacturing or in mining and, of course, there will not be a large number of children who may be employed at the discretion of the Chief of the Children's Bureau between those ages. Aside from manufacturing and mining there are not a large number of occupations having to do with interstate commerce in which children participate.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHNEIDER].

The amendment was agreed to.

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHNEIDER of Wisconsin to the committee amendment: On page 5, line 14, after the word "parent" and before the parenthesis at the end of the line, insert "employing his own child or a child in his custody under the age of 16 years in an occupation other than manufacturing or mining."

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, this amendment perfects the bill in respect to the ambiguous language on page 5, line 14. After the word "parent" and before the parenthesis there are added the words "employing his own child or a child in his custody under the age of 16 years in any occupation other than manufacturing and mining." This change will perfect such language to the extent it will be definite that parents can employ only their own children or a child in their custody.

Mr. CELLER. Mr. Chairman, will the gentleman yield for a question?

Mr. SCHNEIDER of Wisconsin. Yes.

Mr. CELLER. Does the gentleman mean they would be exempted from the supervision of the Administrator?

Mr. SCHNEIDER of Wisconsin. Yes.

Mr. CELLER. Except in manufacturing and mining. There they could not be employed without exemption?

Mr. SCHNEIDER of Wisconsin. The language is, "other than a parent or a person standing in place of a parent."

Mr. HEALEY. Mr. Chairman, if the gentleman will yield, where will this be inserted?

Mr. SCHNEIDER of Wisconsin. At the end of line 14, following the word "parent" and before the parenthesis. This amendment clarifies that language so that the intention of Congress will be clear that in the case of a parent he can employ only his own child and in the case of a person standing in the place of a parent, he can employ only a child to whom he has the definite relation of a parent in the eyes of the law.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. SCHNEIDER of Wisconsin. I yield to the gentleman from New York.

Mr. CELLER. Is not the language of the bill better than the language of the gentleman's amendment?

Mr. SCHNEIDER of Wisconsin. The language of the bill is improved to the extent that it is made very definite.

Mr. CELLER. A good many of the Members on this side do not get the import of the gentleman's amendment. I believe it would be well to repeat it.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. SCHNEIDER of Wisconsin. I yield to the gentleman from New York.

Mr. LANZETTA. Does not the gentleman believe the word "custody" to be too broad, and that it may encourage evasion of the law whereas the original language used in the bill would limit the employment of children to the natural parents and legal guardians?

Mr. SCHNEIDER of Wisconsin. Has the gentleman a substitute for the word "custody"?

Mr. LANZETTA. I believe that the language "one who stands in the place of a parent" should be used.

Mr. KELLER. I believe the gentleman is right.

Mr. LANZETTA. Using the word "custody" broadens the limits to the point where children may be "farmed" out for the sole purpose of employment.

Mr. VOORHIS. Mr. Chairman, will the gentleman yield to me briefly?

Mr. SCHNEIDER of Wisconsin. Yes.

Mr. VOORHIS. May I ask the gentleman whether it is not true that what this amendment really does is to state that children may not be employed by their parents in manufacturing and mining, but the amendment does not affect anything else?

Mr. CELLER. May I ask the gentleman if that would not be purely intrastate commerce?

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in favor of the amendment. As I understand, if the present words are left in the amendment, children—for instance, orphans who might be in the custody of someone—could be employed. I believe if the phrase "in loco parentis" were put in there it would take care of the situation.

Mr. SIROVICH. And would include guardians, too?

Mrs. ROGERS of Massachusetts. And guardians, yes, in loco parentis; otherwise I fear there might be very grave abuses in the employment of children. But the gentleman from Wisconsin meant that only parents or guardians in loco parentis should be exempted; and I know that is the will of Congress.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHNEIDER].

Mr. SIROVICH. Mr. Chairman, there is an amendment to the amendment of the gentleman from Wisconsin.

Mrs. ROGERS of Massachusetts. As I understand, the employment of children in industry would not be permitted. For instance, a parent could not employ his children in a mill.

Mr. CELLER. That would be intrastate commerce. It would not be applicable at all.

Mrs. ROGERS of Massachusetts. That will be taken care of?

Mr. SCHNEIDER of Wisconsin. That will be taken care of.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHNEIDER].

The amendment was agreed to.

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHNEIDER of Wisconsin: On page 5, lines 17 and 18, strike out the phrase in parentheses, "(other than a parent or a person standing in place of a parent.)".

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, this language has reference to the employment in dangerous occupations of children of parents or children in their charge, and covers children 16 to 18 years of age. This precludes them from being employed, and the language of the phrase I am striking out is ambiguous. It reads, "(other than a parent or a person standing in place of a parent.)".

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. SCHNEIDER of Wisconsin. I yield to the gentleman from Texas.

Mr. RAYBURN. We are having quite a number of amendments here. If these amendments have been passed upon by somebody who has gone over this bill and it is understood they are perfecting or clarifying amendments, that is one thing; but if they are substantive amendments, it is quite different. I cannot sit here and hold this bill in my hand and tell what may be the effect of these amendments. I believe this is a bad way to legislate.

Mr. KELLER. If the gentleman will yield, I may state they are clarifying amendments.

Mr. RAYBURN. They do not change the substance?

Mr. KELLER. They do not; as a matter of fact they are really clarifying amendments.

Mrs. NORTON. Mr. Chairman, if the gentleman will yield, these are clarifying amendments, and are perfectly acceptable to the committee.

Mr. MARTIN of Colorado. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it seems to me the Committee on Labor ought to go into an executive session and rewrite this bill. This is about the only way they can amend it, in my judgment. [Applause.]

You understand all of this is preliminary to the introduction of the Wheeler-Johnson amendment by myself, if and when, in the course of human events, we reach that stage of the bill. [Laughter.]

I think I can reassure my good friend, the gentleman from California [Mr. DOCKWEILER], unless I have completely misread this bill—one of the Members has just asked me, sotto voce, to explain the Wheeler-Johnson amendment. This is not the time or place to do so, but I hope to explain it a little bit when I propose it as an amendment. I started to say I did not think the gentleman from California need be unduly exercised about Shirley Temple, because as I read this legislation—and this is one of my objections to it as an unconstitutional delegation of power to the Chief of the Children's Bureau—she can exempt any and all children under 16 years of age and subject them to work in any or all occupations. This is the way the bill reads. Under the language in the House committee amendment, Shirley's parents could go into court and prove that her work does not affect her education, health, and well-being, and get an order allowing her to work.

Mr. SIROVICH. Not according to the amendment now made to the bill.

Mr. MARTIN of Colorado. Yes; you put in an amendment taking mining and manufacturing out of this grant of power to her over children between the ages of 14 and 16 years to exempt them from the law and suffer them to work; but the way this bill is framed, and I cannot take time to read it all over to you, that means she has been deprived of her power and discretion as to children between the ages of 14 and 16 years to exempt them from the law and subject them to labor in manufacturing and mining, but how about the children under 14 years? I say she has the power. I do not say she will exercise it. But I do say that under the bill, even as amended, the Chief of the Children's Bureau has power to exempt any child under 14 years of age and subject them to labor in a mill or in a mine. You have only limited her discretion as to children between 14 and 16 as to mining and manufacturing. I repeat, under the bill as now amended she can exempt all children under 16 and let them labor, except children between 14 and 16 in mining and manufacturing.

She has the same discretion as to hazardous occupations under the language of the House definition, and I challenge any Member to get up here and read it and explain it and contradict my statement. Under the language regarding hazardous work she can without any investigation, or any findings of fact, declare any occupation nonhazardous and subject children between the ages of 16 and 18 years of age to labor in hazardous industries.

There is no law in this definition. It is simply a grant of power to the Chief of the Children's Bureau to write the law.

Another thing, there is nothing in the hazardous-work clause about children under 16 years of age. The Wheeler-Johnson amendment exempts all children under 18 years of age clear down to the cradle from employment in hazardous child labor. This is the way good legislation ought to be written. The way this provision is written, it simply exempts children between the ages of 16 and 18 years and is silent

with respect to children under 16, and you ought to be satisfied from what you have seen here in the last 15 minutes that they have not a well-thought out and well-drafted child-labor bill. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHNEIDER].

The amendment was agreed to.

Mr. BULWINKLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BULWINKLE: Page 6, line 15, strike out the period, insert a semicolon and the following: "(D) minors are employed between the hours of midnight and 6 o'clock a. m.; or (E) any employee is employed in the operation of productive machinery between the hours of midnight and 6 o'clock a. m. in any manufacturing industry which the Administrator may find and by order declare does not require continuous operation, unless such employee is paid at a rate of not less than one and one-half times the rate otherwise payable. The provisions of section 24 (relating to the effective date of labor-standard orders shall not apply to orders made to carry out the provisions of clauses (D) and (E) of this paragraph."

Page 6, line 20, strike out the period, insert a semicolon and the following: "Or (C) no oppressive child labor exists; or (D) no minor is employed between the hours of midnight and 6 o'clock a. m.; or (E) no employee is employed in the operation of productive machinery between the hours of midnight and 6 o'clock a. m. in any manufacturing industry which the Administrator may find and by order declare does not require continuous operation, unless such employee is paid at a rate of not less than one and one-half times the rate otherwise payable."

Mr. BULWINKLE. Mr. Chairman, this amendment has for its purpose cutting out the "graveyard" shift in manufacturing—that is, the shift that works between the hours of 12 o'clock at night and 6 o'clock in the morning. Many manufacturing establishments, largely but not altogether chiselers, carry this night work on, which is detrimental to the health of the employees and detrimental to industry over the United States.

Mr. SIROVICH. What industries are they?

Mr. BULWINKLE. There is quite a number, but especially do I have in mind the textile industry at the present time. You cannot continue to work these 24 hours a day without increasing quite an amount of production. The amendment does that on the one hand. On the other, it prohibits minors under 21 from working at night, between the hours of 12 o'clock at night and 6 o'clock in the morning.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Yes.

Mr. CASE of South Dakota. What would be the effect of the gentleman's amendment on those who work producing a morning newspaper?

Mr. BULWINKLE. The amendment provides "in the operation of productive machinery in any manufacturing industry," and it would not apply.

Mr. CASE of South Dakota. I think the newspapers are interpreted to be manufacturing industries, and that would include the working of linotype.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Yes.

Mr. DONDERO. Would that apply to men working in foundries at night who prepare the iron for the day's use in the factories.

Mr. BULWINKLE. Not if it is a continuous operation. In the plants where they manufacture rayon from wood pulp and cotton this is a continuous operation.

Mr. DONDERO. That is what I had in mind. That applies to the automobile factories in my district.

Mr. BULWINKLE. This is where a continuous operation is not required, but is overproduction. The third proposition puts it into effect just as soon as your board or administrator is appointed and will declare it so. I will be glad to answer any questions, if gentlemen wish to ask them.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Yes.

Mr. MURDOCK of Arizona. Would the gentleman's amendment apply to smelters?

Mr. BULWINKLE. Does not that require continuous operation?

Mr. MURDOCK of Arizona. It does.

Mr. BULWINKLE. Then it would not apply to them.

Mr. MURDOCK of Arizona. Nor in mining operations?

Mr. BULWINKLE. No.

Mr. DONDERO. Could the gentleman's amendment be so modified as to except industries where the operation has to be continuous by the very nature of the industry?

Mr. BULWINKLE. That is provided for in the amendment.

Mr. DONDERO. That is in the amendment?

Mr. BULWINKLE. Yes.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. BULWINKLE. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BULWINKLE. In any manufacturing industry which the administrator may find does not require continuous operation, then this amendment applies.

Mr. THOMAS of Texas. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Yes.

Mr. THOMAS of Texas. Will the gentleman inform the House whether or not his amendment has any definition of what is meant by "continuous operation"?

Mr. BULWINKLE. Continuous operation is where the product to be manufactured requires a continuous operation to be produced or manufactured.

Mr. THOMAS of Texas. In my district I have literally thousands of employees who are engaged in the refining of oil. Those plants never shut down. Under the gentleman's amendment, would that eliminate the "graveyard" shift, that third shift in the oil refinery?

Mr. BULWINKLE. No.

Mr. THOMAS of Texas. Is the gentleman sure about that?

Mr. BULWINKLE. Yes. The amendment says productive machinery in any manufacturing industry.

Mr. THOMAS of Texas. I want to go along with the gentleman, if he is satisfied it will not shut down my oil refineries.

Mr. RAMSPECK. Does not the gentleman feel that refining oil is necessarily a continuous operation?

Mr. BULWINKLE. It is a continuous operation.

Mr. MURDOCK of Arizona. How about the operation of sawmills? Is that a continuous operation that would be exempted? In your opinion, would a meat-packing plant come under your amendment?

Mr. BULWINKLE. Answering your two questions, if these are continuous operations the administration would so find and declare and they would be exempt. I have seen in times past instances where women were worked night after night from 10 o'clock until 6 o'clock in the morning, and they are doing it some places yet. It is not right or just to those people, and it also spells ruin to many industries.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Yes.

Mr. RAYBURN. I think the gentleman presents one of the best thought-out amendments and in fine form, and I absolutely believe it is necessary to protect this great industry and the people who work in it.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Yes.

Mr. RANDOLPH. This amendment was before the committee, and received consideration. Certain deletions have been made by the gentleman, which bring it in line with what the committee believed.

Mr. MAGNUSON. Would this apply to sawmills?

Mr. BULWINKLE. It would if it were not a continuous operation on productive machinery in a manufacturing industry.

Mr. LEAVY. Will the gentleman yield?

Mr. BULWINKLE. I will be glad to yield.

Mr. LEAVY. Who would interpret the question as to whether it was or was not continuous?

Mr. BULWINKLE. The Administrator or the Board.

Mr. HEALEY. Will the gentleman yield?

Mr. BULWINKLE. Yes; I yield.

Mr. HEALEY. I was not present when the gentleman offered his amendment. May I ask him to please state whether or not this is entirely confined to minors, working on this shift?

Mr. BULWINKLE. No; minors cannot be employed after 12 at night and before 6 in the morning and ought not to be. Others may be employed if they are paid time and a half between 12 night and 6 in the morning.

[Here the gavel fell.]

Mr. HARTLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am not going to take the 5 minutes to which I am entitled, but I take this opportunity to read to the members of the committee a telegram which I have just received, which I think is important to be read at this time.

This wire reads as follows:

Because the pending wage and hour bill is highly objectionable to the membership of the American Federation of Labor, I respectfully request you to move to recommit to the appropriate committee for revision, study, and necessary changes, in order to make it a practical and constructive measure.

It is signed by William Green, president of the American Federation of Labor. [Applause.]

I yield back the balance of my time.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota to the amendment offered by Mr. BULWINKLE: At the end of the matter proposed to be inserted in line 20, page 6, strike out the period, insert a colon and the following proviso: "*Provided*, That this shall not apply to the production of morning newspapers."

DISCRIMINATION AGAINST MORNING NEWSPAPERS

Mr. CASE of South Dakota. Mr. Chairman, I do not intend to use all the 5 minutes, but I want to call the attention of the Committee to the fact that the production of morning newspapers is not necessarily a continuous operation. That depends on the definition given to the term "continuous operation."

It is perfectly true that practically every person working on a morning newspaper, working on a machine, receives more than 40 cents an hour. Some apprentices may not and some pressmen helpers may not. I do not object to increasing their pay, but I do not want to see them or other workmen squeezed out of a job.

On its face the Bulwinkle amendment sets up time-and-a-half pay for morning-paper employees but not for their afternoon competitors. That will drive some morning papers to drop employees who do not produce time-and-a-half results.

Qualifying provisions elsewhere in the bill may make my amendment to the amendment unnecessary—that depends on the definition of continuous operation—but it is difficult to tell, with the amendments that are being offered and the changes in the bill, whether proper provision is made.

There can be no harm done by the additional amendment. It may be superfluous, but it is impossible to tell, and I submit the amendment to the amendment should be agreed to unless the intention is to set up unequal competitive conditions between morning and afternoon papers.

Mr. KELLER. Mr. Chairman, I will only take a minute. I am not only heartily in favor of the amendment now pending offered by Major BULWINKLE, upon which we are going to vote, and I not only agree with the gentleman from Texas [Mr. RAYBURN] in saying it is one of the best thought-out amendments, but I think I ought to tell you where it came from and the consideration it had. It was a provision written into the Ellenbogen textile bill that was worked out by a subcommittee of the Committee on Labor of which I have the honor still to be chairman, and on which six other men on the Labor Committee, namely, Messrs. RAMSPECK, WELCH, SCHNEIDER of Wisconsin, WOOD, SMITH of Maine, and GILDEA cooperated to eliminate the graveyard shift without actually prohibiting it in industry. It was finally decided that if we provided for time and a half from midnight to 6 in the morning in all industry excepting only the necessarily continuous operating industries, it would take the profit out of the graveyard shift. This would eliminate it in ordinary industry in normal times and yet permit its use whenever a special seasonal profit would justify the payment of time and a half. It will work to that very desirable end. It is a splendid amendment to this bill.

Mr. SMITH of Connecticut. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, this amendment, insofar as it applies to women and children, is perfectly satisfactory, and I am heartily in favor of it; but I do oppose it as it applies to all workers in industry, because it abandons the theory behind this wage and hour bill. Insofar as it applies to all workers, it is an attempt to curtail production. It will result in the cutting off of all third shifts in industry and make them increase the amount of machinery they use so they can use the same number of men they are now using, with more machinery, in two shifts a day.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. Yes; I certainly yield.

Mrs. NORTON. We discussed that in committee, and we have a great deal of evidence that that is not true. In fact, it has been proven to us that if we could do this it would do more to spread employment than any other thing concerned in the bill. That is the purpose of the bill—to try to spread employment.

Mr. SMITH of Connecticut. It is the purpose of the bill, and I am in favor of that; but I do not believe this amendment will bring that about. In some industries I realize that men are forced to work a third shift for the same wage at which they work the other two shifts, and it is not fair, because it is at a time when it is more difficult to work. It is not as desirable to work at that time as during the daytime. There are some industries which offer a bonus of, say, 10 percent for working those hours, where men desire to work those hours some months in the year and shift from one shift to another in order to increase their pay.

These industries usually pay more than 40 cents an hour, and I think that this is a production-curtailment amendment.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. DOWELL. Does not this amendment discriminate as to who shall work during that time; and if the purpose of the amendment is to curtail production should it not be prohibited in the same way?

Mr. SMITH of Connecticut. I am afraid I do not understand the gentleman's inquiry.

Mr. DOWELL. As I understand, this amendment would prohibit employment during certain hours.

Mr. SMITH of Connecticut. It does not prohibit, but it requires the payment of so high an extra wage during certain hours that this would have a tendency toward curtailment.

Mr. DOWELL. The gentleman states that the purpose of this amendment is the curtailing of production, and I understood the chairman of the committee so to state. If this be true, why should it not apply to all alike?

Mr. SMITH of Connecticut. It should if that be true; and my principal objection to it is that it gets away from the theory of the bill, a theory with which I am entirely in accord, that of setting a wage floor below which no one shall be allowed to work and setting a ceiling in the number of hours beyond which people shall not be required to work.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. CELLER. I am in sympathy with the gentleman from Connecticut. Will he explain more in detail, however, how the amendment will curtail production?

Mr. SMITH of Connecticut. It shuts down the time within which men can work on individual machines.

Mr. CELLER. It affects the machinery irrespective of the person operating it?

Mr. SMITH of Connecticut. It shuts off entirely all work at certain times of the day.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. CASEY of Massachusetts. Does the gentleman understand that by this amendment men are not precluded from work between the hours of 12 midnight and 6 a. m., but an employer desiring to employ them within these hours must pay time and a half.

Mr. SMITH of Connecticut. Yes; and that is calculated to reduce a lot of the night work.

[Here the gavel fell.]

The CHAIRMAN. Without objection the pro forma amendments will be withdrawn.

There was no objection.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am not going to speak for the amendment or against the amendment. Frankly, I do not know what it all means. The gentleman from North Carolina said one thing and the gentleman from Connecticut said another. Somebody ought to explain this amendment so we can understand what we are voting upon.

Mr. RAMSPECK. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. RAMSPECK. The amendment provides that any person employed between the hours of midnight and 6 a. m. shall be paid time and a half.

Mr. CELLER. Does that mean that the machines must stop?

Mr. RAMSPECK. It does not. It means that the employer must pay time and a half during those hours. In other words, it means a maximum of 60 cents an hour. It does not keep the plant from operating but it does put a penalty on overtime work.

Mr. SMITH of Connecticut. It does not mean a maximum of 60 cents an hour. Many of them are now receiving $2 an hour. This amendment means that they must be paid $3, or time and a half of the wage received on the day shift.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a question?

Mr. CELLER. Certainly.

Mr. CRAWFORD. May I ask the gentleman this: Is it the gentleman's understanding—and I shall have to go about this on a triangular basis—is it the gentleman's understanding that this amendment will so operate against industry as to have the effect of preventing production between the hours of 12 midnight and 6 in the morning; and, if so, why am I not justified to demand time and a half because I have to work on the shift from 6 o'clock in the afternoon until midnight, because the other fellow has the favorable time during the daylight hours?

Mr. CELLER. The gentleman from Georgia tells me that this will not curtail production, that the wheels of industry will still turn, that the machines will still operate.

Mr. RAMSPECK. I said it required the payment of time and a half for employment during these hours, but that it did not prohibit production.

Mr. CELLER. If they continue working during those hours, they must pay their employees time and a half.

[Here the gavel fell.]

Mr. HEALEY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, in order that we may have the viewpoint of the president of one of the largest textile concerns in the country, I want to read a letter concerning this very proposition which the president of the Pepperell Manufacturing Co., Mr. Russell H. Leonard, recently wrote to Dr. Claudius Murchison, president of the Cotton Textile Institute. I inserted a copy of this letter in the RECORD of last Friday, by the way. The letter reads as follows:

PEPPERELL MANUFACTURING CO.,
December 3, 1937.

DR. CLAUDIUS MURCHISON,
President, the Cotton Textile Institute, Inc.,
Washington, D. C.

DEAR MR. MURCHISON: It seems to me that our industry has right now a great responsibility. It has also the best opportunity it has ever had to correct the fundamental abuse which is contributing more than any other factor to its continuing uncertainty and wretchedness.

No one who has studied the industry and whose vision is at all clear has failed to realize that the productive capacity of cotton textiles and rayons on three 40-hour weekly shifts is completely out of relation to any conceivable demand. On this basis there are still, at least, ten or more millions of surplus spindles. Does the industry propose to continue on through another 10 years of depression while these spindles are being junked? Of course, no one in his senses would look forward to such a period except with despair. And yet this will happen inevitably if the unregenerate, chiseling minority are permitted to continue their selfish ways.

Besides being an economic monstrosity, the midnight to sunrise shift is, to say the very least, not a pleasant or healthful occupation for anyone. Especially is it of positive harm and danger to the health of women.

Our industry should assemble its enlightened membership, I believe, and insist upon a law passed now in the present Congress, as part of the wage and hour bill, or separately, which will wipe out unequivocably and for all time this injudicious, disgraceful, uneconomic practice which a small minority must inevitably force on everybody who desires to remain in business.

According to my view, the institute will never find a finer purpose for its leadership, and its accomplishment would justify the existence of the institute for years to come.

With regards,
Faithfully yours,

———.

It is my understanding that the Pepperell Manufacturing Co. conducts plants in both the North and South. Certainly this letter is most pertinent to the proposed amendment, and, in my judgment, presents a sound and eloquent argument for the adoption of this amendment.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota to the amendment offered by the gentleman from North Carolina.

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from North Carolina [Mr. BULWINKLE].

Mr. DOWELL. Mr. Chairman, there seems to be a wide difference of opinion as to the provisions of the amendment. I ask unanimous consent that the Clerk may again read the amendment for the information of the House.

The CHAIRMAN. Without objection, the Clerk will again read the amendment .

There was no objection.

The Clerk again read the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from North Carolina [Mr. BULWINKLE].

The amendment was agreed to.

Mr. CROSSER. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CROSSER: Page 4, line 1, strike out all of line 1 after the semicolon, all of line 2, and all of line 3 to and including the semicolon and insert: "or any employee of an employer subject to part I of the Interstate Act."

Mr. THOMAS of Texas. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have the highest regard for my friend the gentleman from Ohio [Mr. CROSSER] and for my distinguished fellow Member from Texas, the majority leader; but let me point out that one of the main purposes of this bill is to protect the weak and protect the man who cannot help himself.

I call the attention of the Committee to a statement made before the joint committee of the House and Senate at the time hearings were held on this bill by Mr. L. E. Keller, representing the Brotherhood of Maintenance of Way Employees.

This statement appears on page 1194 of the hearings, as follows:

By way of digression, I might say that while some of the other organizations do not want to be under this bill, I might indicate our position at this moment by saying that nobody appreciates the discomfort of a sore thumb as much as a person who is afflicted with it. That is why we are taking a different position here.

Senator Black, the chairman, asked:

In other words, you are the brotherhood that has the sore thumb of low wages?

Mr. Keller replied:

That is right.

Further, may I call attention to his statement appearing on page 1158 of the same hearings. He was enumerating the wages paid in different sections of the country to these track boys who work in all kinds of weather—freezing weather, rainy weather, hot weather, and dry weather. He stated, on page 1158, in enumerating the wages paid these track boys in different sections of the country, the following in reply to a question which I asked him, as follows:

Do you have the figures as to what the railroads pay these boys in Texas and the Southwest?

He said:

Yes. The Missouri Pacific pays a minimum of 17½ cents an hour. That is paid on the Gulf Coast lines. International-Great Northern and the Missouri Pacific line itself, so that takes care of that Texas situation pretty well.

Think of it, 17½ cents an hour. There are over 200,000 of these boys who are getting wages now of less than the maximum provided in this bill. I certainly hope the committee will vote down the gentleman's amendment and give these underprivileged, underpaid employees a decent wage. I will go along with the gentleman from Ohio [Mr. CROSSER] if he will make his amendment provide that they shall be placed under the Hours-of-Service Act, namely, 8 hours a day. I shall not object if they only work 8 hours a day, but they should be under the pay provisions of this bill.

Mr. CROSSER. Will the gentleman yield?

Mr. THOMAS of Texas. I yield to the gentleman from Ohio.

Mr. CROSSER. Mr. Chairman, I ask unanimous consent to have the Clerk read this telegram and letter from the president of the organization about which the gentleman is speaking.

The CHAIRMAN. Does the gentleman from Texas yield to the gentleman from Ohio for that purpose?

Mr. THOMAS of Texas. I yield to the gentleman from Ohio [Mr. CROSSER].

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read as follows:

DETROIT, MICH., *December 13, 1937.*

Hon. ROBERT CROSSER:

Since August 5, the effective date of our recent national mediation wage agreement, the condition in respect to minimum wages for employees represented by the Brotherhood of Maintenance of Way Employees has matelially changed, and we now find a majority of these employees receiving in excess of 40 cents per hour. There are, however, a group of railroads situated in the southeast and southwest regions of the United States where less than a 40-cent minimum is paid for trackmen and those in general lower wage brackets. On November 15 a notice was served under the provisions of the Railway Labor Act on this latter mentioned group of railroads having for its purpose establishment of a 40-cent minimum wage, and negotiations are now in progress with these railroads. Taking all these circumstances into consideration, we would prefer to deal with the situation through collective bargaining directly with railroads, as we are now attempting, and would therefore ask that we be excluded from pending wage and hours-of-service legislation. This is in line with my letter addressed to you under date of August 10.

F. L. JOZDAL,
President, Brotherhood of Maintenance of Way Employees.

Mr. THOMAS of Texas. Mr. Chairman, I do not yield any further.

[Here the gavel fell.]

Mr. THOMAS of Texas. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMAS of Texas. Mr. Chairman, I have great respect for the gentleman who wrote that telegram, and I have great respect for the fine work he has done in the past, but, according to his statement, even though the railroad employees in the Southwest have received a 5 cents an hour increase, they are still getting 22½ cents an hour, and this is not enough.

I respectfully ask the Committee to vote down this amendment.

Mr. MEAD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have heard a number of Members say this afternoon that at one time or another they had worked in the mines, on the railroads, or in some shop or factory. Therefore, in keeping with this practice, I may say I was formerly a railroad track worker, and now that the subject is before the House I hope you will indulge me a moment in order that I may tell you something about their hopes and aspirations.

For a long period of time the House has eliminated railroad workers from various acts which apply to industrial workers. This was done in the case of the Wagner Labor Relations Act, again in the passage of the Social Security Act, and prior to that in the passage of the National Recovery Act. The railroads and the railroad industry have their own social and labor legislation. As you know, they have the Adamson Hours of Service Act, the Railroad Labor Act with its Mediation and Arbitration Boards, and they have the Railroad Retirement Act. Therefore there is sufficient precedent for the committee to accept the amendment of the distinguished gentleman from Ohio [Mr. CROSSER] and in doing so eliminate all railroad workers from the provisions of this bill.

Collective bargaining has advanced to a marked degree in the railroad industry. There industrial democracy actually exists. Never in the history of industry in America has there been such statesmanship displayed as has taken place on several occasions in recent years by the railroad executives and the representatives of the railroad brotherhoods. I need but recall for your benefit the manner in which they adjusted the railroad retirement controversy. I can also remind you of how they adjusted their wage schedules only a few months ago. When this high degree of real industrial democracy exists let us use it as a pattern and an example for other industries to follow.

True, some employees of the railroads are working for less than what I deem to be a satisfactory wage, but in view of the fact that already 90 percent of all railroad employees are organized and operate under collective-bargaining agreements, it will perhaps be only a short time—yes; a short time, and made shorter by the passage of this bill—until 100 percent of the railroad employees will be under collective-bargaining agreements. There is real democracy on the railroads, and this is the same democracy we hope this legislation will develop among the low-wage groups employed in private industry.

In conclusion, I ask you to accept the amendment offered by the gentleman from Ohio [Mr. CROSSER], who on numerous occasions has espoused the cause of the railroad employee. I ask you to keep railroad employees separate, because they have their own acts; and they have their own operating machinery and instrumentalities of government which have been set up for them. I hope the amendment of the gentleman from Ohio will be agreed to. [Applause.]

[Here the gavel fell.]

Mr. GRISWOLD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, no one has made his mark higher on the standard of friendship for railroad labor than the gentleman from Ohio [Mr. CROSSER]. For that reason, without knowing any of the facts in the case, I would gladly support the amendment. Aside from that there are other

strong reasons for supporting it. According to the statement of the president of the maintenance-of-way workers himself, because of collective-bargaining agreements, the only employees of railroads who now receive less than 40 cents an hour are located in the southeastern and southwestern regions of the United States. They are the workers in whom the gentleman from Texas [Mr. THOMAS] is interested. The men out on the track should have more pay, but the fact is they are not getting it now. If they are left in the bill they will have no more hope of getting it than they now have when you consider the provisions of the bill which refer to the value of services in that particular locality, the economic conditions which must be considered, and the labor conditions.

Mr. THOMAS of Texas. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I decline to yield, I have so little time.

Under this bill they could not hope to better themselves. They are bettering themselves all over the country by their collective bargaining agreements, made possible by legislation passed by this Congress giving them the right to bargain collectively.

Mr. CROSSER. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Ohio.

Mr. CROSSER. The people of whom the gentleman speaks are now negotiating under the Railway Labor Act to better their working conditions.

Mr. GRISWOLD. They are negotiating an agreement, which we hope will give them better conditions.

Mr. THOMAS of Texas. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Texas.

Mr. THOMAS of Texas. As a matter of fact, they have been negotiating for about 8 or 10 years under that act, and they still are getting only 22½ cents an hour. How much longer are you going to give them to negotiate to get a fair and decent wage?

Mr. GRISWOLD. I believe that, probably, if the people in the gentleman's section of the country would set a higher standard of wages generally, and if the citizens of the gentleman's section of the country would promote collective bargaining for the men, these employees would probably have had it long ago. Besides, the gentleman is very gifted with exaggeration as the bill was not passed until about 3 years ago.

Mr. THOMAS of Texas. Does the gentleman know what standard of wages we have in our part of Texas, particularly Houston, Tex., which is reached by the railroads the gentleman is now defending, who pay the boys 22½ cents an hour?

Mr. GRISWOLD. I am not defending the railroads. I say it is a shame and a crime that they pay these men 22½ cents an hour when they have higher freight rates than do the roads which are paying their men 40 cents for the same work. The gentleman complains about the freight rates in my section being lower than in Texas, yet we pay these men a higher wage in my section. We now pay them more than 40 cents. I want them to receive as much as they do on the railroads in my part of the country. They receive it with us through collective bargaining. It is strange to me that in the gentleman's section they cannot.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. Is it not a fact that all that is necessary for the railroads to do to avoid coming under the provisions of the bill is to go ahead and pay the men 40 cents an hour?

Mr. GRISWOLD. Yes.

Mr. BOILEAU. If they would pay that, what would be the idea of not including them in the bill? They would not be bothered by it then.

Mr. GRISWOLD. The gentleman forgets that so far as the railroads themselves are concerned they are probably not interested in raising the wages.

Mr. BOILEAU. I know they are not, and that is why we ought to keep them under the provisions of the bill.

Mr. GRISWOLD. Keeping them under the provisions of this bill will not increase the wages, because, as the gentleman knows, and as I before stated, this bill provides for differentials. It provides for the basing of wages on the value of services and the cost of living and, indirectly, on climatic conditions. The value of their services, according to the gentleman from Texas [Mr. THOMAS], is now 22½ cents an hour. Under the yardstick laid down in the Norton amendment it would remain 22½ cents an hour.

The president of the maintenance-of-way men's organization and their official spokesman says they prefer not to come under the bill. The employer and employee are both satisfied to be left out. More than that, they prefer to be. Here is one place where we have the consummation of all that is most desirable in labor legislation. Both employer and employee agreed on a proposition. I hope we will refuse to disturb that agreement.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. CROSSER].

The question was taken; and on a division (demanded by Mr. O'CONNELL of Montana) there were—ayes 107, noes 45.

So the amendment was agreed to.

Mrs. NORTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 2475, the wage and hour bill, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. RABAUT. Mr. Speaker, this morning in addressing the Committee I prepared two charts, and I ask unanimous consent to include them in my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to include in the remarks I made today excerpts from certain letters pertinent to my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BACON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my remarks and also to include therein a short bill I introduced on yesterday.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. Mr. Speaker, nearly 4 weeks ago the President sent a message to the Congress on the subject of a road program in the interest of economy. I have been waiting for the Democratic leadership to introduce some kind of bill to meet this emergency referred to by the President in his message. No such bill having been introduced, I introduced a bill to carry out the President's program in the interest of economy and a balanced Budget. I did this on yesterday, and I called it to the attention of the Democratic leadership of the House.

It will be 4 weeks next Saturday since the President sent a special message to Congress urging an immediate curtailment of the road-building program. Briefly, the President recommended that the Federal-aid appropriation for roads for the fiscal year 1939 be reduced from $214,000,000 to $125,000,000. Although this recommendation was in the nature of an emergency measure to assist toward a balanced Budget, no action has been taken in either House of Congress to carry out this economy program.

Under the existing law, the Secretary of Agriculture is required to allocate $214,000,000 for roads among the several States, as of January 1, 1938. This allocation, under the express provisions of the act of June 16, 1936, constitutes a contractual obligation of the Federal Government. If the economy program is to be carried out, therefore, Congress must act in this matter at once.

The Roads Committee has failed to give serious consideration to the President's recommendations, and no effort has been made by the Democratic leadership in any other quarter to realize the economy program. Neither has the White House sought to press action in this emergency program, although White House pressures have been felt in Congress on several other matters of a far less urgent nature.

We are bound to accept the President's recommendations at their face value, regardless of the fact that nothing is done by the President's leaders on Capitol Hill to bring about their realization in law and in fact. It is difficult for some of us to believe, in view of the wild and reckless spending in so many other directions, that the President is seriously concerned about economy or balancng the Budget. And I read a statement in the New York Times last Saturday quoting the chairman of the Roads Committee to the effect that not only would the President's economy recommendations be rejected but that the chairman and some members of the Roads Committee would seek larger appropriations for this purpose.

Under the circumstances, it seems desirable to offer the Democratic leadership in the House an opportunity formally to uphold and sustain the President in his economy recommendations. I, therefore, present a bill embodying precisely the program recommended in the President's message of November 27—specifically to reduce the Federal roads appropriation from $214,000,000 to $125,000,000 for each of the fiscal years 1939, 1940, and 1941. This is an emergency measure. The President has so described it. This bill must be enacted before the special session adjourns next week or the 1939 allocations will be made by the Secretary of Agriculture and will be beyond recall. I earnestly urge the Democratic leaders to support this bill. The President has recommended it. The country demands it. It will give every Member of the House an opportunity to support the President and at the same time to move in the direction of a balanced Budget.

Rejection of this bill, or failure to give it immediate consideration, would be a signal to the entire country that the Democratic leadership in Congress repudiates the President in his demand for economy. At the same time it would be a signal that the President himself is without power to enforce the balanced Budget he has so often promised.

A bill (H. R. 8712) to amend certain provisions of the act entitled "An act to amend the Federal Highway Act, approved July 11, 1916, as amended and supplemented, and for other purposes," approved June 16, 1936, and to reduce the authorized appropriations to not to exceed $125,000,000 for public roads for each of the fiscal years 1940, 1941, and 1942.

Be it enacted, etc., That the act entitled "An act to amend the Federal Highway Act, approved July 11, 1916, as amended and supplemented, and for other purposes," approved June 16, 1936, be, and the same is hereby, amended as follows:

In paragraph 1, section 1, of said act strike out the words and figures "and the sum of $125,000,000 for the fiscal year ending June 30, 1939."

In paragraph (a), section 1, of said act strike out the following words: "The Secretary of Agriculture shall act upon projects submitted to him under any such apportionment, and his approval of any such project shall be deemed a contractual obligation of the Federal Government for the payment of its proportional contribution thereto."

In section 2 of said act strike out the words and figures "the sum of $14,000,000 for the fiscal year ending June 30, 1939."

In section 2 of said act strike out the words "and to incur obligations or enter into contracts under his apportionment and prorating of the authorization, and his action in so doing shall be deemed a contractual obligation on the part of the Federal Government for the payment of the cost thereof."

In section 3 of said act strike out the words and figures "and the sum of $2,500,000 for the fiscal year ending June 30, 1939."

In section 4 of said act strike out the words and figures "and the sum of $7,500,000 for the fiscal year ending June 30, 1939."

In section 5 of said act strike out the words and figures "and the sum of $10,000,000 for the fiscal year ending June 30, 1939."

In section 6 of said act strike out the words and figures "and the sum of $4,000,000 for the fiscal year ending June 30, 1939."

In section 7 of said act strike out the words and figures "the sum of $25,000,000 for the fiscal year ending June 30, 1939."

In section 8 of said act strike out the words and figures "the sum of $50,000,000 for the fiscal year ending June 30, 1939."

SEC. 2. Appropriations for public roads for each of the fiscal years 1940, 1941, and 1942 shall not exceed in the aggregate $125,000,000.

SEC. 3. This act shall take effect immediately upon its passage.

EXTENSION OF REMARKS

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein two or three very brief telegrams relative to the pending bill.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. O'CONNOR of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a letter written to me by Mr. James E. Van Zandt, former commander of the Veterans of Foreign Wars and now chairman of the national legislative committee, in reference to the so-called Ludlow amendment.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. O'CONNELL of Montana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a few editorials in connection therewith.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. VOORHIS, Mr. MAVERICK, Mr. PATRICK, and Mr. ZIMMERMAN asked and were given permission to extend their own remarks in the RECORD.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a brief article by L. T. Murray.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein some comment on the Ludlow resolution by Franklyn Waltman.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend the remarks I made today in Committee and to include therein a brief editorial taken from the Baltimore Sun on the resolution which I offered.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ORDER OF BUSINESS

The SPEAKER. Under special order of the House heretofore made, the gentleman from New York [Mr. DICKSTEIN] is entitled to recognition for 20 minutes.

Mr. DICKSTEIN. Mr. Speaker, in view of the lateness of the hour and the fact that the Members have been working very hard today, I ask unanimous consent to waive my right today, and that if the House is in session on Monday next I be given the privilege to address the House for 20 minutes after the disposition of business on the Speaker's table and the legislative program of the day.

The SPEAKER. Is there objection?

There was no objection.

Mr. SPEAKER. Under special order of the House heretofore made, the gentleman from Oklahoma [Mr. MASSINGALE] is to be recognized for 20 minutes.

Mr. MASSINGALE. Mr. Speaker, it is too late to make my talk today upon the subject I intended to discuss. Therefore, I ask unanimous consent that I be permitted to make this talk tomorrow, after the disposition of business, if the House is in session. If not, then on the next day it is in session.

The SPEAKER. The Chair will submit the first request. The double request made by the gentleman from Oklahoma is rather unusual. The gentleman from Oklahoma waives his right to the floor today and asks unanimous consent that if the House is in session tomorrow, after the legislative program of the day, he be permitted to address the House for 30 minutes. Is there objection?

There was no objection.

The SPEAKER. Under special order of the House heretofore made, the gentleman from Iowa [Mr. EICHER] is entitled to be recognized for 30 minutes. Is the gentleman in the Chamber? If not, his permission will be considered as waived.

FINDING OF GOLD PENCIL

Mr. KRAMER. Mr. Speaker, I wish it to appear in the RECORD that I found a gold pencil, which, perhaps, is of value to some Member. If anyone has lost such a pencil, I shall be glad to return it to him.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 18 minutes p. m.) the House adjourned until tomorrow, Friday, December 17, 1937, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Tuesday, December 21, 1937, at 10 a. m.

COMMITTEE ON THE JUDICIARY

The Special Bankruptcy Subcommittee of the Committee on the Judiciary will hold a public hearing on the Frazier-Lemke bill (S. 2215) to amend section 75 of the Bankruptcy Act, in the Judiciary Committee room at 346, House Office Building, on Friday, December 17, 1937, at 10 a. m.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. CROSSER's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Friday, December 17, 1937. Business to be considered: Hearing on House Joint Resolution 389, distribution and sale of motor vehicles; room 1501, House Office Building.

There will be a meeting of Mr. MALONEY's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Friday, December 17, 1937. Business to be considered: Hearing on S. 1261, through-routes bill.

There will be a meeting of Mr. MARTIN's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday, January 4, 1938. Business to be considered: Hearing on sales-tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, train-lengths bill.

EXECUTIVE COMMUNICATIONS, ETC.

894. Under clause 2 of rule XXIV a letter from the Secretary of the Interior, transmitting the draft of a bill authorizing the repeal of certain authorizations of appropriations contained in the act approved June 16, 1936, amending the Federal Aid Highway Act, and for other purposes, was taken from the Speaker's table and referred to the Committee on Roads.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. STEAGALL: Committee on Banking and Currency. H. R. 8730. A bill to amend the National Housing Act, and for other purposes; without amendment (Rept. No. 1655). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. STEAGALL: A bill (H. R. 8730) to amend the National Housing Act, and for other purposes; to the Committee on Banking and Currency.

By Mr. COCHRAN: A bill (H. R. 8731) to relieve disbursing officers and certifying officers of the Veterans' Administration from liability for payment where recovery of such payment is waived under existing laws administered by the Veterans' Administration; to the Committee on Expenditures in the Executive Departments.

By Mr. CELLER: A bill (H. R. 8732) to amend the Revenue Act of 1936 with respect to capital gains and losses; to the Committee on Ways and Means.

By Mr. MAAS: A bill (H. R. 8733) to keep America out of war by repealing the so-called Neutrality Act of 1937 and by establishing and enforcing a policy of actual neutrality; to the Committee on Foreign Affairs.

By Mr. KNUTSON: A bill (H. R. 8734) to provide reamortization of land bank commissioner loans which have heretofore been made by the land bank commissioner and which provide for liquidation of principal and interest in a 10- or 13-year period; to the Committee on Agriculture.

By Mr. BEITER: A bill (H. R. 8735) to provide for the establishment of the Niagara Falls National Park in the State of New York, and for other purposes; to the Committee on the Public Lands.

Also, a bill (H. R. 8736) to provide for the establishment of the Niagara Falls National Park in the State of New York, and for other purposes; to the Committee on the Public Lands.

By Mr. BEAM: A bill (H. R. 8737) to prohibit false transportation charges in connection with the sale of motor vehicles; to the Committee on Interstate and Foreign Commerce.

By Mr. CALDWELL: A bill (H. R. 8738) to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended, authorizing the Secretary of War to extend the services and operations of the Inland Waterways Corporation to Pensacola, Fla.; to the Committee on Interstate and Foreign Commerce.

By Mr. O'MALLEY: A bill (H. R. 8739) regulating trading and securities listed or traded in American security markets by foreign traders, for foreign purchasers or accounts; to levy a tax upon such transactions; and for other purposes; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 8740) granting a pension to Roberta Thornton; to the Committee on Invalid Pensions.

By Mr. BATES: A bill (H. R. 8741) for the relief of William H. Carter (deceased); to the Committee on Military Affairs.

By Mr. LAMNECK: A bill (H. R. 8742) granting an increase of pension to Annie I. McCoy; to the Committee on Invalid Pensions.

By Mr. McANDREWS: A bill (H. R. 8743) for the relief of Louis Michael Bregantic; to the Committee on Immigration and Naturalization.

By Mr. MARTIN of Massachusetts: A bill (H. R. 8744) for the relief of J. G. Bucklin; to the Committee on Claims.

By Mr. SWOPE: A bill (H. R. 8745) granting a pension to Cyrus K. Harter; to the Committee on Invalid Pensions.

By Mr. SIROVICH: A bill (H. R. 8746) for the relief of Cesare Guglielmo Leopoldo Torrelli; to the Committee on Immigration and Naturalization.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8747) granting an increase of pension to Linda Paul; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8748) granting a pension to Jenny L. Cole; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3641. By Mr. PFEIFER: Petition of the Merchants Association of New York concerning the repeal of the undistributed-profits tax; to the Committee on Ways and Means.

3642. By Mr. BLOOM: Petition of the members of the New York & New Jersey Dry Dock Association, protesting against the enactment of Senate bill 2555 and House bills 7365 and 7863; to the Committee on Rivers and Harbors.

3643. By the SPEAKER: Petition of the Washington Saving & Loan League, Seattle, Wash., with reference to House bill 8520 and Senate bill 3055; to the Committee on Banking and Currency.

3644. Also, petition of the Santa Barbara County Chamber of Commerce, California, concerning House bill 7558; to the Committee on the Public Lands.

3645. By Mr. PFEIFER: Petition of the Appalachian Mountain Club, Boston, Mass., concerning the reorganization bill (S. 2970); to the Committee on the Civil Service.

3646. By Mr. DELANEY: Petition of the United Laundry Workers Union, Local 300, New York City, urging the immediate enactment of the fair labor standards bill; to the Committee on Labor.

3647. By Mr. MERRITT: Resolution of the Utility Workers Union, Local 1212, of the United Electrical, Radio, and Machine Workers of America, urging the enactment of the Black-Connery wage and hour bill; to the Committee on Labor.

SENATE

FRIDAY, DECEMBER 17, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, December 16, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	Pittman
Andrews	Davis	King	Pope
Ashurst	Dieterich	La Follette	Radcliffe
Austin	Donahey	Lee	Reynolds
Bailey	Duffy	Lodge	Russell
Bankhead	Ellender	Logan	Schwartz
Barkley	Frazier	Lonergan	Schwellenbach
Berry	George	Lundeen	Sheppard
Bilbo	Gerry	McAdoo	Shipstead
Bone	Gibson	McCarran	Smathers
Borah	Gillette	McGill	Smith
Bridges	Glass	McKellar	Steiwer
Brown, Mich.	Graves	McNary	Thomas, Okla.
Brown, N. H.	Green	Maloney	Thomas, Utah
Bulkley	Guffey	Miller	Townsend
Bulow	Hale	Minton	Truman
Burke	Harrison	Murray	Tydings
Byrd	Hatch	Neely	Vandenberg
Byrnes	Hayden	Norris	Van Nuys
Capper	Herring	Nye	Wagner
Caraway	Hitchcock	O'Mahoney	Walsh
Chavez	Holt	Overton	Wheeler
Connally	Johnson, Calif.	Pepper	White

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Missouri [Mr. CLARK], the Senator from Illinois [Mr. LEWIS], and the Senator from New Jersey [Mr. MOORE] are detained on important public business.

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition signed by Harold Christoffel, president, and Meyer Adelman, secretary-treasurer, of the Milwaukee (Wis.) Industrial Union Council, C. I. O. (representing 65,000 organized workers), praying for the enactment of the so-called Murray resolution, being the joint resolution (S. J. Res. 127) memorializing the Honorable Frank F. Merriam, Governor of the State of California, to grant to Thomas J. Mooney a full and complete pardon, which was referred to the Committee on the Judiciary.

Mr. SHEPPARD presented resolutions adopted by the Texas Agricultural Association at Fort Worth, Tex., in reference to pending cotton legislation, which were referred to the Committee on Agriculture and Forestry.

Mr. WALSH presented a letter in the nature of a memorial from Bricklayers' Benevolent and Protective Union, No. 3, of Boston, Mass., remonstrating against the enactment of legislation to reduce the present scale of wages in the building industry, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Western Massachusetts Joint Board of the Textile Workers' Organizing Committee, Committee on Industrial Organization, assembled at Holyoke, Mass., favoring the prompt enactment of pending wage and hour legislation in its original form, which was ordered to lie on the table.

He also presented a resolution adopted by the Western Massachusetts Joint Board of the Textile Workers' Organizing Committee, Committee on Industrial Organization, favoring the prompt enactment of legislation looking to the employment of every able-bodied person who is seeking work at a minimum wage of $20 per week with a maximum 30-hour workweek, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by a mass meeting held under the auspices of the Western Massachusetts Joint Board of the Textile Workers' Organizing Committee, C. I. O., favoring the enactment of legislation to control technological industrial improvements and to put an end to the so-called stretch-out system in industry, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Association of Manufacturers of Shoe and Leather Finishes and Cements, Boston, Mass., favoring an increase in the present tariff rates on cemented shoes so as to meet foreign competition, which was referred to the Committee on Finance.

He also presented a paper in the nature of a petition from W. T. Perry, of Dover, Mass., praying for the repeal of the undistributed-profits tax or its amendment so that reasonable reserves may be built up by the silver-fox industry during prosperous periods, which was referred to the Committee on Finance.

He also presented a resolution adopted by the common council and board of aldermen, and approved by the mayor, of the city of New Bedford, Mass., favoring the enactment of legislation to provide relief for the needy, employment for workers, a system of fair taxation, and adequate protection of American industry from foreign competition, which was referred to the Committee on Finance.

He also presented a resolution adopted by the common council and board of aldermen, and approved by the mayor, of the city of New Bedford, Mass., favoring the naming of a naval vessel for the port of New Bedford, which was referred to the Committee on Naval Affairs.

He also presented a resolution adopted by the Worcester County (Mass.) Dairymen's Association, protesting against the enactment of the so-called Black-Connery wage and hour bill in its present form, which was ordered to lie on the table.

He also presented resolutions adopted by a mass meeting at Worcester and a meeting of textile employers and employees held under the auspices of Governor Hurley at Boston, in

the State of Massachusetts, favoring the enactment of wage and hour legislation, which were ordered to lie on the table.

BILL AND JOINT RESOLUTION INTRODUCED

Mr. McKELLAR introduced a bill (S. 3147) for the relief of Mr. and Mrs. S. A. Felsenthal, Mr. and Mrs. Sam Friedlander, and Mrs. Gus Levy, which was read twice by its title, and, with the accompanying papers, referred to the Committee on Claims.

(Mr. REYNOLDS introduced Senate Joint Resolution 237, which was referred to the Committee on Military Affairs and appears under a separate heading.)

DISAPPOINTMENT IN R. H. JACKSON—EDITORIAL FROM THE JAMESTOWN JOURNAL

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD an editorial from a recent issue of the Jamestown (N. Y.) Journal entitled "Disappointment in R. H. Jackson," which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The VICE PRESIDENT. As there is no amendment pending, the Chair will recognize any Senator who desires to offer an amendment or a substitute.

Mr. McADOO obtained the floor.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Idaho?

Mr. McADOO. I yield.

Mr. BORAH. Mr. President, I have heretofore entered a motion to reconsider the vote by which the committee amendment on page 3, line 20, was agreed to. I now withdraw that motion.

The VICE PRESIDENT. Without objection, the motion is withdrawn.

Mr. BONE. Mr. President, will the Senator from California yield to me?

Mr. McADOO. I yield.

Mr. BONE. I tender at this time an amendment which has been reprinted and is on the desks of Senators this morning. It contains only three lines and is as follows:

On page 73, after line 3, insert a new subsection 29, as follows:

29. Paragraphs (2) and (6) of section 8c of the Agricultural Adjustment Act, as amended, are amended by striking out the words "but not including apples" in each of said paragraphs.

The language in itself may be a bit obscure, but I desire to explain to Senators that the purpose of the amendment is to permit apple growers to enter into marketing agreements. This is an amendment to the Agricultural Adjustment Act, and is not intended to affect the purposes of the pending bill.

I should like to have one of the pages sent to call the Senator from Virginia [Mr. BYRD], who desires to be present at the time of the consideration of the amendment.

The VICE PRESIDENT. The Chair does not understand the parliamentary situation. Has the Senator from California yielded to the Senator from Washington for the purpose of having this amendment considered?

Mr. McADOO. I have.

The VICE PRESIDENT. The Chair wishes to notify the Senator from California and other Senators, in view of the fact that the Senator from California has yielded to the Senator from Washington, that there are other Senators who have amendments to offer, and the Chair will recognize them if they rise and address the Chair. He is not obligated to recognize the Senator from California upon the conclusion of the remarks of the Senator from Washington.

Mr. BONE. I do not want to take the Senator from California from his feet, because I am tremendously interested in his amendment.

The VICE PRESIDENT. The Chair will state the parliamentary situation.

As the Chair understood the colloquies on the floor of the Senate, the Senator from California had a substitute, and there was some indication that there was likely to be considerable debate on it. Under the unanimous-consent agreement, there is no limitation of debate on substitutes. While that substitute is being considered, however, any Senator may offer an amendment to the original text of the bill, which will be considered prior to the substitute; but the 15-minute limitation will be applied to debate on amendments. The Chair ought to add that on any amendment to the substitute the 15-minute limitation will apply.

The Chair has tried to state the situation so that the Senator from Washington may obtain the floor after the Senator from California offers his substitute, which he has not yet done. The Senator from Washington may then offer his amendment as a matter of right.

Mr. BONE. Since the Senator from Virginia [Mr. BYRD] desires to be present, and was called away on departmental business, I should not want to press the matter in his absence, because of my promise to him to wait until he could be present. For the moment, I withdraw my request.

The VICE PRESIDENT. The Senator from Washington withdraws his request.

Mr. FRAZIER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FRAZIER. Is it in order at the present time to offer a substitute to the bill?

The VICE PRESIDENT. It is.

Mr. FRAZIER. It was stated yesterday that substitutes could not be offered until all amendments were considered.

The VICE PRESIDENT. I do not know who made the ruling; but if the Senator will examine the unanimous-consent agreement, as I did carefully this morning, he must come to the conclusion that a substitute may be offered at any time, but any pending amendment or perfecting amendment to the original bill must first be considered before the substitute can be considered.

The Senator from California has the floor.

Mr. McADOO. Mr. President, I desire formally to offer the amendment in the nature of a substitute which I presented on the calendar day of December 7.

The VICE PRESIDENT. The Senator from California offers a substitute for the pending bill, which the clerk will read.

Mr. McADOO. Mr. President, the substitute has been on the desks of all Senators since it was introduced, and unless it is desired by Senators that it shall be read I shall waive the reading, if I have the right to do so, and merely explain the substitute.

The VICE PRESIDENT. The Senator from California asks unanimous consent to waive the reading of his proposed substitute, but the Chair assumes that he would like to have it printed in the RECORD.

Mr. McADOO. Of course.

The VICE PRESIDENT. Does the Senator make that request?

Mr. McADOO. I do.

The VICE PRESIDENT. Without objection, the substitute will be printed in the RECORD.

The substitute is as follows:

That this act may be cited as the "Agricultural Equality Act of 1937."

ESTIMATES AND FINDINGS BY THE SECRETARY

SEC. 2. Prior to the beginning of each crop year for each major agricultural commodity, the Secretary of Agriculture shall make and publish an estimate of the quantity of each such commodity which will be required during the succeeding marketing year for domestic consumption, reserve, and export purposes.

SEC. 3. Prior to the beginning of each marketing year for each major agricultural commodity, the Secretary of Agriculture shall determine and make public by proclamation—

(a) An estimate of the total quantity of such commodity which will be available for market by producers during such marketing year. The amount so estimated shall be the "total production for market" for such marketing year.

(b) The portion of the total production for market for such marketing year which will be required for domestic consumption.

The amount so determined shall be the "domestic consumption requirements" for such marketing year.

(c) The total surplus production of each such commodity for such marketing year. The total surplus production for each marketing year shall be the amount by which the total production for market for such year exceeds the domestic consumption requirements for such year.

(d) The average cost of production to farmers of each such commodity during the current crop year. Such average cost of production shall be determined after public hearings, participated in by the representatives of farmers' organizations, and all items of cost, including all taxes and other overhead charges, shall be estimated and included in accordance with the formula and method commonly used in the manufacturing industry. The Secretary of Agriculture shall consider the average individual farm as a business unit, and shall, among other things, include compensation to farm operators for management and for labor for themselves and their families and hired help, equal to the compensation paid for like time and services in industry, together with adequate allowances for depreciation of soil, improvements, buildings, equipment, stock-breeding animals, and work animals. He shall also determine the fair and reasonable property investment value, not necessarily the market value, devoted to the production of such agricultural products, using the official census data so far as possible, and calculate a capital return of 4 percent upon the investment value thus determined. He shall also calculate the average yields and production during the previous 5-year period in determining the average cost of production prices. If necessary, in order to carry into effect the purposes of this act, the Secretary of Agriculture shall further ascertain and allow an equitable differential against varying transportation costs to different markets and shall establish appropriate zones or classifications therefor. The average cost of production so determined shall be the "cost-of-production price" for such commodity during such marketing year.

SALES AND DELIVERIES BY PRODUCERS

SEC. 4. (a) Each producer of any major agricultural commodity shall deliver during each marketing year to such agency as may be designated by the Farmers' Surplus Corporation (herein referred to as the Corporation) an amount of such commodity, for disposition by the Corporation as hereinafter provided, bearing as large a proportion to the amount sold or to be sold by such producer to a dealer during such marketing year, as the total surplus production for such marketing year bears to the domestic consumption requirements for such marketing year.

(b) No dealer shall purchase any amount of any such commodity from any producer unless (1) such dealer receives as agent of the Corporation the amount of such commodity required by this section to be delivered for the Corporation, with respect to the amount sold to the dealer, or (2) such producer presents such evidence as may be prescribed by the Corporation that the required amount has been delivered to an agent for the Corporation.

(c) It shall be unlawful for any dealer to purchase any major agricultural commodity from any producer at a price less than the cost-of-production price for such commodity for such marketing year.

(d) Any dealer who purchases any major agricultural commodity from a producer shall comply with such regulations, including those relating to the keeping of books and records and the making of reports, as may be prescribed by the Secretary of Agriculture for carrying out the purposes of this section.

COMMODITIES DELIVERED FOR THE CORPORATION

SEC. 5. (a) The Corporation shall establish such agencies as it deems necessary for the delivery of agricultural products for disposition by the Corporation, and may designate any dealer as its agent for that purpose. The Corporation is authorized to provide for compensation to such agents for the reasonable value of the services performed by them.

(b) Upon the delivery by a producer of any major agricultural commodity to an agency for the Corporation, such producer shall be given a receipt (in such form as may be prescribed by the Corporation) showing the kind, type, quality, and quantity of the commodity so delivered. Such receipts shall be known as surplus receipts and shall be redeemable as hereinafter provided.

(c) The Corporation may, in its discretion, accept, in lieu of the actual delivery of a commodity, such evidence as it deems satisfactory that such commodity is stored under seal and subject to disposition by the Corporation.

SEC. 6. (a) The Corporation shall store or provide for the storage of such of the commodities delivered to it as it deems necessary to provide protection against crop shortages or other emergencies.

(b) The commodities delivered to the Corporation, other than those stored under subsection (a), shall be disposed of by it at such times and places, in such manner, and at such prices as it deems most advantageous and beneficial to the general welfare. Such commodities may be disposed of by the Corporation for human relief purposes without compensation and may be sold for export or the manufacture of products for export, but shall be sold for domestic consumption only when the amounts purchased by dealers from producers are insufficient for domestic consumption and only at a price not less than the cost-of-production price plus the expenses incurred by the Corporation with respect to the commodity.

SEC. 7. (a) All proceeds derived by the Corporation from the disposition of commodities shall, after deducting the expenses incurred by the Corporation with respect to such commodities, be used by it to redeem surplus receipts issued for such commodities. Such receipts shall be redeemed by paying to the holders thereof a pro rata share of the proceeds of the commodity delivered to the Corporation during the marketing year for which the receipts were issued.

(b) Subject to such regulations as may be agreed upon by the Postmaster General and the Corporation, the Corporation may use the facilities of the Post Office Department for the redemption of such receipts and shall compensate said Department for any additional expenses incurred by it for such purpose.

TARIFF ADJUSTMENTS

SEC. 8. The President of the United States, the Secretary of Agriculture, the Secretary of the Treasury, the Secretary of State, and the Secretary of Commerce are directed to cooperate in exercising their lawful powers, through the medium of foreign-trade agreements and through other appropriate measures for restriction or expansion of imports of competing agricultural commodities, their converted or processed products, their by-products, or competing substitutes, to maintain the prices to farmers for the domestically consumed quantities of all major agricultural commodities as nearly as may be within a range not exceeding 10 percent above the proclaimed cost-of-production price level, and to preserve the domestic market for domestic producers: *Provided*, That the United States Tariff Commission, upon request of the President or upon resolution of either or both Houses of Congress or if agricultural imports are substantial and increasing in ratio to domestic production and if in the judgment of the Commission there is good and sufficient reason therefor, then, upon its own motion or upon the request of the Secretary of Agriculture or upon application of any interested party, shall investigate the differences in the costs of production of any domestic agricultural commodity and of any like or similar foreign agricultural commodity and shall recommend to the President such an increase (within the limits of section 336 of the Tariff Act of 1930) in the duty upon imports of the said foreign commodities or such a limitation in the total quantity permitted entry, or entry without increase in duty, as it may find necessary to equalize the said differences in cost and to maintain the standards established pursuant to this act. In the case of a commodity on the free list in the Tariff Act of 1930, it shall recommend, if required for the purposes of this section, a limitation on the total quantity permitted entry. The President shall by proclamation approve and cause to be put into effect the recommendations of the Commission if, in his judgment, they are warranted by the facts ascertained in the Commission's investigation: *Provided further*, That all provisions of title III, part II, of the Tariff Act of 1930, applicable with respect to investigations, reports, and proclamations under section 336 of the said tariff act, shall, insofar as they are not inconsistent with this section, be applicable with respect to investigations under this section. Nothing in this section shall be construed as permitting action in violation of any international obligation of the United States. In recommending any limitation of the quantity permitted entry, or entry without an increase in duty, the Commission, if it finds it necessary to enforce such limitations or to carry out any of the provisions of this section, shall recommend that the foreign commodity concerned be forbidden entry except under license from the Secretary of Agriculture and that the quantity permitted entry, or entry without an increase in duty, shall be allocated among the different supplying countries on the basis of the proportion of agricultural imports from each country in a previous representative period. Any proclamation under this section may be modified or terminated by the President whenever he approves findings submitted to him by the Commission that conditions require the modification recommended by the Commission to carry out the purposes of this section or that the conditions requiring the proclamation no longer exist.

FARMERS' SURPLUS CORPORATION

SEC. 9. There is hereby established as an agency of and within the Department a corporation to be known as the "Farmers' Surplus Corporation." The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices elsewhere in the United States under regulations prescribed by the board of directors (hereinafter referred to as the "board"). The management of the Corporation shall be vested in the board, which shall be composed of five members to be appointed by the President, by and with the advice and consent of the Senate. During his term of membership on the board no member shall engage in any other business, vocation, or employment. Not more than three of the members of the board shall be members of the same political party. Each member shall receive a salary at the rate of $10,000 a year and shall hold office for a term of 5 years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of the enactment of this act shall expire, as designated by the President at the time of appointment, one at the end of 1 year, one at the end of 2 years, one at the end of 3 years, one at the end of 4 years, and one at the end of 5 years, after the date of the enactment of this act. The President shall designate one of the members as the chairman of the board. Vacancies in the board, so long as there shall be three members in office, shall not impair the powers of the board to execute the functions of the Corporation, and three

of the members in office shall constitute a quorum for the transaction of the business of the board. The board shall have the power to adopt such bylaws, rules, and regulations, and amendments thereto, as it deems necessary for the conduct of the business of the Corporation. The board shall define the authority and duties of the officers and employees of the Corporation, delegate to them such of the powers vested in the Corporation as it may determine, and require bonds of such of them as it may designate and fix the penalties and pay the premiums of such bonds.

The Corporation shall have a capital stock of $10,000,000, subscribed by the United States of America, which sum is hereby authorized to be appropriated. Such subscriptions shall be subject to call, in whole or in part, by the Board. Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

POWERS OF CORPORATION

SEC. 10. (a) The Corporation shall have succession until dissolved by act of Congress and shall have power (a) to sue and be sued in any State or Federal court of competent jurisdiction; (b) to adopt and use a corporate seal, which shall be judicially noticed; (c) to make contracts; and (d) to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business. The Corporation shall have such other powers as may be necessary and incident to the conduct of its powers and duties under this act. The Corporation shall be entitled to the free use of the United States mails in the same manner as the other executive agencies of the Government. The Corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, offices, agents, and employees thereof in carrying out its functions under this act.

(b) The Corporation is authorized to provide for the processing or fabrication of commodities acquired by it when it deems such action necessary to more advantageously dispose of such commodities, and to provide the time and manner in which commodities shall be received, stored, handled, and disposed of by it.

DESIGNATED FISCAL AGENT

SEC. 11. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public money and shall act as a financial agent of the Government, and, when acting as such, shall perform such reasonable duties as a depository of public money and as a financial agent of the Government as may be required of it by the Secretary of the Treasury.

EXPENDITURE OF FUNDS AND EXEMPTION FROM TAXATION

SEC. 12. (a) The Board shall determine the character and necessity for its expenditures under this act, and the manner in which they shall be incurred, allowed, and paid without regard to the provisions of any other laws governing the expenditure of public funds, and such determination shall be final and conclusive upon all officers of the Government. The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Congress a complete report as to the business of the Corporation. The financial transactions of the Corporation shall be audited by the General Accounting Office at least once each year.

(b) All notes, debentures, or other such obligations issued by the Corporation shall be exempt both as to principal and interest from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States; by any Territory, dependency, or posession thereof; or by any State, county, municipality, or local taxing authority. The Corporation, its property, and its income shall be exempt from all taxation now or hereafter imposed by the United States; by any Territory, dependency, or possession thereof; or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

PENAL PROVISIONS

SEC. 13. (a) Whoever, for the purpose of influencing in any way the action of the Corporation under this act, makes any statement knowing it to be false, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

(b) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Corporation or pledged or otherwise entrusted to the Corporation; or (2) with intent to defraud the Corporation, or any other body, politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or draws any order, or issues, puts forth, or assigns any note or other obligation, warehouse receipt, or other security; or (3) with intent to defraud the Corporation, participates or shares in or receives, directly or indirectly, any money, profit, property, or benefit through any transaction, loan, contract, or any other act of the Corporation, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

(c) Whoever knowingly, with intent to defraud the Corporation, shall conceal, remove, dispose of, or convert to his own use or to that of another any property pledged to or held by the Corporation as security for any obligation shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

(d) Whoever (1) falsely makes, forges, or counterfeits any obligation or receipt in imitation of or purporting to be an obligation or receipt issued by the Corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligation or receipt purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any obligation or receipt issued, or purporting to have been issued, by the Corporation; or (4) passes, utters, or publishes or attempts to pass, utter, or publish as true any falsely altered or spurious obligation or receipt issued, or purporting to have been issued, by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

(e) Any person who willfully violates any provision of section 4 of this act shall be punished by a fine of not more than $1,000, or imprisonment for not more than 1 year, or both; and each such violation shall be deemed a separate offense.

MISCELLANEOUS PROVISIONS

SEC. 14. (a) When used in this act, unless the context otherwise indicates—

(1) The term "major agricultural commodity" means cotton, wheat, corn, hogs, tobacco, and rice.

(2) The terms "crop year" and "marketing year" mean the times fixed by the Secretary as the crop year and marketing year, respectively, for each major agricultural commodity.

(3) The term "dealer" means any person who purchases a major agricultural commodity from a producer with the expectation that, or the normal course of whose business is such that, any part of such commodity, or any product thereof, will be introduced into interstate or foreign commerce or be disposed of in such a manner that it will affect interstate or foreign commerce.

(4) The term "for market" means for sale to any dealer.

(5) The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the Department of Agriculture.

(6) The term "person" means an individual, partnership, firm, joint-stock company, corporation, trust, estate, or any agency of a State.

(7) The term "domestic consumption" means the amount of a commodity produced and consumed in the United States, but does not include amounts disposed of by the Corporation for the processing or manufacture of products to be exported.

(8) The term "United States," when used in a geographical sense, means the several States and Territories and the District of Columbia and Puerto Rico.

(9) "Tobacco" means each of the kinds of tobacco listed below, comprising the types specified as classified in Service and Regulatory Announcement No. 118 of the Bureau of Agricultural Economics of the Department of Agriculture:

Flue-cured tobacco, comprising types 11, 12, 13, and 14;
Fire-cured tobacco, comprising types 21, 22, 23, and 24;
Dark air-cured tobacco, comprising types 35, 36, and 37;
Burley tobacco, comprising type 31;
Maryland tobacco, comprising type 32; and
Cigar-filler and cigar-binder tobacco, comprising types 41, 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55.

The provisions of this act shall apply to such kinds of tobacco severally.

(10) "Corn" means field corn.

(11) The term "interstate or foreign commerce" means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof; or between points within the same State or Territory or within the District of Columbia or Puerto Rico, through any place outside thereof.

(b) The Secretary is authorized after due notice and opportunity for public hearing to interested parties to treat as a separate major agricultural commodity any market classification, type, or grade of any cotton, wheat, corn, tobacco, or rice if he finds such treatment necessary in order adequately to effectuate the policy of this act with respect to such market classification, type, or grade.

(c) For the purposes of this act any agricultural commodity shall be demed to be stored under seal only if stored in such warehouses or other storage facilities, whether on or off the farm, as conform to requirements of such regulations as the Corporation shall prescribe.

SEC. 15. The provisions of section 3741 of the Revised Statutes (U. S. C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U. S. C., title 18, secs. 204 and 205) shall not be applicable to payments made under this act.

SEC. 16. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

SEC. 17. If any provisions of this act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the act and the application of such provision to other persons or circumstances, and the provisions of the Soil Conservation and Domestic Allotment Act, as amended, shall not be affected thereby.

Amend the title so as to read: "A bill to foster, regulate, and promote interstate and foreign commerce in the major agricultural commodities, to provide for the orderly marketing of such commodities, and the disposition of surpluses of such commodities, and for other purposes."

Mr. McADOO. Mr. President, it is with a great deal of diffidence that I intrude my views on the pending question. The discussion on the pending bill has been continued for almost 3 weeks, and I really feel guilty to take the time of the Senate to put forward the ideas which I have entertained for a long time on the agricultural question.

I cannot claim that I am a dirt farmer, or any kind of a farmer, except to a slight degree. I should like to state the qualifications which I hope may justify my interest in this great problem.

It so happens that I was brought up in the State of Georgia, in the path of General Sherman's march to the sea. I need not refer to the devastation of that region or the trials and tribulations and poverty suffered by all the people who resided there after the Civil War. My boyhood was spent in that section of the State of Georgia. Its chief product was then and is now Middling cotton. As a boy I picked cotton and chopped cotton, and I know something of the cotton problem, which is one of the prominent objects of solicitude in the pending bill. I shall, therefore, confine myself largely to the cotton aspect of the question, because it presents the most striking instance of our exportable surplus problem. At the same time, the principle which I am proposing to apply to cotton can be applied with equal effect to our other exportable surpluses, such as those mentioned in the bill, and which we call our major crops.

I do not think the legislation this Congress should enact now should be so involved and intricate and difficult that it may be incapable of effective administration; and, more than all that, it may not provide the relief which I think is imperatively demanded by agriculture and which agriculture, ever since I have been old enough to think, has been clearly entitled to have under our economic system.

I think the farmers of the United States expect the Congress to do something definite, understandable, and simple that will accomplish the object we have in view. What is that object? It is to enable the producers of the major commodities outlined in the bill to derive a profit on the price at which they are compelled to sell their products in the home market, and then to be put in a position to have their surplus products under such control that they will not be a constant menace to the domestic price and so that they may effectively be distributed in the world market in one form or another to the advantage not only of the American farmer but the people of the United States.

The substitute I propose is quite simple in its operation, and I think would be effective in producing the desired results. The proposal is simply this: First of all, the tariff laws of the United States, if necessary, shall be amended so as to put a tariff on cotton, corn, wheat, rice, and tobacco high enough to prevent any imports from other countries which would tend to break down the price in the domestic market. The substitute proposal is predicated upon the assumption that if existing laws are not sufficient to protect the farmer in the home market, then the Congress should enact such laws as may be necessary hereafter, if the substitute should be adopted, effectively to secure to the American farmer the home market for his products, both raw, processed, and fabricated.

Mr. President, I think the pending bill will not accomplish the object we have in view. In saying that I do not want to reflect upon the members of the Committee on Agriculture and Forestry who have devoted so much time and intelligent effort to the work they have done. I want to compliment them upon their patience and ability and the fruits of their labor, although, as I said, I am forced, as I read the bill and as I have listened to the debate here, to conclude that the bill if passed will not accomplish the object in view. I think the disappointment which the farmers of the United States may experience after a test of the pending measure will turn them against those who put it on the statute books. I am not speaking politically. I am speaking economically. I would not for any consideration inject politics into the discussion.

Perhaps I could better explain my substitute by giving an illustration as applies to cotton, and when I apply it to cotton I wish Senators to bear in mind that similar application can be made to corn, wheat, tobacco, and rice.

Under my substitute the Secretary of Agriculture will in advance of the planting season, let us say now, for instance, if the substitute were a law, announce to the country his estimate of the amount of the stable commodities which will be consumed in the home market for the ensuing year. The purpose of that announcement is to put all the farmers of the United States on notice as to what the domestic market is expected to take. If they plant in excess of that and raise a huge surplus in excess of the domestic requirement, they will do so at their own risk.

I do not propose in my substitute to regiment the farmers or to tell them what they shall plant or how many acres they shall plant. I preserve to the farmers of the United States that great heritage of freedom in the use of their farms which I think has been one of the proudest privileges of the American farmer and of which he does not want to be deprived or restricted. The purpose of my substitute is to leave him free to plant what he wishes, but to plant it with notice of what will happen to him if he goes beyond the limits of the substitute. I may say, furthermore, there are no quota provisions in the substitute so the farmer is perfectly free to deal with his own problems as he sees fit.

Let us assume that the Secretary of Agriculture now announces to the country that the domestic market will probably consume 6,000,000 bales of cotton in 1938. At the same time he should announce shortly in advance of the harvest season, his estimate of the amount of each of the crops that will be harvested. The Secretary will also state what percentage of each crop will be consumed in the domestic market and what percentage of each crop will be available for export or for other purposes.

Let us say that in the case of cotton he anounces in August 1938, that the cotton crop will be 12,000,000 bales and that 6,000,000 bales of it will be for home consumption and 6,000,000 bales for export. At the same time, under the authority of my substitute, he would announce the minimum price at which the cotton may be sold in the domestic or home market. He will arrive at that determination upon the bases outlined in the substitute which I may state briefly are these:

He will take testimony or hold hearings as to the cost of production of cotton in the various parts of our country.

He will then consider, in establishing the minimum price, what the services of the farmer are worth. He will put him on a parity with the employee of an industrial corporation. He will also take into consideration the labor performed on the crop, whether household labor or hired labor or both. He will take into consideration also the value of the farm and its equipment. He will make due allowance for maintenance of the equipment and for its depreciation. He will also add 4 percent on the value of the farm as determined by him. When all those factors have been added together, he will make announcement of the average price of cotton in the United States, as the minimum price at which it may be sold in the home market.

Mr. ELLENDER. Mr. President, will the Senator yield at this point?

Mr. McADOO. I yield for a question.

Mr. ELLENDER. On page 3, line 4, I notice that in figuring out the cost of production there is to be included "compensation to farm operators for management and for labor for themselves and their families and hired help, equal to the compensation paid for like time and services in industry." Just exactly what does the Senator mean by that, and how would it be accomplished?

Mr. McADOO. It is only intended to provide a general rule for fixing the wages of the farm laborer commensurately with similar labor employed in industry. That is a matter to be wholly within the discretion of the Secretary of Agriculture after he takes all the evidence he can get on the subject. That is a determination he will have to make. It

does not commit him, of course, to pay to agricultural labor the same wage that will be paid to a skilled laborer in the steel works, or in some other industrial plant, but to comparable labor he employs on the farm there must be paid the same wage, or substantially the same wage, as would be paid for a similar character of service in industry.

Mr. ELLENDER. What labor in industry, in the Senator's mind, would correspond to the labor on the farm?

Mr. McADOO. That is a matter for the Secretary of Agriculture to determine. We are merely laying down a general rule, and of course I could not give him specifics as to what evidence the Secretary of Agriculture may receive, or what he will require upon the hearing.

The theory of cost of production is to put the farmer relatively in the same position the industrialist occupies on the basis of a determination of the cost of his products. I think the farmer is entitled to that. I have always thought so, and I am more convinced now than I have ever been that that is the just and proper rule. I again wish to state that the same process will be required as to wheat and the other products.

The Secretary having announced the minimum price, it will be unlawful for anyone to purchase cotton or any of these other commodities at less than the minimum price proclaimed by the Secretary of Agriculture. To purchase it for less will be a misdemeanor, and punishable, and that penalty is necessary in order to protect the farmer in securing in the home market the minimum price, which is the cost of production and a reasonable profit.

The proclamation having been made we come to the next step, which is the harvesting of the crop. The farmer comes to the ginner with his raw cotton. The ginner processes it, and tells the farmer that he has a hundred bales. I am speaking of some of the farm capitalists who could raise a hundred bales of cotton, and I am taking 100 bales merely for easy calculation. The Secretary of Agriculture shall at the same time that he announces the minimum price of cotton also establish the percentage for domestic consumption and the percentage for export. Let us say that he declares 50 percent is for domestic consumption and 50 percent for export.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. RUSSELL. The Senator is now approaching the subject about which I wish to inquire. I desire to understand what method is devised by the substitute for apportioning the amount of the domestic consumption as between respective farmers. In other words, to use the illustration of the Senator, if there were 6,000,000 bales for home consumption and 6,000,000 bales for export, and the farmer made 12 bales, would there be any difference in the price he got for the 6 bales used domestically and the 6 bales made for export; or just how would that be handled?

Mr. McADOO. As I go along I will elaborate the point. I will cover that as we go further in the argument.

The ginner says to the farmer who has a hundred bales, "Under the law, Mr. Farmer, I can deliver to you 50 bales of this cotton, which you may sell when and as you please in the home market," at not less than 20 cents a pound, let us say—assuming that is the price proclaimed by the Secretary of Agriculture as the cost of production plus the reasonable profit I have outlined.

When the farmer gets the 50 bales for domestic consumption he can sell it when he pleases and as he pleases, and he can get as much above the minimum price as he can command. In respect to the other 50 bales, the ginner says to the farmer, "You have to deliver this to Mr. Jones." I am not talking about Jesse Jones. This is another character, an assumed character. "You have to deliver this to Mr. Jones, who is the agent of the Farmers' Surplus Corporation. He has a desk in the gin house, and he will give you a receipt for these 50 bales, in which it will be stated that the Corporation has the power and the right to sell the 50 bales of cotton at any time it pleases, where it pleases, and at any price which in the judgment of the directors seems wise, or possible of attainment."

Mr. SMATHERS. The receipt is a negotiable receipt?

Mr. McADOO. Yes; a negotiable warehouse receipt. The receipt will also stipulate that the Corporation may dispose of any part of the surplus which in the judgment of its directors may seem wise in case of some national calamity, where the use of the material may be of value or would relieve suffering, and also that they may set aside some percentage of it for the ever-normal granary.

Mr. President, so far as I am concerned, I am not very deeply intrigued with the ever-normal-granary idea. I like the sound of it, but I do not think it is a very practical suggestion in the United States, where we rarely ever have any occasion for storing up any large amount of agricultural surpluses or supplies under lock and seal. But I see no objection to it if it can be worked out on a practicable basis; therefore I raise no question on that point.

This receipt will further stipulate that upon the liquidation of the crop of that season the distributable share to which each holder of a receipt is entitled will be paid to him, of course. The machinery is provided in the bill for using the Post Office Department for the payment of the money, so that the farmer will not have to go a long way in order to collect the amount to which he may be entitled.

Assuming home-market protection, by whatever means we may secure it, is provided, the farmer is bound to get in the home market the minimum price prescribed for his crop for domestic consumption. As to the exportable surplus, he has his opportunity to get his distributable share, of course, when the matter is liquidated.

I digress at this point to call attention to a very striking fact. We produce more cotton than any nation on earth. We have textile manufacturers with sufficient capacity to supply not only our needs but a large part of the world demand for fabricated products. Last year we imported 77,000,000 square yards of cotton cloth from Japan. They buy our cotton, or Indian cotton, or some other cotton, fabricate it, and send it to the United States in competition with our own textile manufacturers.

This year, I am advised by the Department of Commerce, Japan will send into the United States approximately 125,000,000 square yards of cotton cloth. What does that mean? It means that Japan has displaced 7,500 American citizens for a whole year in the matter of labor, who, if that cotton cloth had been fabricated in our own plants, would have been employed for a whole year in our own mills in the United States. That is only one of the reasons why it is necessary to see that the farmer is protected in the home market, and that our textile manufacturers are likewise protected in the home market adequately against any possible importations of that character.

Let us see what we will do with the surplus. In the first place, there have been produced in the United States this year, for instance, 18,500,000 bales of cotton, the greatest crop ever raised in the United States. I do not suppose we can possibly use over 7,000,000 bales of that in our domestic markets. Is that statement accurate, I ask the senior Senator from South Carolina?

Mr. SMITH. It will be about that amount.

Mr. McADOO. That leaves us with eleven and a half million bales of raw cotton on our hands, overhanging our market, and overhanging the markets of the world, and adding very seriously to the difficulties of the problem which we confront in respect to the surplus cotton. If we leave it in the hands of the individual farmers of the United States, every one of them will, as necessity requires, be selling it independently on the market for any price he can get for it. We will therefore break down the price by the weight of the surplus, which is not under control.

Heretofore we have attempted measures by which the Government would go in and buy the surplus products in the open market. Of course, that is a foolish thing to do, because it results in the price being raised temporarily, and we do not get all of the surplus. Finally, when we try to sell it, we have to sell it at any price we can get, and the Treasury suffers a very large loss, as we know from previous experience in operations of that character.

If the surplus can be taken in hand, as it will be under the proposed plan, without a single dollar being taken out of the Federal Treasury, and put under intelligent control, we ourselves will have something to say about the world price for cotton to these fellows in Liverpool who tell us the price at which we can sell our cotton, even here in our home market. What could be a more infamous wrong to the American farmer than to have the price of his product fixed in Liverpool? And he is perfectly helpless to prevent it. We have always stood for this abuse; we have always endured it; and it always has been unnecessary and could have been avoided, if we had taken the necessary measures to protect the farmer adequately.

The price of cotton in this country today, 7½ cents a pound or thereabouts, is determined in the Liverpool market; and the American farmer, the respectable American farmer, with a family to support and maintain according to the American standard of living, has the price fixed for him there.

Mr. HATCH. Mr. President, does not the same apply to wheat?

Mr. McADOO. I want all Senators to understand that I am using cotton merely to illustrate the situation. The argument applies equally to wheat and to our other exportable surplus crops. I shall be glad if Senators will bear that in mind, because the same situation exists as to all of these great commodities.

When we accept the Liverpool price—we are forced to accept it because we have no protection for raw cotton in this country—we put the farmer of whom I speak—that is, the respectable American farmer with a family to support—in competition with the lowest-paid labor in India, living on a standard which we would not tolerate in this country, and we put him in competition with the labor of Brazil, with the labor of Egypt, and with the labor of China.

Let me say at this point that last year, when this country was full of cotton, we imported into the United States cotton from India, from China, and from Egypt. Of course, we require some Egyptian cotton because of the extra length of the staple in manufacturing very fine fabrics, but I think that in Arizona, in New Mexico, in west Texas, and in the Mississippi Valley, and certainly in my great State of California—I am tempted to go off into a tribute to my great State a la my good friend BOB REYNOLDS, but I could not do it so well, and therefore I refrain—but in California we raise this long-staple cotton also, and I think if we had adequate protection for cotton in this country it would not be necessary to import cotton from any country on the face of the earth.

I am not an expert on cotton, but I think I can make that statement without fear of contradiction—can I not, I ask my good friend from South Carolina [Mr. SMITH] who is an expert on this question?

Mr. SMITH. I think so.

Mr. McADOO. Having this control, therefore, of our surplus crop, it is like a fellow having control of a great block of stock on the stock market or a corner on grain on the Chicago Board of Trade. He might be able to tell the other fellow something about fixing the price, and we might have a profound influence on the world price if we had this surplus cotton in hand.

I am not so concerned about that, but I am concerned about a greater influence that we can achieve by controlling the exportable surplus.

I outlined this plan to the president of a great textile manufacturing plant in the South the other day; and I said, "Assume that this Surplus Control Corporation could furnish you cotton at a low price—sufficiently low to enable you to fabricate it into the coarser class of cotton fabrics which are used along the Equator, where the market is wide open." No question of dumping would be involved here in any case; it is only a question of competition. I said, "At what price for raw cotton do you think you could fabricate it—have your fair chance to sell it profitably in the open markets of the world?"

"Well," he said, "of course, I can only give you a rough estimate, but if we had a differential of 5 cents a pound over the world price we probably could make cotton cloth so cheap that we could outsell even Japan, which, I guess, is the most formidable competitor we have had in the world market for fabricated cotton."

I said, "How many hours a day are you working your mill now?" He said, "Eight hours." I said, "Your spindles are idle two-thirds of the time, are they?" He said, "Yes."

I said, "Suppose we can give you this cheap cotton; you could activate the remaining two-thirds of your capacity without the investment of another dollar in your plant, without any further capital investment?"

He said, "Yes; we can do that."

I said to him "You could employ a large amount of American labor, could you not?"

He said, "We certainly could." And he said, "I think we can go out and get our full share of the world market for fabricated cotton, something we are not doing today, and we can build up a foreign trade which will be very valuable to this country."

Mr. President, if that could be done it would mean the employment of a large volume of American labor, and our cotton mills in New England and our cotton mills in the South could certainly be employed to full capacity, after they had developed this foreign trade. The only way we are ever going to solve this cotton problem is to convert the cotton or process it into something for which there is a wide and extensive market.

A limited number of nations buy raw cotton. Those very nations are beginning to be highly competitive with us in the production of raw cotton. Take Great Britain. She controls the Indian cotton. She is increasing the yield of Indian cotton and encouraging its production in her colonies. Production of Brazilian cotton has increased some 300 percent in the last 2 or 3 years. Brazil used to produce about 600,000 bales of cotton. Last year I think she produced 1,800,000 bales. Every major country in the world is trying to raise cotton.

I was talking to a prominent Argentinean the other day and he told me that in the north of the Argentine, which, of course, is the portion nearest to the Equator, and the warmest part of the Argentine, they are producing cotton, and that they are going to extend its production very largely.

My friends, the competition for the sale of raw cotton is quite limited, but we have a world market for the fabricated cotton. Instead of sitting here with 10,000,000 bales on our hands and doing nothing with it except praying to God and begging these other countries to take it at some price, we should fabricate it, employ plenty of American labor, and go out into the open markets of the world and get our share of the business.

Mr. ADAMS. Mr. President, will the Senator yield to me for an inquiry?

Mr. McADOO. I yield.

Mr. ADAMS. If I understand the Senator's proposal, it is that a portion of the stock—that is, the 6,000,000 bales which he used as an illustration of surplus, and which is in a sense warehoused with some Government organization—shall be turned over to fabricating agencies at a price which would enable them to compete with the world fabricators. If that is true, does it not mean that this cotton will be sold at less than the cost of production so far as the farmers are concerned; and if so, do the farmers stand the loss or does the Government stand the loss, or where does the loss fall?

Mr. McADOO. There may not be any loss. There will be less loss in all probability than there will be on the farmer's raw cotton if he does not put it in the control of some intelligently organized corporation which will utilize it to the best advantage, and in order to give him the largest available return from that surplus. The farmer will make less loss than now when he must accept the world price, which is less than cost, for all of his cotton instead of getting a profit on the amount consumed at home and getting what he can

for his surplus. But the farmers are not going to raise these great surpluses when this proposed law goes into effect.

There is another thing about this plan that is very valuable: it automatically will operate to discourage the excessive production of any of these major crops in the United States. But I shall elaborate that later.

Mr. President, it may be asked quite naturally, "Why should the farmer turn in his cotton to this Surplus Corporation," to be used in the manner I have described? The farmer can do it because it is to his advantage to do it. He has his home market secured to him absolutely, and assured to him at a profit if he does this thing, and at the same time the American people have in effect bought his surplus cotton for the common interest, not only in the interest of the farmer but in the interest of the people of the United States.

Why do I say the people have bought it? They have bought it because they have paid a price to the farmer which gives him a profit on the home consumption, and which may, in effect, give him some profit on his entire crop, so that what he has deposited with the Surplus Control Corporation may be velvet. But whether it is or not, he will get more for his cotton under this procedure than he can possibly get for it otherwise, because the longer this big surplus is overhanging the market the smaller and smaller you are going to find the price of the commodity in the home market.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. NORRIS. I want to follow up the question asked by the Senator from Colorado. It seems to me that the Senator from California has not explained fully what would happen. In the case the Senator has given us, 50 percent of the farmer's cotton cannot compete in the home market. That 50 percent is sold at a very much reduced price. But it costs the farmer just as much to produce that 50 percent as it does the other 50 percent, and that production has been made at a loss. Does not that follow, so far as the farmer is concerned?

Mr. McADOO. No.

Mr. NORRIS. He gets something, that is true; but he does not get the cost of production.

Mr. McADOO. If he sells his cotton, I may say to the Senator from Nebraska, in the home market, 50 percent of it, at 20 cents a pound—let us assume he sells it at 20 cents a pound—the other 50 percent of it which he deposits with the Surplus Control Corporation may represent very little cost to him. It certainly will not represent anything like the loss to him that he now suffers, because in the home market today he has to sell all of it at the world price—about 7½ cents per pound.

Mr. NORRIS. I understand that; but the truth is that the 50 percent which cannot enter the American market has been produced by the farmer at a definite loss. He would be better off if he had produced only half of the cotton that he produced, but all of which he could sell on the American market.

Mr. McADOO. Certainly he would be, and that is the object of this substitute—to restrict the production of these surpluses. Under the committee bill, the Secretary of Agriculture establishes a national allotment, which must be apportioned among the States before any farmer can stick a hoe in the ground. Even then the farmer must wait until a State quota has been determined and a county quota has been determined. After that a "coroner's inquest" must be held on his farm to determine how much acreage he can plant, the whole object being to restrict acreage to such a point that the production will not be excessive, as it is now.

I wish to say to the Senator from Nebraska the question which he and the Senator from Colorado asked is a proper question, and I am prepared to answer it. Most farmers are intelligent, as I have learned by long experience with them. They are intelligent—highly intelligent. When he finds that he can sell a certain amount of cotton, if he produces it, in the home market at a profit, and that if he raises twice as much the other 50 percent must be turned over to a corporation which will administer it upon the best terms possible, and that he may receive nothing for it in the final analysis—because that is possible, and he must understand that—do Senators suppose he is going to sweat and toil over the other 100 acres, which would be required to raise an extra 50 bales of cotton, and borrow money from a bank, if a bank would lend it to him—and no bank would lend it to him under those circumstances when they knew he might not be able to sell it at a profit and the bank might not get the money back—do Senators believe he is going to do all that work and go through all that trouble merely for the sake of having to deposit the surplus in the Corporation, which will administer it for the general benefit? I do not think he would.

I think that every cotton farmer in the United States, after he has had some experience under this bill, will automatically begin to plant his cotton in such a way as to approximate home consumption. Is not that natural? And every bank in the United States will give that farmer credit because it will know that the farmer has sufficient protection in the home market to enable him to sell his cotton at a profit, instead of running the risk, as he does now and has always, of selling it at a loss.

There is not a cotton farmer in the United States today who is not "busted" at the present market price. He cannot get cost of production, and the suffering throughout the South is, I understand, in many cases, extreme.

Mr. SHIPSTEAD. Mr. President, will the Senator yield for a question?

Mr. McADOO. I yield.

Mr. SHIPSTEAD. I did not have the opportunity to hear all of the Senator's statement. Does the Senator's substitute provide for the American price for American consumption, and then to sell the surplus abroad at the world price?

Mr. McADOO. At any price. But the farmer is absolutely protected under this substitute in the home market at cost of production plus profit. That is what the Democratic Party promised in 1932.

Mr. SHIPSTEAD. Will the Senator yield to me for another question?

Mr. McADOO. I yield.

Mr. SHIPSTEAD. It is true in farming, as it is in industry, is it not, that the cost per unit, whether it is a bushel of wheat or a bushel of corn or a bale of cotton, is reduced as production is increased.

Mr. McADOO. That does not always apply.

Mr. SHIPSTEAD. Taxes and cost of fertilizers remain the same. The fixed charges are the same. The taxes and fixed charges on small production will add to the cost of the production of the unit, will they not?

Mr. McADOO. The smaller the unit, perhaps the more it would be affected in the way the Senator suggests. The amount of production depends upon the capacity of the plant. That has a great deal to do with the price. But I was going to say, that if the Senator will look at my substitute, at the formulas provided therein for the determination of cost, he will find that the farmer is at last under this substitute put on the basis of an industrialist in the production of his crop and in the determination of the price.

Mr. SHIPSTEAD. If I may ask the Senator a further question, does not the bill before the Senate—I do not mean the Senator's substitute, but the original bill—attempt to put the farmer on an industrial basis without giving him cost of production?

Mr. McADOO. I think it does; but the original bill is so involved, and it finally gets down to an allotment of acreage on the individual farm, that there is no telling exactly how it is going to operate.

I think the acreage basis, for instance, is a very uncertain basis upon which to attempt to reduce crops, because everybody knows that if you highly fertilize your acreage you can greatly increase its production. We certainly are not going to tell the Secretary of Agriculture to send his inspectors out to see how much manure is put on each acre of ground

that the farmer plants; we are not going to regiment the farmer to that extent; so he has discretion under this bill—one of the few discretions that still are left to the farmer—to fertilize his crop as he pleases on the acreage he is permitted to plant. There is no restriction, either, upon the intensity of the cultivation that he may devote to that acreage. We know—all of us dirt farmers know this to be a fact—that you may take the same acreage, and, by intensive and intelligent cultivation and the proper use of fertilizer, probably double the crop that is raised on almost any acreage in the United States.

Mr. BONE and Mr. ELLENDER addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from California yield; and if so, to whom?

Mr. McADOO. I yield first to the Senator from Washington.

Mr. BONE. Mr. President, I take it that one of the fundamental purposes of this substitute is to vest in the hands of some central governmental agency the control of these unmanageable surpluses, on the theory that it is better that one intelligent business agency handle that matter than to leave the surpluses scattered out all over the country, where they may be made the football of various financial groups in the country, as they have been in the past. Am I correct in that assumption?

Mr. McADOO. The Senator is correct.

Mr. ADAMS. Mr. President——

Mr. McADOO. I yield to the Senator from Colorado.

Mr. ADAMS. I do not wish to divert the Senator's attention, but there is one question that I should like to ask him. Is the Senator confident of the validity of the provision of his substitute which makes it a crime for anyone to buy cotton below a certain price? I am inquiring simply because, of course, that is the foundation of the Senator's substitute, and I should like to be satisfied that the Senator is confident of the constitutionality and validity of that portion of his substitute.

Mr. McADOO. I am frank to say to the Senator from Colorado that I think the question is a close one, but I think the weight of authority is decidedly in favor of the validity and constitutionality of the substitute; and if I have time in the course of the discussion, I shall advert to the legal phases of the substitute further on in my argument.

I want to say another thing about the control of this surplus, and the beneficial uses to which it may be put, not only for the farmer but for the country and for our manufacturing industries as well. Once we fix this minimum price we strike down the speculative exchanges which have preyed upon the farmers from time immemorial, and it has been a universal complaint throughout the country that the speculations and manipulations of the exchanges have done infinite harm to the farmers of the United States. I believe there is much force in that complaint. During the World War, when I happened to be Secretary of the Treasury, it was necessary to fix a minimum price for wheat. I think we also fixed a price for steel; but, in any event, the agricultural products which needed protection, especially wheat, were given a fixed minimum at that time. What became of the Chicago Board of Trade, which indulges in speculative operations on farm products? It folded up and quit for about 2 years, and the farmer was not harmed a little bit because the board of trade quit operations. I am not sure that it would not help the farmer if the board of trade were closed up permanently, but I am not prepared at the moment to express an opinion on that subject, because I have not given it enough study.

Mr. NORRIS. Mr. President, will the Senator yield for a further question on that point?

Mr. McADOO. I yield.

Mr. NORRIS. I have been running over in my mind the reason the Senator may have for putting in his substitute the provision that the product may not be sold below a certain price.

Mr. McADOO. That is to protect the farmer.

Mr. NORRIS. I understand what it is for; but would not the substitute bill be workable even if that provision were left out of it?

Mr. McADOO. I doubt it very much, because then there would be competition among the producers in this country to sell their cotton, and they all might be trying to sell it at the same moment, as they usually do, as my good friend the Senator from South Carolina [Mr. SMITH] realizes. There is a time when a preponderant part of the crop is thrown upon the market all at once, and it gives the textile manufacturer his opportunity to buy it at a cheap price.

Mr. NORRIS. That may be; but, as a matter of fact, the cotton which is going to be used in the home market is limited approximately to the amount that the market will consume.

Mr. McADOO. Yes.

Mr. NORRIS. If we had that condition in the case of any commodity, we should not be selling it much below the price that would give a profit for its production.

Mr. ELLENDER. Mr. President——

Mr. McADOO. I will yield to the Senator from Louisiana in a moment. I desire first to answer the question of the Senator from Nebraska.

One has to understand, I think, something about the way in which crops are harvested and marketed in order to see the wisdom of fixing minima for these crops.

Mr. NORRIS. Before the Senator goes into the answer, I desire to tell him that I am moved to ask these questions, because I have very serious doubt in my own mind about that provision of the Senator's amendment, about which he himself has some doubt. My suggestion was intended to be helpful to the Senator, so that his proposal might be worked out without putting that doubt in it.

Mr. McADOO. I quite understand the Senator's purpose, and I appreciate it, because, as I have already said, I have given a great deal of thought to the legality of that particular provision of the substitute; and yet I think some such provision, if it is legal or can be made legal, is of infinite importance to the farmer himself.

Mr. NORRIS. I admit that. That is true.

Mr. McADOO. And it is of infinite importance to the stability of the home market, because, as I said before, in the harvesting of crops, particularly these cash crops, most of the crop matures within, we will say, 60 days. Cotton is picked probably within 60 days. Of course, the farmers are picking subsequently, but the great bulk of the cotton is picked within 60 days. Everybody wants to sell at the same time; and if there is no restraint of any kind upon the price at which cotton may be bought—and the same thing is true of wheat, and the same thing is true of these other commodities—the market is deluged at the moment, and that gives the fellow who has to buy the stuff the opportunity of getting it cheaper than he otherwise would.

We must resolve the legal doubt finally, and the only way to resolve it finally is to get the question before the Supreme Court; but I think it has been sufficiently resolved already to make us feel that we are on firm ground in doing what I am proposing to do in the substitute.

I now yield to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, when the Senator stated a while ago that the cotton farmer would be assured cost of production he meant only as to that part of the farmer's crop which was to be marketed and used in this country, did he not?

Mr. McADOO. Yes; plus a profit.

Mr. ELLENDER. In order to carry the Senator's plan through, would it not be necessary that we put an embargo on all cotton to be shipped here from other countries and all goods to be manufactured from cotton abroad?

Mr. McADOO. I do not think so, because our tariff is practically a protection against that. We might have to increase the tariff to some extent; but, so far as I am concerned, I am willing to embargo anything that comes into

this country irregularly or improperly in competition with our own people, who are reduced to penury and poverty because we have not had the guts to stand up and protect them as we can do by adequate legislation.

Mr. ELLENDER. I may be in agreement with the Senator; but, as a matter of fact, if this substitute is enacted, will it not lead to an embargo?

Mr. McADOO. If it does, all right, so much the better.

Mr. ELLENDER. Would it not be necessary to have additional legislation?

Mr. McADOO. I do not think it would be necessary to have additional legislation. I think that under the provisions of the existing tariff laws the Commission could determine what the tariff should be, because the provision of this substitute declares the purpose of it in that respect, and the President has the power under certain conditions to increase or decrease these duties.

Mr. ELLENDER. But there is no tariff on cotton, except on long-staple cotton. Would it not be necessary, then, either to impose a tariff on the cotton that is coming in or to put an embargo on it?

Mr. McADOO. On the raw cotton?

Mr. ELLENDER. Yes, sir.

Mr. McADOO. I think the Senator is right. Of course, we should have to do that.

Mr. ELLENDER. If that be true, then the substitute as presently drawn does not provide for that, and additional legislation would be necessary.

Mr. WHITE. Mr. President——

Mr. McADOO. I desire to say, in answer to my distinguished friend from Louisiana, that that question has been considered. I have felt that the provisions of the substitute would inevitably lead to that result. I think, perhaps, some additional legislation would be necessary on the tariff side of this question; but we cannot originate a tariff bill here in the Senate, and for that reason I have avoided that difficulty in the preparation of this amendment. In that respect, however, the substitute is largely declaratory with reference to existing law; but it clearly indicates the purpose of Congress with respect to these duties, and the desire that additional legislation should be had to protect this operation if such legislation is required.

Mr. ELLENDER. On the other hand, Mr. President, suppose that under the Senator's formula the farmer should get 20 cents a pound for the cotton domestically consumed; and for all other cotton, let us say, he should get the world price, the Senator says, no matter what it is. Let us put it at 6 cents. Suppose he should sell half of his crop at 6 cents, and the other half at 20 cents. That would make an average price of only 13 cents, would it not, on all he produces?

Mr. McADOO. Yes; if it is 50-50.

Mr. ELLENDER. Now, let us take this year's crop, with 18,000,000 bales. What would his price be?

Mr. McADOO. The quota would be one-third.

Mr. ELLENDER. He would get a little over 10 cents, would he not?

Mr. McADOO. Well, he is getting less than 7½ cents now; but let me say that that is exactly the reason why I say this substitute, if enacted into law, will automatically restrain the surplus production of cotton, which is playing the devil with us and with the whole world. This arrangement, if perfected, undoubtedly will restrain the excessive production of cotton and of these other crops, in my opinion, but it will leave it to the farmer. He will be free to deal with it as he sees fit. The more cotton and the more wheat and the more corn the farmer raises, the larger the surplus he creates, the less will be the quota for the home market upon which he will certainly get the cost of production plus a profit; and that is one reason for framing the substitute in this way. In attempting to formulate this idea I have tried to do something which will not interfere with the farmer's liberty of action, and yet will protect him in the sphere in which he most needs protection.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McADOO. I yield to the Senator from Maine.

Mr. WHITE. As I understood the Senator from Louisiana [Mr. ELLENDER], he raised the question as to whether additional legislation might not be necessary in order to protect the domestic quota, and the products of the domestic quota. It occurs to me that the answer to that question is to be found on page 7 of the substitute. It provides—and I only paraphrase it—that the President and other officers are directed to cooperate in exercising their lawful powers, through the medium of foreign-trade agreements and through other appropriate measures for restriction of imports of competing agricultural commodities, their converted or processed products, and so forth, to maintain domestic prices at a certain level. Is not that a direction and is not that a means suggested for the protection of the domestic quota against foreign importations?

The thing that troubles me about it is—and this is not a trouble; I approve it—that it seems to be in direct conflict with the theory of the Congress and the theory of the administration as it has been expressed through the present reciprocal-trade treaties, for the whole purpose seems to be to expand and enlarge our imports rather than to restrict them.

For instance, I have in mind definitely the forthcoming reciprocal-trade arrangement with Great Britain. We all understand, I think, that in that reciprocal-trade agreement there is to be an onslaught upon all the textile schedules. Personally, I like very much better than that the suggestion contained in this amendment, if I understand it.

Mr. POPE. Mr. President——

Mr. McADOO. Will the Senator from Idaho permit me to answer the Senator from Maine? Then I will yield.

Of course the purpose, as you will all see, in the amendment drafted here about tariff adjustments, has been to avoid getting into any tangle with the House on the question of the origination of a revenue or tariff bill in the House under section 7, article I, of the Constitution; and this provision is one to which the House, of course, could not object. If this provision is properly carried out administratively, I think it will be sufficient. But if it is not carried out, if this should become a law and should not be carried out, then there would be every reason for Congress to enact additional legislation to make it effective with respect to those things.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. McADOO. Just a moment. With respect to trade agreements, the trade agreements are designed, as I understand, to promote and encourage exchange of commodities in goods and services between nations. But suppose the Congress, in the exercise of powers to protect 30,000,000 American citizens, should put a provision in the law that would exempt them from these trade agreements? We have the power to do it, and I think it would be all right to do it. As a matter of fact, the agricultural side of this question, which is very important to us, has heretofore been considered too often from the standpoint of our exportable surpluses. Our exportable surpluses have been the curse of the country practically ever since the World War, or a few years after it.

Mr. POPE. Mr. President——

Mr. McADOO. Just a moment. Therefore, we have to shake off some of these dogmas and look for something new and try to do something original, if we can, to protect the 30,000,000 farmers. I want something for the farmers that has teeth in it. Instead of giving them a plate of——

Mr. SMITH. Just a plate!

Mr. McADOO. No; more than that. Instead of giving them a plate of nourishing spaghetti we are giving them, under the committee bill, a plate of imitation spaghetti made up of red tape. I want to get away from that. I want the farmer to have something substantial so he may be sure of getting the desired benefits and that there may be no question about it.

Now I yield to the Senator from Idaho.

Mr. POPE. The Senator from Maine [Mr. WHITE] expressed his approval of the provisions of section 8 giving to

the President and to the Tariff Commission certain powers. With reference to any commodity on the free list, such as raw cotton, of course, the Tariff Commission or the President could now act.

Mr. McADOO. They cannot do anything about raw cotton without further legislation.

Mr. POPE. No. On page 8 of the Senator's substitute is this provision:

In the case of a commodity on the free list in the Tariff Act of 1930—

Which, of course, would include raw cotton—

it shall recommend, if required for the purposes of this section, a limitation on the total quantity permitted entry. The President shall by proclamation approve and cause to be put into effect the recommendations of the Commission if, in his judgment, they are warranted by the facts ascertained in the Commission's investigation.

Does the Senator have any doubt as to the unconstitutionality of an attempt to give the President power to impose an embargo without any standard set-up?

Mr. McADOO. He is not going to impose an embargo. He is going to impose a quota under this provision, such as all those countries are imposing upon us.

Mr. POPE. Would not the same thing apply whether we impose a quota or a complete embargo? Does the Senator have any doubt about the unconstitutionality of such a provision under the decisions of the Supreme Court?

Mr. McADOO. I do not have any doubt about the constitutionality of that provision on that score.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. WHITE. Referring to the suggestion of the Senator from Idaho, of course, if I had my way, I would not give the President these powers at all to deal with the tariff rates of the United States; but if I were going to yield my convictions, I would give him the power to limit importations rather than to enlarge them.

Mr. SHIPSTEAD. Mr. President——

Mr. McADOO. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Does the Senator think, under the provisions of his substitute, that it would be possible for succeeding legislation to give the farmer parity with industry insofar as parity is concerned?

Mr. McADOO. We are trying to do that in the pending bill, but how are we going to do it in any other way than to provide that in the home market he shall be able to get cost of production plus a profit?

Mr. SHIPSTEAD. He has never had it under any tariff before.

Mr. McADOO. We have not had any provision like this to protect him. That is the reason why I ask for the adoption of the substitute.

Mr. LEE. Mr. President, will the Senator yield to me at that point?

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Oklahoma?

Mr. McADOO. I yield.

Mr. LEE. The substitute the Senator has submitted contemplates guaranteeing the home market to the American farmer, does it not?

Mr. McADOO. I would not use the word "guarantee." I would say it reserves it for him.

Mr. LEE. At any rate, it would give him the benefit of the home market and give him some legal protection because of his inability to organize in the same way business does. The Senator uses the expression "cost of production." Contrary to what some believe, in this figure, as the Senator's substitute provides, is taken into account the services of the farmer. Is not that true?

Mr. McADOO. That is true.

Mr. LEE. Also the services of his family and his expenses and, as said today, it would be even more than parity today, would it not? It would at least tend toward bringing the farmers' income up in line somewhat with the income of the nonfarming group, would it not?

Mr. McADOO. That is exactly the purpose.

Mr. LEE. Therefore it would put him in a better position from the standpoint of being a consumer, and would give him more with which to buy and thus stimulate the stagnate business that is now falling low because his prices are falling low.

The Senator's substitute takes into consideration the foreign trade or the export trade, and the home market. It is my humble opinion that any bill that is fundamentally sound, dealing with the farm problem, is going to have to consider these and separate the two in some form or other. It is rather like a doctor trying to give medicine to a man who has two ailments, and the medicine he gives would help one but injure the other. We have to separate in our minds the two points.

Let me intrude further upon the Senator's time to remind him that a cost-of-production amendment was offered by the Senator from Nebraska [Mr. NORRIS] in 1932. I am going to read from the RECORD of that time and the roll call on that occasion and point out that 31 Senators now Members of this body voted for the cost-of-production amendment at that time.

Those Senators were as follows: Bone, Borah, Bulow, Capper, Caraway, Clark, Duffy, Frazier, Harrison, Johnson of California, La Follette, McAdoo, McCarran, McGill, McNary, Neely, Norris, Nye, Overton, Pittman, Pope, Reynolds, Russell, Shipstead, Smith, Steiwer, Thomas of Oklahoma, Townsend, Vandenberg, Van Nuys, and Wheeler. All of those Senators voted for the cost-of-production program in 1933.

Is not this substitute somewhat similar to the bill offered by Mr. John Simpson, former head of the National Farmers' Union?

Mr. McADOO. The Senator is not speaking of Jerry Simpson, is he? [Laughter.]

Mr. LEE. No; John Simpson. Have not the farmers' organizations time and time again endorsed the principles of the substitute of the Senator from California?

Mr. McADOO. I think the Senator is correct as to the attitude of the farmers' organizations. They have always wanted protection in the home market, which they have never had. I am, of course, familiar with the distinguised services rendered by the senior Senator from Nebraska [Mr. NORRIS] all these years and the fight that he has made for agriculture. He almost made me one of his 100-percent apostles on a good many of the things he proposed.

Mr. LEE. May I add that I intend to vote for the Senator's substitute?

Mr. McADOO. I thank the Senator from Oklahoma.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. ADAMS. As I understand, there is a certain amount—not a large amount—of cotton now in the hands of dealers. Would the Senator be good enough to explain how he would meet that problem? He is providing a penalty for the purchase by a dealer from a producer at less than the fixed price. What are the provisions in the substitute which would prevent the dealer who now owns cotton from going into the market and selling below the fixed price?

Mr. McADOO. I think that would be governed by the administrative features of the bill. The dealers will have to take the same medicine the farmers take.

Mr. ADAMS. Does the substitute provide it?

Mr. McADOO. I am not so clear as to whether the specifics of the substitute cover the situation mentioned, but I imagine, under the general powers of regulation given to the Secretary of Agriculture, it would be covered.

Mr. ADAMS. Unless it is covered, of course, it would break down the price plan.

Mr. McADOO. I think it is a very wise suggestion the Senator from Colorado has made. So far as I am concerned I shall be very glad to have an amendment which would strengthen the substitute in that respect.

When we are applying a general formula like this, it is utterly impossible to take into consideration every individual case or every classification that may be made. I have attempted to draw the substitute so the fundamental principles would determine the subsequent administrative acts to such

an extent that the powers of regulation I have described would take care of the needs of the industry as they might develop.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. JOHNSON of Colorado. I merely wanted to suggest, in answer to my colleague's question and his conclusion that we would break down the market, that it would not break down the market any more for the dealer than for the farmer. He could get a higher price for the domestic consumption and perhaps it would balance off to his advantage.

Mr. McADOO. Exactly. I said the dealer would have to take the same medicine the farmer would have to take.

Mr. JOHNSON of Colorado. It might be good for him.

Mr. BONE. Mr. President, will the Senator yield?

Mr. McADOO. I yield to the Senator from Washington.

Mr. BONE. A moment ago when I suggested some intelligent direction might be given to the handling of the surpluses through governmental agencies, one of my friends in the Senate suggested in a somewhat cynical vein that he is not sure the governmental agencies are always intelligent. But it does seem to me that those of us who try to be realistic in our approach to this problem certainly would have to conclude that if we set up a corporation such as is contemplated in the bill, and place in the hands of that corporate entity these surpluses so that it could handle them—and I believe it could handle them intelligently—then the Congress of the United States could better exercise its best judgment in the handling of the heretofore unmanagable surpluses that may have been handled in the past by any mechanism we have set up or that private agencies have set up. I take it that is another fundamental purpose of the substitute?

Mr. McADOO. I thank the Senator. It is an essential fundamental of the substitute. Control of surpluses is absolutely indispensable to the success of any effort to give the American farmer the home market so he can get cost of production plus a reasonable profit upon the amount that is consumed in the United States.

Mr. BONE. I do not presume to have the understanding of the cotton problem that Senators from the cotton States have, because they live with it and are compelled to face that Banquo's ghost all the time. I know that Japan is one of the great buyers of cotton, and of course the South wants to sell cotton to Japan. Japan wants to flood the markets of the world with cotton textiles. We cannot blame a country buying from us for wanting to sell textiles back to us or to the rest of the world. Since Brazil is growing cotton and India is growing cotton, and other countries are growing cotton, we are facing the thing that Spangler pointed out, that when the highly industrialized countries sent their technologists into countries more backward industrially, we have taught them how to produce by modern technical means. We face this situation and there does not seem to be any answer to it except along the lines of the substitute introduced by the Senator from California.

Mr. McADOO. I thank the Senator from Washington. I wish to say in that connection that Japan is doing a highly intelligent thing today, a more intelligent thing than we could possibly do if we were to enact this measure, because she has to go out into the world, has to come here, and buy a lot of cotton, ship it across the Pacific, fabricate it, and send it back to us, when we could, under the control I have provided in the substitute, fabricate our own cotton, employ our own labor, and go out and take a large part of the open markets of the world.

Some of the career men and some of the technical men in the Department say, "That is dumping." Why is it dumping for the United States to use all of her resources, to put all of her power back of her nationals, and go out and sell goods in the open markets of the world in competition with anybody else? It is open and fair competition. The trouble with us is that we have always been so sensitive in this country about taking care of our own people that we have leaned on the side of the foreigners too much.

I have not anything against the peoples of other nations; I want to live in peace and amity and concord, and have as much intercourse with them socially and economically as possible, but our first duty is to American citizens, and I think it is our duty to do everything we can do legitimately for their protection and support, even to the extent of affording them adequate transportation by sea. We are subsidizing our vessels, just as the British have done. It has taken us nearly a hundred years to learn that Great Britain is intelligent and right about that. She has subsidized her vessels and has had command of the sea in commerce and in war whenever it has been necessary for her to assume command, and that is the reason why she has always had a commanding position in the commerce of the world.

We are just beginning to wake up to the fact that we ought to build ships and subsidize them. I note that the Maritime Commission has just advertised for the construction of 12 ships. We are going to subsidize them, and possibly make a loss in their operation to be made up out of the Treasury of the United States; but that should not deter us if it will enable American citizens to have the advantage of transporting their goods on those ships.

We put unnecessary impediments in the way of our nationals. We should all these years have had the Philippine Islands included within our definition of coastwise trade. But we have not. We have allowed all nations to compete with our own ships and our own products, which ought to have been transported in our own bottoms. Under modern economic conditions it is not the people of the nations who are competing with the peoples of other nations; the nations are competing with each other in order to keep their surplus populations engaged, and in order to secure a reasonable degree of prosperity for their people. They use every means possible, by quotas, depreciated currency, tariffs, subsidies to steamship lines, and anything else that will enable their nationals to have an advantage over our nationals. I am in favor of affording our nationals every opportunity to get their fair share of the markets of the world. We must do that if we are to continue to rely upon foreign markets to take a large part of our products.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. PEPPER. As I understand the Senator's substitute, the cost of production plus a certain profit will be guaranteed to the producer for that proportion of his crop which is domestically consumed. The cost of production will not apply, we will say, to a 20-bale yield of a cotton farm if that is the total yield but only to that part of the yield, we will say 10 bales, which is to be consumed in the home market.

Mr. McADOO. Exactly.

Mr. PEPPER. The other 10 bales would go to the Corporation for disposition in the way the Corporation should select. If that other 10 bales were sold at a price below cost of production, would there be a possibility of loss to the producer on that proportion of his crop?

Mr. McADOO. Certainly. He may lose it all. He may get nothing for it, and he must realize that he may suffer a loss, if he raises these surpluses which cause so much trouble. By reducing his crop approximately to the demands of the domestic consumption, he can get a profit, a larger profit. If he takes the risk, that is all right; it is for him to decide, but he has no right to expect protection, in the face of the warning from the Department of Agriculture that it is estimated that only a certain number of bales of cotton or a certain number of bushels of wheat will be consumed in the domestic market, and that he has to give the surplus to such a corporation as is outlined in the substitute, to be sold for whatever he can get for it. If he desires deliberately to run the risk, that is for him to decide. But give him freedom of action and he will be intelligent enough to see, after a little, that it is better for him to plant approximately within the domestic requirements in this country, and to plant the rest of his acres to something else from which he may be able to derive a very much larger return.

Mr. BONE. Mr. President, I should like to suggest a question to the Senator from Alabama [Mr. BANKHEAD] or the Senator from Louisiana [Mr. OVERTON] or the Senator from Florida [Mr. PEPPER]. I have gathered in discussions on the floor of the Senate over the years I have been here that in many instances the entire cotton crop has been just so much distress merchandise on the market. Is not that an accurate statement?

Mr. BANKHEAD. There has been at least one time when we had 2 years' supply at one time, and that is the situation now. We have enough cotton now to supply the consumption of American cotton in the world for 2 years if we do not raise a stalk of cotton next year. Is that the information the Senator seeks?

Mr. BONE. That is literally so much distress merchandise on the market now.

Mr. BANKHEAD. We have a year's supply.

Mr. BONE. That will just break the back of the whole cotton industry of the country. I think that is why the position the Senator from California takes becomes a good deal more pertinent. I think that unless there is a more intelligent handling by some central agency of these tremendous unmanageable surpluses we will continue heading into the trouble to which the Senator from Alabama refers.

Mr. McADOO. Mr. President, I thank the Senator from Washington for his contribution to the discussion, and I will say to him that the control of these surpluses has long been recognized as being absolutely indispensable to any proper marketing of the products of the American farm when the the farmer raises an exportable surplus.

The Senator from Nebraska had the great vision to see that when he introduced a bill some 5 or 6 years ago, a cost-of-production bill. I was in favor of such legislation then, and I am in favor of it now. I confess that as a rule I object strenuously to the Government fixing the prices of commodities in the United States, but we have situations in this country which cannot be solved by any other means except by governmental intervention.

Mr. NORRIS. Mr. President, will the Senator submit to another interruption?

Mr. McADOO. I yield.

Mr. NORRIS. I wish the Senator would explain how the amount each farmer can produce is to be determined. If the Secretary of Agriculture states that 50 percent of the production must be kept off the home market, how is he to divide that up among the individual farmers?

Mr. McADOO. He is not going to do it under the substitute at all.

Mr. NORRIS. Then will we not get into this difficulty, if the law goes into effect, that some small farmer can produce only a certain amount, probably a very small amount, and some other farmer or group of farmers will branch out and produce a very large amount of cotton, and if we divide up then and say that 50 percent of the production shall be sold here and 50 percent abroad, will it not bear harder on the man who produces only the small amount than on a larger producer where an expansion has taken place?

Mr. McADOO. That might be true. At the same time, we have to consider that even the man with the six bales which he has to sell at a loss is worse off than if he could sell half of it at a profit and turn the rest over to the corporation.

Mr. NORRIS. That is true, but I fear that this might occur; it seems to me it would occur, though it might not. I should like to have the Senator think of it and explain it. Farmer A, we will say, is producing cotton and he produces approximately 10 bales a year. A large number of other farmers have been producing 10 bales of cotton, but this year, in order to get a larger proportion of the crop they sell in the American market, instead of producing 10 bales they produce 20. The Senator would have the Government cut the one class of farmers 50 percent and the other class of farmers 50 percent, and he can see that it would do an injustice in that case.

Mr. McADOO. I may say to my distinguished friend from Nebraska that, of course, we cannot prevent injustices of that character from being done, perhaps, but I believe that the farm cooperatives in every community will very soon get onto the "hogs" and restrain them from doing exactly the thing the Senator anticipates might be done, and for this reason. The normal crop of cotton in the United States is 12,000,000 bales a year. This year we have raised eighteen and a half million bales. If the normal crop of 12,000,000 bales had been raised and my substitute had been in effect, 50 percent would have been for home consumption; in other words, the percentage for home consumption will be higher as the total production of the crop diminishes, and it will be lower as there is an increase in the total production of the crop.

This is the way it would work this year. There are 18,000,000 bales, and we consume 6,000,000. Every farmer will be able to get a domestic price for 33⅓ percent of his production, and if the farmers had all been intelligent enough to plant more in line with the probable demand in this country they would have gotten a higher percentage, which they would have been able to sell in the home market at a profit. That in itself will, in my opinion, as soon as the law becomes really understood, exert a powerful influence in preventing the raising of these excessive surpluses. It will do it automatically. There are farm cooperatives in the different communities. Does not the Senator think they would begin to excoriate some neighbor if he should begin to plant more than was sufficient to supply the probable requirements of the home market?

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER (Mr. MILLER in the chair). Does the Senator from California yield to the Senator from Colorado?

Mr. McADOO. I yield.

Mr. ADAMS. The discussion has all been about cotton, as the Senator has suggested, merely as an illustration of the situation as to all the crops. I notice that in the substitute the Senator, in addition to the agricultural products covered in the bill which has been under discussion, includes hogs. I find here a provision that the surplus is to be delivered to the Farmers' Surplus Commodity Corporation. It seems to me the Senator has added a rather difficult problem when he talks of delivering hogs to the Surplus Commodity Corporation or keeping them under seal.

Mr. McADOO. In doing that I have taken the hog as the transmuted form of corn for the purposes of the substitute. I think that is a special problem which has to be dealt with in that way. I would be very glad to have some of my friends from the hog-producing and the hog-raising sections, like the distinguished Senator from Nebraska, discuss that subject more at length. I see no difficulty in dealing in this particular instance with the converted form of the corn. It would be easier to deal with corn liquor than with the hog; it would not require so much space or any cold storage. But I do not regard that as insuperable, so far as the working of the measure is concerned.

Mr. NORRIS. Mr. President, I think that is true; but we are confronted, when we have this measure before us, with some serious problems. To me the idea the Senator suggests has always been very attractive, but the Senator from Colorado has again called attention to what I think is a great weakness, if we must vote on it now, vote it up or down, without having it properly analyzed and studied. I think it could very easily be remedied, but it cannot be remedied if we adopted the Senator's substitute as it is drawn. The question ought to have been taken up by a committee. The price-fixing feature I think can be remedied, but we cannot do it here on the floor of the Senate.

Mr. President, I feel very friendly, and I always have felt very friendly, to the fundamental idea involved in the Senator's substitute. We have before us a bill which the committee has been considering for months and months and the Senate has been considering for weeks. However, in order to carry out the Senator's idea, we are called upon to vote for a substitute which I think needs some analysis and some suggestions which would bring about improvement of it. We cannot now do that, however. We are called upon

to lay aside all the work heretofore accomplished, and when we are nearly ready to cross the stream we are asked to change horses.

Mr. McADOO. We are practically ready to cross the stream, but if we are ultimately going to fall into it and drown, is it not better to stop now and perfect the bridge and take care of the American farmer?

Mr. NORRIS. It may be that we are going to fall into the stream and drown, but if we are going to take a bill and, without properly analyzing it, jump onto that "horse," we are pretty sure to drown, it seems to me, at this stage of the journey.

Mr. McADOO. Let me say in answer to the Senator that we have a bill on the floor now which has been amended, and re-created, and changed around, and converted in the last 3 or 4 weeks, and no Senator on the floor today knows what the bill means, in my judgment.

Mr. President, my substitute presents a simple idea. I think it could be improved somewhat. Unhappily I submitted it toward the close of the deliberations of the Committee on Agriculture and Forestry, and it was not taken up or considered.

Mr. NORRIS. If the Senator will permit me to interrupt him there, I will say that the Senator made, at least on me, a great impression when he presented his substitute, but that was when we were about ready to report the other bill. The Senator certainly cannot blame the committee for not considering the substitute, because he presented it at a time when it was physically impossible to consider it.

Mr. McADOO. Mr. President, in my remarks I have expressly exempted the committee from any blame for not considering the substitute, because, as I said, it was presented too late, or at the close of the committee hearings. But let me say to the Senator that I think it would be infinitely easier to amend this substitute either in conference or on the floor than it has been to amend the committee bill. I am waiting eagerly to see a fair copy of the bill with all the amendments in it. I am frank to say I do not know what the effect of the committee bill is going to be. I know in general terms; yes. But it contains nearly 100 pages. I do not know how many more pages have been added on the floor. We do not know what will come out of or be put into the bill in conference. I think it would be better—and I do not say this because I am the sponsor of the substitute—I think it would be infinitely better to send the substitute to conference along with the House bill, which covers some of the things that are in the committee bill, and see if we cannot get something between these two measures that will be good for the farmer. I am tired of having the farmers of the United States fed on promises, and I think they are tired of it. And, as I said before, I think they want something at this time that will give them relief.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. RUSSELL. As I recall, when the distinguished Senator from Nebraska offered the cost-of-production provision similar to this one in the original farm bill passed in 1933, it was offered as an amendment, and as an alternative plan which the Secretary of Agriculture could employ in the case of any crop in connection with which he wanted to employ it. He could use section 2, the original Triple A plan on corn, or the cost-of-production plan on wheat, if he saw fit.

I wonder if the Senator from California has given any thought to offering this proposal as an amendment to the bill, and as an alternative plan that may be applied by the Secretary of Agriculture. The Senator from Nebraska [Mr. NORRIS] sold me on the cost-of-production plan in 1933, and I am still sold on it. I do see, however, the weakness that the Senator from Nebraska has put his finger on—that the substitute as drafted would encourage production so as to have a larger production of the product on which the cost has been fixed. That to my mind is a very serious weakness. That is what I had in mind when I interrupted the Senator from California in the early part of his remarks.

Mr. AUSTIN. Mr. President, will the Senator yield to me?

Mr. McADOO. I yield.

Mr. AUSTIN. I do not want to make a speech. I want to ask a question of the author of the substitute. I shall have to make a short preliminary statement before I ask the question.

It seems as if this proposal deals only with commerce and does not on its face attempt to deal with production. The key word, apparently, is "dispose"—"to dispose of," or "disposal of a surplus." It provides, on page 6, beginning with line 3:

> The commodities delivered to the Corporation, other than those stored under subsection (a), shall be disposed of—

And so forth; and it tells how.

Mr. President, my question is this: Section 6 (a) requires the Corporation to store or provide for storage of the commodities delivered to it, but to provide against crop shortages or other emergencies.

What does the substitute provide with respect to the disposal of the commodities that are stored according to subsection (a)? There may be some provision in the substitute that enables the Corporation to dispose of them and not keep them there until they rot. If there is, I ask the Senator to point out that provision in the substitute.

Mr. McADOO. There is no provision in the substitute, I may say to my distinguished friend from Vermont, which requires the disposition of these surpluses within any fixed time, and it would be unfortunate if we were to put such a provision in the bill in my opinion, because everyone would be waiting for the expiration of that time to see if he could not make a killing, when the surplus had to be offered. I think it is much better to leave it open and allow the judgment of the directors of the corporation to determine when the disposition may be made. However, the substitute does provide, of course, that upon liquidation of these deposited crops the proceeds shall be distributed pro rata among the depositors.

Mr. AUSTIN. Mr. President, if that is so, I cannot find it. The only provision in the substitute with reference to disposal relates to disposal of commodities delivered to the Corporation other than under subsection (a); and I cannot believe that it is the intention of the author of the substitute just to throw that wealth away. Some outlet for that stored commodity must be provided in the substitute. Unless that is the case, the only possible thing that can happen is storage until destruction or complete exhaustion.

Mr. McADOO. I will say, if I understand the Senator correctly, that the provision in the bill for the deposit of these surpluses with the Surplus Corporation and the powers conferred upon the Corporation to dispose of those surpluses, imply that it will do it as rapidly as possible, and that it will upon completion of liquidation make distribution of the proceeds. Is it the Senator's idea that some time shall be fixed within which that liquidation should occur?

Mr. AUSTIN. No, Mr. President. The defect seems to be in the substitute, not in the idea. I have no suggestion to make about time limit or about time limitation on the authority of the Corporation. I do not want to interfere with that. Apparently this provision that is contained in the substitute is a very good one. The difficulty appears to me to be that the power to dispose that is given in the substitute is limited to that part of the surplus which is not stored under section 6 (a). That ought to be examined, for I cannot conceive of any such wasteful plan as that being written into law.

Mr. McADOO. I certainly have never interpreted the substitute to mean what the Senator thinks it means, and I shall be glad to make correction if the Senator thinks it necessary. Will the Senator kindly suggest language which would remedy the defect he considers to exist?

Mr. AUSTIN. Offhand, I cannot suggest the exact language, but I would suggest as a liquidation provision in the substitute that in the discretion of the Corporation those goods may be rotated as rapidly as the circumstances require, and new goods stored, and the old ones sold. Some such arrangement should be made about the ever-normal granary that seems to be provided in the substitute.

Mr. McADOO. They have power only to make contribution to the primary. Of course, the Corporation is organized

for specific purposes—to deal with and dispose of these surpluses. The power is ample to do that, and the time when the disposition, or the times when the disposition, of any or all of it may be made is, of course, left to the judgment and discretion of the directors of the Corporation, and I assume that they naturally will liquidate it as promptly as they possibly can.

Mr. AUSTIN. I do not complain about the place in which the discretion is deposited. Someone must exercise the discretion if the plan is launched. I complain of an utter lack of discretion.

Mr. McADOO. The Senator does not think the power is distinctly or sufficiently conferred upon the directors to do what I say they are given power to do?

Mr. AUSTIN. I think that no authority is given to liquidate the stuff that is stored against the shortages of crops. The power is given with reference to all of the remaining part of the surplus.

Mr. McADOO. If you are going to have an ever-normal granary, the amount remaining is that which stays in the granary until there is a need for its use.

Mr. AUSTIN. Yes; but then what?

Mr. McADOO. After that they still have discretion with respect to any new crops to make a similar distribution. It is a permanent Corporation.

Mr. AUSTIN. Here is the idea in my mind: Suppose we have wheat stored. Wheat is not everlasting. Even hard wheat will ferment in time, and deteriorate, and become not usable any more. You are not, as I understand it, going to keep in your storage the original surplus of wheat.

Mr. McADOO. Certainly not. Does not the Senator think that these directors, with the powers conferred upon them, would, if they saw that deterioration was about to set in with respect to any commodities in their hands or disposition, get rid of them and then replenish them?

Mr. AUSTIN. I do not think so.

Mr. McADOO. They have the power to do it.

Mr. AUSTIN. I do not think they would. If I were a director in this Corporation, I should certainly consider it my moral duty, if not a legal duty, to leave them just as the law leaves them. No director should assume any power in addition to that which is conferred upon him by law. If he were not an agent of Government, he would be haled upon the carpet and made to pay personally for his violation of the law; and a trustee or a director acting as an agency of Government certainly ought to be held to the same strictness of obligation that a businessman is.

I am not complaining about this substitute except to ask this question: If the Senator does not intend to have these goods rot, why not provide for a liquidation of them, or a rotation of them, so that what is in storage against shortages or emergencies will be of some value and usable?

Mr. McADOO. That is contemplated, of course; but I should be very happy to have the Senator suggest the addition of any words that he thinks would cure that defect. I should be glad to accept them.

Mr. AUSTIN. Before I sit down I desire to ask another question to clarify something which I have read today for the first time. Is it a correct interpretation of the substitute proposed by the Senator from California that it does not put the Government in the business of manufacturing, save as an incident to this key idea of disposal in commerce of surplus? Is that correct?

Mr. McADOO. That is correct. There is no such purpose.

Mr. AUSTIN. I thank the Senator.

Mr. McADOO. For my part, I should not even propose such a thing, because I do not believe in that.

Mr. BONE. Mr. President——

Mr. McADOO. I yield to the Senator from Washington.

Mr. BONE. I notice that the RECORD to which the Senator from Oklahoma [Mr. LEE] referred shows that on April 13, 1933, the Norris amendment, which was a cost-of-production amendment to the then pending bill, carried by a vote of 47 to 41; and it seems to me that the objections which have been voiced and the suggestions made with reference to changes in this bill by the Senator from Colorado [Mr. ADAMS], the Senator from Nebraska [Mr. NORRIS], and others might well be handled in conference. This bill will go to conference. It is not a life-and-death matter. The bill could stay in conference for a month, and Members of the Senate could rewrite the bill, and write into it some of the slight changes which have been suggested here. It certainly is no answer to them to say that we understand this bill, for the pending bill has been almost completely rewritten on the floor of the Senate.

Mr. BORAH. Mr. President——

Mr. McADOO. I yield to the Senator from Idaho.

Mr. BORAH. As I understand the measure offered as a substitute by the Senator from California, its primary purpose is to take over the surpluses and dispose of them.

Mr. McADOO. And to give the farmer the benefit of the home market.

Mr. BORAH. The home market will be taken care of if the surplus is taken care of. The question is, if the surplus is taken over and removed from the market, will not that fact of itself establish a reasonable price for the farmer, without the Government guaranteeing it? After the surplus has been removed from the market, will not the law of supply and demand establish a fair price for the farmer?

Mr. McADOO. The law of supply and demand would come nearer establishing a fair price in the domestic market. I agree with the Senator about that. Let me say, however, that it is not the purpose of my substitute for the Government to guarantee a minimum price.

Mr. BORAH. I should not have used the word "guarantee."

Mr. McADOO. It does not guarantee a minimum price at all. The Secretary of Agriculture only establishes an average minimum price for the commodity, and everyone is permitted to sell it at that price or above that price, but not below it.

The reason why, in my opinion, it is important to have a minimum price esablished, is to prevent the surfeiting of the market with crops at the time they are being harvested. I know more about the cotton market than I do about the wheat market, because I was brought up in the cotton country. Cotton is the great cash crop. That is one reason why everybody wants to plant cotton. They can always get money immediately for the crop. Now, the number of bales that are ginned within the month of August or September, for instance, represents the apex of the production, and if all the producers should want cash in that time the market would be surfeited, and there would be no demand for the product, and it would break down the price. If it were distributed over a longer period, of course, that would not happen; but at present it will inevitably happen with all crops, because they come on the market at a certain time and the producers must be protected at the time when the chief production comes upon the market. That is the reason for the amendment.

Mr. BORAH. Suppose a minimum price should be established and the product should not sell, the prospective purchasers should not buy. Suppose the processors should decline to buy at that price, then the machinery would stop, I suppose; would it not?

Mr. McADOO. If the processors should go on strike, yes, just as the machinery would stop if the workmen should go out on strike.

Mr. BORAH. I know, but it is not exactly the same as going on strike. Suppose they should say, "We cannot afford to buy at this price. We cannot afford to process at this price." It seems to me that is the difficulty in the proposition. I do not say it is an insurmountable one, but it is a difficulty which presents itself to me; and it occurred to me that if there was intended action with reference to taking the surplus off the market so that there would be nothing left on the market except a sufficient amount to meet the demand for the domestic supply, that of itself would establish a fair price for the product, and then we should be dealing with nothing except taking the surplus off

the market and disposing of it, as the Senator has so well said, in places where we could dispose of it.

Mr. McADOO. I am very glad to have the Senator's suggestions; but I desire to say, with respect to them, that the law of supply and demand is modified by transient conditions to such an extent that we cannot rely upon it entirely to give the farmer the minimum cost of production, which is one of the vital elements of this measure.

For instance, the textile manufacturer buys his cotton when and as his mill needs it. He may be in the market one day for a large amount of cotton. He may be out of the market again for some time. That is what is happening today. That is the condition we face today. Every man who has cotton has to hold it until he can sell it. He has to hold it now until the world price can be realized. So he has absolutely no protection as the situation exists today, and he can have no protection against the mutations in demand in the market. Those mutations have to be faced. Under the plan I propose, he would simply hold his cotton until a market for it arose. That is what he has to do now. The substitute simply puts him in position to get the minimum price for his stuff in the domestic market when and as people are in the market to buy it.

I agree with the Senator that the processor, the textile manufacturer, might say, "We cannot afford to pay that price. Therefore, we will not buy any cotton. We will shut down our mill for the time being"; but I do not think that will occur, because the manufacturer also is protected in the home market, and he knows that he can dispose of the fabricated cotton as the demand arises in the home market for the product. Therefore, he will from time to time buy the raw cotton at the price established.

Mr. BORAH. Mr. President, I understood the President's view with reference to farm legislation at this time to be that it was necessary to take care of the large surplus which was accumulating, and that that was especially true with reference to cotton. Let us suppose, however, that this year we had had only a sufficient supply of cotton to supply the home market. There would then have been no occasion for legislation, in the view of those who are advocating the bill.

Mr. McADOO. That is true.

Mr. BORAH. If that cotton were removed from the market, if the large surplus which we have were taken over and the domestic market were left to deal with that which the domestic market really needs, would not that in itself establish a fair price for the domestic market?

Mr. McADOO. I am not so sure that it would establish a fair price, for the reason that it is very easy for the textile manufacturers to stay out of the market long enough to make the farmer, if he were not protected by the minimum price, sell his cotton at a very much lower price. It is easy enough to form a combination of purchasers. The only way we can protect the farmers, and give them a minimum price, is to take the control of the surplus from the farmers.

Mr. AUSTIN. Mr. President, will the Senator from California permit me to ask him a question at this point?

Mr. McADOO. I yield to the Senator from Vermont.

Mr. AUSTIN. Since interrogating the Senator I have talked with the legislative draftsmen who drew the language about which I asked; and, following that, I wish to make a suggestion to the Senator from California.

On page 5, line 24, I suggest that we insert, after the word "shall", the words "currently keep", and change the word "store" to "stored"; and then on line 25, after the first word "the", insert the word "current", so that the provision will read as follows:

SEC. 6. (a) The Corporation shall currently keep stored or provide for the current storage of such of the commodities delivered to it as it deems necessary to provide protection against crop shortages or other emergencies.

Then on page 6, in line 4, after the word "those", insert the word "kept", so that subsection (b) will read as follows:

(b) The commodities delivered to the Corporation, other than those kept stored under subsection (a), shall be disposed of—

And so forth.

Mr. McADOO. I accept the amendments. I think they clarify that part of the bill very satisfactorily, and I thank the Senator from Vermont for the suggestion.

Mr. President, I fear I have already overtaxed the patience of my colleagues; but there have been a great many interruptions. I could have finished earlier if I had been permitted to do so. I am very glad to have had the interruptions, however, because they have contributed very much to my own enlightenment and I hope also to that of the Senate.

Mr. BAILEY. Mr. President——

Mr. McADOO. I yield to the Senator from North Carolina.

Mr. BAILEY. As I understand the Senator's substitute, each producer is required to deliver a certain proportion of his annual output of agricultural products to the Farmers' Surplus Corporation. Am I right about that?

Mr. McADOO. That is correct—of the commodities which are mentioned in the bill.

Mr. BAILEY. And if the producer does not do that he is liable to a fine of $1,000 or to be imprisoned for not more than a year. Is that correct?

Mr. McADOO. No.

Mr. BAILEY. That is what the substitute provides.

Mr. McADOO. That refers to selling at less than the minimum price.

Mr. BAILEY. The substitute says:

Any person who willfully violates any provision—

That is, any provision of section 4. Then the substitute further provides:

It shall be unlawful for any dealer to purchase any major agricultural commodity from any producer at a price less than the cost-of-production price—

As fixed by the Secretary. If the dealer pays less than that he may be fined $1,000 or put in the penitentiary, or both.

Mr. McADOO. I do not think he would be put in the penitentiary.

Mr. BAILEY. Those are statements of facts. I wish to ask the Senator if he can point me to any authority on earth to Congress to pass laws of that sort. We have some constitutional limitations, and our Constitution is one of enumerated powers. Therefore, we ought to be able to point to the powers which authorize our legislation. Where is the power to do that?

Mr. McADOO. Does the Senator mean to fix prices?

Mr. BAILEY. No; the power to put a man in jail for not paying what we say he should pay for something, and the power to put a farmer in jail for not delivering his products up here to Washington on demand.

Mr. McADOO. He does not have to deliver them to Washington.

Mr. BAILEY. Well, he delivers them to the Farmers' Surplus Corporation, with headquarters at Washington.

Mr. McADOO. But the Corporation has power to establish branches.

Mr. BAILEY. Oh, I agree that it will have branches.

Mr. McADOO. There is no doubt about that.

Mr. BAILEY. I do not care anything about that. I am just interested to know if that is in the Constitution. If we have that power, I know exactly how to put all the American people in a strait jacket by tomorrow night.

Mr. McADOO. I think we have the power under the decisions of the Supreme Court.

Mr. BAILEY. That is what I want to find out.

Mr. McADOO. This gets back, of course, primarily to the question of the price which is fixed.

Mr. BAILEY. I know; I got the Senator's point. He said it got back to the teeth and the hair.

Mr. McADOO. Yes.

Mr. BAILEY. When the Senator said that, I got a perfect idea of what he meant. That was in the prehistoric days, long before the barbarians. I got that. Now let us get back to what the Senator said.

Mr. McADOO. All right. I think we have more barbarians today in our present civilization than we had in the Dark Ages. I wish we could adequately control them.

Mr. BAILEY. That is a very fine theory on which to found this bill—that we are dealing with barbarians.

Mr. McADOO. I do not say that we are dealing with barbarians. I say that, in my opinion, we have as many or more barbarians in existence in the world today than we had in the Dark Ages, because in the Dark Ages I do not think there were enough people to be so barbarically treated by unfortunate or unwise economic and social organizations and laws as exists today in this Nation and in the world; but that is a mere matter of opinion.

Mr. BAILEY. The Senator did not mean to say that he was going back to the hair-and-teeth process just because there are so many barbarians. He is going on other grounds. All right; I understand that. Now let us get the constitutional authority for putting a man in jail for not delivering so many of his products to the Secretary of Agriculture, and then putting another fellow in jail for not paying the price which the Secretary of Agriculture finds. I want to get the Constitution on that.

Mr. McADOO. I should be very glad to discuss the legal aspects of the bill, if that is deemed desirable. I have some notes on that subject which I shall be very glad to place in the RECORD. I do not want to prolong the discussion unnecessarily, and for that reason I shall ask that there be inserted as a part of my remarks a memorandum from the supplemental opinion of Chief Justice Hughes in *Carter* v. *Carter Coal Co.* (298 U. S. 238), and also an extract from the dissenting opinion delivered by Associate Justice Cardozo in the same case.

Mr. BAILEY. The Senator gives us one dissenting opinion and one sustaining opinion.

Mr. McADOO. I think if the Senator will read what I have submitted he will be convinced that we are proceeding along lines which are constitutional. I have already said I am not entirely satisfied with the substitute in every respect constitutionally. I concede that. All the new steps we have had to take in government from time to time involve the question of constitutionality. The National Banking Act passed during the Civil War was hopelessly unconstitutional according to the views held by eminent men in those days. It was upheld by the Supreme Court, and necessarily upheld, in order to sustain the credit of the Nation.

Mr. President, may I have permission to have the extracts from the opinions printed in the RECORD?

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

CARTER *v.* CARTER COAL CO. (298 U. S. 238)

FROM SUPPLEMENTAL OPINION OF HUGHES, J.

But that is not the whole case. The act also provides for the regulation of the prices of bituminous coal sold in interstate commerce and prohibits unfair methods of competition in interstate commerce. Undoubtedly transactions in carrying on interstate commerce are subject to the Federal power to regulate that commerce and the control of charges and the protection of fair competition in that commerce are familiar illustrations of the exercise of the power as the Interstate Commerce Act, the Packers and Stockyards Act, and the antitrust acts abundantly show. The Court has repeatedly stated that the power to regulate interstate commerce among the several States is supreme and plenary. *Minnesota Rate Cases* (230 U. S. 352, 398). It is "complete in itself, and may be exercised to its utmost extent, and acknowledges no limitations other than are prescribed in the Constitution." *Gibbons* v. *Ogden* (9 Wheat. 1, 196). We are not at liberty to deny to the Congress, with respect to interstate commerce, a power commensurate with that enjoyed by the States in the regulation of their internal commerce. (See *Nebbia* v. *New York*, 291 U. S. 502.)

Whether the policy of fixing prices of commodities sold in interstate commerce is a sound policy is not for our consideration. The question of that policy and of its particular applications is for Congress. The exercise of the power of regulation is subject to the constitutional restriction of the due-process clause, and if in fixing rates, prices, or conditions of competition, that requirement is transgressed, the judicial power may be invoked to the end that the constitutional limitation may be maintained (*Interstate Commerce Commission* v. *Union Pacific R. Co.*, 222 U. S. 541, 547; *St. Joseph Stock Yards Co.* v. *United States*, *ante*, p. 38).

In the legislation before us Congress has set up elaborate machinery for the fixing of prices of bituminous coal sold in interstate commerce. That provision is attacked in limine. Prices have not yet been fixed. If fixed, they may not be contested. If contested, the act provides for review of the administrative ruling. If in fixing prices, due process is violated by arbitrary, capricious, or confiscatory action, judicial remedy is available. If an attempt is made to fix prices for sales in intrastate commerce, that attempt will also be subject to attack by appropriate action. In that relation it should be noted that in the Carter cases the court below found that substantially all the coal mined by the Carter Coal Co. is sold f. o. b. mines and is transported into States other than those in which it is produced for the purpose of filling orders obtained from purchasers in such States. Such transactions are in interstate commerce (*Savage* v. *Jones*, 225 U. S. 501, 520). The court below also found that "the interstate distribution and sale and the intrastate distribution and sale" of the coal are so "intimately and inextricably connected" that "the regulation of interstate transactions of distribution and sale cannot be accomplished effectively without discrimination against interstate commerce unless transactions of intrastate distribution and sale be regulated." Substantially the same situation is disclosed in the Kentucky cases. In that relation, the Government invokes the analogy of transportation rates (*Shreveport Case*, 234 U. S. 342; *Wisconsin Railroad Commission* v. *Chicago, B. & Q. R. Co.*, 257 U. S. 563). The question will be the subject of consideration when it arises in any particular application of the act.

FROM DISSENTING OPINION BY CARDOZO, J.

(1) With reference to the first objection, the obvious and sufficient answer is, so far as the act is directed to interstate transactions, that sales made in such conditions constitute interstate commerce, and do not merely "affect" it. *Dahnke-Walker Milling Co.* v. *Bondurant* (257 U. S. 282, 290); *Flanagan* v. *Federal Coal Co.* (267 U. S. 222, 225); *Lemke* v. *Farmers' Grain Co.* (258 U. S. 50, 60); *Public Utilities Commission* v. *Attleboro Steam & Electric Co.* (273 U. S. 83, 90); *Federal Trade Commission* v. *Pacific States Paper Trade Association* (273 U. S. 52, 64). To regulate the price for such transactions is to regulate commerce itself, and not alone its antecedent conditions or its ultimate consequences. The very act of sale is limited and governed. Prices in interstate transactions may not be regulated by the States. *Baldwin* v. *Seelig* (294 U. S. 511). They must, therefore, be subject to the power of the Nation unless they are to be withdrawn altogether from governmental supervision. Cf. *Head Money cases* (112 U. S. 580, 593); Story, Commentaries on the Constitution, 1082. If such a vacuum were permitted, many a public evil incidental to interstate transactions would be left without a remedy.

Within rulings the most orthodox, the prices for intrastate sales of coal have so inescapable a relation to those for interstate sales that a system of regulation for transactions of the one class is necessary to give adequate protection to the system of regulation adopted for the other.

Mr. McADOO. Mr. President, I thank my colleagues for their patient consideration, and now yield the floor.

PERSONAL EXPLANATION—WAGE AND HOUR BILL

Mr. LODGE. Mr. President, I rise to a question of personal privilege, and I particularly invite the attention of the senior Senator from Alabama [Mr. BANKHEAD].

At page 1639 of the CONGRESSIONAL RECORD of the proceedings of yesterday, I find these remarks, which I did not hear last night, made by the able Senator from Alabama:

Mr. President, I have no illusions about what is going to happen here when the so-called Black-Connery wage and hour bill comes back from the other House.

Go over there now if Senators desire to find out the atmosphere, and what they think over there is involved in that program, and if Senators have any further doubt, call the junior Senator from Massachusetts [Mr. LODGE], who said when he voted for that bill he voted to help drive out the competition of industries in the Southern States with the industries of his country.

Do we not all know that that is a paramount issue involved in the House in the wage and hour bill pending there—and that is the leading line of cleavage between the Members of the House—what effect it will have upon southern industry to the advantage of industry in other sections of the country.

Mr. President, I have high regard for the Senator from Alabama—a high personal regard, a regard which leads me to believe that he would not make that statement unless he believed it to be true. However, he has been misinformed. I have gone back to the statement which I issued to the press at the time of my vote on the wage and hour bill. It is very brief and I should like to read it. It is as follows:

STATEMENT OF SENATOR H. C. LODGE, JR., OF MASSACHUSETTS, IN REGARD TO VOTE ON WAGE AND HOUR BILL

I was opposed to the first Black bill because it would have destroyed collective bargaining and seriously endangered independent business. The present wage and hour bill lacks provisions which I believe desirable and I supported many corrective amendments. I voted for this bill because I regard it as a step in the right direction. It will, if enforced, stop once and for all the flight of industry from Massachusetts to places where labor is cheap and sweatshops prevail. One of my major campaign pledges was to do all in my power to stop this undercutting of Massachu-

setts by cheap labor in other States. I am happy at this opportunity to keep my word.

My contention is that the bill was not only advantageous to my own State but advantageous to the country at large. I am opposed to sweatshops whether they are in Massachusetts or in Alabama or in whatever State they may be. I cannot believe that a vested interest in sweatshops is a good thing for the country. The welfare of the workingman in my judgment depends on two things—a constantly increasing production and the prevention of exploitation. It is up to the Government at least to put no obstacle in the way of an increased production, and it is a clear responsibility of the Government to prevent exploitation.

In this particular instance I am following the mandate of the leader of this administration, of which the Senator from Alabama is a member, in voting for a bill the intent of which is not to pauperize labor, but to increase the wage scale of the worker no matter in what part of the Nation he may be. I should like to raise the standard of living of the workingman, and of that I am proud. We have had very high standards in my State of Massachusetts. In Massachusetts we are not richly endowed with certain natural resources. We do not have the copper mines of which the Senator from Arizona [Mr. ASHURST] spoke last night. We do not have the cotton crop, we do not have the wheat, the corn, the oats which other sections of the country have. We do not have those natural resources, but we have been able to maintain ourselves and build up the standard of living we have because of our human resources.

I do not ask any subsidy for the products of Massachusetts. All I ask for the wage earners of Massachusetts is protection that will allow them to live on a fair competitive basis—a fair competitive basis with their fellow citizens in the United States and a fair competitive basis with the citizens of foreign nations.

When I am misquoted, as I was last night, I am reminded of the particular bill under discussion today. It seems to me that it is a sectional bill. I contend that we should not enact legislation which "soaks" one section of the country for the benefit of another, which I think is what the pending bill does. I am opposing the bill not from a sectional standpoint alone but I am opposed to it because I believe it will injure the people whom it is intended to help. There is this difference between a bill like this which "soaks" one section of the country for the benefit of another section and a bill like the wage and hour bill which is planned to help the people of one section for the benefit of another section. That is the fundamental distinction. If we raise the prices of the things the man in an industrial State has to buy to eat and to wear, we hurt him; but if we raise the wages of the man in another section of the country, we help him.

I undoubtedly have made mistakes since entering this body and I shall probably make others, being human, but I say with perfect confidence and complete conviction that my motive is to see the national scene and to see it whole, and to vote as a United States Senator and as an American citizen. I regret any impression ever going out that I am actuated by other than national and American motives.

Mr. BANKHEAD. Mr. President, I wish to assure the junior Senator from Massachusetts [Mr. LODGE] in the first place that I would not under any circumstances purposely do him an injustice, because I have personal respect for the Senator and I accept any statement of facts that he makes. I did not have his statement at the time, though I must confess that I cannot see very much difference between the statement he read and the implication of the construction that I gave from memory of what the newspapers carried at the time, because he says, in speaking of the bill, that "it will, if enforced, stop once and for all the flight of industry from Massachusetts to places where labor is cheap and sweatshops prevail." The newspapers at the time, as I think, necessarily recognized and placed a construction upon that statement as justifying his vote on the ground that industries which had been moving, particularly textile industries, from Massachusetts to the South would be stopped by the enforcement of the wage and hour scale provided in the bill. I assumed that is what he had in mind. If he did not have it in mind, I am perfectly willing to accept the Senator's statement, though I submit the statement which he read justified me, in view of my knowledge of the facts about the removal of industries from Massachusetts to the South, in placing the construction I did upon his attitude. I thought I was commending the Senator to his constituents. I certainly did not intend to do him any injustice.

Mr. LODGE. Mr. President, I thank the Senator for wanting to help me with my constituents. I certainly like to be helped in that direction. However, my constituents do not want to benefit by hurting another section. The Senator has just seen my statement and contends it justified his construction. I have never referred by name to the South or the West or any other section. To my mind there is an enormous difference between helping one's own section by helping the rest of the country and helping one's own section by hurting the rest of the country.

Mr. BILBO obtained the floor.

Mr. REYNOLDS. Mr. President, the Senator from Mississippi had this time allotted to him but he has very graciously stated that I may take the floor at this moment and he will endeavor to secure recognition later.

Mr. BILBO. I yield the floor in order that the Senator from North Carolina may ask for recognition. I shall ask for recognition later.

Mr. REYNOLDS. I thank the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

THIRTY-FOURTH ANNIVERSARY OF AIRPLANE FLIGHT AT KITTY HAWK, N. C.

Mr. REYNOLDS. Mr. President, I rise at this time to make mention of the fact that today is the thirty-fourth anniversary of the first successful flight of an airplane made anywhere in the world transporting a man.

Thirty-four years ago today a spanking breeze whipped across the sand dunes of Kitty Hawk, N. C., and lifted from the top of one of these huge piles of sand a crude plane built by the Wright brothers. It marked the first time that man had conquered the air. Thus it may be truly said that today is the thirty-fourth birthday of aviation.

Yet, on this day of days in the history of air transportation, we find the pioneer of our great air fleets resting in the New Science Museum in South Kensington, London. It was sent there by Orville Wright nearly 10 years ago following a series of incidents centering around credit given to the Langley plane. The Langley plane undoubtedly had some part in aviation history, but there is no doubt that the plane that ascended from the sands of Kitty Hawk in 1903 was the first carrying a man. In fact, about 25 years ago the first Langley aviation medal was awarded to the Wright brothers.

Whatever may be the circumstances that caused Mr. Orville Wright to send his treasured plane for display on British soil, they do not matter now. The only thing that matters is that the Wright plane properly belongs in the United States. The plane should be in a museum at Kitty Hawk, because it was here that it made aviation history.

It is my hope that the Congress will on this day take such steps as can be taken to urge Mr. Wright to return his plane to the United States. I feel confident that time has erased the incidents that led to the sending of the plane abroad. Thus I believe that with proper overtures, Mr. Wright will listen to the voice of his countrymen, if that voice is raised in an earnest appeal that he bring back to this country his famous plane.

To accomplish that purpose I introduce and send to the desk a joint resolution which I desire to have the clerk read.

The PRESIDING OFFICER. The clerk will read as requested.

The joint resolution (S. J. Res. 237) to provide for the safekeeping and exhibition of the airplane used by the Wright brothers in making the first successful airplane flight in history, was read the first time by its title, the

second time at length, and referred to the Committee on Military Affairs, as follows:

Resolved, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $50,000, to be used for the purpose of providing for the permanent safekeeping and display at a suitable place at Kitty Hawk, N. C., of the airplane used by the Wright brothers in making the first successful airplane flight in history, at Kitty Hawk on December 17, 1903. The money appropriated for the purposes of this resolution shall be expended under the direction of the Secretary of War, in such manner as he deems necessary or appropriate for carrying out such purposes, including all expenditures incidental to the procurement of said airplane and the construction of a suitable building.

Mr. REYNOLDS. Mr. President, Wilbur and Orville Wright in 1900 decided to select some place to carry on some experiments in aviation during the summer and fall of that year. They wrote the Weather Bureau asking where the winds were dependable in the United States. The Weather Bureau told them that at Kitty Hawk, N. C., the winds were steadier and stronger than anywhere else in the United States. The Wrights then wrote the postmaster at Kitty Hawk asking for a description of the beach there. This letter fell into the hands of Capt. W. J. Tate, who gave them a vivid description of Kitty Hawk, and also a description of Kill Devil Hill.

This letter induced the Wrights to come to Kitty Hawk in September 1900 and begin their aerial experiments, which they continued each year until December 17, 1903, at which time Orville Wright made the world's first flight in a machine heavier than air propelled by harnessed power, carrying a man.

Orville Wright is the father of aviation as we see it today. He is respected, honored, and recognized in the court of public opinion of the whole world as the man who taught the world to fly.

Today is the thirty-fourth anniversary of that first flight. All over this Nation aeronautical interests are honoring the Wright brothers.

It might be well for me to state that in the background is a North Carolina man, Capt. W. J. Tate, of Kitty Hawk, who was and has always been closely connected with aviation. It was he who was responsible for the Wrights' selecting Kitty Hawk, he who took them into his home; and he and his good wife administered to them that hospitality known to be the brand par excellence in the coastland of North Carolina. I might add, Mr. President, that at this hour many of the great ships constituting the fleets of the American Navy are honoring those men who made the first flight at Kitty Hawk.

These North Carolina folks provided meals and rooms for these men of genius—learned to love and respect them before they became famous. Captain Tate was not only the first North Carolina aviation booster; he was the first citizen of his community to take a flight and was the first man to make an inspection of aids to navigation by air. But he is a life member of the N. A. A. and has been and still is active and loyal to the development of aviation, and most certainly believes "America should always be first in the air" among the nations of the world.

Captain Tate is here in this city of Washington, and tonight will be the guest of honor at the banquet of the Aero Club of Washington. He is a close personal friend of Dr. Orville Wright and is one of the few people to whom the Wrights give credit for help and assistance in the days when they were going through the struggles of experimentation on our North Carolina coast.

It is indeed interesting to note the phenomenal strides and progress aviation has made within the period of 34 years. It is appalling to the mind of man to realize that within that brief period we have succeeded in shrinking, in making smaller, the sphere upon which we live.

I recall that not so very long ago I was seated in my office in the Senate Office Building conversing with my friend and our hero of the World War, that great aviator, Capt. Eddie Rickenbacker, at which time he said, "Bob, I should not be surprised if within 25 years there will be spanning the Atlantic and the turbulent waters of the Pacific airships carrying as many passengers as are transported on the great ships which are plying the oceans today." I could not believe my ears when he made that statement. But now I am willing to acknowledge that his prophecy has actually already come true.

I recall that 2 months ago I was a visitor in the city of Seattle, in the great State of Washington, so ably represented in this august body, and while there it was my fortune to be provided with an opportunity of inspecting and looking over some of the great bombing planes which are being built there for the United States Army. I was interested, because I happen to be a member of the Committee on Military Affairs of the Senate, the able chairman of which is the beloved and very popular Hon. MORRIS SHEPPARD, of the Lone Star State of Texas, who honors me now with his presence—or, rather, I should say, who honors the Wright brothers here today with his presence.

At that time, after I had finished the inspection of the bombers, I was invited to take a flight to make an observation of the largest plane that had ever been constructed in the world. That plane, when completed, will carry 71 passengers. It will have a personnel of 18 men. The ship they are now building for the Pan-American Air Lines, to be used in the service from New York to London, is as large as the ship that was used by Columbus in October of 1492 when he made the trip from the Old World to the shores of America in 71 days. What a great difference has taken place within the last 34 years, as we look back from this, the thirty-fourth anniversary of the very fortunate and successful first flight made in an airplane by the Wright brothers, of whom I speak. It required Columbus and his crew 71 days to ply the Atlantic coming to America in 1492; but with the completion of this great ship at Seattle, which flies the air like the birds of the sky, they will be able to carry passengers from the continent of the Western Hemisphere to the British Isles in a little over 12 hours.

Mr. President, I am happy to learn that within the last few years we in the United States have successfully constructed 2,361 airports. I believe there are 3,200 counties in the United States. Therefore, two counties out of every three in the United States are possessed of airports.

The total amount of money invested in airports in the United States is approximately $342,000,000, and of this amount the Government, through the public-works program, has expended more than $70,000,000. I have no notion as to the amount of aid which States and counties have contributed to the construction of airports, but I know that it runs into millions of dollars, and that has been money well expended.

While speaking of this subject, which is of such vital interest not only to the Army and Navy of the United States from the standpoint of self-protection, but also to public-spirited citizens who are desirous of increasing our trade in foreign lands, I should like to furnish further information, information derived from our Assistant Postmaster General, Mr. Harllee Branch, whom I consider one of the best-informed men anywhere in the world today regarding these matters.

Notwithstanding the airport and other problems with which they have been confronted, and which we appreciate here in the District of Columbia, the Government has built up a remarkable and marvelously efficient and effective air transport system in the United States.

Rarely a month passes that we do not have representatives of foreign governments coming to the United States to look over our air lines and to study our operations.

In our domestic air-mail system, which embraces practically all of the commercially operated transport air lines, we have 32,000 route-miles, over which planes fly more than 50,000,000 miles a year. There is not a minute of the day or night when transport planes are not winging their way over some of these routes. More than 200 cities are served by regular schedules over air lines, and cities and towns within a radius of 100 miles of airport terminals enjoy practically all the benefits of the air mail and air express services and most of the benefits of air passenger service, because these cities and towns are

connected with the airport cities by train, bus, and automobile services which move mail, express, and passengers to them in time to catch the planes. Every route in our air-mail system is now being operated with multimotored planes.

During the past 5 years air-mail volume and revenues from air-mail postage have practically doubled, while there has been a very considerable reduction in the cost for transporting air mail.

During the fiscal year 1932 the Post Office Department paid $19,938,000 to the domestic air-mail contractors for the transportation of 8,845,000 pounds of air mail, the postage revenues from which amounted to about $6,000,000.

For the fiscal year 1937 the Department paid the domestic air-mail contractors approximately $12,900,000 for the transportation of 19,000,000 pounds of air mail, from which the postage revenues amounted to more than $12,000,000.

Included in the 19,000,000 pounds of air mail transported during the last fiscal year over our domestic air lines were more than 150,000,000 letters which were posted by more than 15,000,000 firms and individuals. A large percentage of it was important business mail, and much of it of an emergency character.

Air mail is used by lawyers to expedite important legal papers; by farmers and fruit growers to market perishable vegetable and fruit products; by doctors for the speedy transportation of serums and medicines to save human lives; by manufacturers in speeding products required in emergencies; by industrial, financial, and commercial firms for vitally important correspondence; and by the people generally for their communications which may be affected by the time element.

Growth of our foreign air-mail system has kept pace with the domestic system. Five years ago it embraced 19,000 route miles, while today it includes 30,000 route miles.

Five years ago the cost of the foreign air-mail service was approximately $7,000,000 a year, and, although 11,000 route miles have been added, the annual cost today is less than $8,000,000.

Five years ago our foreign air-mail revenues were approximately $2,000,000 a year, while today they approximate about $4,000,000 a year.

This foreign air-mail service extends from the United States to all the Latin-American countries, to Puerto Rico, to the Virgin Islands, to the principal islands of the Windward and Leeward groups, to Canada, and across the Pacific Ocean to Hawaii, the Philippines, and the Orient. We have air-mail service between the islands of the Hawaiian group and in Alaska.

As I stated a little while ago in referring to the great airplane I saw in Seattle which is soon to be put into service by the Pan-American Airways, carrying passengers between the United States and England, we expect soon to have service to Bermuda and across the Atlantic Ocean to Europe; and within the next 2 years we hope to have a line operating from some point in the northwestern section of the United States into Alaska, connecting with the service now being operated in the Territory.

Mr. President, in conclusion I desire to state that this line, which has been extended to foreign countries, now reaches the 22 republics that lie to the south of us, within the confines of which 22 republics—adding the residents of the Republics of the West Indies and the islands belonging to Great Britain and France—we find more than 130,000,000 people. The advent of airplanes, the air lines, into South American countries by way of the Pan-American system, I declare to the Senate, has done more to create a friendly feeling between the 130,000,000 people of the United States of America and the 130,000,000 people residing to the south of us than any one single factor that can possibly be called to our attention at this time. The creation of air lines has been a boon and of great benefit to the manufacturers and distributors of the United States of America.

Mr. President, I wish to cite my own experience as an illustration of what I wish to present. Last year I flew more than 22,000 miles in the South American countries. There I talked with many traveling men—men who had been traveling over that territory for years upon years. One traveling man whom I met in Brazil when I was there studying the cotton production and textile industries, which are of such vital interest to the people of my State, told me that for 20 years he had been traveling in the South American countries, and that in the olden days, when he had occasion to travel there, he used the old pine-burning steamships which went in those waters, and sometimes it had taken him as much as from 6 to 9 months to traverse all the countries of Central and South America in which he was obliged to travel.

He said, "I now make use of the airplanes, the birds of the air, over southern skies to visit my innumerable customers, and now I can visit all the countries I have occasion to visit within 30 days, whereas formerly it took me from 6 months to 9 months to do so." And, said he, being able to visit these countries more expeditiously, he was thereby provided the opportunity to call more frequently upon his customers, and he said that his business had increased materially.

Then, Mr. President, with respect to those concerns who do business in the Latin American countries, but whose representatives do not travel through those countries—the airplanes are of great benefit to them, Mr. President, in the matter of quick delivery of their mail. The airplane service is of great benefit to the manufacturers of this country in carrying their mail. Mail matter can be picked up in Chicago, Boston, Philadelphia, or in any part of the United States and within the week at the most it will be delivered to any point in South America, whether it be upon the great pampas or to a town nestled in the towering Andes between Chile and the Argentine.

It has been my great pleasure and honor to have arisen this day and speak of the history of the modern airplane encompassed within half a lifetime, since the first flight was made by the Wright brothers 34 years ago, December 17, 1903.

In conclusion, Mr. President, I ask unanimous consent that there be printed as part of my remarks an article which I took from the pages of the Washington Daily Post of Sunday, December 12, 1937, a description of the first flight of the Wright brothers that I have mentioned here today.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post of December 12, 1937]

HALF A LIFETIME ENCOMPASSES ENTIRE HISTORY OF THE MODERN AIRPLANE SINCE FIRST FLIGHT

(Nosing a frail kitelike craft into the wind at Kitty Hawk, N. C., Orville Wright made a dream of the centuries come true—he made the first successful journey into the air. His daring, however, was the beginning rather than the end of man's adventures to conquer the air.)

UNITED STATES AIRMEN WILL HONOR THE WRIGHTS—SQUADRONS TO FLY FRIDAY TO KILL DEVIL HILL, N. C.—PILGRAMAGE WILL TAKE PILOTS TO SITE OF FIRST FLIGHT

(By Barry Sullivan)

Within the space of half a lifetime is encompassed the entire history of the modern airplane. Thirty-four years ago, on a cold, wind-swept beach at Kill Devil Hill, on the North Carolina coast, the brothers, Wilbur and Orville Wright, first raised their "flying machine" in the air.

Commemorating the historic event, every available Army plane will go aloft next Friday morning, December 17, and naval air squadrons from Norfolk, Va., will fly to Kill Devil Hill.

A 60-foot granite shaft now marks the site of the first successful operation of an airplane. Crude as it was, the Wright plane demonstrated that man's classic dream of flight was at last coming true.

MADE TESTS WITH KITES

Powered by a four-cylinder motor, the plane flown by Orville Wright on December 17, 1903, was the result of years of experimentation and scientific research.

During the preceding years the brothers had studied aeronautical principles by means of kites and gliders they constructed and flew themselves.

In 1900 they began their first experiments at Kitty Hawk, where winds of 20 miles an hour are customary.

Their theory was that they could construct a man-carrying kite which would prove invaluable in experimental work. The first one built proved to have insufficient area to lift a man, but the Wrights made a few short glides and were encouraged by the results of their preliminary experiments.

The following year they returned to Kitty Hawk to continue their researches. The kite of 1901 had 308 square feet, compared with the 165 square feet of that used the previous year, but even with the increased area it would not lift a man in a 20-mile wind. Therefore, kites were abandoned and the Wright brothers turned to gliding.

STUDIED WIND TUNNEL

They soon found that all available data on aeronautical principles was of little use, and to make scientific studies they constructed a wind tunnel at their shop, near Dayton, Ohio, with an electric fan to drive the wind through it. Similar wind tunnels, much larger in size, are in use in every aeronautical laboratory today.

By use of their new equipment the Wrights collected much valuable material and corrected many scientific errors.

After much study the brothers decided to try the machine they had constructed.

Wilbur Wright first tried to fly the crude plane. After starting off rapidly it stalled and then settled to the ground, breaking one of the landing skids with which the craft was equipped, and damaging other parts. This attempt was not deemed successful by the brothers because the flying machine landed 105 feet below the level of its starting point.

The next effort was made by Orville Wright on December 17, 1903, and this flight proved to be the first successful journey of an airplane.

In an article written many years after the flight, Orville Wright said:

"After running the motor a few minutes to heat it up, I released the wire that held the machine to the track, and the machine started forward in the wind. Wilbur ran at the side of the machine, holding the wing to balance it on the track. Unlike the start on the 14th, made in a calm, the machine, facing a 27-mile wind, started very slowly. Wilbur was able to stay with it till it lifted from the track after a 40-foot run. * * * He stayed along beside the machine without any effort.

FLIGHT LASTED 12 SECONDS

"The course of the flight up and down was exceedingly erratic, partly due to the irregularity of the air and partly to lack of experience in handling the machine. The control of the front rudder was difficult on account of its being balanced too near the center. This gave it a tendency to turn itself when started; so that it turned too far on one side and then too far on the other. As a result, the machine would rise suddenly to about 10 feet, and then as suddenly dart for the ground. A sudden dart when a little over 100 feet from the point at which it rose into the air ended the flight.

"This flight lasted only 12 seconds, but it was, nevertheless, the first in the history of the world in which a machine carrying a man had raised itself by its own power into the air in full flight, had sailed forward without reduction of speed, and had finally landed at a point as high as that from which it started."

On the foundation of this short flight has been built the industry which, in so short a time, has become one of the major methods of transportation of the entire world.

Five years after the flight near Kitty Hawk, the United States Army Signal Corps asked for bids on the world's first military airplane.

The aircraft, which was to be capable of carrying two men, was to have a speed of 40 miles per hour. The specifications also required that it be able to fly 125 miles, stay aloft for an hour, and land without being damaged.

Even "experts" familiar with the development of aeronautics at that time doubted that these requirements could be met.

A contract, however, was finally awarded to the Wright brothers, calling for the construction of the plane at the price of $25,000.

DELIVERED THE NEXT YEAR

The following year, after test flights at Fort Myer, Va., the Wrights delivered the first military airplane to the Government.

In 1910, almost every nation took the first steps in the development of military air forces. The United States used its aircraft with considerable effect in the Vera Cruz incident of 1914. Two years later, two complete squadrons were in service along the Mexican border.

During the World War heavier-than-air development received great impetus. The airplane proved its value for observation early in the war, although the craft used in the beginning were poorly equipped.

As war progressed improvements were rapidly made. Machine guns, bombs, radio, permanent airdromes, and improved planes came into service.

From airplanes enemy positions were photographed and aircraft were also used to correct artillery fire, report troop and train movements, attack ground troops, and drop supplies to isolated forces.

The British developed the first aircraft carriers which launched planes offshore to carry out raids against points held by Germany in Belgium. Naval planes also performed signal service by spotting mine fields, escorted transports, and conducted defense against submarines.

Since the war many notable flights have been made, furnishing added incentive to the development of the science of aeronautics and the aviation industry.

Many of these have been made by United States flyers. The first trans-Atlantic flight, that of the Navy *NC-4*, in 1919, was followed in 1924 by the three Army planes which flew around the world. Then, in 1927, Col. Charles A. Lindbergh made his epochal flight from New York to Paris.

In more recent years emphasis has been placed on the development of safer and sturdier planes. The air-cooled radial engine, because of its saving in weight and its freedom from radiator troubles, steadily gained in favor; its design and efficiency have been constantly improved.

Improved methods of welding permitted the welded steel fuselage to come into general use. Further savings have been made in airplane and engine weight by improved materials and design, while knowledge of the principles of aeronautics has constantly expanded.

The demands of continued use of the airplane and widespread flying experience have developed improved instruments and equipment. Parachutes came into general use about 1924, and the sport of gliding, developed in Germany, has slowly spread to other countries.

Mr. REYNOLDS. I desire to thank very much my most courteous friend from Mississippi [Mr. BILBO] for permitting me to take this time to make the statement I have made.

Mr. REYNOLDS subsequently said: Mr. President, today when I addressed the Senate in reference to the resolution I offered, quite a number of Senators who are now present were not in the Chamber. I shall not press for action on the resolution today, because I desire to aid our leader and others interested in the passage of the farm bill. I give notice, however, that on Monday when we reconvene I shall press for the adoption of the resolution I have offered today, and I request Senators who were not present when I spoke to read the RECORD and familiarize themselves with what I shall press on Monday, so that they will be prepared to vote for the resolution at that time.

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. BILBO. Mr. President, I am glad to have been able to extend that courtesy to the Senator from North Carolina.

I send to the desk an amendment which I offer to the pending bill and ask that it be stated.

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Does the Senator desire that his amendment be read?

Mr. BILBO. Yes. I ask that it be read.

The PRESIDING OFFICER. The amendment will be read.

The CHIEF CLERK. On page 82, between lines 21 and 22, it is proposed to insert the following new section:

SEC. 65. (a) The Secretary is hereby authorized and directed to establish, equip, and maintain four regional research laboratories for the development of industrial uses for agricultural products, to conduct at such laboratories researches into and development of new scientific, chemical, and technical uses and new and extended market and outlets for farm commodities and products thereof. One each of the four foregoing regional research laboratories shall be established within one of the States in each of the following groups of States: The first group shall be composed of the States of Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia; the laboratory to be established within this group shall be known as the Northeast Regional Farm Products Utilization Laboratory. The second group shall be composed of the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; the laboratory to be established within this group shall be known as the Mid-West Regional Farm Products Utilization Laboratory. The third group shall be composed of the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming; the laboratory to be established in this group shall be known as the Western Regional Farm Products Utilization Laboratory. The fourth group shall be composed of the States of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia; the laboratory to be established in this group shall be known as the Southern Regional Farm Products Utilization Laboratory.

(b) Each such laboratory shall be established only upon the condition that the State in which it is to be located shall provide suitable lands without expense to the United States and shall provide the sum of $250,000 to defray the expenses of the construction of suitable buildings. The Secretary shall immediately, or not later than 10 days after the enactment of this act, transmit to the Governor of each of said States in each of the four groups of States enumerated in subsection (a) of this section information with respect to the lands necessary to provide a suitable site for such laboratory. If thereafter any of said States in any one or more of the said four groups shall on or before March 1, 1938, submit to the Secretary of Agriculture an offer to provide the lands and

money required by this subsection (b), with such guaranties for the performance thereof as may be satisfactory to the Secretary, he shall accept from among the offers submitted from each such group of States the offer of the State deemed by him to be most desirable for the location of such laboratory. Upon the acceptance of the offer of any State of any such group the Secretary of Agriculture shall as soon thereafter as practicable accept in the name of the United States title to the land offered by such State, and the money offered by such State shall be covered into the United States Treasury as a public fund to be used for the purposes of this section. A separate account shall be kept for each group.

(c) The Secretary of Agriculture is authorized and directed to construct on any lands acquired under this act for the purpose of establishing such laboratories suitable buildings and appurtenances thereto at a cost not in excess of $250,000. The Secretary is further authorized for the purposes of this act to acquire such equipment, apparatus, and supplies as he deems necessary, and to cooperate with other branches of the Department of Agriculture, other departments or agencies of the Federal Government, States, State agricultural experiment stations, universities, and other State agencies and institutions, counties, municipalities, business or other organizations, corporations, associations, scientific societies, and individuals upon such terms and conditions as he may prescribe.

(d) Any money received from a State from any one of the four groups listed in subsection (a) of this section and under this act is hereby made available solely for the construction of the buildings and appurtenances for such laboratories for such State or group of States contributing; and in addition thereto of the sums made available in pursuance of section 64, there is hereby authorized to be utilized by the Secretary a sum not to exceed $2,000,000 for the fiscal year beginning July 1, 1938, and ending June 30, 1939. One-fourth of this amount shall be specially and definitely allocated to each of the four regional research laboratories herein authorized, one-half of each amount allocated to each laboratory to be used for furnishings and equipment of such laboratory and the other half, or so much thereof as necessary, to be used for the operation, maintenance, and administrative expenses of such laboratory for the fiscal year ending June 30, 1939. And a sum not to exceed $1,000,000 for operation, maintenance, and administrative expenses, is hereby authorized to be appropriated for each succeeding fiscal year beginning July 1, 1939, to carry out the purposes of this act, $250,000 of said $1,000,000 being specially allocated to and to be used only for each of the four regional research laboratories herein authorized. Ten percent of the appropriations may be expended for administrative purposes in the District of Columbia.

(e) The Secretary of Agriculture is further authorized to establish from time to time, as funds are provided other than the funds available under this act, additional units on the land acquired under this act for expanding the facilities in any one or all of the four regional research laboratories herein authorized, for research in any or all farm products and byproducts grown within any of the States comprising the group wherein such laboratory is established, where any such products or byproducts offer promising possibilities for new and wider industrial outlets for such agricultural products.

(f) It shall be the duty of the Secretary to use available funds to stimulate and widen the use of all farm commodities in the United States and to increase in every practical way the flow of such commodities and the products thereof into the markets of the world.

(g) If and when funds are provided and terms are complied with for the establishment of the Southern Regional Farm Products Utilization Laboratory, the Secretary is hereby directed, first, to conduct at such laboratory research, experiments, investigations, tests, and demonstrations with respect to the chemical physical, and physiological properties and utilization and preservation of cotton and its byproducts, including cottonseed, cottonseed meal, cottonseed oil, cotton hulls, moats, cotton lint and linters, and cotton stalks, and the collection, harvesting, preservation, and industrial utilization of whole cotton as a raw material for the manufacture of cellulose, cellulosic materials, and lignin and lignin derivatives, etc., with a particular view to development of wider uses of cotton by industry, and to make public the results of such research, experiments, investigations, tests, and demonstrations, not only in this laboratory but in all four of the laboratories herein authorized, it being the purpose of Congress to make research, experiments, and investigations for new uses and new markets for cotton and cotton products in the first unit of the southern laboratory herein authorized.

Mr. BILBO. Mr. President, by the provision of the rule that we are operating under in the consideration of the farm bill, I understand that each Senator has 15 minutes to speak on each amendment and 30 minutes on the bill, or 45 minutes in all. I desire to state in the beginning that while the purpose of my taking the floor is to present the amendment, I shall use the 15 minutes I have on the amendment and then proceed to use time on the bill, and I do not wish to be disturbed until I shall have concluded.

Mr. President and Members of the Senate, we have had presented to the Senate the committee bill and two or three substitutes. I wish to state at the outset that I am opposed to all the bills that have been presented to the Senate, notwithstanding the fact that I am a member of the Committee on Agriculture and Forestry. I think I am safe in saying that out of 96 Senators and 435 Members of the House there is not a man or woman in the entire Congress who is satisfied with all the provisions of the bill which the Congress is trying to enact.

However, I am going to vote for the committee bill. Naturally, it is and will be an attempt to compromise or to harmonize all the conflicting views and convictions held by each and every Member of Congress. Neither will this bill, if enacted into law, be satisfactory to all groups of the American people engaged in the business of farming for their livelihood. There is no such thing as passing a farm bill that will be satisfactory to all Members of Congress or to all American farmers. That is an impossible thing to do.

Under such conditions there is only one thing for us to do, and that is to give and take—to compromise, harmonize, or synchronize all the conflicting views and enact such a measure as will bring the greatest relief to the greatest number of people involved in this great American industry.

As I stated, I am going to vote for the committee bill, and there are three reasons why I shall do so. My first reason is found in Senate Joint Resolution 207, passed at the last session of Congress, in which the Congress solemnly pledged that upon the reconvening of Congress they would pass a farm-control bill. The joint resolution went so far as to set out the principles upon which the bill should be written. In order that it may be brought to the attention of those who read the RECORD, I ask to have included in the RECORD at this point in my remarks the part of the joint resolution which enumerates the principles upon which the bill should be enacted.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Whereas it is the sense of Congress that the permanent farm legislation should be based upon the following fundamental principles:

(1) That farmers are entitled to their fair share of the national income.

(2) That consumers should be afforded protection against the consequences of drought, floods, and pestilence causing abnormally high prices by storage of reserve supplies of big crop years for use in time of crop failure.

(3) That if consumers are given the protection of such an ever-normal granary plan, farmers should be safeguarded against undue price declines by a system of loans supplementing their national soil-conservation program; and

(4) That control of agricultural surpluses above the ever-normal granary supply is necessary to safeguard the Nation's investment in loans and to protect farmers against a price collapse due to bumper yields resulting in production beyond all domestic and foreign need.

(5) That the present Soil Conservation Act should be continued, its operations simplified, and provision made for reduced payments to large operators on a graduated scale to promote the interest of individual farming.

(6) That, linked with control of agricultural surpluses, there should be research into new uses for agricultural commodities and the products thereof and search for new uses, new outlets, and new markets at home and abroad.

(7) That provision should be made for applications to the Interstate Commerce Commission for correction of discriminations now existing against agricultural products in the freight-rate schedules.

Now, therefore, be it

Resolved, etc., That abundant production of farm products should be a blessing and not a curse; that therefore legislation carrying out the foregoing principles will be first to engage the attention of the Congress upon its reconvening, and that it is the sense of the Congress that a permanent farm program based upon these principles should be enacted as soon as possible after Congress reconvenes.

Mr. BILBO. I may state that in the principles enunciated the amendment I am offering is keeping faith with the pledge of the Congress to the country.

Section 6 of the joint resolution says:

That, linked with control of agricultural surpluses, there should be research into new uses for agricultural commodities and the products thereof, and search for new uses, new outlets, and new markets at home and abroad.

In keeping with the spirit of that principle, as announced, upon which this bill should be written and enacted, I am offering this amendment at this time.

My second reason for supporting the committee bill is the fact that it is a matter of keeping good faith with the administration. A group of Senators approached the President during the last days of the last session of Congress and asked for a loan on cotton, and the President agreed to give us a loan provided we would pass a farm bill embodying the principles enunciated in Senate Joint Resolution 207; and after this agreement with the President I should be unfaithful if I did not support a bill that is predicated upon those principles. That loan involves also a benefit of 3 cents a pound for the cotton farmers of the South, equivalent to $15 a bale.

The third reason why I am going to vote for the committee bill is because I see a faint ray of hope to my constituents, the people of my section, in the control feature of the cotton title of the bill.

Of course, I appreciate the fact that it will be 2 or 3 years before we can entertain any hope of receiving even the cost of production for our cotton, even under this bill, in the face of the fact that we have this surplus of twelve or thirteen million bales now hanging over us; and I do not want to hold out to my constituents, the people whom I represent in the Senate, the hope that by cutting down their production for the next 2 or 3 years there will be any hope for them to receive even the cost of production of the crop, because I am afraid they will not do it, for the control that we are putting in this bill cannot materialize in results of good to our farmers under 2 or 3 years. When the Senate last night refused to let the Commodity Credit Corporation go on the open market and buy 6,000,000 bales of cotton and store it away, remove it from the market, so that no speculator, no textile mill, no exporter could have any hope of getting hold of that cotton, the Senate blighted the hope of the cotton farmer to receive the cost of production for his crop for the next 2 or 3 years; and I entertain the hope that as the Senators study more and more just what that meant to the Cotton Belt they will reconsider their action before we adjourn and give the Commodity Credit Corporation authority to come to the relief of my people.

As I stated in the beginning, I do not agree with the general philosophy of this bill, because it is an attempt to increase prices for the producer by control or by reduction of production. Today the population of the United States is practically 130,000,000 people. The President of the United States has said on many occasions, and truthfully said, that one-third of this 130,000,000, or over 43,000,000, are ill-nourished, ill-clothed, and ill-housed. At least it is safe to say that tens of millions of these people are suffering because of an improperly balanced and inadequate diet and because they are improperly clothed and improperly sheltered.

Yes; it is a cruel and heartless thing for a great Government to enact legislation that will prevent the production of food and clothing in the face of such great distress and want on the part of one-third of its citizens.

The Department of Agriculture said in 1933:

> If America as a whole could afford a plan IV diet (a very good diet from a nutritional point of view for average men and women), figuring the population at 125,000,000, we would not have enough land under cultivation, or used for food production, to feed them all. There would be acute underproduction instead of ruinous overproduction; instead of paying farmers to withdraw land from use, we would have to urge them to put more land in use, or else find means to produce more intensively on our present acreage. For if all of us could afford this diet, we should consume the products from 335,108,000 acres of land; whereas the amount of land we actually had in food crops in 1933 was 294,219,000 acres, which was more than we needed, partly because it included surplus wheat. Plan IV would require an increase of 41,000,000 acres, or 13.2 percent even over this acreage.

In other words, speaking today, if we should bring relief to these forty or forty-five million ill-nourished, ill-clothed, and ill-sheltered citizens of this Republic, it would be necessary for us now to be passing laws to encourage the farmers of the Republic to plant forty or fifty million acres more in order to take care of our needy citizens.

The real trouble in this country is the lack of purchasing power of forty or fifty millions of our citizens. If they had the money, they would yearly consume all the food produced in this country and would wear every pound of cotton grown in the Cotton Belt, even with a bumper crop. What we should be doing is changing our monetary and other Government policies in such a way that this one-third of our population would have this purchasing power, and then the farmer would not be confronted with distress and bankruptcy in the face of bumper crops.

But the farmer must not be forgotten in our reasoning, because the citizens of this country cannot and they do not expect the farmer to be reduced to rags, starvation, or abject poverty by producing food and clothing for 130,000,000 people unless the farmer receives the cost of production with reasonable profit to provide for him and his family a decent standard of living and equal opportunities in this great country.

The PRESIDING OFFICER. The time of the Senator from Mississippi on the amendment has expired.

Mr. BILBO. I will take my time on the bill.

Oh, yes, we boast of the fact that the United States is the richest nation on earth. We have everything that the human race could desire. God has been wonderful to us as a people and as a nation. We have enough wealth, if properly distributed, to give every citizen of the Republic enough purchasing power to feed and clothe and maintain himself and his family. The fault is in the Government itself. The responsibility rests upon those in authority to fix the laws and policies of government that permit half of its population to be enslaved, impoverished, and ill-clad, ill-nourished, and ill-sheltered by the other half, or a part of the other half.

It is a sad commentary on our Republic that there is displayed in the show windows or book stores a book which claims that 60 families rule and control the policies of our Nation by owning and controlling the majority of its wealth. There is something wrong with our policies. There is something wrong with our banking system. There is something wrong with our monetary system. There is something wrong in our control of stocks and bonds and monopolies, and it is our duty to find out what the trouble is and correct it.

There is no excuse, or mighty little justification, for us to be talking about saving and reclaiming our export trade when the food and clothes and manufactured articles that are being exported are needed by one-third of our own people who are hungry, who are improperly clothed, and who are improperly sheltered. What this country needs is a little more home missionary work and less attention to foreign missionary work, governmentally speaking.

So far as the cotton farmer is concerned—and I invite the attention of the cotton Senators who may be present—he might just as well forget about exporting his cotton for sale at a profit. The day has passed, or is passing, when the American cotton farmer is going to grow cotton for the markets of the world. Under the influence of the sentiment in favor of making every nation self-sufficient, the rest of the world is getting ready to grow its own cotton; and when nations cannot grow cotton through the chemical route they are going to resort to substitutes and synthetics.

One hundred and thirty million people can use and absorb twenty or twenty-five million bales of cotton, and, in doing that, pay the producer the cost of production with a reasonable profit. There are just two things we shall have to do about it. One is to increase the purchasing power of forty or fifty million people who need more clothes and would buy more clothes if they could; and the other is to find other marketable and salable uses for cotton, cottonseed, and its byproducts. It was for this reason that I rose to offer the amendment which has just been read.

In offering this amendment, I take the position that it is the only hope of the American farmer, as a rule. It is the only hope, I know, of the cotton farmer of the South, of the Cotton Belt—the laboratory chemical route.

I remember reading in the lawbooks of Mississippi, my own State, a statute which made it the duty of the ginner to destroy cottonseed at his gin. He had to burn the seed; he had to destroy it. What do we find today? If the cotton farmers of the South could get in proportion what they are entitled to for the sale of their seed—I mean, in proportion to the price of the processed byproducts that are made from the cottonseed and placed on the markets of the country—we could afford to grow cotton for the seed and throw away the lint.

Through the chemical route we have Wesson oil, we have oleomargarine, we have lard, we have cottonseed meal good for fertilizer and for dairy feed, we have the hulls—five byproducts from the lowly cottonseed which was destroyed by law a few years ago in my native State, and yet the surface has not been scratched in determining the byproducts from cottonseed alone. There is a Negro chemist down in Alabama who was once a slave, and who has discovered 300 uses for the peanut. If the chemists will get busy on the cottonseed, I have no doubt that they will find as many uses for the cottonseed. Of course, I know that many of them will not be of commercial value, but those which I have mentioned are of commercial value.

What are the Japanese doing today? They are buying logs on the western seaboard, on the Pacific coast, hauling those logs all the way to Japan, and converting the trees grown on the Pacific coast into cellulose, from which they are manufacturing rayon and shipping it back to the Pacific coast and to the Atlantic coast, and selling the rayon to America, as some Senator mentioned awhile ago.

Mussolini found a scarcity of fabrics for clothing his people, especially the finer fabrics. He put his chemists at work, and they evolved a scheme to manufacture the fine fabrics out of milk. Today the Italian is selling his milk to the factories in order for them to make cloth to clothe the Italian people. I have a suspicion if we should visit the Italian Embassy here in Washington we would find the splendid ladies of that court dressed in fabrics made from casein.

To my friends who are alarmed about a market for the output of the dairy industry in the Northwest, I would suggest that here is the way out. Let them find out how it is done and make cloth out of their milk, and perhaps they would then be willing to repeal the law against the southern cotton farmer relative to the sale of oleomargarine in their States to their good people.

Along the Atlantic coast line and the Gulf coast line there was once a great country for the growth of yellow pine trees. I happen to live in the county where the only remaining tract of this pine is left. This great section of the United States is dotted today with the black stumps that stand as a monument to its departed original wealth. We have been struggling to remove those stumps in order to put the land in cultivation. The Hercules Powder Co. and other commercial interests came to our rescue. Their chemists showed them how to take those deserted pine stumps and convert them into marketable and salable products, so that today the stump is worth almost as much as the original tree that was cut in the early days.

For the information of those who read the RECORD I ask to have inserted a statement of what we are doing with the pine stump in a commercial way as the result of this chemical laboratory work. Among other things the German chemists found out how to make camphor gum out of turpentine and the German nation has been one of the best markets for the turpentine dealers of the South. The Germans have a secret process by which they can make camphor gum in such a way that no one can tell the synthetic from the real. I ask permission to have inserted in the RECORD at this point an analysis of the byproducts made from the stumps to which I have referred.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

The base products are crude wood turpentine, wood rosin, and steam-distilled pine oil. By separation into components, or by the production of derivatives, the following products are made:

FROM CRUDE TURPENTINE

Steam-distilled wood turpentine—used as a solvent in varnishes and as a thinner in paints and enamels.
Alpha-pinene—used for the production of synthetic camphor.
Alpha-terpinene, commercial—used in the production of synthetic resins.
Terpinolene, commercial—used as a solvent.
Dipentene—used as a solvent and antiskinning agent in enamels and certain types of varnish, and as a solvent for rubber.
Solvenol (a mixture of the solvent used in extracting wood rosin from chips, portions of the crude turpentine, and pine oil)—used as a solvent and plasticizing agent for rubber.

FROM WOOD ROSIN

Wood rosins of all grades, from FF, the lowest grade, to WW, the highest grade.
Wood rosin size—used for sizing paper.
Beiro resin, dark grade rosinlike product—used in dark paper size and in dark soaps.
Vinsol resin, a mixture of colored oxidation products extracted from wood rosin, and probably some of the residues from pine-oil distillation—used in insulating compounds.
Brisgo, a dark grade rosinlike product—used to remove hair from hog carcasses.
Truline Binder, dark grade rosinlike product—used as a foundry core binder.
Abietic acid, commercial grade.
Hydrogenated wood rosins.
Wood rosin esters, among them Abalyn—used as a plasticizer.
Hydrogenated wood-rosin esters, such as Hercolyn—used as a plasticizer.

FROM PINE OIL

Pine oils of various grades—used as wetting agents in textile industry and in laundries, as distinfectants, and for the flotation of ores, etc.
Alpha-terpineol (two grades)—used for denaturing alcohol and in making cheap perfumes.
Other terpineols.

ALSO PROCURABLE FROM PINE OIL AND BEING PRODUCED BY ONE OF THE LARGE STEAM-DISTILLED WOOD NAVAL STORES PRODUCERS

Anethol—used in flavoring.
Fenchyl alcohol—used in cheap perfumes.
Borneol—used in the production of synthetic camphor.
Camphor—used as a plasticizer to replace natural imported camphor.
Fenchone.
Cineol.

Mr. BILBO. Mr. President, if we could, through chemical research, discover the process by which the Germans make the camphor gum, to which I have referred, we would at once find a market for the turpentine which is now a drug on the market and which is being sold at less than cost of production. The Commodity Credit Corporation now has 50,000 barrels of turpentine on hand which was bought in an effort to boost the price for the benefit of the producers of the South.

When the W. P. A. was inaugurated we who were trying to help the farmers in our section of the country persuaded the authorities of the W. P. A. to give us enough money to establish a starch factory at Laurel, Miss., in the hope that we could find in the sweetpotato a substitute for the starch that is being imported into this country from India, the kind of starch used by the textile mills in the finishing of the finer fabrics. I want to call attention to the results of that experiment. The first year, 1934, we made 14,000 pounds that cost us 14 cents a pound. In 1935 we made 250,000 pounds, at a cost of 8 cents a pound. We installed other machinery and improved the grades of the potatoes we were growing, and in 1936 we produced 420,000 pounds of starch, at 3 cents a pound. In 1937 we produced 600,000 pounds, at practically the same price.

This starch is not a competitor with cornstarch. Do not get uneasy about competition with cornstarch. This is a high-grade starch that is better than the imported starch made from the cassava. It is a kind of starch the textile mills must have. They cannot use cornstarch. Here is a field that is open immediately to the manufacture of that starch which would take the place of the starch imported from India.

Shortly after we had perfected the process by which this starch was made from the sweetpotato the chemists of the Bureau of Chemistry and Soils discovered that while we were making 420,000 pounds of starch we could have taken the residue of the potato after the starch had been extracted and could have made 75,000 gallons of alcohol. They have also

discovered that after we take out the starch and alcohol, out of the residue we can make glue. All the glue that Uncle Sam uses on his stamps and envelopes is imported from India. They import the cassava and from it make the glue that is used on the stamps and Government envelopes. Here is a substitute. From the sweetpotato we can make the glue to put on the stamps of the United States Government, so that when a Senator licks a stamp, instead of licking cassava he would be licking a sweetpotato.

After we extract the starch, the alcohol, and the glue there is still something left in the sweetpotato. It makes the finest kind of dairy feed in the world.

Thus, by the investment of a few thousand dollars through the W. P. A. in this small laboratory, we were able to demonstrate that out of the sweetpotato—which was worth 20 to 25 cents a bushel, and the farmer could not grow any more than he actually needed on his farm—we can make all these byproducts and are able to pay the farmers 30 to 35 cents a bushel for their sweetpotatoes, and they can make 200 bushels to the acre. It beats cotton nearly 2 to 1. We are able to produce four byproducts—the starch, the alcohol, the mucilage, and the dairy feed—and God only knows what else the chemists may find in the sweetpotato before they get through.

The amendment which I am proposing carries out this idea. I have on my desk before me a sample of what the little laboratory has done with the soybean. I have, for instance, an ashtray made from the soybean, a piece of plastic. Mr. Ford, in the manufacture of his cars, is now making all his plastic out of soybeans.

I have on my desk another product of the little laboratory we have in Florida where we are learning to put up citrus fruit, so the citrus farmer can get a market for the product he is growing. I have also a sample of varnish made from the soybean. Mr. Ford also gets his varnish and paint out of the soybean.

Here is the advantage of a laboratory constructed and authorized by the Government over the laboratory of the commercial organizations of the country. When Hercules, through his chemical laboratory, makes such a discovery as he did about the pine stump, and is able to make perfumes and soaps and all those dozens of things out of those old stumps, the minute he makes the discovery he rushes to Washington and gets a patent on the discovery so that he can use it only for himself and to his own benefit. It is kept from the people. That is what Mr. Ford does and that is what all the commercial organizations do, and we cannot blame them. But if we establish the four laboratories I am providing for in my amendment, in the four great sections of the country, to experiment with the products of the farm and put those products into salable and marketable form, and develop the value of them, then when a discovery is made it would be available at once to the agricultural life of this great Nation.

Mr. President, I beg and plead with the Senate to adopt my amendment for the reason that this is the only way out for the farmer. I verily believe that, if we put the chemists of the country to work, other uses for cotton and cottonseed will be developed in a very short while, and we will be able to find such uses for cotton that the 130,000,000 American citizens will consume 20,000,000 or 25,000,000 bales of cotton per annum.

We have been trying to make roads out of cotton, but we have not been very successful, because it has been too expensive. The trouble has been that we have sent the raw cotton to the factory to make cloth out of it, and have spread that down on the roadway. Not long ago an engineer was discussing the matter with me, and he advanced an idea, which I think is probably correct, to the effect that if we would take the raw cotton with a portable gin along the highway and gin the cotton out and put it with the asphalt, combine the fiber, and mix the fiber as we gin it out in the gins, in that way we would get a better substance for the surface of the highway. It would be twice as cheap. If that could be done, almost overnight we would take up our surplus cotton in the building of highways.

The Senate very graciously passed a laboratory bill introduced by me providing for a laboratory in the South, and there was not a vote against the bill. It provided that $250,000 should be put up by the Southern States and $250,000 should be put up by the Government. The bill received the approval of the President in a special letter that was read to the Congress. The bill was reported out of the House committee; but when it got into the House, we discovered that Representatives from other sections of the country were saying, "We are willing that your bill should pass, but we want a laboratory in order to develop other uses for our farm products." We said, "Very well." So the House has taken my bill and on pages 19 and 20 of the House bill has inserted the substance of my original bill, but has set up a fund of $9,000,000.

It is so loosely drawn that the Secretary could put all of this in one laboratory, or he could establish 40 laboratories, and there is no sense in that. If we are to do this thing, let us do it in a businesslike way.

My amendment sets up four groups, and these laboratories are to be known as the "Northeast group", the "Midwest group", the "Western group", and the "Southern group." There will be a laboratory for each one of the groups devoted to the development of other uses of farm products peculiar to those particular sections of the country.

Instead of authorizing an expenditure of $9,000,000, my amendment provides for $250,000 for each of the groups to equip the laboratory after it has been erected by the State itself, or the group, and $250,000 a year for maintenance and operation.

I took the amendment up with the Department of Agriculture and the Bureau of Chemistry and Soils, and it meets with their hearty approval. We ought to have four laboratories. Let the Northeast have one, which can be located in New York State. But we require each one of the four groups to express an interest in this activity by furnishing the land and $250,000 for the original building, the Government to furnish $250,000 for the equipment and $250,000 a year for the operation and maintenance while the work is proceeding.

I repeat, Mr. President, this will do more for the farmers of this Nation in the course of a few years than all the provisions contained in the pending bill. I am not in sympathy with the philosophy of the proposed legislation in the pending bill. I repeat, I think it is heartless and cruel, when we know that a third of our people are starving and that a third are ill-clothed, to pass laws to reduce production. What we ought to do is either to put the people in condition to buy all these crops the American farmers can produce and pay the farmers cost of production, with a reasonable profit, or we ought to adopt some such suggestion as I am making, and find such uses for the farm products of the country so that they will immediately be consumed even by those who have not the purchasing power under our present policies of government.

Mr. POPE. Mr. President——

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. BILBO. I yield.

Mr. POPE. The Senator's amendment provides for an appropriation of $2,000,000 the first year, as I understand?

Mr. BILBO. One million for the equipment of four laboratories and a million for the maintenance and operation, provided they are gotten ready in time. I do not think the money will be used right away, because it will take some time to go through the mechanical operation of buying the land, erecting the building, and equipping it and getting it ready.

Mr. POPE. Then, after that, a million a year?

Mr. BILBO. A million a year after that to take care of the four laboratories.

Mr. POPE. In the light of the fact that the appropriation for carrying out the purposes of the pending bill the first year is likely to be smaller than some of us think it should be, does not the Senator think that if he would limit his amendment to a million a year straight it would be better, and in that way not take out from the fund for servicing the proposed act any more than is actually necessary?

Mr. BILBO. Mr. President, it was a question of economy and conserving a fund for the benefit of the payments provided in the bill that I was offering my amendment because the House provided for $9,000,000, and that will mean nine or ten million dollars a year hereafter. I was merely proposing an amendment which would go to conference so that it might be fought out with the House conferees.

Mr. POPE. If the Senator would make it a million a year, still we would have the play between the million and the nine or ten million under the House provision. I am merely suggesting this to the Senator, as it seems to me more likely, in view of the vote last night on the Overton amendment, that the Senate would adopt his amendment in that form, and it could go to conference with the possibility of getting the same result in conference that he would get under his present amendment. I merely suggest it to the Senator because I am in favor of an appropriation or allocation for the sort of work covered by the amendment.

Mr. BILBO. I appreciate the Senator's observation, but I have this feeling about the matter: The amendment provides that some State in each one of these four groups must take the initiative, must put up $250,000, must furnish the land, and the Government will say, "All right; if you will do that, we will equip the building and set aside $250,000 to maintain and operate it."

After that is done there must be something to operate on. I do not think $1,000,000 will be used during the next year, because I do not believe it is practical or possible or feasible to get the machinery organized, to provide the land, erect the building, and equip it in time for much of an expenditure of money in the way of operation; but I should regret very much to have a plant ready for operation and not have any fund available to start the operation immediately. The Government does not do things in that way.

Mr. POPE. Mr. President, will the Senator yield further?

Mr. BILBO. I yield.

Mr. POPE. In view of what the Senator has just said, that in all likelihood during the first year $2,000,000 would not be spent because there would not be time enough to get the equipment and set up the laboratory, let me suggest to the Senator that if he will modify his amendment, making the amount $1,000,000 a year straight through, I for one, as one of the authors of the bill, will be very glad to accept the amendment in order that it may go to conference for consideration.

Mr. PEPPER. Mr. President, will the Senator yield to me?

Mr. BILBO. I yield.

Mr. PEPPER. I have been very much interested in the Senator's amendment, and should like very much to see the principle of the amendment, if not the specific wording of it, adopted. I am wondering whether the Senator is not also interested in including in his amendment, or in accomplishing in some appropriate way, the allocation of a certain sum of money to the Secretary of Agriculture, for example, or to the Bureau of Agricultural Economics, for the purpose of promoting the sale of farm commodities and the products thereof in such manner as may be deemed by him most feasible. In other words, what we are talking about is an attempt to find more markets for our commodities, as well as developing new uses for them. Would the Senator from Idaho be equally friendly to the allocation of some reasonable sum for the purpose of developing markets for our products?

Mr. BILBO. Mr. President, in answering the suggestion of the Senator from Florida, I may say that I evidenced my sympathy with his suggestion by voting for the amendment last night to set aside $1,000,000 to do the very thing he is suggesting; but the Senate decided not to do it. There is still an opportunity of getting the money, because the House has set aside $1,000,000 for that purpose, in the provision on page 19, and in conference that suggestion may be agreed to.

Mr. POPE. Mr. President, I also voted for the Overton amendment last night. However, in view of the vote by the Senate rejecting the amendment, I would not be disposed to suggest to the Senator from Mississippi that his amendment should be amended in that respect; but since the House bill does carry a provision for the purpose to which the Senator from Florida refers, I do believe there would be a fair opportunity of getting an agreement of the conference committee to that part of the bill.

Mr. BILBO. I may say to the Senator from Florida, also, that I am so keenly interested in the adoption of the amendment that I trust he will not insist on hanging this other matter onto it.

The PRESIDING OFFICER. The time of the Senator from Mississippi has expired.

Mr. VANDENBERG. Mr. President, I wish very briefly to supplement the observations which have been submitted by the Senator from Mississippi. In my view, he has made the most constructive contribution to the possibility of farm relief that I have heard in the 4 weeks this rather amazing debate has been running. I know something about the problem he has discussed. The Senator is probably familiar with the work of the Farm Chemurgic Council at Dearborn, Mich., which is a voluntary organization of industrialists and scientists, a council which has been developing industrial uses for agricultural commodities for some time. The reports they have made are little short of astounding in identifying the contributions the chemical laboratory is making to agriculture through the development of industrial byproduct uses. I have in my hand a summary from the Farm Chemurgic Council which indicates some of these items. I refer only briefly to it, but I wish to refer to it at least briefly because I think it so well sustains the suggestions submitted by the Senator from Mississippi.

The Senator from Mississippi indicated that starch is now being made in a factory at Laurel, Miss., from the sweetpotato. Dr. H. S. Paine, a scientific member of the staff of the Department of Agriculture, declares that there is a potential market in the United States which would justify the erection of 150 starch factories precisely like the one at Laurel, Miss.

The production of soybeans from 1934 to 1935 practically doubled in this country and it is now one of the important agricultural crops. The doubling of the crop was almost entirely the result of the development of industrial byproduct uses for the soybean and the details of the development are tremendously interesting.

The Senator from Mississippi referred to experiments made with cotton as a road material. The fact of the matter is that 21 different States have experimented with the use of a heavy cotton mesh made from surplus cotton grown in the South in connection with the blacktop or bituminous surfacing of highways, and there are over 500 miles of that development in satisfactory use at the present time, indicating an almost indefinite field of possibility for the further development of the use of cotton.

The exhibits are so many and so tremendously interesting that it is little short of shocking to me to think that there is not an emphatic Federal emphasis put upon the use of the chemical laboratory as the chief source of farm relief, instead of the den of a crystal gazer.

Henry Ford has just completed a $5,000,000 soybean plant for the extraction of oil for paints and varnishes and for the manufacture of plastics for use on automobiles. The Du Pont Co. this year will utilize the productive capacity of over 4,000,000 American acres for industrial purposes.

The byproducts plants of the California Fruit Growers' Exchange have in the last 15 years converted over 70,000 carloads of cull and surplus lemons and oranges into industrial

byproducts, thus increasing the income of the citrus growers by over $10,000,000.

I shall not burden the RECORD with all the details. Here is another:

M. K. Thornton, Jr., of the Texas A. & M. College, announces that the sourdock weed indigenous to the desert, and drought resistant, furnishes an excellent source of tannin for curing leather, and predicts that this will be one of the cultivated crops of Texas and other Western States which will prove profitable to the farmer.

Then with respect to power alcohol—upon which, of course, there is considerable disagreement—the fact remains that a reasonably reliable authority, namely, L. M. Christensen, in charge of America's first power-alcohol plant, at Atchison, Kans., declares that 25,000,000 acres and 1,000,000 farmers would be required to grow the raw materials that could be turned into power alcohol the moment we perfected an adequate equipment for the use of power alcohol, or a mixture of alcohol with gasoline, with respect to transportation.

Mr. President, the complete detail of the work of the Farm Chemurgic Council points more hopefully to farm relief than all these fantastic theories upon which we have been working for the past few weeks put together. I know nothing about the mechanics or details of the amendment submitted by the Senator from Mississippi; but I most emphatically approve his objective, and I congratulate him upon the contribution he has made.

Mr. BARKLEY. Mr. President, inasmuch as the committee has agreed to accept the amendment of the Senator from Mississippi [Mr. BILBO] in modified form, which I understand is satisfactory to the Senator from Mississippi, I wish to suggest that we vote on the amendment as soon as possible, because I hope we may continue the debate on the substitute, and that later on we may have hope of arriving at a vote on the bill.

Mr. BILBO. Mr. President, I ask unanimous consent to modify my amendment by inserting "1939," instead of "1938," on page 3, line 10, of my amendment, because I understand that some of the State legislatures will not meet in time to give them an opportunity to secure the location of a laboratory in their States before 1939, and I have no desire to leave out any State.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). The Senator has a right to modify his amendment. The change will be made as requested by him.

Mr. PEPPER. Mr. President, I simply wish to add one word, and I ask the indulgence of the Senate for that purpose.

I wish to impress upon the Senate the extreme value to us in Florida of this sort of proposal in the way of developing new uses for agricultural commodities. In fact, I think it reaches one of the most fundamental problems that could possibly be reached by legislation. If I had the appropriation of Federal money in my control, I should appropriate every year an increasingly large amount for investigation and research and inventive action and discovery in all fields of creative effort. By doing that we should provide new things to do, and new opportunities for employment.

So I certainly want to add my enthusiastic sponsorship of this amendment, and very earnestly beg of the Senate that it may be adopted.

Mr. CONNALLY obtained the floor.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. GEORGE. I have offered an amendment in line with the amendment submitted by the Senator from Mississippi [Mr. BILBO]. His amendment is very well thought out, very well considered, and, so far as I am concerned, I am content to support his amendment to the bill.

I merely desire to add one statement to the very helpful contribution made by the Senator from Mississippi in his discussion, and that is to point to the contribution made by the Forest Products Laboratory, located in Wisconsin. That laboratory, and the work there done, have contributed hundreds of millions of dollars to the value of pine timber and the products of pine timber in the South, and have also been one of the chief means of conserving the pine trees from which we extract gum, from which in turn resin and turpentine are made.

Mr. CONNALLY. Mr. President, I am very hopeful that the amendment offered by the Senator from Mississippi will be adopted. I have pending an amendment to establish a cotton research laboratory, which I shall not offer in case the amendment of the Senator from Mississippi is adopted, because of the fact that his amendment is comprehensive, and contains, among other things, provision for a laboratory for the development of new and various uses for cotton.

I am highly interested in other agricultural commodities as well, but, of course, am chiefly interested in the development of new uses for cotton, so as to enable cotton to compete more and more with other products which have been invading the field of cotton.

Some years ago, before I became a Member of the Senate, and while I was still in the House of Representatives, I offered and secured the adoption of an amendment to provide a very modest appropriation of $50,000 to be employed by the Secretary of Agriculture in the development of new uses for cotton. I think that was the first appropriation of the kind that was made. Under that very modest appropriation the Secretary of Agriculture rendered some very distinguished service. I feel that the amendment of the Senator from Mississippi, covering the whole field of agriculture, will be very helpful.

As suggested by the Senator from Georgia [Mr. GEORGE], in my own State the results of chemical research and investigation along these lines have attracted to our State paper factories which are utilizing the slash pine and more or less the byproducts of the lumber industry for making print paper, which, of course, we have been importing for many years in large amounts. It seems to me that this is a very valuable amendment, and offers much relief for the agricultural industry as a whole. I very much hope it will be adopted, and for that reason I shall not offer my own amendment in case the pending amendment shall be adopted.

I ask to have incorporated in the RECORD, as part of my remarks, the amendment I have pending.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. CONNALLY to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, viz: At the proper place in the bill insert the following new section:

"SEC. —. (a) The Secretary of Agriculture is authorized and directed (1) to establish and maintain a cotton research laboratory within one of the cotton-producing States; (2) to conduct at such laboratory research experiments, investigations, tests, and demonstrations with respect to the chemical, physical, and physiological properties and utilization and preservation of cotton and its byproducts, with a particular view to the development of wider uses of cotton; and (3) to make public the results of such research, experiments, investigations, tests, and demonstrations.

"(b) Such laboratory shall be established only upon the conditions that the State in which it is to be located shall provide suitable lands, without expense to the United States, for the establishment and operation of such laboratory, and shall provide the sum of $250,000 to aid in defraying the expenses of construction of suitable buildings. The Secretary of Agriculture shall within 60 days after the date of enactment of this act transmit to the Governor of each of the cotton-producing States information with respect to the lands necessary to provide a suitable site for such laboratory. If thereafter any of such States, on or before March 1, 1939, submits to the Secretary of Agriculture an offer to provide the lands and money required by this subsection, with such guaranties for the performance thereof as may be satisfactory to the Secretary, he shall accept from among the offers submitted the offer of the State deemed by him to be most desirable for the location of such laboratory. Upon the acceptance of the offer of any State, the Secretary of Agriculture shall as soon thereafter as practicable accept, in the name of the United States, title to the land offered by such State, and the money offered by such State shall be covered into the United States Treasury as a special fund to be used for the purposes of this act.

(c) There is hereby authorized to be appropriated the sum of $250,000 to be expended by the Secretary of Agriculture, together with the funds provided for by subsection (b), for the construction of suitable buildings and appurtenances thereto on any lands acquired under this act for the purpose of establishing such laboratory. The Secretary is further authorized, for the purposes of this act, to acquire such equipment, apparatus, and supplies as he deems necessary and to cooperate with other branches of the Department of Agriculture, other departments or agencies of the Federal Government, States, State agricultural experiment stations, universities and other State agencies and institutions, counties, municipalities, business or other organizations, corporations, associations, scientific societies, and individuals upon such terms and conditions as he may prescribe.

(d) There is hereby authorized to be appropriated the sum of $250,000 for each fiscal year, beginning with the fiscal year ending June 30, 1940, for the purpose of maintaining the laboratory provided for by this act.

Mr. NORRIS. Mr. President, in any criticism I may make of this amendment I do not want it to be understood that I am opposed to the principle involved in it. I am very much in favor of it. I am wondering in my own mind, however, why four of these laboratories should be set up, especially under present conditions, when economy is the watchword. The amendment provides that the one laboratory set up in the South shall give particular attention to the study of additional products that may be made from cotton.

Mr. BILBO. Mr. President, may I make an observation in response to the Senator?

Mr. NORRIS. Let me proceed for just a moment and I think I will make it unnecessary for the Senator to make any explanation.

Mr. BILBO. It is a fact that all farm products of the South are to be investigated in the laboratory; but, because of the peculiar special stress of the cotton situation, the amendment provides that the cotton work shall be the first work done.

Mr. NORRIS. I have no objection to that, Mr. President. So far as that is concerned, if we provided for only one laboratory, I should have no objection to having it located in the South; but, wherever located, or whatever its particular duties might be, I should not want to confine it to cotton or to any other one farm product.

The Senator from Michigan [Mr. VANDENBERG] has referred to alcohol; and investigations have been made in Michigan and in Kansas, I understand, where that has been the subject of investigation, with very good results. I think nothing really practical has as yet resulted, but investigations have been made which point to successful developments.

We all know that inventions in their initial periods often did not produce anything that was of value. Laboratory production had to be worked out in the field on a larger productive scale. But inventions which in their initial stages did not seem to promise much have often led to wonderful developments, such as the electric light. When it was first introduced by Mr. Edison it was thought to be a plaything. No one had any idea that it would ever come into such universal use. That was beyond the fondest hopes of those who were trying to develop it. Yet we know that today it is in practically every home in the United States, and, where it is not, it ought to be.

I should think that at least at the present time one laboratory should be able to perform the work for the entire country, and could do it better than if the work were divided up among four or five laboratories.

I do not intend to offer an amendment. I realize that at this stage in the consideration of the bill it probably would be unwise to try to change it in that fundamental form. I am speaking, I hope, for the benefit of those who will be conferees on this bill when it gets to conference.

The idea of dividing up the country, and having four laboratories instead of one—or perhaps two would be sufficient—is, I presume, to give different sections of the country more or less local interest in the matter.

I also doubt whether we ought to require of any State where a laboratory is to be located that it contribute to its establishment. It may be found on investigation that a laboratory ought to be located in some State which does not possess the resources that another State has. If a State wanted to get a laboratory, and if a more wealthy State were in the same general region, the poorer State would be out of the running so far as making a bid for the laboratory is concerned.

I think the Federal Government ought to pay the entire expense, because whatever is accomplished in the laboratories will be for the benefit of every section of the country.

In connection with the T. V. A. a laboratory located at Muscle Shoals, Ala., is making investigations with respect to fertilizer; but the benefits that will come from it will extend to California, will extend to Nebraska, to the East, and to the Northeast. The same thing would be true with respect to the proposed laboratories. I do not want to make this a local matter. It seems to me it is worthy of a broader consideration, and should be national in its scope. I hope the conferees working this matter out will try to reach a conclusion of that sort.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BILBO. I want to emphasize the fact that the amendment declares specifically that all farm products shall be investigated.

Mr. NORRIS. Oh, yes; such a provision ought to be in it.

Mr. BILBO. Of course, the House bill made it possible to establish 15 or 20 or 40 laboratories; but the reason why we provided for 4 is because the different sections of the country put emphasis upon certain farm commodities in those sections. For instance, the farmers up in the Northwest, in the potato section, are very anxious to have some chemical research done in improving or finding other uses for potatoes.

Mr. NORRIS. Mr. President, will the Senator permit me to interrupt him there? I feel interested in having research made in all lines, but I do not care where it is made.

Mr. BILBO. I know; but I have not gotten to the main point.

The PRESIDING OFFICER. The time of the Senator from Nebraska on the amendment has expired. The question is on agreeing to the amendment offered by the Senator from Mississippi.

The amendment was agreed to.

Mr. BARKLEY. Mr. President, under the rules only one substitute can be pending at any particular time. Under an arrangement informally made this morning, the Senator from California [Mr. McADOO] offered his substitute and had it pending, to be voted on when all amendments have been completed. The Senator from Oklahoma [Mr. LEE] has a substitute which he desires to offer. I ask unanimous consent that he may at this time present his substitute and make his remarks upon it, with the same understanding that we had with reference to the substitute offered by the Senator from California. It will not interfere with amendments to the bill.

Mr. WHITE. Mr. President, reserving the right to object, I did not hear all that the Senator from Kentucky said. The arrangement, if any, does not interfere in any degree with the right to offer amendments to the bill?

Mr. BARKLEY. It does not.

Mr. WHITE. It simply postpones that opportunity until the substitute shall have been disposed of?

Mr. BARKLEY. It permits the substitute to be presented and argued and voted on at the time when it is in order to vote on it, but it will not interfere with the right of any Senator to offer amendments to the bill.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Kentucky?

Mr. THOMAS of Oklahoma. Mr. President, on a former occasion I offered an amendment which would have been in order on yesterday; but I could not present the amendment on yesterday. I think it will take only a very short time to dispose of the amendment; and I desire at this time to reoffer it and to secure consideration for it.

Mr. BARKLEY. The Senator from Oklahoma will not be prejudiced in any way by the suggestion I made. I realize

his situation. If he insists on offering his amendment now, of course, it is all right.

Mr. THOMAS of Oklahoma. I am just not sure that I shall be able to present the amendment at a later date.

Mr. BARKLEY. Is it agreeable to the junior Senator from Oklahoma that his colleague shall now offer his amendment?

Mr. LEE. Certainly.

Mr. BARKLEY. While I am on my feet, then, I request that at the conclusion of this matter the junior Senator from Oklahoma [Mr. LEE] may offer his substitute and present his argument.

The PRESIDING OFFICER. The Senator from Kentucky modifies his unanimous-consent request so as to include a request that after the senior Senator from Oklahoma [Mr. THOMAS] shall have presented his amendment the junior Senator from Oklahoma [Mr. LEE] may present his substitute and speak on it at that time without establishing priority. Is there objection? The Chair hears none.

Mr. THOMAS of Oklahoma. Mr. President, I offer an amendment and ask that it be reported.

The PRESIDING OFFICER. The amendment offered by the Senator from Oklahoma will be stated.

The LEGISLATIVE CLERK. On page 82, between lines 21 and 22, it is proposed to insert the following new subsection:

(m) Notwithstanding any other provision of this act, in establishing a marketing quota for any farm, the economic situation of the farmer, whether owner, lessee, or sharecropper, may, upon his or her application, be taken into consideration, and no marketing quota shall be established for any farm if the amount of the commodities which the farmer would be permitted to market under quota restrictions would not yield sufficient income to permit such farmer and his family to remain upon the farm: *Provided*, That to the extent that the total marketing quotas for any commodity may be increased for any year, as herein provided, then such marketing quotas for any such commodity for such year applicable to and established for any farm or group of farms in a common or single ownership producing on an average more income than is necessary to meet the normal needs of the owner of such farm or farms shall be decreased to the end that such total decreases shall balance such total increases as authorized and provided herein: *And provided further*, That the Secretary of Agriculture is hereby authorized and directed to make, promulgate, and establish rules and regulations for carrying into effect the policy and provisions of this subsection.

Mr. THOMAS of Oklahoma. Mr. President, this amendment is offered in the hope that, if adopted, it will help the small farmer. It is my judgment that this bill does not afford the small farmer sufficient protection. The whole bill is intended to help agriculture. If it does that, it must do it through securing for the farmer increased prices. If it secures for the farmer increased prices, then it will encourage men of wealth, corporations, and syndicates to go into farming. If this should happen, men of wealth and corporations will buy farms and farm them with improved machinery, with cheap labor, and with ample finances; and under those circumstances the large farmer will be able to produce commodities at a less price than can the small farmer.

There is only one provision of the bill, so far as I can ascertain, which even attempts to protect the small farmer. That is the provision which permits the cotton farmer to be exempted as to 7½ acres. In my judgment, that is not the correct rule to apply in the way of help and assistance to the smaller farmers of our country. In the South 3 or 4 acres of land sometimes are required to produce one bale of cotton; so that the exemption of 7½ acres might mean only two bales of cotton or perhaps three bales of cotton to a farmer. That is not a fair method of measurement, because in some irrigated sections the testimony shows that sometimes as much as three bales per acre is produced. So an exemption of 7½ acres might mean, on poor land, as low as 2 bales; and on irrigated land it might mean as much as 20 bales. That is not a fair or proper exemption.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Tennessee.

Mr. McKELLAR. Does not the Senator think, however, that it will encourage the small farmer to fertilize his land and raise a great deal more cotton on the 7½ acres?

Mr. THOMAS of Oklahoma. That is the exact thing I had hoped—that it would encourage the small farmer, and make it possible for the little man to live and have some of the comforts of life; that it would make it possible for the sharecropper and the tenant farmer, not only to live and have some of the comforts of life but to make some money and become landowners, instead of remaining tenants and sharecroppers for the rest of their lives.

Mr. President, while I have not consulted with all of the Department of Agriculture officials, I have before me a dispatch by the Associated Press giving an account of a speech made in Chicago on December 13. The speech was made by the Secretary of Agriculture. It was made, as I understand, before the national convention of the American Farm Bureau Federation. In that speech Mr. Wallace is reported to have spoken as follows:

Any Federal agricultural program should be loaded on the side of the smaller farmer.

If that is a correct statement of the position of the Secretary, he must be in favor of doing something to help the little farmer. To do something to help the little farmer respecting his quota, we must at the same time restrict somewhat the quota of the big farmer.

Mr. POPE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. POPE. The Senator has modified the amendment about which we had some colloquy the other day?

Mr. THOMAS of Oklahoma. Yes.

Mr. POPE. I think this amendment is very much less objectionable than the other from the standpoint of a successful operation of the program. Under the other amendment, I was convinced that everybody would be exempted. Under this amendment, I do not think quite everybody would be exempted. At the same time, I am in great sympathy with the purpose of the Senator from Oklahoma; and, so far as I am concerned, I am willing to accept the amendment and let it go to conference, because there are pending other amendments having to do with the small farmer, and I think we should have the benefit of his amendment in working out a fair, equitable, and satisfactory provision relating ing to those he has in mind.

I have consulted with my co-author of the bill, and, as I understand, he agrees with me.

Mr. THOMAS of Oklahoma. Mr. President, I thank the Senator from Idaho and the Senator from Kansas. If the amendment may be accepted and go to conference for consideration by the conferees, that is all I shall ask.

Mr. BONE. Mr. President, I desire at this time to tender a very brief amendment to the pending bill.

Mr. POPE. I suggest that the pending amendment be acted on.

Mr. BONE. Mr. President, have I the floor?

The PRESIDING OFFICER. For what purpose does the Senator desire the floor?

Mr. BONE. I wish to tender an amendment to the bill at this time, if it is in order.

The PRESIDING OFFICER. The Chair will inform the Senator that it is not in order at this time.

Without objection, the amendment offered by the senior Senator from Oklahoma [Mr. THOMAS] is agreed to.

Under the prior agreement, the junior Senator from Oklahoma [Mr. LEE] is recognized for the purpose of presenting his substitute and speaking on it at this time.

Mr. LEE. Mr. President, I rise for the purpose of making a final explanation and argument for the substitute which will be offered at the proper time.

I ask unanimous consent to have inserted in the RECORD at the end of my remarks the substitute itself and an editorial from the Christian Science Monitor which is favorable to the substitute.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits A and B.)

Mr. LEE. The substitute which I am proposing applies to cotton, wheat and corn, and to tobacco and rice; that is,

the method with which tobacco and rice are dealt is not changed from the committee plan; but since it had to be a substitute for the whole bill, it was necessary to include in the substitute tobacco and rice, but I made no changes from the committee bill in that regard. I changed the committee bill in regard to cotton, wheat, and corn, removing them from control and placing them under the domestic allotment plan—that is, what might be called the domestic allotment premium plan.

Mr. LOGAN. Mr. President, will the Senator yield at that point?

Mr. LEE. I yield.

Mr. LOGAN. The Senator mentioned the fact that his substitute includes the tobacco and rice provisions of the bill as reported by the committee. I should like to ask the Senator if it includes the amendments which have been adopted by the Senate.

Mr. LEE. I thank the Senator. I ask leave to modify the printed form of my substitute to conform to the amendments which have been, and will be hereafter, adopted by the Senate.

Mr. LOGAN. I thank the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. POPE. Mr. President, will the Senator yield, just for a question?

Mr. LEE. I yield; yes.

Mr. POPE. What does the Senator's substitute now cover in the way of commodities?

Mr. LEE. The same commodities covered by the committee bill; but the part I have changed to put under the domestic-allotment plan relates only to wheat, cotton, and corn, it not being my intention to change the committee's bill as to tobacco and rice, because we have no tobacco or rice in Oklahoma.

Mr. POPE. And this substitute has no relation to the substitute which was offered 2 or 3 days ago, and voted upon by the Senate, as to cotton?

Mr. LEE. That is correct; and I thank the Senator for helping to make that point clear.

The allotment plan takes into consideration two markets—the home market and the world market. In my opinion, any sound approach to the farm problem must take into consideration two markets and use some device for separating them; otherwise, to lower prices in order to increase foreign trade is going to hurt the producer for the home market, and to raise the price for the home market is going to hurt our chances to sell in the world market. Therefore the substitute considers the two markets and allots to the farmer his fair share of the domestic market in terms of units—that is, pounds and bushels—which is a correct, exact, and just yardstick, instead of basing it on either acres or percentages, both of which are variable criteria, and therefore not correct, not fair, and not accurate.

This plan makes an allotment to each farm, and the farmer thereon, of the amount of wheat, cotton, and corn that he can produce for the domestic market, on which the Government promises to pay him a cash benefit, like the Government paid the farmers a cash benefit for reducing their acreage, except it is reversed. Instead of the Government paying the farmer for not producing, in this case it would pay him on his production up to his allotted quota.

That would not change the price of the commodity. The proposal I offered to the cotton title was of a little different type. It would have changed the price. This plan would not change the price. There is one price, but the farmer gets a balance-due payment from the Treasury in order to make up the difference between the current farm price and the parity price at that time. In other words, it would put the farmer up on stilts, so to speak, to make him economically as tall as the manufacturer who has been put up on stilts by virtue of the tariff.

If in our imagination we could say we would take out of the Treasury the same money that goes into the Treasury by means of the tariff payments and tariff revenues and give it to the farmer to offset the inequality, or rather the economic disadvantage, in which he finds himself because of the tariff, we would then have a picture of the domestic allotment plan which I am offering at this time.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Georgia?

Mr. LEE. I yield.

Mr. GEORGE. Am I to understand that the substitute now offered does not fix, either directly or by way of loans, a different price for cotton in the domestic market but merely proposes an additional or equalizing payment to bring the cotton up to the parity price?

Mr. LEE. That is correct.

Mr. GEORGE. In that respect it is different from the substitute previously offered?

Mr. LEE. That is correct, and I thank the Senator.

It is my opinion that this is the purest simon-pure form of domestic allotment and the only way we can actually equalize the economic difference between the farmer and the manufacturer. If the farmer is given an inequality or an unjust economic position by virtue of the tariff, if we raise the price of his commodity, what he buys goes up and we have not changed his relative position. We have simply raised both of them. We have not changed his relative position with respect to the things he buys. Therefore, if we are to equalize that economic position we will have to take money from somewhere and give it to him to make it up. It is not a gift. It is a payment of balance due on what we owe him for what we have consumed in this country.

Let us take an example. The farmer takes his wheat to town. Let us say he is allotted 1,000 bushels of wheat on which he will receive Government payments. He takes it to town, or he may not even take it to town. He may merely take a certificate of proof from the threshing-machine man that he has threshed or produced that wheat on his place. He goes to the county agent or postmaster or whatever agency the Secretary under the bill may authorize to make the payment. He submits proof that he has produced this 1,000 bushels of wheat. Wheat, let us say, is $1 per bushel on the market, and parity is $1.17. Then he would receive 17 cents a bushel payment from the Government or $170. The Government, as soon as the clerical and book work could be performed, would give him a check for $170 and the Government part in the program would be ended. The Government would be through. The Government does not buy the wheat. He is privileged to keep his wheat at home and put it in his grain bin. He can feed it. He can keep it for seed. He can put it in a farmers' cooperative pool. He can sell it on the market. The Government does not involve itself with the commodity.

What would actually happen? The farmer would take the wheat home and store it. What farmer does not want a granary full of grain on the farm? They all want it. He will have a cash payment that will make it easier for him to hold the wheat, easier for him to keep an extra supply on hand for feed and seed, and he can use any surplus that he stores as his allotment, provided he has not received benefit payments on it previously. If he has a hailstorm that destroys his crop that year, thus it will serve as an ever-normal granary and as a form of crop insurance at the same time.

The same is true of cotton. When a man has his cotton and wheat and corn stored on his own place, as nearly every farmer will if he is financially able, we do not then have a great surplus that stands as a depressing factor to the market. Why? Because it is not so obvious. But let us catalog all the wheat and corn and cotton in the country, and tell the speculator exactly where it is and how many bushels exist, and we are giving him all the advantage he wants in order to gamble on the market to the confusion and loss of the farmer. But if the grain or cotton is in a shed, hidden away on every farm, as it were—that is the place to keep the surplus and that is the place to keep

the ever-normal granary—then we provide an ever-normal granary in a voluntary manner. We allow the farmer to do it himself.

It has been said that the plan is so simple that the people do not understand how it would work. Others have called it just an outright gift. I do not look on it as such. The very fact that we are considering farm legislation is proof that an injustice is being done the farmer, and the only way we can correct it is to take something from somebody else and give it to him. If we raise prices, we are going to take from the consumer. If we take it from the consumer, we take it from the man least able to pay. If we take it from the taxpayer, we are taking it from the man most able to pay. Thus we actually equalize that inequality. Tariff revenues come in every year and this payment would be more or less automatic—not that I would earmark the tariff revenues, but simply balance them off with these payments.

The Department of Agriculture told me what this would cost and here are the figures. As of October 1937, the cost to pay full parity benefits to make up the difference between the current market price of wheat and the parity price of wheat, would take $182,000,000, and $600,000,000 for corn and $290,000,000 for cotton, or a total of $1,072,000,000, or $572,000,000 more than we have already provided for the farm program.

My substitute contains a provision which is the same as in the committee bill, that we can simply pay out what we appropriate. In other words, what is to be paid out would be paid pro rata as far as it would go. If we do not increase that amount, there would not be any more, but as far as we pay it would go to the farmer, and we would not be paying 10 or 11 or 12 percent for administration. Because of the simplicity of administration the farmer would get more of the money that was intended for him. The farmer is receiving some benefit from soil erosion. This would not be changed. Whatever bill we pass, a certain amount will be available for the farmer. Under the committee plan more of that would go for administration, and therefore the farmer would get less. Under the substitute plan more of it would go for the purpose of helping the farmer, and therefore he would get more of that amount.

Let me say just a word now as to the constitutionality of the proposal.

Mr. BONE. Mr. President, may I ask the Senator a question at that point?

Mr. LEE. Certainly.

Mr. BONE. Are the parity prices determined in the substitute arrived at by a formula similar to that contained in the bill?

Mr. LEE. I did not change that provision. I left it with the Department of Agriculture to arrive at parity prices. I would favor more, such as the cost of production as figured in the McAdoo substitute; but my plan is, if we cannot get parity, we cannot expect to get more. I would take what I could get for the farmer and be happy at any gain that we could make.

The constitutionality of my proposed substitute, insofar as it relates to cotton, wheat, and corn, may be sustained as a valid exercise of the power of the Congress to spend money in the aid of the general welfare.

That Congress does have this power is no longer open to question. In the case of *United States* v. *Butler* (297 U. S. 1) the Supreme Court examined at length the meaning of the first clause of section 8, article I, of the Constitution, which provides that—

> The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States.

After examining the views which had been expressed as to the meaning of that clause, Mr. Justice Roberts, speaking for the majority, said:

> It results that the power of Congress to authorize expenditure of public money for public purposes is not limited by the direct grants of legislative power found in the Constitution (297 U. S. 66).

This position was reaffirmed by the Court in upholding the constitutionality of title VIII of the Social Security Act in the case of Helvering against Davis, decided May 24, 1937. In that case the Court said (Mr. Justice Cardozo):

> Congress may spend money in aid of the general welfare (Constitution, art. I, sec. 8; *United States* v. *Butler*, 297 U. S. 1, 65; *Steward Machine Co.* v. *Davis*, supra). There have been great statesmen in our history who have stood for other views. We will not resurrect the contest. It is now settled by decision (*United States* v. *Butler*, supra). The conception of the spending power advocated by Hamilton and strongly reinforced by Story has prevailed over that of Madison, which has not been lacking in adherents.

It must be conceded, however, that there are limitations upon the exercise of this power. In the Butler case the members of the Supreme Court differed as to whether the power was validly exercised in the Agricultural Adjustment Act. A minority of the Court thought that it was. The majority, while conceding the power to exist, held it not to be necessary to determine its scope, as they found the act in question to invade the reserved rights of the States because it was "a statutory plan to regulate and control agricultural production, a matter beyond the power delegated to the Federal Government."

The amendment now under discussion is free from the objection which the Court raised with respect to the Agricultural Adjustment Act. The amendment merely provides for certain payments with respect to the production of agricultural commodities. It does not attempt to regulate or control agricultural production. It does not seek to place any limitations upon the activities of farmers or deprive them of any freedom of action.

There is a further limitation upon the exercise of the spending power by the Congress, which must now be considered. The expenditure must be for the "general" welfare. The applicable principles were stated for the Court in the Davis case, supra, by Mr. Justice Cardozo, as follows:

> The line must still be drawn between one welfare and another, between particular and general. Where this shall be placed cannot be known through a formula in advance of the event. There is a middle ground or certainly a penumbra in which discretion is at large. The discretion, however, is not confided to the courts. The discretion belongs to Congress, unless the choice is clearly wrong, a display of arbitrary power, not an exercise of judgment. This is now familiar law. "When such a contention comes here we naturally require a showing that by no reasonable possibility can the challenged legislation fall within the wide range of discretion permitted to the Congress." [Citing cases.] Nor is the concept of the general welfare static. Needs that were narrow or parochial a century ago may be interwoven in our day with the well-being of the Nation. What is critical or urgent changes with the times.

There remains to be stated merely that the expenditure provided for by this amendment falls within the wide range of discretion given to Congress in determining what is for the general welfare. The adverse effect of depleted agricultural income upon the economic welfare of the whole Nation is well known. The Supreme Court has never held that an expenditure of the type contemplated here is not in the aid of the general welfare. The most nearly comparable question upon which the Court has rendered a decision is that of the validity of expenditures for old-age pensions under the Social Security Act. In holding such expenditures valid, in the Davis case, supra, the Court relies upon considerations of a type which are equally applicable here.

Moreover, there is historical warrant for expenditures by the Federal Government in aid of agriculture, which was entirely lacking in the case of old-age pensions. The Congress has appropriated money for the aid of agriculture for many years. It has many times indicated its belief that such expenditures are of national benefit. It has done so after careful investigation and consideration. There seems to be no ground for urging now that its conclusions in this regard have been unreasonable.

Mr. President, I shall now ask a few questions for each of us to bear in mind as we vote on this matter.

If a widow used grain that was above her quota for marketing to fatten hogs with the original intention of killing

the hogs for home use, and then about the time the hogs were ready for slaughter, she needed some cash money to buy warm clothes for her children, and coffee and sugar, and sold the hogs that had been fattened on grain above her quota in order to get the bare necessaries of life, do the sponsors of this bill believe that 25 percent of what she receives for those hogs should be confiscated, as provided under this bill?

Do you think acreage is a just or correct yardstick for measuring quotas and production? Would it not be better if quotas and exemptions were made in terms of units, such as pounds and bushels, instead of acres?

Is it economically sound to propose to create more wealth by producing less wealth before the saturation point is reached either in the United States or abroad? How do you square your bill of compulsory reduction with Dr. Seibling's survey made in 1935 in which he reported that if all the people in the United States had a balanced diet, it would require 49,000,000 more acres in cultivation than we had then?

Since raising the price of raw products is always accompanied by a corresponding rise in the price of manufactured articles, how do you figure that the farm prices will ever catch up with parity prices and remain the same?

If the farmer is under a handicap because of the tariff, and you raise prices under your bill, have you changed his relative position with respect to the things he buys, since they will go up, too?

Do you not believe that it is immoral to deliberately pay farmers not to produce foodstuffs when there are so many hungry people in the United States?

What do you propose to do with the unemployed which will result from your program of curtailment?

Mr. President, I shall now summarize, and I thank the Members of the Senate for their patience. I appreciate also the patience of the members of the committee.

We are really trying to help the farmer, which makes me think of the story about the elephant that wanted to help the little red hen hatch her eggs, and the elephant sat on her eggs for her, and of course mashed them, except in this case it seems to be the donkey instead of the elephant sitting on the eggs. We want to help the farmer, and I wonder if we are really helping him with the program outlined in the committee bill.

The committee plan provides compulsory crop control. The domestic-allotment plan provides voluntary crop control.

The committee plan makes less work for the unemployed. The domestic-allotment plan makes more work for the unemployed.

The committee plan penalizes the farmer if he does not cooperate. The domestic-allotment plan rewards him if he does.

The committee plan pays the farmer for not producing his quota. The domestic-allotment plan pays him for producing his quota.

The committee plan begins by reducing production. The domestic-allotment plan begins by increasing consumption.

The committee plan gives the farmer a law. The domestic-allotment plan gives the farmer a benefit.

The committee plan places the burden upon the fellow least able to pay. The domestic-allotment plan places the burden upon the fellow most able to pay.

The committee plan tends to reduce the farmer's gross income. The domestic-allotment plan tends to increase his gross income.

The committee plan is complicated and difficult to administer. The domestic-allotment plan is simple and easy to administer.

The committee plan provides an artificial ever-normal granary. The domestic-allotment plan provides a natural ever-normal granary.

The committee plan will raid the markets of other agricultural commodities. The domestic-allotment plan will protect the markets of other agricultural commodities.

The committee plan will destroy the farmer's independence. The domestic-allotment plan will protect his independence.

The committee plan will destroy our foreign markets. The domestic allotment plan will protect our foreign markets.

The committee plan endangers our national food supply. The domestic-allotment plan will insure our domestic food supply.

EXHIBIT A

[From the Christian Science Monitor of December 1, 1937]

INSTEAD OF FARM COMPULSION

To those who wish to see farm regulation kept on a voluntary basis in the United States, the substitute offered by Senator JOSH LEE to take the place of the Pope-McGill agricultural bill will be of interest. Senator LEE proposes, substantially, adherence to the original form of the domestic-allotment plan without compulsory crop control.

In other words, the Oklahoma Senator is interested simply in the first avowed purpose of farm relief—to give the farmer who produces an export surplus a pair of stilts comparable to those enjoyed by manufacturers who sell him their products under the benefit of tariff protection. His proposal is to allot to each producer his respective portion of, say, the approximately 6,000,000 bales of cotton and the 650,000,000 bushels of wheat ordinarily consumed in the United States and pay him a price benefit on that many bales or bushels of his production. The farmer would be free to produce as much as he desired, but on any surplus above his domestic quota he would risk receiving however little the world market might pay him.

Adherents of Secretary Henry Wallace's ever-normal-granary plan as now embodied in the Pope-McGill bill assert the domestic-allotment plan—which some of them helped to originate—has to be coupled with and protected by crop control; otherwise it may act as an incentive to unlimited production and result in unmanageable surpluses.

Hence the compulsory marketing quotas provided under some circumstances in the Pope-McGill bill with practically prohibitive and confiscatory tax penalties on any producers who attempt to sell an excess. It is to be noted that these do not come into effect until, first, a surplus exists of 10 percent in the case of wheat or corn, or a carry-over of 35 percent of the normal consumption of cotton; and, second, a two-thirds vote in a referendum of producers has authorized the compulsory quotas. This, it is urged, assures an adequate supply in the interests of consumers before crop limitation applies. And it would prevent compulsory action unless conditions had reached a point where a large majority were ready to accept it.

Nevertheless, the idea of impeding the freedom of economic enterprise, especially, of setting limits around the opportunity to produce, is not attractive in any guise. Moreover, it would take a huge staff to enforce a marketing quota and prevent "bootlegging" of a useful commodity such as grain.

If the country is to stop somewhere short of this ironclad restriction, the Lee proposal for the simple domestic-allotment plan apparently offers about the most feasible alternative. Its possibilities seem to warrant exploration. Could, for instance, the benefits be kept moderate enough to avoid encouraging an unwieldy and price-ruining surplus? Probably not if the Government were to guarantee prices up to so-called parity level, which in the case of cotton would be around 17 cents a pound. But if it should pledge instead a benefit of up to 3 cents on the domestic portion of the crop, as in the present cotton program, for whatever margin the market price might fall below 12 cents a pound, is there not a reasonable hope that this would meet the situation?

The actual figures might be somewhat different, and suitable scales would have to be worked out for wheat and possibly corn, tobacco, and rice. Farm organizations doubtless would protest the payment was not enough, and consumer-taxpayers on the other hand would come only reluctantly to the concession that any long-continuing subsidy is necessary. But it seems that a compromise which should take both sides sufficiently into account in calculating the amount of the payments might succeed in adjusting the balances of farm income and production without resort to compulsory limits.

EXHIBIT B

[Amendment (in the nature of a substitute) intended to be proposed by Mr. LEE to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, viz: Strike out all after the enacting clause and in lieu thereof insert the following:]

That this act may be cited as the "Agricultural Adjustment Act of 1937."

TITLE I—DOMESTIC ALLOTMENTS AND PAYMENTS FOR COTTON, WHEAT, AND CORN

SECTION 1. (a) For the marketing year ending in 1938 and each marketing year thereafter, there shall be established for each farm

of any farmer producing cotton, wheat, or corn a domestic allotment with respect to the production of each such commodity. The amount of the normal year's domestic consumption of each such commodity shall be allotted by the Secretary among the several States and among the counties or other administrative areas in such States deemed by him the most effective in the region for the purposes of the administration of this act. Such allotment shall be on the basis of the annual average production of the commodity within such States and administrative areas during the preceding 10 years, with adjustments for abnormal weather conditions, trends in production, and the diversion of acreage under the agricultural adjustment and conservation programs, during such period.

(b) The allotment for each such administrative area shall be allotted, through the State, county, and local committees of farmers hereinafter provided, among the farms within the local administrative area on which the commodity is produced for market, on the basis of the average annual production of the commodity on such farms during the preceding 10 years, with equitable adjustments for abnormal weather conditions, crop failures, diversion of acreage under the agricultural adjustment and conservation programs, and the cotton, wheat, and corn productivity of the total cultivated ground on such farms (considering land used for growing alfalfa and other temporary hay crops as cultivated ground): *Provided*, That the combined minimum allotments of cotton, wheat, and corn for any farm shall not be less than the smaller of the following amounts: (1) The amount of the average production of such commodities on such farm during the preceding 10 years, or (2) an amount of such commodities having a combined value of $300, computed at parity prices as of the end of the preceding marketing year. Not less than 3 percent of the allotment of each such commodity to each administrative area shall be available for allotment to farms on which none of such commodity was produced during the preceding 10 years.

(c) The amount of a commodity allotted to a farm under this section shall be its domestic allotment with respect to such commodity.

SEC. 2. (a) Promptly following the close of each marketing year (beginning with the marketing year ending in 1938) for cotton, wheat, or corn, the Secretary shall make parity payments to farmers who engaged in the production of each such commodity on farms having a domestic allotment for such commodity for such marketing year, and who cooperated with the program under the Soil Conservation and Domestic Allotment Act during such marketing year. The parity payments shall be computed at a rate equal to the amount by which the average parity price for the commodity during such year exceeded the current average farm price for such commodity during such year and shall be paid on the smaller of the following: (1) The domestic allotment for the farm with respect to which the payment is made, or (2) the amount of the commodity shown to the satisfaction of the Secretary to have been actually produced on such farm in any year and with respect to which parity payments have not previously been paid: *Provided*, That it has not been marketed or fed to poultry or livestock for market prior to the beginning of the marketing year with respect to which the payment is made.

(b) Notwithstanding the foregoing provisions of this section, parity payments for cotton, wheat, or corn, with respect to the marketing year ending in 1938 shall be computed at the rates heretofore announced by the Secretary under the 1938 agricultural conservation program in connection with farm goals for cotton, wheat, and corn, respectively, in case such rates are greater than the rates hereinbefore in this section provided.

(c) The amount paid to any farmer as a parity payment under this act with respect to any year shall be deducted from any amounts payable to him under the Soil Conservation and Domestic Allotment Act with respect to such year.

CROP INSURANCE

SEC. 3. In any case in which any farmer, by reason of crop failure, during any marketing year (beginning with the marketing year ending in 1938) produces less than 50 percent of his domestic allotment of cotton, wheat, or corn, the Secretary shall pay to such farmer, if such farmer has cooperated with the program under the Soil Conservation and Domestic Allotment Act during such year, a sum equal to the value, computed upon the average parity price for such marketing year, of the amount of such commodity by which his production was less than 50 percent of the smaller of (1) his domestic allotment with respect to such commodity, or (2) the normal yield of the acreage planted by him to such commodity.

SEC. 4. The payments paid by the Secretary to farmers under this act, and the Soil Conservation and Domestic Allotment Act, shall be divided among the landowners, tenants, and sharecroppers of any farm, with respect to which such payments are paid, in the same proportion that such landowners, tenants, and sharecroppers are entitled to share in the proceeds of the agricultural commodity with respect to which such payments are paid; and such payments shall be paid by the Secretary directly to the landowners, tenants, or sharecroppers entitled thereto: *Provided*, That if the amount of such payments (except payments computed under section 2 (b) of this act) to any person with respect to any year, computed as hereinbefore provided, would exceed $600, such amount shall be reduced by 25 percent of that part of the amount in excess of $600, but not in excess of $1,000; by 60 percent of that part of the amount in excess of $1,000, but not in excess of $1,500; by 90 percent of that part of the amount in excess of $1,500, but not in excess of $2,500; and by 95 percent of that part of the amount in excess of $2,500.

SEC. 5. The Commodity Credit Corporation is hereby authorized and directed to extend the maturity date of all notes evidencing a loan made by that Corporation on cotton produced during the crop year 1937–38 from July 31, 1938, to July 31, 1939.

The Corporation is further authorized and directed to waive its right to reimbursement from warehousemen accruing because of the improper grading of cotton as provided in the loan agreement. Except insofar as herein specifically modified, all the terms and conditions of the loan agreement shall remain applicable.

TITLE II—TOBACCO

NATIONAL MARKETING QUOTA

SECTION 201. (a) The marketing of tobacco constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Tobacco produced for market is sold on a Nation-wide market and, with its products, moves almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes and are widely scattered throughout the Nation; in many cases such farmers carry on their farming operations on borrowed money or leased lands and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government protection and sanction. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the price for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of tobacco exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

SEC. 202. (a) Whenever, on the 15th day of November of any calendar year, the Secretary finds that the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level therefor, the Secretary shall proclaim the amount of such total supply, and, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the tobacco marketed during such succeeding marketing year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the total quantity which may be marketed, which will make available for marketing during the succeeding marketing year a supply of tobacco equal to the reserve supply level. Such proclamation shall be made not later than the 1st day of December in such year.

(b) Within 30 days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who would be subject to the national marketing quota for tobacco to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 1st day of January, proclaim the result of the referendum and such quota shall not become effective.

(c) In connection with the determination and announcement of any marketing quota for the 1938–39 marketing year, the determination by the Secretary pursuant to subsection (a) of this section shall be made as of the 15th day of January and proclaimed not later than the 1st day of February, and the proclamation of the Secretary pursuant to subsection (b) of this section shall be made prior to the 1st day of March.

APPORTIONMENT OF NATIONAL MARKETING QUOTA

SEC. 203. (a) The national marketing quota for tobacco established pursuant to the provisions of this title shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the 5 calendar years immediately preceding the calendar year in which the quota is proclaimed (taking into account the base acreages and goals for tobacco established under previous agricultural adjustment and conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production for small farms and for trends in production during such 5-year period.

(b) The Secretary shall provide, through local committees of farmers, for the allotment of the marketing quota for any State (less the amounts to be allotted under subsection (c) of this section) among the farmers producing tobacco therein on the basis of the following: Past production of tobacco; land, labor, and

equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That, except for farms on which for the first time in 10 years tobacco is produced to be marketed in the marketing year for which the quota is effective, the marketing quota for any farm shall not be less than the smaller of either (1) 2,400 pounds or (2) the average tobacco production for the farm during the preceding 3 years, not exceeding the normal production of the average of the base acreages or goals for tobacco established for the farm under agricultural adjustment and conservation programs during any of such preceding 3 years.

(c) The Secretary shall provide, through local committees of farmers, for the allotment of not in excess of 3 percent of the national marketing quota apportioned to any State to farms in such State on which for the first time in 10 years tobacco is produced to be marketed in the year for which the quota is effective on the basis of the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That farm marketing quotas established pursuant to this subsection shall not exceed 75 percent of the farm marketing quotas established pursuant to subsection (b) of this section for farms which are similar in respect to the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco.

(d) Farm marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

ADJUSTMENT AND SUSPENSION OF QUOTAS

SEC. 204. If the Secretary has reason to believe that any national marketing quota for tobacco will not make a normal supply of tobacco available for marketing during the marketing year for which such quota has been established, he shall cause an immediate investigation to be made with respect thereto in the course of which due notice and opportunity for public hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact he shall proclaim the same and upon such proclamation the amount of such national marketing quota shall be increased to such amount as he shall have determined upon the basis of such investigation will make available for marketing during such marketing year a normal supply of tobacco and shall announce such increased marketing quota. The amount of such farm marketing quota shall be increased in the same ratio.

(b) If the Secretary has reason to believe that because of a national emergency or because of war any national marketing quota for tobacco shall be terminated, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding and thereupon such quota shall terminate.

PENALTIES

SEC. 205. (a) Any person who knowingly acquires from a producer tobacco marketed by such producer from a farm in excess of the marketing quota for such farm shall be subject to a penalty of 50 percent of the market price of the tobacco on the date of such acquisition, or 3 cents per pound in the case of flue-cured, Maryland, or burley, or 2 cents per pound in the case of all other kinds of tobacco, whichever is the higher. If the tobacco is acquired by sale the purchaser may deduct the amount of the penalty from the price which would otherwise be paid for such tobacco. All penalties shall be remitted to the Secretary and shall accrue to the United States.

(b) All persons, in whatever capacity acting, including producers, warehousemen, processors of tobacco, and common carriers and persons engaged in the business of purchasing tobacco from farmers, or of redrying, prizing, or stemming tobacco for farmers, shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be subject to a fine of not more than $500.

(c) The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this section. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this section. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

(d) All information reported to or acquired by the Secretary pursuant to this section shall be kept confidential by the Department, except that such information as the Secretary deems relevant may be disclosed in a suit or administrative hearing involving the administration of this title.

TITLE III—MARKETING QUOTAS FOR RICE

DOMESTIC ALLOTMENT

SECTION 301. (a) The marketing of rice constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Rice produced for market is sold on a Nation-wide market, and, with its products, moves almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes; in many cases such farmers carry on their farming operations on borrowed money or leased lands and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government sanction and protection for joint economic action. For these reasons, among others, the farmers are unable without Federal assistance to control, effectively, the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of rice exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

SEC. 302. (a) Not later than December 31 of each year the Secretary shall ascertain from the latest available statistics of the Department of Agriculture and shall proclaim the total amount of rice which will be needed during the next succeeding marketing year to meet the requirements of consumers in the United States, its Territories, and in Cuba if at the time of such announcement the Cuban tariff rate applicable to the first 100,000,000 pounds of rice imported into Cuba in any year from the United States is at least $1.70 per hundred pounds less than the tariff rate on rice imported into Cuba from countries other than the United States. Such amount is hereinafter referred to as the "domestic allotment of rice."

(b) Within 30 days after the enactment of this title the Secretary shall ascertain from the latest available statistics of the Department of Agriculture and shall proclaim the total amount of rice which will be needed during the marketing year commencing August 1, 1937, to meet the requirements of consumers as provided in subsection (a).

(c) The domestic allotments of rice for the marketing years commencing August 1, 1937, and August 1, 1938, shall be apportioned by the Secretary among the several States in which rice is produced on the following basis: First, between California on the one hand and all other States on the other hand in proportion to the rice base production established for such States under the 1937 agricultural conservation program; second, among the States other than California in proportion to the average of (1) the rice base production established for each State under the 1937 agricultural conservation program, (2) the average amount of rice produced in each State during the 5-year period 1932–36, and (3) the amount of rice produced in each State in 1937. The domestic allotment of rice for each subsequent marketing year shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the larger of (1) the average amount of rice produced in each State during the 5-year period, including the calendar year in which such domestic allotment is announced, or (2) the domestic allotment made to each State for the preceding year.

(d) The Secretary shall provide, through local and State committees of farmers, for the allotment of each State apportionment among persons producing rice in such State. Such allotment with respect to the marketing years commencing August 1, 1937, and August 1, 1938, shall be made on the basis of the average of (1), if such a base was established, the rice base production established for each such person under the 1937 agricultural conservation program; (2) the average amount of rice produced by each such person during the 5-year period, 1932–36, including the normal production of any acreage retired or diverted from rice production by such person during such years under agricultural adjustment and conservation programs; and (3) the amount of rice produced by each such person in 1937, including the normal production of any acreage diverted from rice production by such person during such year under the agricultural conservation program,

with such adjustments as may be necessary in order that the allotment for each person shall be fair and reasonable as compared with allotments established for other persons having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice. Such allotment for subsequent years shall be made on the basis of the larger of (1) the average amount of rice produced by each person during the 5-year period upon which State apportionments pursuant to subsection (c) are based for such year, or (2) the allotment made to such person for the preceding year, with such adjustments as may be necessary in order that the allotment for each person shall be fair and reasonable as compared with allotments established for other persons having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice: *Provided*, That not exceeding 3 percent of each State apportionment shall be available for allotment among persons who, for the first time in 5 years, produce rice to be marketed in the marketing year next succeeding the marketing year in which such State apportionment is made, such allotments to be made upon such basis as the Secretary deems fair and just and will apply to all persons to whom an apportionment is made under this provision uniformly within the State on the basis or classification adopted. In determining the average amount of rice produced by any person during any 5-year period there shall be omitted from such computation any year in which the amount of rice produced by such person is less than 75 percent of the average amount computed by including such year, if such deficiency in production for such year was due to damage caused by storms, salt water, or other uncontrollable acts of nature.

SOIL-CONSERVATION PAYMENTS

SEC. 303. (a) Notwithstanding any other provision of law, beginning with the crop harvested in the calendar year of 1937, and with respect to the crop harvested in each calendar year thereafter, the Secretary is authorized to make payments from the funds appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act for the purpose of carrying out the provisions of that act, under the conditions set out in subsection (b) of this section, to rice producers on the amount of rice allotted to them of the domestic allotment of rice last announced by the Secretary under section 51. Such soil-conservation payments shall be at a rate not to exceed five-tenths of 1 cent per pound of rough rice, and shall be made as soon as practicable after compliance with the conditions prescribed pursuant to subsection (b) of this section has been determined.

(b) The payments provided for by this section shall be made only to those producers of rice who, in connection with the production of the crop of rice with respect to which the payments are to be made, have set aside for each acre of rice planted 1 acre of land suitable for the production of rice and previously used for the production of rice, and have allowed such land to remain idle or fallow during the year, or have devoted to the production of rice during such year an acreage not in excess of the rice-acreage allotment established for them pursuant to the agricultural conservation program for such year, and upon such other conditions and in such manner as the Secretary determines will carry out the policy of this title.

MARKETING QUOTAS

SEC. 304. (a) If, at the time of any proclamation made under the provisions of section 51 (a) of this title, it shall appear from the latest available statistics of the Department that the total supply of rice exceeds the normal supply thereof for the current marketing year by more than 15 percent of such normal supply, the Secretary shall also proclaim that, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for marketings of rice by producers: *Provided*, That no marketing quota shall be in effect for the marketing year commencing August 1, 1938. The Secretary shall also ascertain and specify in such proclamation the amount of the national marketing quota in terms of the total quantity thereof which may be marketed by producers which shall be that amount of rice which the Secretary determines will make available during such marketing year a normal supply.

(b) Within 30 days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who would be subject to the national marketing quota for rice to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 15th day of February, proclaim the result of the referendum, and such quota shall not become effective.

(c) The national marketing quota shall be apportioned among States and farmers, including new producers, in the manner and upon the basis set forth in section 50 for the apportionment of the domestic allotment of rice.

(d) Marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

(e) If the Secretary has reason to believe that any national marketing quota for rice will not make a normal supply of rice available for marketing during the marketing year for which such quota has been established, he shall cause an immediate investigation to be made with respect thereto in the course of which due notice and opportunity for public hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith and shall specify the termination of, or such increase in, the national marketing quota as he finds upon the basis of such investigation will make available for marketing during such marketing year a normal supply of rice. If the national marketing quota is increased pursuant to the provisions of this subsection, the amount of each producer's marketing quota shall be increased in the same ratio.

(f) If the Secretary has reason to believe that because of a national emergency or because of war any national marketing quota for rice should be terminated, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding, and thereupon such quota shall terminate.

EXCESS MARKETING PENALTY

SEC. 305. (a) Any person who knowingly acquires from a producer rice marketed by such producer in excess of his marketing quota shall be subject to a penalty of five-tenths of 1 cent per pound of the excess so marketed. If such rice is acquired by sale, the purchaser may deduct the amount of the penalty from the price which otherwise would be paid for such rice. All penalties shall be remitted to the Secretary and shall accrue to the United States.

(b) The penalties provided for in subsection (a) of this section shall be collected and paid in such manner, at such time, and under such conditions as the Secretary may by regulations prescribe. The penalties provided for under subsection (a) of this section shall be collected under the direction of the Secretary and shall be covered into the general fund of the Treasury of the United States. Any person who knowingly violates any regulation made by the Secretary pursuant to this section shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than $100 for such offense.

(c) All persons in whatever capacity acting, including producers, warehousemen, processors of rice, and common carriers and persons engaged in the business of purchasing rice from farmers shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500.

TITLE IV—DEFINITIONS, FINDINGS, AND ADMINISTRATIVE PROVISIONS

PUBLICATIONS AND REVIEW OF SOIL-DEPLETING BASE ACREAGES, NORMAL YIELDS, AND MARKETING QUOTAS

SECTION 401. (a) Under regulations of the Secretary, each local committee of farmers shall post in the area for public inspection a list of the soil-depleting base acreages, normal yields, domestic allotments, and farm marketing quotas, if any, for every farm within jurisdiction of the committee; and shall file for public inspection a certified copy of the list with the recorder of deeds or similar county official.

(b) Under regulations of the Secretary, any farmer dissatisfied with the determination of any soil-depleting base acreage, normal yield, domestic allotment, or marketing quota for his farm may, within 15 days after the posting for public inspection of such determination as hereinbefore provided, have the determination reviewed by a review committee whose membership shall be composed of farmers but shall not include any members of the committee of farmers making the determination. Unless application for such review is made within such period, the determination of the local committee of farmers shall be final.

(c) Under regulations of the Secretary any farmer dissatified with the determination of the review committee may, within such reasonable time and in such manner as the Secretary shall prescribe, file with a reviewing officer to be designated by the Secretary a written petition alleging that the determination made by the review committee was not in accordance with law, regulations, or fact and praying for the modification thereof; and the petitioner shall thereupon be afforded an opportunity for full hearing on the petition at a place of hearing within the county in which the petitioner's farm is located. After such hearing the reviewing officer shall make a report in writing stating his findings and conclusions, and an order confirming or modifying the determination of the review committee of farmers. A copy of the report and order shall be served on the petitioner by sending the same to him by registered mail.

(d) The petitioner may, within 15 days after receipt of a copy of such report and order, file a bill in equity against the Secretary as defendant, in the United States district court for the district in which the land in question is located, for the purpose of obtaining a review of such order. The bill of complaint in such a proceeding may be served by delivering a copy thereof to the Secretary or to any person within the district in which suit is brought who may have been authorized by the Secretary to accept service of such a bill, and thereupon the reviewing officer shall certify and file in the court a transcript of the record upon which the determination complained of was entered. The review by the court shall be limited to questions of law, and findings of fact by the reviewing officer when supported by substantial evidence shall be conclusive. No objection to the order of the Secretary shall be considered by the court unless such objection shall have been urged in the hearing before the reviewing officer, or unless there were reasonable grounds for failure so to do. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the reviewing officer, the court may order such additional evidence to be taken before the reviewing officer in such manner and upon such terms and conditions as to the court may seem proper. The reviewing officer may modify his findings and conclusions and his order by reason of the additional evidence so taken, and he shall file with the court such modified or new findings, conclusions, or order, which findings, if supported by substantial evidence, shall be conclusive. At the earliest convenient time the court shall hear and determine the case upon the original record of the hearing before the reviewing officer, or upon such record as supplemented by further hearing before him pursuant to an order of the court, and the court shall affirm the reviewing officer's order, or the order as modified by him, if the court determined that the same is in accordance with law. If the court determines that such order or modified order is not in accordance with law, it shall remand the proceeding to the reviewing officer with direction either to make such order as the court shall determine to be in accordance with law or to take such further proceedings as in its opinion the law requires.

(e) Notwithstanding any other provision of law, the jurisdiction conferred by this section to review the legal validity of a determination made by a reviewing officer pursuant to this title shall be exclusive. No court of the United States or of any State shall have jurisdiction to pass upon the legal validity of any such determination except in a proceeding under this section. The commencement of judicial proceedings under this section shall not, unless specifically ordered by the court, operate as a stay of the reviewing officer's order.

(f) In the event of an increase with respect to any agricultural commodity of any depletion base acreage or marketing quota for any farm as a result of the review of the determination thereof under this section, then all other depletion base acreages or marketing quotas, respectively, for farms in the same local administrative area shall be reduced pro rata in accordance with regulations of the Secretary, if such action is necessary to prevent a substantial increase of marketing quotas in the local administrative area.

SEC. 402. Definitions: (a) For the purpose of this act—

1. The Secretary is authorized after due notice and opportunity for public hearing to interested parties to treat as a separate major agricultural commodity any market classification, type, or grade of any cotton, wheat, corn, tobacco, or rice if he finds such treatment necessary in order adequately to effectuate the policy of this act with respect to such market classification, type, or grade.

2. "Parity," as applied to prices for cotton, wheat, corn, tobacco, or rice, shall be that price for the commodity as will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the period from August 1909 to July 1914, or, in case of tobacco, August 1919 to July 1929, and which will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the applicable base period.

3. The term "crop failure" means complete or partial failure to produce the normal yield of an agricultural commodity upon a farm by reason of abnormal weather conditions, insect pests, plant diseases, or any other natural cause beyond the control of the farmer.

4. "Normal year's domestic consumption" shall be the yearly average quantity of the commodity produced in the United States that was consumed in the United States during the preceding 10 marketing years, adjusted for current trends in such consumption.

5. "Normal year's exports" shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the preceding 10 years, adjusted for current trends in such exports.

6. The term "marketing year" means, for cotton and rice, the period from August 1 of one year to July 31 of the succeeding year; for wheat and flue-cured tobacco, the period from July 1 of one year to June 30 of the succeeding year; for all other types of tobacco and for corn, the period from October 1 of one year to September 30 of the succeeding year: *Provided, however,* That cotton produced in any year and marketed prior to August 1 of the same year shall be deemed to have been marketed during the marketing year commencing August 1 of such year.

7. "Total supply" of any agricultural commodity for any marketing year shall be the carry-over at the beginning of such marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins, except that the estimated production of type 46 tobacco during the marketing year with respect to which the determination is being made shall be used in lieu of the estimated production of such type during the calendar year in which such marketing year begins in determining the total supply of cigar-filler and cigar-binder tobacco.

8. The normal supply for the following agricultural commodities shall be—

Rice, a normal year's domestic consumption and exports plus 10 percent thereof as an allowance for a normal carry-over;

Tobacco, a normal year's domestic consumption and exports plus 175 percent of a normal year's domestic consumption and 65 percent of a normal year's exports as an allowance for a normal carry-over.

9. "Carry-over" in the case of tobacco and rice for any marketing year shall be the quantity thereof on hand in the United States at the beginning of such marketing year which was produced in the United States prior to the beginning of the calendar year then current, except that in the case of cigar-filler and cigar-binder tobacco the quantity of type 46 tobacco on hand and therefore produced in the United States during such calendar year shall also be included.

10. (a) The "normal yield" per acre for wheat and corn for any farm shall be the average yield per acre for the commodity thereon during the preceding 10 years, adjusted for weather conditions, or if there is no actual yield or the data therefor are not available for any year, then an appraised yield to be determined by the Secretary.

(b) "Normal yield" per acre of cotton for any county shall be the weighted average yield of cotton produced therein during the 5 years immediately preceding the year in which such normal yield is used in any computation authorized in this act, provided that if for any year of such 5-year period the yield of cotton produced therein is one-third less than the normal yield so computed the normal yield of cotton shall be the weighted average of yields of cotton produced therein during the remaining years in such 5-year period. In determining normal yield in the case of cotton for the year 1938 there shall be included the estimated yields for the crop year 1937–38.

11. "Reserve supply level" shall be the normal supply plus a percentage of a normal supply adequate to insure a sufficient quantity to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty. In the case of tobacco such percentage shall be 5 percent. In the case of rice 10 percent.

12. "Tobacco" means each of the kinds of tobacco listed below, comprising the types specified as classified in Service and Regulatory Announcement No. 118, of the Bureau of Agricultural Economics of the Department of Agriculture:

Flue-cured tobacco, comprising types 11, 12, 13, and 14;
Fire-cured tobacco, comprising types 21, 22, 23, and 24;
Dark air-cured tobacco, comprising types 35, 36, and 37;
Burley tobacco, comprising type 31;
Maryland tobacco, comprising type 32; and
Cigar-filler and cigar-binder tobacco, comprising types 41, 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55.

The provisions of this act shall apply to such kinds of tobacco severally.

13. "Corn" means field corn.

14. The term "interstate or foreign commerce" means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof; or between points within the same State or Territory or within the District of Columbia or Puerto Rico, through any place outside thereof.

15. The term "affect interstate or foreign commerce" means among other things, in such commerce, to burden or obstruct such commerce or the free and orderly flow thereof; or to create or tend to create a surplus of any major agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.

16. The term "United States" means the several States and Territories and the District of Columbia and Puerto Rico.

17. The term "State" includes a Territory and the District of Columbia and Puerto Rico.

18. The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the Department of Agriculture.

19. The term "for market" in the case of wheat and corn means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and the terms "marketed" or "to market" mean to dispose of in any such manner. Such terms shall not include consumption on the farm.

20. The term "person" means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or any agency of the State.

21. The term "tilled land" means the acreage devoted to soil-depleting row crops and all other soil-depleting feed crops the previous year.

22. The yields and production for the crop year 1937–38 shall be included in any determinations of yields or production made for 1938.

23. The term "for market" in the case of cotton and tobacco means for disposition by sale, barter, exchange, or gift; in the case of rice, for disposition in any of such ways for use in human consumption.

24. "Marketing" means disposing of by sale, barter, exchange, or gift; and in the case of rice, disposing of rice in any such ways for use in human consumption.

ADMINISTRATIVE PROVISIONS

SEC. 403. (a) Utilization of local agencies: (1) The Secretary shall designate local administrative areas as units for the administration of programs carried out pursuant to this title, the Soil Conservation and Domestic Allotment Act, and such other agricultural laws as he may specify. Farmers having farms lying within any such local administrative area, and participating or cooperating in programs administered within such area, shall elect annually from among their number a local committee for such area. The chairmen of all such local committees within any county shall constitute a county committee for the county, which shall elect from its members an administrative committee of three. The county agricultural agent shall be a member, ex officio, of the county committee and of the administrative committee. There shall be a State committee for each State composed of the State director of agricultural extension, ex officio, and of four farmers resident within the State, to be appointed by the Secretary. Before appointing any appointive member of a State committee the Secretary shall consult with, and give consideration to such recommendations as are made by, the State director of agricultural extension and authorized representatives of leading State-wide farm organizations within the State. The Secretary shall make such regulations as are necessary to carry out the provisions of this subsection, including regulations to carry out the functions of the respective committees and for the administration within any State, through the State, county, and local committees within such State, of such programs. No payments shall be made to a member of any State, county, or local committee of any State for compensation or otherwise except solely for services performed or expenses incurred in administering such programs within such State.

(2) The Secretary is authorized and directed to make payments to State, county, and local committees of farmers hereinbefore authorized, to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of this act. Such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments, parity payments, or surplus reserve loans unless payment of such expenses is otherwise provided by law. The Secretary in the administration of this act shall accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing acts of Congress and as will tend to promote efficient methods of marketing and distribution.

(b) Proclamation of parity and farm prices and total supply: The Secretary shall, on the 1st day of each month (or on the ensuing business day if said 1st day is a holiday in the District of Columbia or a Sunday) ascertain and proclaim the parity price and the current average farm price for each agricultural commodity. The Secretary shall, within 45 days after the beginning of the marketing year for each agricultural commodity, ascertain and proclaim the current average farm price for the commodity during the preceding marketing year, to be weighted in accordance with the quantity of the commodity marketed. Within such 45-day period the Secretary shall also ascertain and proclaim the total supply of such commodity as of the beginning of the marketing year.

(c) Available statistics: The latest available statistics of the Department shall be used by the Secretary in ascertaining the "total supply", "normal year's domestic consumption", "normal year's exports", "parity" as applied to prices and income, and "current average farm price."

(d) Finality of farmers' payments and loans: The facts constituting the basis for any Soil Conservation Act payment, parity payment, or surplus-reserve loan, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary of Agriculture or by the Corporation shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.

(e) Benefits available to Members of Congress: The provisions of section 3741 of the Revised Statutes (U. S. C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U. S. C., title 18, secs. 204 and 205) shall not be applicable to contracts or payments made under this act.

PERSONNEL AND ADMINISTRATIVE EXPENSES

SEC. 404. The Secretary is authorized and directed—

(a) Except as otherwise may be provided in this act to provide for the execution by the Agricultural Adjustment Administration of such of the powers conferred upon him by this act as he deems may be appropriately exercised by such Administration; and for such purposes and for the purposes of the Surplus Reserve Loan Corporation, the provisions of section 10 (a) of the Agricultural Adjustment Act, as amended and reenacted by the Agricultural Marketing Act of 1937, shall be applicable to the employment and compensation of such officers and employees.

(b) To make such expenditures as he deems necessary to carry out the provisions of this act, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, law books, books of reference, directories, periodicals, and newspapers.

APPROPRIATIONS

SEC. 405. (a) Beginning with the fiscal year commencing July 1, 1938, there is hereby authorized to be appropriated, for each fiscal year for the administration of this act and for the making of Soil Conservation Act payments and payments under this act such sums as are necessary. There is hereby made available for parity payments with respect to cotton, wheat, and field corn under this act for any year commencing on or after July 1, 1938, 55 percent of all sums appropriated for the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, for such year.

(b) For the administration of this act during the fiscal year ending June 30, 1938, there is hereby authorized to be made available from the funds appropriated for such fiscal year for carrying out the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, a sum not to exceed $10,000,000.

(c) All funds for carrying out the provisions of this act shall be available for allotment to bureaus and offices of the Department, and for transfer to such other agencies of the Federal Government or to such State agencies as the Secretary may request to cooperate or assist in carrying out the provisions of this act.

(d) The Secretary shall determine the character and necessity for expenditures under this act; the Soil Conservation and Domestic Allotment Act, as amended; and the Sugar Act of 1937; the manner in which they shall be incurred and allowed, the persons to whom payments shall be made, including the persons entitled to receive the payments in the event of the death, incompetency, or disappearance of the persons who otherwise would have been entitled to receive the payments, and shall also prescribe voucher forms and the forms in support thereof, without regard to the provisions of any other laws governing the expenditure of public funds, and such determinations and forms shall be final and conclusive upon all other officers of the Government.

(e) The Secretary shall at all times maintain complete and accurate books of account. The financial transactions pursuant to the provisions of this act shall be audited at least once each year by the General Accounting Officer for the sole purpose of making a report to Congress, together with such recommendations as the Comptroller General of the United States may deem advisable: *Provided*, That such reports shall not be made until the Secretary shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.

(f) Notwithstanding any other provision of this act, if the aggregate payments payable under title I of this act for any marketing year are estimated by the Secretary to exceed the sum appropriated for such payments for such year, all such payments shall be reduced pro rata that the estimated aggregate amount of such payments shall not exceed the funds available for such payments.

(g) Payments under this act may be made, subject to the consent of the farmer, in the form of the commodity with respect to which the payment is made, in such amounts as the Secretary determines are equivalent to money payments at the rates determined pursuant to the provisions of this act.

(h) No payment shall be made with respect to any farm pursuant to the provisions of this act and of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, with respect to cotton, wheat, corn, tobacco, and rice unless, where the area of cropland on the farm permits, and it is otherwise feasible, practicable, and suitable, in accordance with regulations prescribed by the Secretary, there is grown on such farm an acreage of food and feed crops sufficient to meet home consumption requirements.

(i) All cotton of the 1937 crop warehoused in the calendar year 1937 and held as security for a loan from the Federal Government shall, pursuant to regulations of the Secretary, upon the request of any borrower, be reclassified, restapled, and reweighed by a licensed Government classer without expense to such borrower.

(j) The first sentence of the Third Deficiency Appropriation Act, fiscal year 1937, under the subhead "Price Adjustment Payment to Cotton Producers" is amended to read as follows:

"Notwithstanding any other provisions of section 32 of Public Law No. 320, Seventy-fourth Congress, as amended, $65,000,000 of the funds available under said section 32 in each of the fiscal years 1938 and 1939 shall be available until expended for price-adjustment payments to cotton producers, upon such terms and conditions as the Secretary of Agriculture may determine, with respect to the 1937 cotton crop. Cotton which on July 1, 1938, is under a 1937 Commodity Credit Corporation loan and which, had it been sold prior to that date, would under the regulations prescribed by the Secretary of Agriculture be eligible for payment, shall be treated as if sold on July 1, 1938, but there shall be deducted from the cotton price adjustment payment in respect thereof, and paid to the lending agency, the unpaid carrying charges under such loan due June 30, 1938. Payments shall be made only upon application filed prior to October 1, 1938."

LONG-STAPLED COTTON

SEC. 406. The provisions of this act shall not apply with respect to cotton having a staple of one and one-half inches in length or longer.

SEPARABILITY

SEC. 407. If any provisions of this act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the act and the application of such provision to other persons or circumstances, and the provisions of the Soil Conservation and Domestic Allotment Act, as amended, shall not be affected thereby.

TITLE V—SURPLUS RESERVE LOAN CORPORATION

ESTABLISHMENT

SECTION 501. For the purpose of making and administering surplus reserve loans hereinafter authorized, there is hereby established as an agency of and within the Department a corporation to be known as the "Surplus Reserve Loan Corporation." The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices elsewhere in the United States under regulations prescribed by the board of directors (hereinafter referred to as the "board"). The management of the Corporation shall be vested in the board subject to the general supervision of the Secretary. The board shall consist of three persons employed in the Department who shall be appointed by and hold office at the pleasure of the Secretary. Vacancies in the board, so long as there shall be two members in office, shall not impair the powers of the board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board. The directors shall receive no additional compensation for their services as directors of the Corporation but may be allowed necessary traveling and subsistence expenses in accordance with the laws and regulations governing traveling and subsistence expenses for governmental employees generally engaged in the business of the Corporation outside of the District of Columbia. The board, subject to the approval of the Secretary, shall select a manager, who shall be the executive officer of the Corporation with such power and authority as may be conferred upon him by the board. The board shall have the power to adopt such bylaws, rules, and regulations, and amendments thereto, as it deems necessary for the conduct of the business of the Corporation. The board shall define the authority and duties of the officers and employees of the Corporation, delegate to them such of the powers vested in the Corporation as it may determine, and require bonds of such of them as it may designate and fix the penalties and pay the premiums of such bonds.

LOANS ON COMMODITIES

SEC. 502. (a) The Corporation is directed to make available to farmers who cooperate with the conservation program under the Soil Conservation and Domestic Allotment Act, loans (herein referred to as surplus reserve loans) on cotton, wheat, corn, tobacco, and rice, and may make available to such farmers loans on all other agricultural commodities. Loans made pursuant to this subsection shall be made on the security solely of stocks of the commodity insured and stored under seal. The amount, terms, and conditions of such loans shall be fixed by the Corporation, taking into account the maintenance of foreign outlets for the commodity and the effect of prospective production of the commodity on the value of the stock of the commodity held or to be acquired as security for the loan.

(b) For the purposes of this act any agricultural commodity shall be deemed to be stored by the farmer under seal only if stored in such warehouses or other storage facilities, whether on or off the farm, as conform to requirements of such regulations as the Secretary shall prescribe in order more effectively to administer this act.

(c) Notwithstanding any other provision of this section, if the farmers producing tobacco or rice indicate by vote in the referendum carried out pursuant to the provisions of this act that marketing quotas with respect to such commodity are opposed by more than one-third of such farmers, loans shall not be available thereafter with respect to the commodity during the period from the date on which the results of the referendum are proclaimed by the Secretary until the beginning of the second succeeding marketing year.

SEC. 503. Whenever the current average farm price for cotton, wheat, corn, tobacco, or rice, as proclaimed monthly by the Secretary hereunder, exceeds the parity price so proclaimed for the commodity, the Secretary shall to the extent necessary to stabilize at parity such current average farm price for the commodity—

1. Call loans secured by the commodity;

2. Release stocks of the commodity held under marketing-quota restrictions;

3. Dispose of stocks of the commodity acquired by the Corporation in connection with loans.

Stocks of tobacco and rice acquired by the Corporation in connection with surplus-reserve loans shall, if the current average farm price does not exceed the parity price therefor, be disposed of only for human-relief, export, or surplus-reserve purposes.

POWERS OF CORPORATION

SEC. 504. The Corporation shall have succession until dissolved by act of Congress and shall have power (a) to sue and be sued in any State or Federal court of competent jurisdiction; (b) to adopt and use a corporate seal, which shall be judicially noticed; (c) to make contracts; and (d) to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business. The Corporation shall have such other powers as may be necessary and incident to the conduct of its powers and duties under this act. The Corporation shall be entitled to the free use of the United States mails in the same manner as the other executive agencies of the Government. The Corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, offices, agents, and employees thereof in carrying out its functions under this act.

SEC. 505. The Corporation shall have a capital stock of $100,000,000, subscribed by the United States of America, which sum is hereby authorized to be appropriated. Such subscriptions shall, with the approval of the Secretary, be subject to call, in whole or in part, by the board. Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

ISSUANCE OF OBLIGATIONS

SEC. 506. (a) The Corporation is authorized and empowered to issue and have outstanding at any one time its notes, debentures, or other such obligatons in a par amount aggregating not more than five times the amount received by the Corporation in payment of its capital stock; such obligations to mature not more than 2 years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the Corporation. The notes, debentures, and other such obligations of the Corporation may be secured by assets of the Corporation in such manner as shall be prescribed by the board and may be offered for sale by the Corporation at such price or prices as the board shall determine. The said obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand when due the principal of or interest on notes, debentures, and other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, or other obligations. The Secretary of the Treasury is authorized and directed, whenever in the judgment of the board additional funds are required for purposes of making loans, to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of the sale of any securities hereafter issued under sections 752–754 and 757 of title 31 of the United States Code, and the purposes for which securities may be issued under said sections are extended to include such purchases. The Secretary of the Treasury may at any time sell any of the obligations of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Corporation shall be treated as public-debt transactions of the United States.

(b) In order that the Corporation may be supplied with such forms of notes, debentures, or other such obligations as may be needed for issuance under this section, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation to be held by the Treasury, subject to delivery upon order of the Corporation. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, or other obligations.

DESIGNATED FISCAL AGENCY

SEC. 507. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public money and shall act as a financial agent of the Government, and, when acting as such, shall perform such reasonable duties as a depository of public money and as a financial agent of the Government as may be required of it by the Secretary of the Treasury.

EXPENDITURE OF FUNDS AND EXEMPTION FROM TAXATION

SEC. 508. (a) The board shall determine the character and necessity for its expenditures under this act, other than administrative expenditures, and the manner in which they shall be incurred, allowed, and paid without regard to the provisions of any other laws governing the expenditure of public funds, and such determination shall be final and conclusive upon all officers of the Government. The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary a complete report as to the business of the Corporation. The financial transactions of the Corporation shall be audited by the General Accounting Office at least once each year.

(b) All notes, debentures, or other such obligations issued by the Corporation shall be exempt both as to principal and interest from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States; by any Territory, dependency, or possession thereof; or by any State, county, municipality, or local taxing authority. The Corporation, its property, including its franchise, capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States; by any Territory, dependency, or possession thereof; or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

PENAL PROVISIONS

SEC. 509. (a) Whoever, for the purpose of obtaining any loan from the Corporation, or any extension or renewal thereof, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation under this act, makes any statement knowing it to be false, or willfully overvalues any security, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

(b) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Corporation or pledged or otherwise entrusted to the Corporation; or (2) with intent to defraud the Corporation, or any other body, politic or corporate, or any individual, or to receive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or draws any order, or issues, puts forth, or assigns any note or other obligation, warehouse receipt, or other security; or (3), with intent to defraud the Corporation, participates or shares in or receives, directly or indirectly, any money, profit, property, or benefit through any transaction, loan, contract, or any other act of the Corporation, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

(c) Whoever knowingly, with intent to defraud the Corporation, shall conceal, remove, dispose of, or convert to his own use or to that of another any property pledged to or held by the Corporation as security for any obligation shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

(d) Whoever (1) falsely makes, forges, or counterfeits any obligation or coupon in imitation of or purporting to be an obligation or coupon issued by the Corporation; or (2) passes, utters, or publishes or attempts to pass, utter, or publish any false, forged, or counterfeited obligation or coupon purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any obligation or coupon issued, or purporting to have been issued, by the Corporation; or (4) passes, utters, or publishes or attempts to pass, utter, or publish as true and falsely altered or spurious obligation or coupon issued, or purporting to have been issued, by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

TITLE VI—AMENDMENTS TO SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

SECTION 601. (a) Section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, is amended by striking out "Subject to the limitations provided in subsection (a) of this section, the Secretary shall have the power to carry out the purposes specified in clauses (1), (2), (3), and (4) of section 7 (a) by making", and inserting in lieu thereof "In order to carry out the purposes specified in section 7 (a) the Secretary shall have the power to make."

(b) Section 8 (b) of such act, as amended, is amended by striking out the expression "or (4)" after the expression "required for domestic consumption", and inserting in lieu thereof the following:

"(4) their equitable share as determined by the Secretary of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utiliztaion of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7 (2) or (5)."

(c) Section 8 (b) of such act, as amended, is amended by inserting after the expression "during the year with respect to which such payment is made" and before the expression "in carrying out the provisions of this section", the following:

"In determining the amount of any payment or grant measured by (4), the Secretary shall take into consideration and give equal weight to (1) the national acreage required to be devoted to the crop or group of crops or to the practices designated by the Secretary for such farm pursuant to subsection (c) in order to provide adequately for domestic consumption and exports of any one or more agricultural commodities and to effectuate the purposes specified in section 7 (a), and the value of the production of such commodity or group of commodities on such national acreage on the basis of average values for the 10 years immediately preceding the year in which such payment is determined, and (2) the national average acreage devoted to the production of such commodity or commodities or to such practices during such 10-year period in excess of the national acreage required for such purposes and the value of production from such excess acreage on the basis of average values during the 10 years immediately preceding the year in which such payment is determined."

(d) Section 8 (b) of such act, as amended, is amended by striking out the sentence "In carrying out the provisions of this section, the Secretary shall not have power to enter into any contract binding upon any producer or to acquire any land or any right or interest therein", and by inserting in lieu thereof the following: "In carrying out the provisions of this section the Secretary shall have the power to enter into contracts with producers but shall not have the power to acquire any land or any right or interest therein."

(e) Section 8 (c) of such act, as amended, is amended by striking out "specified in clause (1), (2), (3), or (4)."

TITLE VII—COTTON POOL PARTICIPATION TRUST CERTIFICATES

SECTION 701. There is hereby authorized to be appropriated, from any moneys in the Treasury of the United States not otherwise appropriated, the sum of $1,800,000, or so much thereof as may be required by the Secretary to accomplish the purposes hereinafter declared and authorized. The Secretary of the Treasury is hereby authorized and directed to pay to, or upon the order of, the Secretary, such a part or all of the sum hereby appropriated at the request of the Secretary.

SEC. 702. The Secretary is hereby authorized to draw from the Treasury of the United States any part or all of the sum hereby appropriated, and to deposit same to his credit with the Treasurer of the United States, under special symbol number, to be available for disbursement for the purposes hereinafter stated.

SEC. 703. The Secretary is hereby authorized to make available, from the sum hereby appropriated, to the manager, cotton pool, such sum or sums as may be necessary to enable the manager to purchase, take up, and cancel, subject to the restrictions hereinafter reserved, pool participation trust certificates, Form C–51, where such certificates shall be tendered to the manager, cotton pool, by the person or persons shown by the records of the Department to have been the lawful holder and owner thereof on February 1, 1937, the purchase price to be paid for the certificates so purchased to be at the rate of $1 per 500-pound bale for every bale or fractional part thereof represented by the certificates C–51. The Secretary is further authorized to pay directly, or to advance to the manager, cotton pool, to enable him to pay costs and expenses incident to the purchase of certificates as aforesaid, and any balance remaining to the credit of the Secretary or the manager, cotton pool, not required for the purchase of these certificates in accordance with provisions of this act, shall, at the expiration of the purchase period, be covered into the Treasury of the United States as miscellaneous receipts.

SEC. 704. The authority of the manager, cotton pool, to purchase and pay for certificates hereunder shall extend to and include the 31st day of January 1938: *Provided*, That after expiration of the said limit the purchase may be consummated of any certificates tendered to the manager, cotton pool, on or before January 1, 1938, but where for any reason the purchase price shall not have been paid by the manager, cotton pool. The Secretary is authorized to promulgate such rules, regulations, and requirements as in his discretion are proper to effectuate the general purposes of this title, which purpose is here stated to be specifically to authorize the purchase of outstanding pool participation trust certificates, Form C–51, for a purchase price to be determined at the rate of $1 per bale, or $^{20}/_{100}$ cent per pound, for the cotton evidenced by the said certificates, provided such certificates be tendered by holders thereof in accordance with regulations prescribed by the Secretary not later than the 31st day of January 1938, and provided such certificates may not be purchased from persons other than those shown by the records of the Department to have been holders thereof on or before the 1st day of May 1937.

SEC. 705. The Secretary is authorized to continue in existence the 1933 cotton producers' pool so long as may be required to effectuate the purposes of this title. All expense incident to the accomplishment of purposes of this title may be paid from funds hereby appropriated, for which purpose the fund hereby appropriated shall be deemed as supplemental to such funds as are now to the credit of the Secretary, reserved for the purpose of defraying operating expenses of the pool.

SEC. 706. The authorization contained in this title for the purchase of outstanding participation trust certificates, C–51, is not intended as recognizing or establishing any right or claim in the holders thereof against the United States, or any obligation on the part of the United States to purchase these certificates, but is in the nature of a gratuitous action on the part of the United States to accomplish the distribution of a surplus resulting from cotton operations, amongst those persons, or their assignees, who have come to be the bona fide holders and owners of these certificates and who, as such certificate holders, came to believe that they were entitled to a distribution of all net proceeds derived from marketing of the cotton involved in the transaction. After expiration of the time limit herein established, the certificates then remaining outstanding and not theretofore tendered to the manager, cotton pool, for purchase, shall not be purchased and no obligation on account thereof shall exist.

Amend the title so as to read: "A bill providing for parity and crop-insurance payments with respect to cotton, wheat, and corn; providing an adequate and balanced flow of certain agricultural commodities in interstate and foreign commerce, and for other purposes."

Mr. FRAZIER. Mr. President, I am very much interested in the substitute offered by the junior Senator from California [Mr. MCADOO]. It seems to me that it is based on a proposal that is logical and sound, and one to which we must come if we are to take care of the farm situation. The farm question will never be settled until it is settled right. There is nothing in the pending committee bill which will settle the question right. It merely provides for what is termed a parity payment based on the 5-year period from 1909 to 1914. It is conceded that there will not be money enough to give the farmers even parity based on that period. According to the best statistics we can get during that 5-year period the

farmers got only 40 percent of their share of the national income.

The farmers of this country have been promised repeatedly in campaign times that they would be given the benefit of legislation which would put them on a parity with industry. That has never been done, and they are waiting for something to be done.

Yesterday I quoted from a speech made by Mr. Wallace before he became Secretary of Agriculture, in 1928, in the State of Iowa, his home State, in which he declared that in his opinion the farmers were entitled to their share of the national income. He said at that time that it would take $6,000,000,000 more in income for the farmers than they were receiving at that time. In 1928 they were getting about the same income they are now receiving.

All the farmers can expect from the pending bill is $500,000,000. According to Mr. Wallace's own statement of the needs in 1928, we would be short $5,500,000,000 from bringing the farmers up to parity with industry and, in my opinion, that is too great a discrepancy.

Mr. Wallace also stated in his speech before the farmers at that time his opinion of the Farmers' Union method for determining cost of production, and the same methods are used in the McAdoo bill which the Farmers' Union group proposed at that time. It was the same method proposed in the cost-of-production amendment that was offered in the session of 1933 as an amendment to the Triple A Act.

Mr. WHEELER. Mr. President, has the Senator a list of the Senators who voted for the principles embodied in that act?

Mr. FRAZIER. Yes; the junior Senator from Oklahoma read the list of those who voted for the amendment in 1933 and who are still Members of the Senate. Thirty-one of those who voted in favor of that cost-of-production amendment in 1933 are still Members of this body. I read it into the RECORD yesterday and I wish to refer to it again briefly. Mr. Wallace stated that the method by which the Farmers' Union figured their cost of production might not be perfect, but he said it was logical and sound. It was his statement in 1928 that he would challenge any organization, even the Department of Agriculture itself, to prove that there was anything unsound in the Farmers' Union method of determining cost of production.

Mr. President, the Secretary of Agriculture seemed to favor that cost-of-production plan at that time and, after all, if the farmers are to be put on a paying basis, if they are to be put on a parity with industry, if they are to get their share of the national income, they must be given the American market on the basis of cost of production, including a fair profit. There is nothing illogical or unfair about that, because the farmers who produce the food products and other necessities which the people of this Nation must have are entitled to cost of production just as well as anyone else in any other line of business is.

The junior Senator from Oklahoma has referred to the two-price proposition, one price for the part of the product used for home consumption and another price for the part that is the so-called surplus, or for export.

Many of the manufacturers have a two-price method. The International Harvester Co., it is said, sell their products to the farmers in the United States at a price based on cost of production and a profit, and in my estimation a pretty good profit, but when they happen to have a surplus, and they are afraid their products are going out of date, and they want to get their money out of them, they sell them on the world market at practically any price they can get, and in that way they get rid of their surplus. Other manufacturers do the same thing. There is no reason I can see why the farmers should not do the same.

If we are to have the profit system, which we have—and it is mighty hard to get rid of it—something will have to be done to help the farmers get cost of production for their products. As I have said before many times, we have been promised parity with industry, we have been promised our share of the national income. There is nothing in the committee bill that will get within gunshot of the farmer's share of the national income. In fact, with the committee bill providing for a $500,000,000 appropriation, which was the same amount that was appropriated for the Soil Conservation Act, the farmers would get practically the same amount under the Soil Conservation Act as they are now to get under the so-called parity payments.

We were told by the experts from the Department of Agriculture that 55 percent of the soil conservation money went to the farmers who produced corn, wheat, and cotton. Therefore the committee set aside 55 percent of that appropriation to be paid as parity payments—that is, partial payments on parity, if you please. The parity payments, as I said before, are to be based on a period 25 years ago, when the price was below cost of production. That is unfair to the farmer, and I am hopeful that the substitute of the Senator from California will be adopted.

The substitute offered by the Senator from Oklahoma [Mr. LEE], in my opinion, is much better, much more logical, and would give the farmers more, than the committee bill. But that, again, would call for an appropriation to pay the parity price the Senator provides for in his bill on the amount used in domestic consumption.

Under the substitute offered by the Senator from California no appropriation of any material size would be needed. It provides for $10,000,000 to be set up for the Board that would handle the farm products, but no appropriation is provided to increase the farmer's prices. The portion of the farmer's products that would be sold for home consumption based on cost of production and a fair profit would be paid by the purchasers of those products—the mills, the factories, and the processors who buy those products. It might raise the cost of living to the consumer in some instances, although in my opinion right now the spread between the price the producer gets and the price the consumer pays is so wide that the producer might well receive a price based on cost of production, including a fair profit, and still allow the products to be sold for as low as they are sold for now, or lower, with the wholesaler or handler or manufacturer being given a fair profit at the same time.

It may be necessary to have some adjustment along the line from the producer to the consumer, but in my opinion that can be done if it is necessary to do it.

I wish to read a telegram sent to me by a Farmers' Union local in North Dakota. I know the signer of it very well. He was formerly a State senator. He is a man who has had experience in farming and also in legislative work. He is an official of the Farmers' Union local in his county, and he sent this telegram under date of December 13:

PERKIN, N. DAK., *December 13, 1937.*

Senator LYNN J. FRAZIER,
Senate Office Building, Washington, D. C.:

Farmers' Union, Local 113, Forde Township, Nelson County, N. Dak., urge passage of a farm bill with the following provisions: (1) Price of wheat based on cost of production for home consumption; (2) control of imports and tariff to protect the domestic market; (3) crop insurance; (4) disposal of excessive surpluses to needy at Government expense; (5) soil conservation; (6) ever-normal granary.

L. O. FREDRICKSON.

Of course, Mr. President, the ever-normal granary is a good thing, but it does not meet the farm problem by any means. The loans that are authorized on the various crops are also a good thing under our present system. If the McAdoo substitute is adopted, however, those loans would not be needed, because provision is made for a price based on cost of production, plus a fair profit on the product used for home consumption, and the balance can be taken over by the Government or the Board for relief work, or sold at the world market, and whatever is received after paying expenses can be returned to the farmer. That will be much better than loans.

The cotton question has been repeatedly brought into the discussion of the farm bill and, of course, it must be, because cotton is one of our great export commodities. The small cotton farmer or sharecropper, I am told, sometimes

gets only about two bales of cotton a year for his share. If he could get 25 cents a pound for one bale under the McAdoo substitute, it would most certainly be much better than it would be to sell two bales at the present price of less than 10 cents a pound. Under the present system all of their cotton would be sold below cost of production. Under the McAdoo provision, for one-half of it, 50 percent of it, if that is the amount used for home consumption, the farmers would get a price based on cost of production and a fair profit. The balance of it they can keep on their farms or put in storage to apply to the next year's crop, or they can sell it at the world market, and get a little out of it in that way; or they would, I am satisfied, be willing to turn their surplus over to the Government if they received cost of production for the amount used for home consumption. The wheat farmers, I know, feel the same way about the matter, and so do the corn farmers.

The argument is made that the proposal would be unfair to farmers producing other crops. Perhaps some little unfairness in some cases would result, but I am satisfied that the prices of the principal farm products that are named in the bill go a long way toward regulating the price of all other farm products; and if those farm products could be sold for the farmers at cost of production, together with a profit, it would increase the farmer's purchasing power so that he could buy the necessities he needs, the manufactured products of the mills and factories, which would then open. Until the farmer's purchasing power is restored, I can see no hope of getting back to normal conditions again. As soon as the farmer can get a profit on his products, get his share of the national income, it will restore his purchasing power; and he can then buy the necessities he needs, which will mean the opening of factories and mills, and the stimulation of business in general.

So, Mr. President, I am strongly in favor of this cost-of-production plan. I can see no logical argument against it. No one can expect the American farmer, who feeds and clothes the people of the United States, to sell his products for less than the cost of production. It is unfair to expect him to do it. Under the present system the farmer has been compelled for years to take his chances on the price he gets, which most of the time has been below cost of production.

Besides that, there is nothing in the committee bill to curb or regulate in any way the gambling elements that now function in the commodity markets, and manipulate those markets to a large extent, in cotton, wheat, corn, and other farm products. A cost-of-production measure, as the Senator from California pointed out this afternoon, would, if put in operation, have a tendency to curb that gambling in the commodity market, just as it did during the World War, when the price of wheat was fixed by the Congress. Then the Chicago futures market went out of business for the time being.

Cotton was not included in that price fixing during the wartime. A few years ago, when I first came to Congress, I was a member of a subcommittee which investigated some of the reports as to the prices paid for cotton, and the profits made by some of the big cotton companies; and the investigation went back to the time of the World War. I remember the testimony with respect to one big cotton company in the South, I think the largest down there, dealing in cotton. I was convinced by the testimony offered before that committee that that one company made more profit in handling the cotton the farmers grew than the farmers themselves did during the whole war period, and that the bulk of the money which the consumer paid, and which should have gone to the producers, went to the dealer instead.

The same thing is true every day in our markets. The price today of cash wheat at any place is based on the price of future wheat. This fall the price of wheat on the Winnipeg wheat market has been from 15 to 20 cents a bushel higher than at the market in Minneapolis, although we have a 42-cent tariff on wheat. That difference in price has continued during all the fall. It shows that the tariff is not functioning for the American farmer, and we never have been able to make it function. It is practically impossible that the American farmer shall be fairly dealt with in that respect unless he shall have some assistance from the Government; but if we can have an established price for the amount of our products consumed in the United States, based on cost of production and a fair profit, there is no question that the farmer can get his share of the national income. Of course, as was stated this morning, there will have to be an increase in the tariff to keep foreign products out, so that they will not come into this country in competition with our products.

So I am anxious to have a vote on this measure.

Mr. President, I have a clipping on my desk which quotes the president of the American Farm Bureau Federation in an address made by him at a recent meeting in Chicago in which he criticized the agricultural bill. Mr. Edward A. O'Neal criticized the agricultural bill that is pending before the Senate. While this is known sometimes as a Farm Bureau bill, apparently the Farm Bureau people are dissatisfied with it in the present form. I know that the leaders of the other farm organizations are dissatisfied with it, and the farmers in general are dissatisfied with it, and they will be more dissatisfied when they find out how it is going to work—that they are not going to get parity prices, and that the parity stated in the bill is not actual parity, but parity based on the old 5-year period.

Mr. President, I hope we can adopt the substitute of the Senator from California [Mr. McADOO]. It would give us cost of production. It would give us a fair chance to put agriculture on a paying basis. It would give the farmers a chance to get their share of the national income. So, if they are entitled to it, if we meant what we said when we promised the farmers their share of the national income, if the Democratic Party meant what it said in its 1932 platform when it went on record as saying that it would try to pass legislation which would give the farmer a price for his principal farm products in excess of cost of production, let us adopt the McAdoo amendment. If that can be done, I am satisfied that it will be a great step toward solving the farm problem, and providing a permanent solution of it.

Mr. KING. Mr. President, during the consideration of the pending bill I have indicated my opposition to the same. Two substitutes have been offered—one by the Senator from California [Mr. McADOO] and the other by the junior Senator from Oklahoma [Mr. LEE]—each of which, as I am advised, will have some support.

It is not my purpose to discuss the substitutes. I am opposed to them, however. On November 9 I addressed the Senate and examined some of the provisions of the bill before us and assigned a number of reasons for my opposition to the same. Further examination of the bill confirms the position which I then stated.

In my opinion, if it is enacted into law, it will prove injurious to the farmers and harmful to the people. It is opposed to sound economic laws and to the development of sound agricultural policies. It disregards historic facts, and the lessons learned from history, of futile efforts to interfere with natural laws, and to subject agriculture and industry to regimentation and to arbitrary and capricious laws and regulations. It is an attempt to control agriculture and to subject the farmers to regulations prescribed by a powerful bureaucracy headed by the Secretary of Agriculture. It postulates the view that farmers are incompetent to deal with their own problems; to determine their own lives; to plant and sow and reap as and when they desire.

Jefferson said:

> Were we directed from Washington when to sow and when to reap, we should soon want bread. * * *

What is the policy of the farm bill? It is a policy that will result in scarcity and subject the farmers to an autocratic rule, harmful and inconsistent with individual liberty and the rights of American citizens. It seeks to strip the States of power which they possess and to transfer to the Federal Government and its officials power which under our form of government it does not possess.

It is claimed that the power of the Federal Government to deal with interstate commerce is plenary; but this measure does not deal in a true sense with interstate commerce, but with local concerns—with agriculture, which is a local matter—and if it shall be passed, then all control by the 48 States in respect to the local aspects of agricultural production will necessarily be ousted. The passing of this measure would in effect repeal, by implication, if not directly, many wholesome and proper State laws which deal with the production of agricultural crops, and thus bind the hands of agriculturists and chain them to a bureaucratic machine. It would constitute a grievous assault not only upon constitutional government but upon the rights of individuals. It confers upon the Secretary power to declare the percentage of acreage which should be diverted from production. The bill gives almost unlimited power to the Secretary and his subordinates to control the production of cotton, wheat, corn, tobacco, and rice. He may order farmers, on pain of forfeiting benefits, to plant a limited area of land in crops for home consumption; he has the power to establish national and individual farm marketing quotas; and violation of rules and regulations prescribed by him and his subordinates will subject agriculturists to pains and penalties. The vast scope of this bill transfers to the Federal Government complete control over the production and marketing of the five basic crops referred to. As stated, it would wrest such powers from the States, not to meet an emergency, not for a temporary period, but in perpetuity. By the broad declaration that these commodities are affected with a national public interest, the Federal Government by this bill proposes to control production and marketing by a dual system, including so-called voluntary features and outright admitted compulsions.

I deny that Congress may control production and marketing by the producers of commodities under the guise of regulating commerce or under any authority granted by the Constitution to the Federal Government; nor has Congress the right to delegate to an administrative agency or a powerful Federal bureau the vast powers which are to be granted by the pending bill.

This measure will prove to be a futile gesture. It may temporarily satisfy the farmers, but it will prove disadvantageous to them and injurious to the people. It is in harmony with the spirit of some drastic laws and regulations found in autocratic nations which have sought and which now seek to control individual conduct in fields belonging to the individuals themselves and to subject them to an oppressive regimentation hateful to a free and democratic people. Regimentation, as we know, is now rather fashionable in Germany, Russia, and in Italy; but we know that as regimentation advances liberty and the rights of individuals are submerged. Some persons are intrigued with the view that laws are more important than liberty; that bureaus and powerful governmental agencies are necessary, even in democratic governments, to control trade and industry and the lives and habits and activities of the people.

I repeat, it is singular that with the pages of history before us we should follow obsolete and discarded policies, and introduce into our economic and industrial life practices which are the outgrowth of oppression, paternalism, and autocratic rule.

In my opinion, if the American people understood this bill—its complex, intricate, oppressive, and dangerous provisions—it would find but little support. It is not a bill to aid the farmers, but one which will injure them and the people. Its primary purpose is to raise prices and to limit production. A free people always oppose price fixing and bureaucratic control of industry. The measure has no concern for the consuming public, nor for the farmers themselves, but accepts the philosophy that scarcity produces wealth and promotes the welfare of the people. It is founded upon the philosophy of defeatism, a philosophy which prevents progress, material advancement, and the production of wealth. It is inconsistent with the views of those who founded this Republic and incompatible with policies which have lifted this Nation to the highest standards of civilization, progress, and prosperity ever attained by any nation. It seeks to drag this Republic into noneconomic policies which find exemplification, as I have indicated, in Italy, Germany, and Russia. It resurrects the policy adopted by the Department of Agriculture when fields of cotton and other agricultural products were plowed under, when cattle and pigs were destroyed, though multitudes of persons lacked food and clothing. I am surprised that this dark and discredited philosophy should find supporters here or elsewhere.

President Roosevelt has declared that one-third of our population are ill-fed and ill-clothed and ill-housed. That declaration is a condemnation of the policy of scarcity or underproduction. It is a condemnation of any measure that tends to continue or increase poverty and interfere with production of the things of life indispensable to progress and happiness. Not only in the United States are there persons without sufficient food or clothing, but there are in the world more than a billion persons who lack the necessities of life; and yet, by this bill, we are declaring that in this free Republic we are preventing in this as well as in other lands the underfed and the underclothed from obtaining the necessities of life.

It is conceded that in order properly to feed and clothe the American people we should bring under production more than 23,000,000 additional acres of land. The junior Senator from Oklahoma [Mr. LEE] stated a moment ago, quoting an eminent authority, that more than 45,000,000 acres of land are needed to furnish the necessary food and clothing for the American people, so I am modest in stating the number at 23,000,000 acres.

As I have stated, we adopted a few years ago the absurd, if not wicked, policy of destroying crops and livestock, and we are now reverting to the same indefensible plan. The bill before us has a caption entitled "Declaration of Policy." We proclaim to the world that this Republic declares a policy which is archaic and discredited. Children in the primary grades are taught the importance of production, that production is wealth, and that wealth brings a high standard of living and peace and prosperity to the people, but we demand arbitrary power and declare for scarcity.

This bill is in harmony with socialistic creeds. It is a step in the direction of an authoritarian government, where the individual is the child of the state, where persons are robbed of their individuality and subjected to autocratic rule. Individualism and collectivism are not compatible. It has been stated that certain policies consist of efforts to adjust and preserve individualism, but alongside are attempts to adopt the collective system of society and the authoritarian form of government.

All efforts to convince the people that this measure is free from compulsion and arbitrary power will, in my opinion, fail. Its obnoxious features will soon be revealed when attempts are made to execute its provisions. The mailed hand of the Secretary of Agriculture, and the powerful bureaucracy which the bill provides, will soon be made manifest, and there will be growing opposition to its enforcement. It attempts to force all the producers of the five commodities—wheat, cotton, corn, rice, and tobacco—to accept its terms by fines and penalties and the denial of bounties, gratuities, and subsidies which are promised to those who conform to its terms.

Its cost to the taxpayers of the United States has not been revealed.

From the statements made during the debate and from available facts it is reasonably certain that the cost will exceed a billion dollars annually, in addition to the $500,000,000 provided in the so-called Soil Conservation Act. As I interpret the statements made by several Senators, particularly the senior Senator from Minnesota [Mr. SHIPSTEAD], the cost under the parity provisions will amount to considerably more than this stupendous sum. As stated, the committee furnishes no facts or satisfactory information upon which to base a judgment as to the ultimate cost to the Government.

Millions of dollars annually will be required to pay the salaries of the vast army of employees who will traverse the

land and spy upon every farmer, scrutinize his books and accounts and papers, and lodge complaints against those who do not willingly bow to the regulations, known and unknown, prescribed by bureau chiefs and the Department of Agriculture. Notwithstanding the heavy burden of taxes, the Government has enormous deficits, and yet this measure will call for additional taxes and additional bureaucratic forces.

This bill undoubtedly will increase Federal deficits and, pro tanto, contribute to inflationary policies. Inflation is always attended with serious consequences, and Utopia will not be reached by increasing prices of commodities to high levels. If by governmental control or other methods prices of some commodities are fixed at high levels, then demands will be made for governmental action to fix prices of other commodities. Thus will prices be pyramided and the cost of living increased, resulting in social and economic disturbances.

As stated, if one of the objectives is to increase the cost of food and clothing, obviously those who fall within the category referred to by the President will have their sufferings increased, and the cost to the entire public of food and clothing and houses and all the commodities essential to the people will be materially increased. If prices of all commodities of life are to be increased, then obviously the employees who produce them must meet their share of the added burden.

Another question is presented which we cannot ignore. In my opinion, the measure does not rest upon any constitutional basis. Its compulsory features, its interference with the rights of individuals, its attempt to subject the minority to the control of the majority in production and in their daily lives and acts, the delegation of authority—these and other provisions of the bill condemn it and should lead to its rejection.

Mr. President, as I have indicated, the letter and the spirit of the bill rest upon the theory of scarcity of production of agricultural commodities, and the compulsion of the farmers. Basically it is opposed to democratic principles and to the theory upon which our institutions rest. We condemn the monopolistic control of industry, believing that such control tends to the restriction of production in order to increase prices to the public.

Mr. Jay Franklin, whose liberalism is well known, submits some views worthy of consideration, even though there may not be entire acceptance of the same. He states that—

> * * * the philosophy of scarcity appears in agriculture as well as in big business * * *

And that—

> * * * The sacrifice of abundance to profits and of production to prices has become an economic epidemic. It is as if we sought to strangle ourselves by holding our breath. * * *

He further states that—

> * * * When labor seeks to create a closed-shop monopoly for union membership and to give as few man-hours as possible for the highest possible wages, we are quick to brand the idea as insane. Carried to its logical conclusion, we say that it would strangle industry. Because labor has been so generally abused and exploited, too little attention has been paid to the potential labor monopolies which are building up in America—monopolies whose motives are little different from those of the management of the Chase National Bank or of Republic Steel. It is worth recalling that the American labor movement is still largely under the control of the labor leaders of a generation ago.
>
> At the moment there is anxiety about the new farm bill. The commercial farms of America—that is to say, the landowners, including banks and insurance companies—are moving strongly in the direction of a legally enforced food scarcity, which shall sacrifice agricultural abundance to the farmer's cash income. Unsympathetic to organized labor and to Wall Street alike, the organized farmers propose to imitate them and to establish an agricultural monopoly as rigid as any monopoly of union membership or of big business profit seeking. It is well to remember that farmers are traditionally the most conservative-minded group in society. At the same time we are turning our backs on our own capacity to produce. Big-scale industry, through the technological advances of the last few years and its own installed plant capacity, is equipped to produce goods in abundance for the entire Western Hemisphere if not the whole world. Despite erosion by wind and rain, despite the wastage of cash-crop farming, our lands possess sufficient fertility and our farm machinery enough power to clothe and feed our people lavishly. And southward lies the treasure house of the Tropics, overflowing with Nature's careless abundance, from sugar to cattle, fruits, and vegetables. * * * We shrink from the more abundant life, as from death itself. Big business cuts down production and lays off workers rather than produce needed goods at lower prices. Agriculture seeks to put a ball and chain on every independent farmer rather than deal with plentiful crops. Labor has no plan and will welcome no plan for putting all our people to work. We are caught in a whirlpool of dead ideas about money, wealth, and prosperity, which is spinning us dizzily toward the depths * * *.

In my former address I quoted various provisions of the pending bill which confer upon the Secretary of Agriculture almost unlimited authority to deal with the commodities embraced within the bill. For instance, with respect to cotton, section 31 provides that—

> Prior to the 15th day of November of each year the Secretary shall determine the probable carry-over of cotton as of the beginning of the approaching marketing year and shall also find the probable domestic consumption of American cotton and also the probable exports of American cotton during such marketing year. The Secretary shall also determine and specify the national marketing quota of cotton that may be marketed in interstate or foreign commerce during the succeeding marketing year. He shall also, after making the aforesaid findings, proclaim that beginning on the first of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the crop harvested during such marketing year.

It is provided, however, that the Secretary shall conduct a referendum of the farmers who would be subject to the national marketing quota for cotton, and if more than one-third of the farmers voting in the referendum oppose the quota the Secretary shall so announce and the quota will not become effective.

It will be observed that the referendum and the fraction involved deal with the Nation as a unit, so that all of the corn raisers of Iowa might vote in the negative and yet under compulsion be bound to accept the marketing quotas. The principal producing State of any of the commodities covered in the bill might have its great production possibilities curbed by competing States. The bill does not provide that the quota provisions of the bill will be determined by a two-thirds majority or even a majority of the farmers producing the commodity which would be subject to the farm-marketing quotas. A very small fraction of the number of farmers engaged in the production of either corn, wheat, cotton, rice, or tobacco might, and would, determine the issue. That was illustrated not long ago when a referendum was had with respect to a measure dealing with potatoes. There are more than 800,000 potato growers in the United States. Though bonuses, gifts, and promises were resorted to, to persuade the potato raisers to vote in favor of the quota system, the result was that only approximately 30,000 farmers voted for the quota, but it was announced that 82 percent favored the quota. That did not mean that 82 percent of the potato growers favored the quota system.

In one county in Pennsylvania, where many farmers grow potatoes, only three farmers voted. I am told that in a recent issue of the Pennsylvania Farm News the statement was made that the number of farmers raising potatoes in Pennsylvania was more than 144,000, of whom only 1,800 voted for the quota and 534 voted against it. The senior Senator from Michigan [Mr. VANDENBERG] recently stated that the so-called referendums are really—

> * * * called by the Secretary of Agriculture, whipped up, unquestionably, by the paid committee members of the structure which the Secretary has created all over the country in respect to his operations, and manifestly made to order for secretarial control of the result. * * * When an election respecting compulsion is called, there is in existence a great existing machinery which is sympathetic to the general idea of compulsion, and there is not in existence any comparable machinery on the other side. * * *

It is common knowledge that there is a vast army of employees in the Department of Agriculture. They are found in every precinct and county in the United States. They voice the views of the Secretary of Agriculture and carry out his policies.

I have received a number of letters protesting against the compulsory features of the bill. One farmer from Kingston, Ohio, under date of December 12, wrote me that the bill

under consideration should be amended so that it will not be effective—

> • • • unless requested by two-thirds of all the farmers of the county. • • •

He further states that—

> It is almost impossible to organize the farmers who are not in favor of the plan and get them to the polls. On the other hand, the county agent, the farm bureau, in most counties, and other Government agencies will use their organizations to have the plan adopted. In this township only about 1 percent of the farmers take the trouble to go to the polls to vote in the elections which have been called under farm regulations. • • •

He further added:

> • • • In the event the bill is passed with compulsory provisions in it there had better be quite a sizeable appropriation to increase our jail facilities, for I want to assure you there are many, many farmers who will not stand for dictation from Washington or anywhere else and will go to jail rather than be required to conduct their business as told by some person from Washington or Columbus.

Obviously the referendum plan in the bill is deceptive and does not provide a basis for the application of the compulsory features of the bill. I offered an amendment, but find but little support for it upon the floor, which strikes out in the various sections the words, "if more than one-third of the farmers voting in the referendum oppose such quotas for the commodity" and inserts in lieu thereof the following:

> Unless two-thirds of the farmers producing the commodity who would be subject to such farm marketing quotas vote in favor of the quotas in the referendum.

It is expected that but a small minority will participate in the elections, and it is well known that that small minority, as was demonstrated in the vote of the potato growers, will be regarded as a controlling factor.

The Secretary of Agriculture, in a letter to Senators POPE and MCGILL dated the 1st instant, points out a number of defects in the bill. There are many other unwise and improper provisions of the bill which I am sorry were not indicated by the Secretary. In his letter he stated:

> The method of acreage allotments for cotton could be revised so as to avoid difficulties and inequalities. As now drawn, the bill would result in the assignment of acreage allotments to many farms where they could not be used economically. It would tend to freeze cotton production in uneconomic areas. It would also tend to force all farmers in a county to adopt the same cropping system. A farmer who produces other cash crops, as tobacco, rice, peanuts, potatoes, wheat, or truck crops, would receive just as large a cotton allotment as a farmer whose only cash crop is cotton. Hence the bill now tends to discriminate against the best cotton areas and against farmers who have to depend entirely or almost entirely on cotton.
>
> Under the appropriation act of last session the price-adjustment payment of 3 cents a pound on 1937 cotton is to be made only to those producers who comply with the 1938 program. The Senate bill, in section 64 (J), page 82, would remove that condition.
>
> This would probably cause considerable dissatisfaction among those who have been cooperating in these programs. Naturally it will also reduce the extent of voluntary cooperation in the 1938 program and will presumably make necessary either the appropriation of additional funds or the further scaling down of the proportion of each cooperating producer's crop on which payment can be made. I doubt if it is a good thing to reduce payments to cooperating farmers in order to pay noncooperators. A payment of 3 cents per pound on the entire 1937 crop would require $270,000,000.

This statement by the Secretary condemns the bill and should be sufficient to defeat it.

It has been stated by some—and I think there is validity in the statement—that many of the measures recently passed by Congress in aid of agriculture have injured the farmers rather than benefited them. I pointed out, in the address to which I have referred, that scores of laws had been enacted during the past few years dealing with agriculture, and exhibited a volume of several hundred pages containing recent acts with respect to agriculture. It has been claimed that a number of the recent so-called cotton acts have proven harmful to the cotton States rather than beneficial. My information is that the legislation dealing with cotton has reduced production and greatly increased unemployment in the South. In my opinion, our legislation and policies with respect to cotton have resulted in serious injury to the South, and have, quite likely, lost our world market for cotton. Certain it is that countries which formerly annually purchased millions of bales of cotton from the United States have developed the production of cotton in other countries, as a result of which we have lost a large part of our export trade. In my opinion, the present bill perpetuates the unsound policy which we have followed for a number of years, and will further restrict our export market, and to that extent reduce our trade with foreign nations.

Recurring to the referendum procedure provided in the bill, it will be noted that those persons who vote in the negative will, nevertheless, be subject to the coercive provisions of the act, which makes it the duty of the proper United States district attorney to sue a farmer marketing produce in excess of his quota for the penalty prescribed by the act. In addition to this the farmer who cannot produce cards showing that he has not exceeded his quota is subject to a fine not exceeding $100 for each offense.

It is disturbing to note that the bill contains no substantial guide for the quota determinations to be made by the Secretary of Agriculture. He is left latitude of judgment to permit the fixation of quota on the basis of "trend in acreage" (p. 34, sec. 31, par. B). He may thus attempt to increase production in the so-called marginal lands, or in newly irrigated areas, at the expense of States which have been long dependent upon basic staple crops. He might, if he were sufficiently political minded, penalize a State by reducing its quota in retaliation for its opposition either to his political party, to himself personally, or to his policies in respect to assignment of quotas.

It is true that individual local quotas are fixed by local committees of farmers. While this local machinery has a superficially reassuring sound, it must be borne in mind that a wholly impartial and judicial attitude is not common but exceptional. This is particularly true among persons not spending full time on administrative or judicial duties. The possibilities of human error and warping of judgment because of personal, political, or other antipathies in this field seem to be infinite. Even if it can be assumed that the local committees of farmers are conscientious and free of any consciousness of prejudices, it must be recognized that their decisions will be followed by frequent dissatisfaction and jealousies. Charges of favoritism will frequently appear, and the procedure for an appeal is time consuming, expensive, and inordinately harassing to the farmer who must be assumed ordinarily to live some distance from the county seat and to be unused to litigation or other legal procedures.

Moreover, in a provision entitled "Utilization of Local Agencies," it is provided that the Secretary may set up administrative units as he sees fit, though farmers living within these administrative units may select the local committees, but their authority is only such as the Secretary shall prescribe under his power to make such regulations as are necessary for the administration of the bill, and so forth. The committees have the duty of posting the assignments of allotments, but, aside from that, so far as I understand the bill, no duty is imposed upon them. The bill expressly provides that the Secretary shall select the State committees and determine the administrative units. It is manifest that the Secretary is responsible for the allotment of acreage, as well as the determination of the marketing quotas.

I believe there are insuperable constitutional objections to the bill. These I will first summarize as follows:

First. The program is not within the powers given to the National Government by the commerce clause.

Second. The enactment will not attain any constitutional objectives in the administration and application of the machinery provided.

Third. The bill proposes an unconstitutional delegation of legislative and other powers.

Fourth. The bill amounts to a denial of liberty, in contravention of the fifth amendment to the United States Constitution.

Fifth. It also involves a taking of property without due process of law, in contravention of the terms of the fifth amendment; and

Sixth. It violates the tenth amendment as being an assumption of power by the United States not delegated to the Federal Government but reserved to the States or to the people.

I will briefly consider these constitutional objections. My first objection to the bill on a constitutional basis is that it would exceed the powers delegated to the United States by the commerce clause. I have attempted to follow the arguments of Senators, and particularly the Senator from Idaho [Mr. POPE], which sought to bring the governmental activities proposed in the bill within the terms of the case of National Labor Relations Board against Jones & Laughlin Steel Corporation, but I do not accept the validity of the same. In the case referred to the Chief Justice emphasizes the point that the Steel Corporation is one organized on a national scale, and that its relation to interstate commerce is the dominant factor in its activities. In the opinion referred to the Court says:

> The various parts of the respondent's enterprise are described as interdependent and as thus involving "a great movement of iron ore, coal, and limestone along well-defined paths to the steel mills, thence through them, and thence in the form of steel products into the consuming centers of the country—a definite and well-understood course of business." It is urged that these activities constitute a "stream" or "flow" of commerce, of which the Aliquippa manufacturing plant is the focal point, and that industrial strife at that point would cripple the entire movement. Reference is made to our decision sustaining the Packers and Stockyards Act (*Stafford* v. *Wallace*, 258 U. S. 495). The Court found that the stockyards were but a "throat" through which the current of commerce flowed, and the transactions which there occurred could not be separated from that movement. Hence the sales at the stockyards were not regarded as merely local transactions; for while they created "a local change of title," they did not "stop the flow" but merely changed the private interests in the subject of the current.

It is true that the Court says:

> The close and intimate effect which brings the subject within the reach of Federal power may be due to activities in relation to productive industry, although the industry when separately viewed is local. This has been abundantly illustrated in the application of the Federal Antitrust Act.

It is significant that the Court adds here—

> In the *Standard Oil* and *American Tobacco cases* (22 U. S. 1, 106) that statute was applied to combinations of employers engaged in productive industry.

And subsequently the Court says:

> It is thus apparent that the fact that the employees here concerned were engaged in production is not determinative. The question remains as to the effect upon interstate commerce of the labor practice involved. In the Schechter case, supra, we found that the effect there was so remote as to be beyond the Federal power. To find "immediacy or directness" there was to find it "almost everywhere," a result inconsistent with the maintenance of our Federal system.

I wish to point out an important characteristic of this opinion and then follow the same into other closely related opinions of the Supreme Court. It is this, the term "production" is used in a common commercial sense synonymous with, and meaning nothing other than, "processing." It clearly does not mean "production" in the sense of creation of a raw commodity or crop cultivation. In the Jones & Laughlin case and in related cases, to which I will make more complete reference, the judicial presupposition is that certain commodities, or substances already in existence, have begun to move in interstate commerce, or at least have a physical existence such that it would be possible to move them in interstate commerce. The next judicial presupposition or finding supporting the decision is that the "stream" or "flow" of commerce in which the commodity otherwise would move has been or may be in some way dammed or diverted in a "throat" or a "bottle neck" under the control of some person or persons to be regulated by a statute in question.

Neither of these presuppositions is true in this case. Here we are dealing with "production" in the true and primary sense of the term, and not in the sense of "processing." The property to be affected by the regulations or control is not assumed to be in existence and "throttled" or "dammed" in its progress in interstate commerce by some person whose hand must be loosed, or regulated by the Federal Government. It deals rather with substances not yet in existence, not in the "stream" or "flow" of commerce, and intended as a result of the act, in part at least, never to have existence. If the Secretary of Agriculture, exercising power given to him by this Congress, and approved in a referendum to those engaged in production, sees fit to apply a dam or to throttle agricultural activities by the fixation of quotas, he may do so.

It will be noted that the term "production" was used by the United States Supreme Court in the sense of "processing" or "manufacturing" in all of the history-making cases handed down by that Court on April 12, 1937, with the Jones & Laughlin Steel Corporation decision.

In the case of National Labor Relations Board against Fruehauf Trailer Co., the business involved was that of manufacturing automobile trailers, trailer parts, and accessories. The respondent's plant was located in Detroit, and it was said to be the largest concern of its kind in the United States, maintaining some 31 branch sales offices in 12 different States, and actually carrying on its production operations in at least four States.

In the case of National Labor Relations Board against Friedman-Harry Marks Clothing Co., Inc., the respondent was engaged in the purchase of raw materials and the manufacture, sale, and distribution of men's clothing. The operations were carried on in Virginia, but nearly 100 percent of the goods purchased as raw materials came from States other than Virginia.

In the case of Associated Press, petitioner, against National Labor Relations Board, the petitioner was found to maintain its principal offices in New York City, but also to have divisional points scattered over the United States, each charged with the duty of collecting information from a defined territory and preparing and distributing it to newspapers within the assigned area, and to other division points for use within their respective areas.

The distinction which I have emphasized in the cases already mentioned is given still greater force by reference to and comparison with the decision in Carter against Carter Coal Co. et al., a group of cases decided in the October term of the United States Supreme Court, 1935, numbered 636, 649, 650, and 651, all dealing with the Bituminous Coal Conservation Act of 1935, commonly known as the Guffey Coal Act. In the opinion, the Court says:

> Certain recitals contained in the act plainly suggest that its makers were of opinion that its constitutionality could be sustained under some general Federal power, thought to exist, apart from the specific grants of the Constitution. The fallacy of that view will be apparent when we recall fundamental principles which, although hitherto often expressed in varying forms of words, will bear repetition whenever their accuracy seems to be challenged. The recitals to which we refer are contained in section 1, which is simply a preamble to the act, and, among others, are to the effect that the distribution of bituminous coal is of national interest, affecting the health and comfort of the people and the general welfare of the Nation; that this circumstance, together with the necessity of maintaining just and rational relations between the public, owners, producers, and employees, and the right of the public to constant and adequate supplies at reasonable prices, require regulation of the industry as the act provides. These affirmations—and the further ones that the production and distribution of such coal "directly affect interstate commerce," because of which and of the waste of the national coal resources and other circumstances the regulation is necessary for the protection of such commerce—do not constitute an exertion of the will of Congress, which is legislation, but a recital of considerations which in the opinion of that body existed and justified the expression of its will in the present act. Nevertheless, this preamble may not be disregarded. On the contrary, it is important, because it makes clear, except for the pure assumption that the conditions described "directly" affect interstate commerce, that the powers which Congress undertook to exercise are not specific but of the most general character, namely, to protect the general public interest and the health and comfort of the people, to conserve privately owned coal, maintain just relations between producers and employees and others, and promote the general welfare, by controlling Nation-wide production and distribution of coal. These, it may be conceded, are objects of great worth, but are they ends, the attainment of which has been committed by the Constitution to the Federal Government? This is a vital question, for nothing is more certain than that beneficent aims, however great or well directed, can never serve in lieu of constitutional power.

The ruling and firmly established principle is that the powers which the General Government may exercise are only those specifically enumerated in the Constitution, and such implied powers as are necessary and proper to carry into effect the enumerated powers. Whether the end sought to be attained by an act of Congress is legitimate is wholly a matter of constitutional power and not at all of legislative discretion. Legislative congressional discretion begins with the choice of means and ends with the adoption of methods and details to carry the delegated powers into effect. The distinction between these two things—power and discretion—is not only very plain but very important. For, while the powers are rigidly limited to the enumerations of the Constitution, the means which may be employed to carry the powers into effect are not restricted, save that they must be appropriate, plainly adapted to the end, and not prohibited by, but consistent with, the letter and spirit of the Constitution (*McCulloch* v. *Maryland*, 4 Wheat, 316, 421). Thus it may be said that to a constitutional end many ways are open; but to an end not within the terms of the Constitution all ways are closed.

* * * * * * *

There are many subjects in respect of which the several States have not legislated in harmony with one another, and in which their varying laws and the failure of some of them to act at all have resulted in injurious confusion and embarrassment. (See *Addystone Pipe & Steel Co.* v. *United States*, 175 U. S. 211, 232–233.) The State laws with respect to marriage and divorce present a case in point, and the great necessity of national legislation on that subject has been from time to time vigorously urged. Other pertinent examples are laws with respect to negotiable instruments, desertion and nonsupport, certain phases of State taxation, and others which we do not pause to mention. In many of these fields of legislation the necessity of bringing the applicable rules of law into general harmonious relation has been so great that a Commission on Uniform State Laws, composed of commissioners from every State in the Union, has for many years been industriously and successfully working to that end by preparing and securing the passage by the several States of uniform laws. If there be an easier and constitutional way to these desirable results through congressional action, it thus far has escaped discovery.

* * * * * * *

The general rule, with regard to the respective powers of the National and the State Governments under the Constitution, is not in doubt. The States were before the Constitution, and consequently their legislative powers antedated the Constitution. Those who framed and those who adopted that instrument meant to carve from the general mass of legislative powers, then possessed by the States, only such portions as it was thought wise to confer upon the Federal Government, and in order that there should be no uncertainty in respect of what was taken and what was left, the national powers of legislation were not aggregated but enumerated, with the result that what was not embraced by the enumeration remained vested in the States without change or impairment. Thus "when it was found necessary to establish a national government for national purposes," this Court said in *Munn* v. *Illinois*, (94 U. S. 113, 124): "A part of the powers of the States and of the people of the States was granted to the United States and the people of the United States. This grant operated as a further limitation upon the powers of the States, so that now the governments of the States possess all the powers of the Parliament of England, except such as have been delegated to the United States or reserved by the people." While the States are not sovereign in the true sense of that term, but only quasi sovereign, yet in respect of all powers reserved to them they are supreme, "as independent of the General Government as that Government within its sphere is independent of the States" (*The Collector* v. *Day*, 11 Wall. 113, 124). And since every addition to the national legislative power to some extent detracts from or invades the power of the States, it is of vital moment that in order to preserve the fixed balance intended by the Constitution, the powers of the General Government be not so extended as to embrace any not within the express terms of the several grants or the implications necessarily to be drawn therefrom. It is no longer open to question that the General Government, unlike the States (*Hammer* v. *Dagenhart*, 247 U. S. 251, 275), possesses no inherent power in respect of the internal affairs of the States; and emphatically not with regard to legislation. The question in respect of the inherent power of that Government as to the external affairs of the Nation and in the field of international law is a wholly different matter which it is not necessary to consider * * *.

In making the above statements, which so clearly set forth the basic structure of our State and National Governments, the majority of the Supreme Court undoubtedly had in mind a distinction between "production" in the primary sense and "processing" which under its terms would be a step in "flow" of commerce.

This is clearly established by the following excerpt, also from the Carter opinion:

Extraction of coal from the mine is the aim and completed result of local activity. Commerce in the coal mined is not brought into being by force of these activities but by negotiations, agreements, and circumstances entirely apart from production. Mining brings the subject matter of commerce into existence; commerce disposes of it.

Mr. President, unless this distinction is made between production in the primary sense and production in the sense of a processing in the course of commerce, then this Congress and the United States Supreme Court have eliminated from article 1, section 8, paragraph 3, of the United States Constitution several words of the greatest importance.

That section which heretofore has conferred upon Congress power "to regulate commerce with foreign nations, and among the several States, and with Indian tribes;" can now be read to mean simply that Congress shall have power to regulate commerce.

I am confident, however, that it has not been the purpose of any Member of Congress or any member of the United States Supreme Court, all of whom are sworn to uphold the Constitution, to circumvent or destroy any part of it by unconstitutional method.

My second objection on a constitutional ground to the bill before this Senate is that, even assuming the objective of the bill to be constitutional, the proposed administrative machinery will not attain that objective. The declared purpose, as set forth in section 2 of the bill, is to—

Regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide such adequate and balanced flow of such commodities as will, first, maintain both parity of prices paid to farmers for such commodities marketed by them for domestic consumption and export and parity of income for farmers marketing such commodities; and, second, without interfering with the maintenance of such parity prices, provide an ever-normal granary for each such commodity and conserve national soil resources and prevent the wasteful use of soil fertility.

In other words, it is proposed, by the regulation of quota and control of the flow in interstate commerce of five storable agricultural commodities, to put those engaged in agriculture on a parity with persons engaged in other pursuits. It is not specified whether the farmer is to be regarded simply as a laborer or, as is very frequently the case, both as a laborer and a capitalist.

If he is both, is he to receive a price for his commodity which will compensate him as a laborer and also put him upon a parity with other property owners in obtaining a return upon his invested capital? Obviously the latter was not the case, because no provision is made for special consideration to the farmer-capitalist. It is, of course, quite obvious that farm-tenant rental contracts will assume infinite variation when studied throughout the Nation, so that the net return to tenant farmers can scarcely be expected to put them upon a reasonable "parity" with each other, let alone a parity with persons engaged in other activities.

It will be noted also that there is a certain flow of labor from agriculture to manufacturing and return. When agriculture is in the doldrums the flow is to the industrial pursuits; when manufacturing activities are having financial difficulties and agriculture is flourishing, the flow will be back into agricultural activities; it goes without saying, of course, that there is no flow when both are in a depression. In normal times there is a certain conflict between manufacturing and agriculture, since agriculture furnishes many of the raw materials for the factories. The manufacturer is prosperous when he can buy his raw materials at a low price and sell his finished product with a considerable net margin of profit.

Let it be assumed, then, that in a given period the manufacturer is on a prosperous basis. The object of the Secretary of Agriculture will be to induce or award a like prosperity to agriculture. A Government expenditure which brings into play a complex calculation of the incomes of persons engaged in manufacturing is then by an expensive and indirect method distributed among those engaged in the production of the five commodities concerned in the act. This, as indicated before, does not give them either parity with one another nor does it take into consideration the enormous number of persons engaged in other agricultural pursuits who cannot share in the benefits of the act. That this alone is a serious defect cannot be doubted by one who has in mind the enormous acreage in the United States devoted to the widely varying agricultural industries, stock-raising activities, fruit and vegetable cultivation, and so forth.

I further object to the bill because it proposes an unconstitutional delegation of legislative and other powers. There is delegated to the Secretary of Agriculture authority to hold public hearings for the purpose of ascertaining facts with respect to the total supply of any of the commodities involved in the bill. On the basis of information obtained at such hearings the Secretary here is given power to determine whether the total supply as of the beginning of the marketing year will exceed the normal supply. If he so determines, he is given authority to specify a national marketing quota, unless more than one-third of the farmers voting in the referendum vote against such quotas. Thus the question whether the act shall or shall not be effective at any given time depends upon a joint determination by the Secretary of Agriculture and the voting producers. This is clearly a delegation of legislative power, and whether the delegation is to the Secretary or to that small fraction of the population of the United States involved in the voting is not material. The point is that this bill proposes to vest power of temporary suspension or repeal of a congressional act in other persons. It may be conceded that if it were merely a matter of fact finding, the power and authority might be delegated. There is, however, involved in this election to pursue or not to pursue the act, to be bound or not be bound by it, a legislative power which inheres in the Congress itself and cannot be delegated.

The Secretary is also given authority to increase the national marketing quota should he determine that by reason of drought, war, or other national emergency it should be increased. This would appear to vest in him a power to determine national emergencies and to take steps in relation thereto involving hundreds of millions of dollars, perhaps running to the billions, without consultation of Congress. This, I say, is an unprecedented abdication of legislative powers to a single member of the Cabinet, which would be invalid even if it were a delegation to the President himself.

This matter was recently discussed in the case of *Schechter* v. *United States* (295 U. S. 495). In that opinion the Court says:

> We pointed out in the Panama Refining Co. case that the Constitution has never been regarded as denying to Congress the necessary resources of flexibility and practicality which will enable it to perform its functions in laying down policies and establishing standards, while leading to selected instrumentalities the making of subordinate rules within prescribed limits and the determination of facts to which the policy, as declared by the legislature, is to apply.

Subsequently the Court continues—

> As to the "codes of fair competition" under section 3 of the act, the question is more fundamental. It is whether there is any adequate definition of the subject to which the codes are to be addressed.
>
> What is meant by "fair competition" as the term is used in the act? Does it refer to a category established in the law, and is the authority to make codes limited accordingly? Or is it used as a convenient designation for whatever set of laws the formulators of a code for a particular trade or industry may propose and the President approve (subject to certain restrictions), or the President may himself prescribe, as being wise and beneficent provisions for the government of the trade or industry in order to accomplish the broad purposes of rehabilitation, correction, and expansion which I stated in the first section of title I?
>
> The act does not define "fair competition." "Unfair competition" as known to the common law, is a limited concept. Primarily, and strictly, it relates to the palming off of one's goods as those of a rival trader—

On page 537 the Court continues—

> but would it be seriously contended that Congress could delegate its legislative authority to trade or industrial associations, or groups, so as to empower them to enact the laws they deem to be wise and beneficent for the rehabilitation and expansion of their trade or industry? Could trade or industrial associations or groups be constituted legislative bodies for that purpose because such associations or groups are familiar with the problems of their enterprise * * * ? The answer is obvious. Such a delegation of legislative power is unknown to our law and is utterly inconsistent with the constitutional prerogatives and duties of Congress. The question, then, turns upon the authority which section 3 of the Recovery Act vests in the President to approve or prescribe. If the codes have standing as penal statutes, this must be due to the effect of the Executive action, but Congress cannot delegate legislative power to the President to exercise an unfettered discretion to make whatever laws he thinks may be needed or advisable for the rehabilitation and expansion of trade or industry.

Obviously, then, this power of the Secretary, as proposed, to determine "the normal supply" and whether the total supply of a commodity will exceed the normal supply, and his power to fix "marketing quotas" with the concurrence of two-thirds of the producers at a referendum is in the same category as duties which could not be delegated to the President and the various industries under the National Recovery Act.

My fourth objection to the bill is that it proposes a denial of liberty in contravention of the fifth amendment to the Constitution. I need not labor this point. Liberty, in the constitutional sense, does not mean simply freedom of motion and locomotion. It means freedom of speech, freedom of action, freedom to purchase land, and at any time to enter upon the business of farming, a normally lawful use of land, without let or hindrance, and without first obtaining a license or permit. Consider the situation of one who has voted against the application of the "quota" fixed by the Secretary of Agriculture. His production of certain basic crops is limited, and his transgression of the quota, which has the sanction of the Secretary of Agriculture and the "local committee of farmers," will involve him in penalties and fines.

I submit that the bill proposes wholesale taking of property without due process of law, in further contravention of the terms of the fifth amendment. It has long been held in public-utility cases that a denial of the privilege of use of property may amount to confiscation; that is, a taking without due process. To prohibit the productive use of property is tantamount to its taking. If the crop productions of Louisiana or New York, California or Wisconsin are reduced so that climatically less-favored areas may be given a measure of prosperity, the property of all persons whose crop production is reduced by such regulation has been taken, pro tanto. I recognize it would be argued that it was not taken "without just compensation," but there will remain a legally debatable question whether the compensation awarded by the Secretary is adequate and whether the procedure by which the property value is reduced is "due process," especially in view of the question whether the power involved in the actual taking is not an improperly delegated power to make laws, then to regulate, and then to enforce rules and rulings so made.

My sixth objection to the bill on constitutional grounds is perhaps in a sense a corollary of my first. The tenth amendment reads as follows:

> The powers not delegated to the United States nor prohibited by it to the States are reserved to the States respectively, or to the people.

In the case of United States of America, petitioner, against William M. Butler et al., receivers of Hoosac Mills Corporation, decided by the United States Supreme Court January 6, 1936, the Court said:

> But it is said that there is a wide difference in another respect between compulsory regulation of the local affairs of a State's citizens and the mere making of a contract relating to their conduct; that, if any State objects, it may declare the contract void and thus prevent those under the State's jurisdiction from complying with its terms. The argument is plainly fallacious. The United States can make the contract only if the Federal power to tax and to appropriate reaches the subject matter of the contract. If this does reach the subject matter, its exertion cannot be displaced by State action. To say otherwise is to deny the supremacy of the laws of the United States; to make them subordinate to those of a State. This would reverse the cardinal principle embodied in the Constitution and substitute one which declares that Congress may only effectively legislate as to matters within Federal competence when the States do not dissent.
>
> Congress has no power to enforce its commands on the farmer to the ends sought by the Agricultural Adjustment Act. It must follow that it may not indirectly accomplish those ends by taxing and spending to purchase compliance. The Constitution and the entire plan of our Government negative any such use of the power to tax and to spend as the act undertakes to authorize. It does not help to declare that local conditions throughout the Nation have created a situation of national concern, for this is but to say that whenever there is a widespread similarity of local conditions Congress may ignore constitutional limitations upon its own powers and usurp those reserved to the States. If, in lieu of compulsory regulation of subjects within the States' reserved jurisdictions, which is prohibited, the Congress could invoke the taxing and spending

power as a means to accomplish the same end, clause 1 of section 8 of article I would become the instrument for total subversion of the governmental powers reserved to the individual States.

If the act before us is a proper exercise of the Federal taxing power, evidently the regulation of all industry throughout the United States may be accomplished by similar exercises of the same power. It would be possible to exact money from one branch of an industry and pay it to another branch in every field of activity which lies within the province of the States. The mere threat of such a procedure might well induce the surrender of rights and the compliance with Federal regulation as the price of continuance in business. A few instances will illustrate the thought.

Let us suppose Congress should determine that the farmer, the miner, or some other producer of raw materials is receiving too much for his products, with consequent depression of the processing industry and idleness of its employees. Though, by confession, there is no power vested in Congress to compel by statute a lowering of the prices of the raw material the same result might be accomplished, if the questioned act be valid, by taxing the producer upon his output and appropriating the proceeds to the processors, either with or without conditions imposed as the consideration for payment of the subsidy.

It is now so-called hornbook learning that where the power of the United States over interstate commerce exists it is plenary, and that, in the absence of any legislation by Congress, States may legislate and control the "local aspects" of interstate commerce. Any action by Congress, however, will immediately and completely exclude State control or regulation in such fields. If the bill before us today can be, and is, passed by Congress, and takes its place upon our statute books as a valid law, let it be remembered that all control by the 48 States in respect to the "local aspects" of agricultural production will necessarily be ousted. Remember that by passing this act we are, in effect, repealing by the wholesale State laws. If this be not the case, then we are not dealing with a subject of interstate commerce, and this bill will not be law, even though passed by Congress and signed by the President.

In the Butler case above cited the Court, specifically dealing with agricultural production, definitely and unqualifiedly took the position, as indicated in the quotations already submitted, that the subject was one reserved to the States, respectively, or to the people. In view of the necessary repeals of State laws by implication which will be involved in the passage of the bill before us, I feel that that conclusion expressed both sound law and common sense. The local interest, the detailed knowledge of local needs of agriculture which will be found in State legislative bodies, and the American tradition all support that conclusion.

In addition to my objections to the bill on the bases of certain constitutional limitations, I feel that it is unsound as involving the National Government in untenable policies.

First, it embarks the central Government upon the uncharted sea of compulsion in agriculture. Assuming all constitutional objections are overcome, the Secretary of Agriculture is vested with the overwhelming responsibility of attempting to stabilize conditions in a Nation-wide industry so that those engaged in it will be on a parity with persons in other industries, and this despite the fact that the rest of the world is filled with unrestricted competitors. It can scarcely be doubted that the compulsion features of the act will involve numerous bitter issues, and that they are likely in the end to break down all confidence of the agricultural population in the Department of Agriculture. The hand of the Secretary to many will no longer be that of a beneficent cooperator; it will be to them the closed fist of arbitrary authority.

Secondly, the Secretary will discover that regulation of five storable commodities will not solve the agricultural difficulties. He will return to the next Congress or a succeeding one with a request for power over other commodities. His staff, which must be greatly augmented to take care of the five commodities now involved, will be extended, doubled, and quadrupled. It is not unlikely that the expense of the administration may some day exceed a hundred million dollars.

Thirdly, it cannot be doubted that a tariff wall will be demanded to protect the producers of some agricultural commodities from outside competition. Thus, we will become again involved in a readjustment of trade relations.

I find a fourth objection on the ground of policy in the discrimination inherent in the bill and in the administration thereof, in favor of those engaged in agriculture who will benefit under the bill, and those similarly engaged who will not benefit under its provisions. This Congress cannot long endure the charge that we will have acted in protecting certain arbitrarily favored groups and will have failed to make provisions for certain others. It seems to me that when action is taken, it should be along a line which gives us reasonable ground to believe that all areas and all persons engaged in agricultural pursuits will be similarly entitled to share the advantages of our action.

Another objection to the bill on the basis of policy grows out of the enormous expense which will be imposed upon the taxpayers. The President has indicated that the amount to be appropriated under the bill shall not exceed an annual appropriation of $500,000,000. I have called attention to the lack of information upon which to base any accurate judgment as to the commitments involved in the bill in its present form. Certainly the total expense must bear some relation to the quotas to be fixed by the Secretary of Agriculture. If they are fixed to accord with the amount he has to spend rather than to attain "parity," the objectives of the bill will not have been realized. If he fixes the quotas on the basis of "normal supply" and the prices on the basis of establishing "parity," he must take into consideration factors which are now unknown and unpredictable, involving internal affairs and foreign affairs, human equations, and weather factors.

It is certain that if $500,000,000 were sufficient to meet the expenditures called for under the bill for the coming year, the demands for the next and subsequent years would be greatly in excess of that amount, owing to the necessary extension of the terms of the program to commodities which will not be, and cannot be, regarded as within the terms of the bill now before us. In other words, if four commodities are to receive enormous subsidies and bounties, other agricultural products will demand similar bounties and subsidies.

I repeat what I have heretofore indicated, that it is my belief that the bill proposes a course violative of the basic principles of constitutional law; it is unsound in policy; it commits the National Government to a program of wholly unlimited and unrestricted expenditures; and, finally, it will, I believe, fail to afford relief to those whom it is expected to help, and will tend more and more to produce an international disequilibrium in trade and commerce to the disadvantage of the farmers and producers of our country.

Mr. BARKLEY. Mr. President, I desire to make another effort to secure an agreement to limit debate on the pending bill. Does the Senator from New York desire to be recognized and to proceed at this time?

Mr. COPELAND. Mr. President, I understand that the visual power of the Presiding Officer is such that he is likely to see the Senators from Minnesota and Louisiana before he sees me. I should like to speak for about 20 minutes.

Mr. BARKLEY. Mr. President, I had held a private conference with the Senator from New York, who, I understood, wanted to make an address to extend longer than the time allotted by the unanimous-consent agreement which I hope to be able to obtain. I had intended to ask that following the address of the Senator from New York, during the remainder of the consideration of this bill no Senator shall speak more than once nor longer than 5 minutes on the bill, or any amendment, or any substitute, or any motion to recommit, or any other motion affecting the final disposition of the bill.

The Senate is familiar with the efforts which have been made to bring this bill to a conclusion. Frankly, I cannot picture anything more futile now than extended speeches on the bill. It is desired, I think, on the part of all Members of the Senate to conclude the consideration of the bill at the very earliest possible date. I am wondering whether members of the committee and other Members of the Senate who propose to offer amendments to the bill will not be satisfied with the arrangement I am now seeking to bring about.

Mr. KING. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Utah.

Mr. KING. If this suggestion should be acceded to, would it preclude some observations upon a motion to recommit?

Mr. BARKLEY. My unanimous-consent request included a limitation on a motion to recommit as well as on amendments.

Mr. McNARY. Mr. President——

Mr. BARKLEY. I yield to the Senator from Oregon.

Mr. McNARY. The inquiry naturally arises, if we enter into this agreement and are successful in disposing of the bill this afternoon or this evening, will that preclude a session tomorrow?

Mr. BARKLEY. It will.

Mr. McNARY. So far as I am concerned, I have no objection.

The PRESIDING OFFICER. Will the Senator from Kentucky restate his unanimous-consent request?

Mr. BARKLEY. It is based upon the assumption that the Senator from New York [Mr. COPELAND] would be recognized and would conclude his remarks. I do not want to cut him off from his remarks if he insists on occupying 20 minutes. I was hoping that he could do with less, and would insert in the RECORD some of the things he wishes to say.

My request, specifically, is that following the remarks of the Senator from New York [Mr. COPELAND], assuming that he will be recognized by the Chair, during the remainder of the consideration of this bill no Senator shall speak more than once nor longer than 5 minutes on the bill, or any amendment to it, or any substitute for it, or on any motion to recommit, or any other motion affecting the final disposition of the measure.

Mr. WHITE. Mr. President, does that include amendments to the substitute?

Mr. BANKHEAD. Mr. President, has there been a quorum call?

Mr. BARKLEY. It is not necessary to call a quorum.

Mr. BANKHEAD. I suggest the absence of a quorum. I know some Senators who are interested in this request who are not present.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	Pittman
Andrews	Davis	King	Pope
Ashurst	Dieterich	La Follette	Radcliffe
Austin	Donahey	Lee	Reynolds
Bailey	Duffy	Lodge	Russell
Bankhead	Ellender	Logan	Schwartz
Barkley	Frazier	Lonergan	Schwellenbach
Berry	George	Lundeen	Sheppard
Bilbo	Gerry	McAdoo	Shipstead
Bone	Gibson	McCarran	Smathers
Borah	Gillette	McGill	Smith
Bridges	Glass	McKellar	Steiwer
Brown, Mich.	Graves	McNary	Thomas, Okla.
Brown, N. H.	Green	Maloney	Thomas, Utah
Bulkley	Guffey	Miller	Townsend
Bulow	Hale	Minton	Truman
Burke	Harrison	Murray	Tydings
Byrd	Hatch	Neely	Vandenberg
Byrnes	Hayden	Norris	Van Nuys
Capper	Herring	Nye	Wagner
Caraway	Hitchcock	O'Mahoney	Walsh
Chavez	Holt	Overton	Wheeler
Connally	Johnson, Calif.	Pepper	White

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present. The Chair understands that the Senator from Kentucky [Mr. BARKLEY] desires to submit a unanimous-consent request, and he is recognized for that purpose.

Mr. BARKLEY. Mr. President, I renew the request I made a little while ago, under the assumption that the Senator from New York [Mr. COPELAND] will be recognized, that following his address no Senator shall speak more than once nor longer than 5 minutes on the bill, or any amendment or substitute, or any motion to recommit, or any other motion affecting the final disposition of the bill.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered. The Senator from New York [Mr. COPELAND] is recognized.

Mr. COPELAND. Mr. President, no other economic theory has ever been so discredited as has the doctrine of scarcity. All history refutes it.

In what I shall say I do not intend to reflect upon the able Senators who have sponsored the pending bill. I have high regard for the Senator from Alabama [Mr. BANKHEAD], the Senator from Idaho [Mr. POPE], the Senator from Kansas [Mr. McGILL], and all others who have presented their views on the bill. But I believe that the bill is economically unsound, and in justice to myself and my constituency I feel that I ought to say something along this line.

I know that the farm conditions are bad. I hold in my hand some tables prepared by Mr. Samuel Frazier, an honored citizen of my State. He records in one table the national income paid out and produced, as well as the governmental expenditures per capita as related to agriculture.

I find, for example, that—according to Mr. Frazier—the agricultural income has been very much less than the national income per capita; that cash money on the farm is a very small amount, perhaps less than $500 or $600 per annum. I realize and have long recognized the difficulties of the farmer.

But, Mr. President, the remedy proposed is, in my humble opinion, the wrong remedy. I said the doctrine of scarcity is historically false. I hold in my hand, and directly shall offer for the RECORD, the figures as regards wheat. Here are the figures for 26 years, the figures for the 13 fat years and the figures for the 13 lean years, all contained within the totals for the 26 years. When applied to corn, oats, cotton, and other farm crops, the same figures are true.

Wheat

THIRTEEN LARGEST CROPS

[Arranged according to size of crop]

Year	Production (bushels)	Farm price per bushel	Farm value
1915	1,009,000,000	$0.92	$927,000,000
1919	952,000,000	2.16	2,059,000,000
1931	932,000,000	.39	363,000,000
1928	913,000,000	1.00	911,000,000
1918	904,000,000	2.04	1,846,000,000
1914	897,000,000	.99	888,000,000
1930	890,000,000	.67	596,000,000
1927	875,000,000	1.19	1,041,000,000
1922	847,000,000	.97	818,000,000
1920	843,000,000	1.83	1,540,000,000
1924	840,000,000	1.25	1,048,000,000
1926	834,000,000	1.22	1,014,000,000
1929	822,000,000	1.03	850,000,000
Total	11,558,000,000		13,899,000,000
Average	889,000,000	1.20	1,069,000,000

THIRTEEN SMALLEST CROPS

1921	819,000,000	$1.03	$844,000,000
1923	759,000,000	.93	703,000,000
1913	751,000,000	.80	600,000,000
1932	746,000,000	.38	283,000,000
1912	730,000,000	.76	555,000,000
1909	684,000,000	.98	676,000,000
1925	669,000,000	1.44	962,000,000
1916	635,000,000	1.60	1,017,000,000
1910	625,000,000	.88	552,000,000
1917	620,000,000	2.01	1,245,000,000
1911	618,000,000	.87	540,000,000
1933	529,000,000	.74	392,000,000
1934	496,000,000	.88	437,000,000
Total	8,682,000,000		8,805,000,000
Average	668,000,000	1.01	677,000,000

A comparison of the figures brings out a very significant fact. During the 13 years of largest wheat crops the total production was 11,558,000,000 bushels, and the value at the farm during 13 years of production of this enormous quantity of wheat amounted to $13,899,000,000. The average crop of wheat during those 13 years was 889,000,000 bushels and the average farm value was $1,169,000,000.

Let us contrast these figures with the 13 years of smallest crops. I find the production in the 13 years of smallest crops

amounted to 8,682,000,000 bushels and the farm value for the same lean years was $8,805,000,000. The average production for the 13 lean years was 668,000,000 bushels and the farm value was $667,000,000.

I recognize that these figures, so far as conclusions are concerned, are not absolutely accurate, for the reason that they include the war years when, for one reason or another, the price of wheat was high. But I want the Senate to know that even when corrected to take into consideration the war years, the corrected figures are practically the same.

Mr. President, at this time, in order to shorten my remarks, I ask permission to have included in the RECORD a paragraph appearing on page 11 of the pamphlet to which I have referred.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

> The 13-year period of smallest wheat crops includes 2 war years, namely, 1916 and 1917. Eliminating these 2 years, we found that the remaining 11 years of this period of smallest crops resulted in a production of 7,427,000,000 bushels of wheat, which had a farm value of $6,543,000,000. The average price received by the producer for his wheat during these remaining 11 years of small crops was only 88 cents per bushel.

Mr. COPELAND. Mr. President, these figures are taken from the very interesting pamphlet prepared by Homer B. Grommon, president of the Farmers' National Grain Dealers' Association. They were checked by various actuaries in order to determine their accuracy. I took the pains myself, without any pretense to actuarial knowledge, to see whether the figures checked with the reports of the Department of Agriculture and find the figures are entirely accurate. Therefore I am convinced that we may confidently follow them.

Let me make an application of the significance of the figures. According to the doctrine of scarcity there ought to be found some way to demonstrate that that theory applied in practice would actually increase the revenue of the wheat farmer.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. HATCH. I am just wondering whether the Senator's calculation embraces, so far as wheat is concerned, the products of other countries of the earth.

Mr. COPELAND. I have some figures about cotton.

Mr. HATCH. The Senator did not take wheat into consideration?

Mr. COPELAND. I have the figures as to cotton, but if the Senator has caught what I have in mind, he knows that I am seeking to prove that a small crop, a reduced crop, would not bring larger revenue. I hope I have made that clear.

Mr. HATCH. I understand the Senator, and I have been interested in his remarks, but I did want to know whether his figures had included or if he had made any calculation based on the world supply of wheat as compared with our own supply.

Mr. COPELAND. No; I have not. As I have said, I have done that as regards cotton, but not as to wheat.

I do not know that that has any particular bearing on the matter in hand. The theory of the bill is that if production is reduced there naturally follows an increase of price, and therefore an advantage to the farmer. I think the figures demonstrate to the contrary.

To be honest about it, I think Joseph has been slandered in the Senate, and perhaps in certain executive offices of the Government. There is nothing about what Joseph did in Egypt which parallels at all what we are asked to do. Joseph was laying up during the 7 fat years food to feed the people during the 7 lean years which succeeded. That is not what we are asked to do. That is what we will do if we follow the senior Senator from Idaho [Mr. BORAH], who has spoken of the necessities of the people. There can be no doubt of that.

No Senator here, and I say it in all modesty, is more competent to testify as to the needs of the people so far as food is concerned. I live in a community which, as I have said many times, is not only the richest but the poorest community in the United States, or I dare say in the world. I know how necessary it is for the people to have food. But that is not what we are concerned with in connection with this bill. It is proposed, under the philosophy of the pending measure to reduce the acreage, to grow less wheat and less corn and less rice. I suppose we could get along with less tobacco. The effort is by the application of the doctrine of scarcity to improve the income of the farmer, to give him more revenue, to give him more cash money.

Mr. President, regardless of the objections I have in many respects to the pending bill and the conviction forced upon me by the constitutional lawyers in this body that it is unconstitutional, in spite of all that, I fear I might vote for it. If I thought it would actually accomplish for the farmer what its authors fondly expect it will, I should like to aid its passage, but it will not.

With my convictions regarding the economic policy underlying this measure I could not be satisfied to be a party to enacting into law a bill which is bound to bring heartaches and disappointments. Further there is the probability of still further reducing the foodstuffs which the poor of our cities and of our country must have.

Mr. POPE. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. POPE. Since the bill provides that a normal supply must be maintained and that supply is made up of domestic consumption and exports, and, in the case of wheat, 10 percent above that, I cannot understand how the Senator could say that the large cities would not have sufficient food. It provides for 10 percent more than domestic consumption and export, and it amazes me that the Senator would then say that under the bill, in operation, with the ever-normal granary in operation, with even provision for a supply of commodities above the figure I have stated, still there will be a shortage of food. How does the Senator explain his position in that respect? He knows that these percentages above the consumption and export are provided in the bill, and the ever-normal granary is designed to do the very thing he suggests as to piling up food in years of plenty, and yet he makes the bald statement that he is afraid the cities of the country will not have enough food.

Mr. COPELAND. The Senator disregards the drought conditions which have occurred in the immediate past. The thing which appeals to me most is the fact that the people are now hungry. I do not see what there is in the bill which gives the Senator any encouragement to believe that the people are going to be less hungry.

Mr. POPE. The fact that there is not a sufficient supply of food in the country is not the reason why they are hungry. Does the Senator think it is? Or is it because of their lack of purchasing power?

Mr. COPELAND. I admit their lack of purchasing power. But just now I am not speaking of anything but wheat. I do not pretend to know anything about corn or rice or cotton, but the wheat farmer of America might as well face the fact, at least I believe it to be a fact, that he must depend almost exclusively in the future upon the domestic sale of his products.

I make that statement because Liverpool sets the price. England is in control of that particular matter. Blood is thicker than water. The English will buy from the Canadians before they will buy from us.

In the next place, the fertile acres of Saskatchewan and Alberta, in western Canada, represent wheat-growing areas far superior to ours. The land is newer and richer and has not been destroyed as our lands have been by wrong use and wasteful use. In that connection, the plan which we have for soil conservation and restoration is a plan which appeals strongly to me. But in Alberta and Saskatchewan the farmers will produce more wheat to the acre by perhaps 30 or 35 or perhaps 50 percent than can be produced in this country.

In the next place, the original investment of the Saskatchewan farmer is far less than that of the Iowa farmer. The able Senator now gracing the chair [Mr. GILLETTE]

knows the high prices of the Iowa land and what many of the farmers who now possess paid for it in a time of exalted prices. In other words, the overhead in our country is far greater than the overhead in Canada. Further than that, farm labor in Canada is paid much lower wages than farm labor in the United States; and I am glad we do pay farm labor well here.

We have not ended the story yet, however. The freight rates from Saskatchewan and Alberta to the lakehead, to Port Arthur, are fixed by the fundamental law of Canada relating to the national railroads. The freight rate is materially less per bushel than the freight rate from Montana or some other Western State to Duluth.

There is, in addition, a tariff differential between Canada and England, an arrangement which means that the Canadians have a greater opportunity in the Liverpool market than our farmers have.

Furthermore, we have in this country a grain-grading law, which necessitates such excellent preparation of our wheat for export that we are at a great disadvantage as compared with Canada.

I do not believe we may look forward to the time when the American wheat farmer can possibly compete with Canada and the rest of the world. I am sorry, but that is what I believe.

Mr. President, to go back to the figures, I quote from page 4 of the pamphlet. There is a chapter devoted to controlled production, and, referring to the figures which I have already given, it states:

> In spite of the fact that these figures speak for themselves the disciples of managed economy are trying to tell our people that they are better off with controlled production with millions on relief, with taxes growing higher daily, with corn being grown by foreign labor, and imported into this the greatest corn-growing country in the world—the farmer is told that he should follow the lead of the manufacturers in a reduction of output. Reduction of production is seldom a profitable operation for either the manufacturer, the farmer, or the laborer. * * *.
>
> The "planners" of the "more abundant life through scarcity" should consider the possibility that there will continue to be a very large army of unemployed so long as labor continues to insist upon trading almost two for one with the farmers. If the farmers could set their prices at twice the true wage scale, labor would go hungry and the farmer would be obliged to call "surplus" a large part of his production. The rule also works the other way about, and a wage scale almost double what is indicated to be correct, keeps the farmers from buying enough of the products of labor. So we have millions of "surplus" labor.

Mr. President, where has this doctrine led us?

I turn now to cotton. There is no better example of the effect in stimulation of production in other producing countries than this false theory of scarcity. The League of Nations figures demonstrate this. I wish the Senate to note the change which has taken place in cotton production in the United States and all other countries.

The League of Nations figures are in thousands of metric tons. The quantity of cotton produced in the United States in 1931 and 1932 amounted to 3,707 thousand metric tons. That we put at 100 percent. In the same period in all other countries the quantity produced was 2,253 thousand metric tons, which is placed at 100 as to the other foreign nations. We have gone down and down and down, until now United States domestic cotton, instead of standing at 100 percent, has dropped to 56 percent, while production of other countries has increased from 100 percent to 137 percent. That is another example of the fallacy of the doctrine of scarcity.

There is only one legitimate source for the gathering of wealth. That source is production. It does not make any difference whether it is the product of the field or the forest or the mines or the fisheries. The bill we have before us will curtail production and employment as well as both private and national income.

I cannot understand why it is, when we have given consideration to vacating large areas, estimated at 50,000,000 to 60,000,000 acres, that more has not been made of the fact that that material reduction in acreage will mean increased unemployment. How can it be otherwise? The crops now grown on 50,000,000 or 60,000,000 acres have been planted, and cultivated, and harvested, and carried to market, and warehoused. All those processes have taken labor, have employed labor. Where will that labor go? What will become of it? We cannot push them off the dock into the river and drown them. That labor will be somewhere, needing employment, and without employment because of the application of the doctrine of scarcity. There will be less labor, less warehousing, less insurance, less transportation by trucks and rail at a time when the railways are coming here crying for more income.

Mr. President, I cannot bring myself to believe it is a proper philosophy.

I am not going to speak further about the abuses that have followed the system of taking land out of cultivation and paying those who have taken the land out of cultivation for not raising crops.

Mr. AUSTIN. Mr. President, will the Senator yield to me for a question?

Mr. COPELAND. I yield.

Mr. AUSTIN. Has the Senator already dealt with the effect upon our export trade of the doctrine of scarcity?

Mr. COPELAND. Mr. President, I will answer the Senator. Last night, contrary to a conviction which I thought I had firmly fixed, I voted for an amendment offered by the Senator from Louisiana [Mr. OVERTON] to make an appropriation to encourage export business. Of course, under all of this scheme our exports will fall.

Mr. AUSTIN. Mr. President, will the Senator yield for another interpolation at this point?

Mr. COPELAND. I yield.

Mr. AUSTIN. I have in my hand a publication which has just come to my desk, being the Daily Trade Bulletin, published in Chicago, Tuesday, December 14, 1937. At the top of the page it says:

> Devoted exclusively to financial and commercial news.

In that publication the following is marked, and I think it is pertinent. I shall read it:

> It is interesting to note the language used by Prof. Emilio Coni, president of the National Grange and Elevator Commission of Argentina, in a discussion of the world situation in exports of wheat and flour. He said:
>
> "We increased in 5 years our participation (in world export trade of wheat) by 18.9 percent, having taken nearly the whole of the share abandoned by the United States, while Canada lost 1.3 percent."
>
> It is to be noted that Professor Coni, in recognizing the increased participation of Argentina in world's wheat market, very properly recognizes also the fact that the United States, by its policy, "abandoned" its share of that trade.

Mr. COPELAND. Of course; and, Mr. President, there being a world demand for a given quantity of a product, those desiring it must go somewhere to get it. We have been supplying the world with certain products. When we end our practice of supplying those products the world will continue to need them, and the world will find other places than America to get them. So, in the very nature of things, the exportation of American agricultural products will be reduced year by year. As other fields develop, as has been the case in cotton, as I have already demonstrated, there will be found other places to get wheat and corn—South America, the southern part of Russia for wheat, and other places. Of course, those countries will put in larger crops, to the disadvantage of the American farmer.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BAILEY. The Senator has spoken concerning the amount of cotton produced, and I should like to make a brief statement in view of the comment made by the Senator.

In the past 5 years the world production of cotton has increased by 8,000,000 bales, the percentage of increase being 84 percent. The authority for that statement is the Secretary of Agriculture. Our foreign trade in cotton, which at one time was 10,000,000 bales, is now just a little bit better than 5,000,000 bales. In this 5-year period the export of cotton from American fields has fallen by over 2,000,000 bales.

I wish to ask the Senator if he means to suggest that the policy pursued by the Congress has had anything to do with those very grave consequences.

Mr. COPELAND. I have no doubt of it. I was glad that the mules had sense enought not to walk on the rows of cotton that the Department wanted to plow under. The animals had "mule sense."

There can be no doubt, as I view it, that there is a direct relationship between the decline of cotton production in the United States, reducing from 100 percent normally to 56 percent. At the same time, in other countries, the production and sale increased to 137 percent. Doubtless our policy has had much to do with it.

Now, Mr. President, to hasten on. Recently Fortune Magazine printed an article entitled "The Trouble With Capitalism Is the Capitalist." This was founded on the findings of President Harold G. Moulton, of the Brookings Institution. There was a series on this subject. The subject was really economic progress without economic rebellion. Here are a few wise words, which I find on page 44, in the conclusion of this article:

Our analysis has been directed toward disclosing the places at which and the manner in which our machinery for bringing about economic well-being has been obstructed. We have found that our technical capacities for production are not fully brought into play under the system of distributing income and handling the pecuniary side of the economic process which is now in vogue. The particular point in this maladjustment is a failure promptly and fully to pass on the results of improved production techniques to the masses of the population.

When this modern day of science and invention, with its capacity to turn out more useful and more beautiful goods with less labor, was first ushered in, it was believed that the natural force of competition would transmit these benefits fully and rapidly throughout the whole population, thus making an active market, profitable operation at full capacity, and the prompt adoption of all further improvements as they became available. While this theory has worked out in practice to a considerable extent, there has also been a disastrous countertendency for the individual businessman to attempt to "freeze" a situation of short-run advantage by limiting the fruits of progress too largely to himself rather than passing them on freely to all participants in the process—laborers and the whole mass of consumers.

We find the free march of economic progress threatened with serious retardation if the tendency to "stabilize" prosperity by devices of price maintenance should spread or even continue in the vogue which it has attained in recent years. Particularly since the World War and to no little extent with the active support and cooperation of governments, these practices have spread until they threaten to become an integral part of the economic system with which we face the future. Whatever the merits of particular adjustment efforts or control devices from a short-run point of view, the conclusion seems inescapable from our studies that stabilization of prices prevents the operation of the very process upon which our economic system relies to maintain economic progress by disseminating its benefits to the masses. Only so can we maintain and expand the mass purchasing power upon which the efficiency and economy of mass production depends. If we want a static society, we can have it by permitting policies of price maintenance to check the flow of real income to the masses. If we want a dynamic society, we shall have to remove such basic obstructions to the wide distribution of the fruits of our productive plant.

Mr. President, the same principle applies in the industrial world. I hold in my hand Simpson's "Introduction to World Economics." I wish to read just a brief paragraph from this book because it has a bearing upon the question we are considering. I quote:

Implicit in much of the economic planning being carried on throughout the world today—and especially for agriculture in the United States—is the overproduction fallacy.

I do not care what economists may say or whether we simply apply common sense to the problem, the conclusion is the same, that it is an overproduction fallacy.

During great deflations, stocks of goods inevitably accumulate because producers resist losses, and consumers are forced to reduce consumption. This leads superficial observers to emphasize "overproduction" as the chief cause of world chaos.

I hope Senators will listen to this one paragraph:

The following figures of American per capita and per family production in the boom year 1929 are illuminating and show that even America has never produced as much as it really needs. The speed of American production in 1929 assumed one overcoat per man in 5 years, one ready-made suit per man in 2 years, one sleeping garment per man in 2 years, and three shirts per man a year. The total production of women's clothing per woman in 1929 was valued at $22.12.

In that year only three handkerchiefs per person were turned out. The yearly production of soap and tooth brushes per family were valued at $6.36 and 19 cents, respectively.

That is, $6.36 worth of soap and 19 cents worth of tooth brushes per family per year.

There was a production of passenger automobiles of only $92.24 per family. Even America's production of food has never been entirely adequate to meet human needs. Assuming such a diet as that worked out by the Department of Agriculture, we find such deficiencies in needed yearly production as three and one-half billion gallons of milk—

That is what the human family ought to have if there could be a quart per person, as ought to be the rule, and it is only half that now. Besides the need for milk—

three-fourths billion pounds of butter, one and three-fourths billion pounds of citrus fruits, perhaps 28,000,000,000 pounds of other fruits and vegetables, and 900,000,000 pounds of beef.

In that year of great prosperity, 1929, we were short all these things. I dare say the need today is twice as great as it was then.

Sound economic planning, both national and international, should emphasize increased—not decreased—production, better distribution of national income with resultant increased consumer purchasing power—broadening of markets for export surpluses by reduction of trade barriers.

Mr. BONE. Mr. President, will the Senator yield for a question?

Mr. COPELAND. I yield.

Mr. BONE. Does the author of this work indicate how we are to attain a better distribution of national income?

Mr. COPELAND. Yes, he does.

Mr. BONE. That is the answer to the great enigma. I think we are all aware that the American people would like to have more if they had more money with which to buy it, but they have not any jobs, and apparently our present economy does not readily admit getting more jobs for them. I suspect most American people would like to do what the Senator from New York is suggesting—consume nearly twice as much as at present.

Mr. COPELAND. So far as this bill applies, it means more unemployed farm labor, more unemployed persons on the highways, on the trucks, on the railroads, more unemployment in the warehouses, more unemployment all along the line.

I should like to discuss that with the Senator at another time the general question he has asked. But I return now to the speech of the Senator from Idaho. He made this speech on the 3d of December. I suppose it rarely happens that one Senator receives many letters about a speech another Senator makes. I received many letters about what the Senator from Washington [Mr. BONE] said concerning cancer. I have had an amazing number of letters from my State making reference to the plea of the Senator from Idaho, where he made the attack upon the ever-normal granary. He made reference to Joseph, and I have already said that I think Joseph has been slandered by what has been said here, though not by the Senator from Idaho.

To go back to what the Senator from Washington has asked, there must be found some way to cut down the price between the producer and the consumer.

Mr. BONE. Does not that all involve a complete and very thorough and realistic examination of the whole profits system itself?

Mr. COPELAND. I dare say; but I do not desire to go into that today. I do wish to say most emphatically that in my opinion the pending bill—and once more I apologize to its authors—is uneconomic, fallacious in its doctrine, and bound to bring distress and unhappiness to the agricultural people of our country. It holds out promises which cannot be realized.

I have not had a single request, not one, from the New York farmer to vote for the bill. On the other hand, I have received protests from almost every farm organization in New York State.

Last night I placed in the RECORD a telegram from the Grange of New York, now in session at Ogdensburg, stating that they had unanimously disapproved of the bill and asking me to vote against it. Every agricultural journal in my State is in opposition to the bill.

I wonder really how many of the farmers of the United States who come under the terms of the bill appreciate its significance and what it means. I wish the bill might be recommitted to be studied by the committee and some measure brought forward that would appeal to some of us who have always voted in the past for farm legislation. It might be possible to report back a bill for which we could vote. I believe I have voted for every farm bill presented during the 15 years I have been a Member of the Senate, but I cannot vote for the pending bill. It provides for a system of collectivism which is entirely foreign to our conception of things, foreign to the American system. I think it is wrong, and I hope it may fail of adoption.

One last request: I ask that at the close of my remarks there may be printed an article by Mark Sullivan entitled "Farm Control Plan Seen as Step Toward Nazi Type of Dictation."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FARM CONTROL PLAN SEEN AS STEP TOWARD NAZI TYPE OF DICTATION—MARK SULLIVAN BELIEVES DAY OF ITS ADOPTION WILL SIGNAL BEGINNING OF AMERICA'S ENTRANCE INTO RULE SIMILAR TO HITLER'S

(By Mark Sullivan)

WASHINGTON, December 13.—The crop-control bill has passed the House. In a different form it is before the Senate. Under an agreement to limit speeches upon the measure, it is likely to come to a vote in the Senate this week. The common judgment in Washington is that it will pass.

Once the measure has completed its passage through both Houses, it will be difficult to make changes that would cause the bill to be materially milder. In the conference to reconcile the House bill with the Senate one, the rule will be that no new features may be introduced. The measure that will come out of conference will presumably be at least as strong as the less strong of the two versions. Subsequent to the conference there is always a possibility that one House or the other might reject the conference measure and that the result would be no measure at all. But at this moment the greater probability is that there will be a crop-control law.

Some persons, including the writer of this article, who have given earnest study to the crop-control measure, believe that it contains essential features of nazi-ism as practiced in Germany. They believe that the date of the taking effect of this measure would be the date of the beginning of America's entrance into a Nazi type of government.

PLAN COMPARED TO NAZI'S

Miss Dorothy Thompson, who is especially familiar with the Nazi regime, says that "the Senate farm bill might be copied from the agricultural regulations of Nazi Germany." This statement conforms with my own limited information about control of agriculture as practiced in Germany. The main difference is that the compulsions upon farmers practiced by Nazi Germany are affirmative—the farmer must raise this or that crop and raise the quantity of it dictated by the Government, while in the American crop-control bill the compulsions for the present are largely negative—the farmer must not raise more of given crops than the Government dictates. The essential feature, compulsion upon the farmer, limitation of the farmer's right to raise what he wishes, is present in both. Miss Thompson said on another occasion that the principle inherent in the crop-control bill looks toward "a system about three times as complicated and dubious as socialism and, I think, quite incompatible with democratic government."

I think that President Roosevelt and Secretary Wallace have respect and regard for at least some who hold this view about the crop-control bill. If these persons should make an earnest prayer to Mr. Roosevelt and Mr. Wallace to use their influence to defer the enactment of the measure until after there is complete public understanding of it, would this be too much to ask? Mr. Roosevelt and Mr. Wallace might reply that there has been adequate time for public understanding, since the bill was introduced in the Senate on July 15. Mr. Roosevelt and Mr. Wallace might ask why have not those who think the bill is nazi-ism used the intervening 5 months to acquaint the public with the nature of the bill. To that I do not know what excuse we could make. In my own case I did not read the bill thoroughly until Thanksgiving Day.

Even if Mr. Roosevelt and Mr. Wallace and the leaders in Congress were willing to defer final action on the bill, something more would be necessary. It would be necessary for writers, editors, radio commentators, clergymen, all persons having access to the public, even persons in a position to enlighten two or three neighbors—it would be necessary for these to devote the period of the reprieve to a thorough study of the measure, thorough comparison of it with the Nazi conception of government, thorough study to determine to what extent and how the measure constitutes a departure from the American system of government. To do this would be a task, for the measure is extremely complex. The number who readily understand it is small. The number who, like Miss Thompson, have adequate information about the Nazi system to make comparison of that with the American farm control bill, is smaller yet.

Inherent in the American theory of government, deep in the American point of view, so indigenous that we take it for granted and assume it will never be violated, is the principle that individuals and minorities have certain inalienable rights which cannot be taken from them by government. This point of view the crop-control bill directly negatives. The right of a farmer to plant what he pleases and as much of it as he pleases is almost the simplest, almost the most primitive of the inalienable rights of the individual. This right rests upon the same principle as the other rights of individuals and minorities: The right to trial by jury; the right not to be kept in confinement except after inquiry by a court, the so-called right of habeas corpus; the right of freedom of religion; the right of free speech and of petition; the right to have courts which shall be free to protect the individual against the Government.

BILL VIOLATES PRINCIPLE

These are the things that mark America off from the authoritarian governments of Europe. All these rights rest upon a common principle, the principle that individuals and minorities have inalienable rights which not even Government can trespass upon. This principle the crop-control bill violates. If the principle is violated in one respect, it ceases to have sanctity in any respect. Besides, in the process of transition from one form of government toward another, there is an element of irreversibleness; automatically, the first step compels the second, the second compels the third.

About the time when nazi-ism was getting its hold upon Germany, I had knowledge of a conversation that took place between a German statesman and an American one. The German was one of the leaders of the democracy that endured in that country during some years following the Great War. The American asked the German why he and others who saw nazi-ism coming had not made the public aware of it. The German statesman replied, in a spirit of weary resignation, of tragic submission to fatalism, or tired tolerance toward America as a country which had not yet experienced any real assault upon democracy—the German statesman replied, in effect: "My friend, you in America have not had your real trials yet; you have not learned that a democracy will not believe the incredible until the incredible has happened; that a democracy never realizes the abyss is there until it has tumbled over the brink."

Nevertheless some of us think that America, with its longer experience with democracy, its more seasoned familiarity with freedom, its deeper loyalty to the democratic tradition, can still be saved if we are given time for understanding.

Mr. PEPPER. Mr. President, I wish to direct the attention of the Senate for a moment, and particularly the attention of the junior Senator from Mississippi [Mr. BILBO], to the last subsection of the amendment offered by him which was adopted by the Senate a few moments ago.

I was very strongly in favor of the Senator's amendment, and supported it. I think it is a splendid amendment. But after examining the language of subsection (d) on page 6 of the amendment I am afraid there might be some technical misunderstanding of the purpose of the subsection, to the effect that some might construe it to mean that the experimentation in the laboratory in the South should be exclusively restricted to cotton and cotton products. I am sure the Senator from Mississippi intended that all due and proper consideration should be given, in the experimentation in this laboratory, to fruits and vegetables and other agricultural products in that section. I merely desire that that interpretation be confirmed by the Senator from Mississippi, if he will be good enough to do so.

Mr. BILBO. Mr. President, I assure the Senator from Florida that he is correct in his interpretation of the intent of the amendment. There was no intention that the southern laboratory should be devoted exclusively to cotton, but it was intended that it should be devoted to the development of uses of all farm products grown in the South, and that cotton should be given the first consideration because of the distressed condition of the cotton producers.

Mr. WHITE. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place the following:

Section 32 of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes," approved August 24, 1935, as amended, is amended by inserting at the end thereof the following:

"The powers under clause (2) of this section to encourage domestic consumption of commodities by diverting them from the normal channels of trade and commerce shall extend to fish (including shellfish) and the products thereof."

Public, No. 65, Seventy-fifth Congress, approved June 28, 1937, is amended by inserting after the words "agricultural commodities", wherever they appear in such act, the clause "fish (including shellfish)".

Mr. WHITE. Mr. President, I offer this amendment in behalf of the junior Senator from Massachusetts [Mr. LODGE] and myself. I may say to those in charge of the pending bill that the amendment in no degree limits or affects the authority proposed to be conferred upon the Secretary of Agriculture by the bill. It has kinship with the proposed legislation in the pending bill only in that it seeks to deal with a surplus, and the pending bill seeks to dispose of surpluses.

Section 32 of the act of 1935, as amended, authorizes the Secretary of Agriculture to take a percentage of the customs receipts, and with that percentage of those receipts draw from the market, remove from the channels of trade, surpluses arising in certain agricultural products. The pending amendment seeks to make those powers available with respect to fish, including shellfish and the products thereof.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. WHITE. The Chair may be correct, and I bow to the ruling of the Chair; but as I saw the clock I have talked but 2 minutes.

Mr. POPE. Mr. President, I wish to ask the Senator from Maine a question. Does the Senator attempt by the amendment to include shellfish as an agricultural product?

Mr. WHITE. It does not make shellfish agricultural commodities, but it gives to the Secretary of Agriculture the same authority to remove them from the market as is given respecting agricultural products. It does not presume to define them as agricultural commodities.

Mr. POPE. If the Senator opens the gate to commodities which are clearly not agricultural commodities, would there be any place to stop? Would it not lead to including any kind of manufactured goods or any commodity that is not agricultural?

Mr. WHITE. That is a question for the determination of the Senate—as to whether it would do it or not. Here is an industry which in my section of the country gives employment to something like 50,000 people. It is an industry in which there are great seasonal surpluses, temporary in character at times, due in part to climatic conditions. It does seem proper that there should be the same authority to deal with those surpluses as is conferred with respect to agricultural commodities. It is a matter of concern to every Senator who lives along the seaboard of the Atlantic, along the Gulf, and along the Pacific, where there is felt the impact of importations by Japanese and Russian fishermen.

Mr. POPE. I just want to make it clear that the purpose of this amendment is to extend beyond agriculture. It seems to me that, if this amendment were adopted, there would be no virtue in the original section 32, because it would in no sense be limited to agricultural commodities.

I oppose the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Maine [Mr. WHITE].

The amendment was rejected.

Mr. McNARY. Mr. President, on the 10th day of the month we were considering the marketing quota for rice. At that time I suggested that I thought rice should not be in the favored class and that the producer of rice should come under the provision referring to unfair agricultural practices, and the following ensued, which I read from the CONGRESSIONAL RECORD of that date:

Mr. McNARY. Very well. I offer as an amendment at this place the language contained in section 22 on page 28, subdivisions (a), (b), (c), (d), (e), and (f), with the substitution of the word "rice" in place of the words "wheat" and "corn." Is the Senator willing to accept that amendment?

Mr. ELLENDER. Yes.

Mr. McNARY. Very well. I should like to have a vote upon that amendment to the committee amendment. Some corrections may be necessary to adapt it to the case of rice.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Oregon [Mr. McNARY] to the committee amendment.

The amendment to the amendment was agreed to.

At that time I stated, as the RECORD indicates, that some modifications in the language might be necessary. The Senator from Louisiana [Mr. ELLENDER] has prepared an amendment, to which I have consented, to take the place of these subdivisions which were agreed to; and at this time I offer it at his request.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 57 it is proposed to strike out the entire subsection (a) of section 54 and to insert in lieu thereof the following:

(a) Any producer who markets rice in excess of his marketing quota and any person who knowingly acquires rice so marketed shall be subject to a penalty of five-tenths of a cent per pound of the excess so marketed, but not more than one penalty shall be collected with respect to the same rice. All penalties shall be remitted to the Secretary and shall accrue to the United States.

On page 57, between lines 19 and 20, it is proposed to insert the following new subsection:

(b) Any producer who markets rice in excess of his marketing quota shall not be eligible for any payments with respect to rice under the Soil Conservation and Domestic Allotment Act or under this title, nor for any loans on rice to which such quota applies.

The PRESIDING OFFICER. Without objection, the amendment will be substituted for the one previously agreed to.

Without objection, the proposed amendment will be agreed to.

Mr. BORAH. Mr. President, I direct attention to page 12, section 7. I am going to ask unanimous consent to reconsider that amendment. My desire is to restore the bill to the terms of the bill as it was introduced.

Section 7 reads:

SEC. 7. Whenever the current average farm price for cotton, wheat, corn, tobacco, or rice, as proclaimed monthly by the Secretary hereunder, exceeds the parity price so proclaimed for the commodity, the Secretary shall, to the extent necessary to stabilize at parity such current average farm price for the commodity—

1. Call surplus reserve loans secured by the commodity—

And so forth. Mr. President, if I obtain unanimous consent to reconsider, I shall move to strike out the word "exceeds", in line 10, and to insert the words "is more than 10 percent above", so that it would read:

Whenever the current average farm price for cotton, wheat, corn, tobacco, or rice, as proclaimed monthly by the Secretary hereunder, is more than 10 percent above—

He shall do so-and-so.

I ask unanimous consent for the reconsideration of the vote by which that amendment was agreed to.

The PRESIDING OFFICER. The Senator from Idaho asks unanimous consent that the vote by which the amendment in section 7, page 12, was agreed to shall now be reconsidered. Is there objection? The Chair hears none, and the vote is reconsidered.

Mr. BORAH. I now move to strike out the word "exceeds" in line 10, and to insert the words "is more than 10 percent above" in lieu thereof.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Idaho.

The amendment to the committee amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. BILBO. Mr. President, I send forward an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert a new section, as follows:

It shall be legal and lawful for any farmer or producer to sell, transfer, assign or in any way negotiate any rental check, benefit payment, subsidy, or payment of any kind or character whatsoever due or to be due him under the provisions of this act or under any other law or Government order or regulation previously passed.

Mr. BILBO. Mr. President, I am offering this amendment as a new section of the bill because I have been asked to do so by business people, by bankers, and especially by farmers who have these benefits coming to them from the Government.

Under the cotton loan farmers got 3 cents a pound parity, which means $15 a bale. That would not be available until next spring. Because of the distressed condition of the farmers, especially of the Cotton Belt, they find it necessary to have a line of credit from the bank to make their payments to the Federal land banks on their farms; and in many instances where they have these benefits coming to them it is necessary that they negotiate them with the banks and with the merchants and with the doctors to pay their doctors' bills. There is universal demand for this right, and the Department has ruled against it. I think, as a matter of justice to the people who have these claims, that they should be in a position to negotiate them. It is nothing but right that they should. It is their property, and they should have the right to borrow on it as any other citizen can borrow under similar circumstances.

Mr. McGILL. Mr. President, how will the farmer know, or how will anyone be able to determine, how much the parity payment will be until the year closes?

Mr. BILBO. The man who extends the credit will take that risk.

Mr. BANKHEAD. Mr. President, I have today received a telegram from Mr. Jesse B. Hearin, president of the Production Credit Association, one of the affiliates of the Federal land bank in my district, located at New Orleans. He is one of the most efficient men I know and has a wonderful record in that Government agency. I send the telegram to the desk and ask that it be read.

The PRESIDING OFFICER. The telegram will be read.

The legislative clerk read as follows:

NEW ORLEANS, LA., *December 17, 1937.*

Hon. JOHN H. BANKHEAD,
United States Senate Office Building, Washington, D. C.:

The condition of the cotton farmer in the South is much more serious than those outside of the South can realize. If effective control bill is passed, I strongly suggest the absolute necessity of the bill carrying a provision that will enable the farmer to legally assign his benefit payment. It is my well-considered opinion that unless this legal assignment is made possible, many worthy farmers will find it difficult to be properly financed. This not only applies to governmental financing agencies but even more strongly to the various other agencies the farmers have to look to.

JESSE B. HEARIN.

Mr. BORAH. Mr. President, does that refer to the amendment of the Senator from Mississippi?

Mr. BILBO. That telegram is in response to the proposition that these claims should be put into negotiable shape to permit the farmer to negotiate with his bank.

Mr. BORAH. It occurs to me that there is a great opportunity there to reduce the amount coming to the farmers, so that it will be a very small sum eventually reaching him. A farmer will have to assign the payment for almost any sum he can get, and the result would be the speculators and bankers would get the full payment while the farmer might get only 50 cents on the dollar.

Mr. BILBO. There is nothing compulsory about it It is purely a matter of desire on the part of the owner to sell his claim for a reasonable figure. It is perfectly sound—unless the Senator thinks the farmers ought to have guardians appointed to look after their business.

Mr. BORAH. That is the theory upon which we are undertaking to enact the bill. [Laughter.]

Mr. BILBO. I think not.

Mr. ADAMS. Mr. President, the proposed amendment would not only authorize a person to negotiate what is due him, but he may sell payments to become due and there is no limitation of time. He may make a contract to sell payments this year, next year, or the year after. The man who is incompetent from the business standpoint would be very much, as suggested by the Senator from Idaho, at the mercy of the speculator. I think it may be proper to assign a payment already due, but to authorize the assignment of payments to become due in the future is going a long way, it seems to me. As a matter of fact it is going beyond the point that we permit ordinarily in the law.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. McGILL. This would permit the assignment of payments that might become due in the future regardless of the value they might eventually have?

Mr. ADAMS. Absolutely.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BILBO. Of course, assignments are going to be made by the farmer to his doctor or merchant or banker. Does the Senator think the merchants and doctors and bankers need guadians to protect their interests against the poor farmer?

Mr. ADAMS. No; but I think the poor farmer may need protection against the others who may go to him and induce him to make the assignment of an amount not yet due him, an amount which is uncertain in the future and which has not been earned, but may fall due next year or the year after.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired. The question is on the amendment of the Senator from Mississippi [Mr. BILBO].

The amendment was rejected.

Mr. ELLENDER. Mr. President, I offer the amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

Mr. ELLENDER. Before that is done I ask unanimous consent to reconsider the vote by which section 14 was adopted, in order that this amendment may be considered.

The PRESIDING OFFICER. Is there objection?

Mr. KING. I object.

The PRESIDING OFFICER. The Parliamentarian informs the Chair that the time for reconsideration of the vote by which the amendment was agreed to has expired and the amendment of the Senator from Louisiana would not be in order at this time.

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point, as a part of my remarks, and not in the Appendix, the report of the Minnesota farm conference program, reported by the farm conference board that was selected in a meeting of a thousand farmers called together by the Governor of Minnesota to formulate an agricultural legislative program. I ask that it be printed in the RECORD, together with a letter written to me by the chairman of the subcommittee of the conference board.

There being no objection, the report and letter were ordered to be printed in the RECORD, as follows:

MINNESOTA FARM CONFERENCE PROGRAM

(Proposals made by Minnesota farmers meeting in St. Paul, October 4, at call of Gov. Elmer A. Benson)

THE CONFERENCE

Minnesota's dirt farmers drafted a strong program at a Statewide conference held in the State capitol, October 4, at the call of Gov. Elmer Benson. In accordance with their desire to advertise it widely in order to gain Nation-wide support this booklet has been issued by the subcommittee of the farm conference board which they set up.

Neither Governor Benson or the State's farmers had been fooled by the "prosperity" headlines which big newspapers were printing in hope of preventing adequate farm legislation from being passed. They knew conditions were bad and likely to get worse. The next few weeks showed only too plainly how right they were. Prices slumped unmercifully and the Department of Agriculture has flatly predicted lower farm income for 1938.

Ready to express their opinions on the subject of farm legislation, approximately 1,000 farmers crowded the house chamber of the State capitol on conference day. After many hours of discussion a committee, which later became the farm conference board, was sent to prepare a program embodying the thoughts expressed. After several hours they presented the following proposals, which the conference adopted:

1. BASIC PRICE

A main point in the program is setting of basic prices on farm commodities. For example, a price on wheat would be set in the Chicago market, guaranteed by the Federal Government. The farmer could depend on that minimum price. Speculation would receive a tremendous blow. While this is far in advance of anything attempted within the last decade, it can be made to work. The farmer, through the Federal Government, would control the market, whereas it is now controlled by speculators and processors.

2. SURPLUS POOL

The criticism is immediately brought against this program that a surplus would pile up. But a provision for this was made. A surplus pool would be set up, out of which would be distributed food and fiber to the needy of the Nation. In this way the standard of living would be raised, while at the same time working up the income of both farmer and industrial groups. Commodities could also be sold to foreign buyers.

3. EVER-NORMAL GRANARY AND CROP INSURANCE

The ever-normal granary would supplement the surplus pool. Products would be stored in the interests of both producer and consumer. In fat years the granary would be filled, in lean years emptied. It would be a step in the stabilization of farming. This would also fit into a Federal system of crop insurance guaranteeing the farmer his historic yield. Part of the farmer's crop would be put in the granary during the fat years to be sold in the lean. All costs except for the crop stored should be paid by the Federal Government. The United States Senate passed a wheat-insurance bill at the last session, but the idea should be extended to other crops.

4. SOIL CONSERVATION

While the present soil-conservation program is inadequate to cope with the entire farm problem, it nevertheless should be continued as a supplement to the other measures outlined. Soil-conservation practices should be continued with the Federal Government continuing benefit payments and extended to reach all groups, especially those in greatest need.

5. CUT IN PRICE SPREAD

Investigations have shown that the farmer gets far too small a share of the consumer's dollar. The Federal Government should gather further facts on this subject and take steps to eliminate the processor's huge profits.

6. FARM TENANCY

Minnesota farmers, like those of other States, continue to lose their farms in large numbers. The result is that nearly two-thirds of Minnesota's farmers are either tenants or cultivate land which is heavily mortgaged. The Federal Government should embark on a far-reaching program of returning the land to the actual tillers of the soil. This program should go with the price program, for the farmer cannot be expected to buy back his land, even on long-term payments and at low interest rates, if he must constantly sell his products below cost of production.

7. REFINANCING OF DEBTS

Mortgages must be scaled down and refinanced. In 1930 the average mortgaged farm in Minnesota had an average value of $10,557. In 1935 the mortgaged farm had an average value of $6,591, and it has risen very little since, if at all. To ask a farmer to pay off the old mortgage is unfair, and consequently there should be a scaling down. But interest also is too high, and even under vastly improved conditions the debt could be lifted but slowly. Consequently the Federal Government should refinance mortgages on a long-term basis and at a very low interest rate.

8. AID TO CATASTROPHE VICTIMS

In time of drought and flood the Government should be prepared to step in with adequate relief. Today there are thousands of catastrophe victims throughout the farm areas. Feed and seed loans should be available in such a manner that debts do not pile up beyond possibility of repayment. A comprehensive rehabilitation program should be in effect which will enable farmers to move from stricken areas and to put farmers on their feet in localities where there is a chance of earning a living.

9. AID TO COOPERATIVE MOVEMENT

Federal and State Governments should aid the cooperative movement in every way possible, including a fair system of loans and adequate laws. Minnesota cooperative legislation should be worked over to give adequate protection to producer and consumer co-ops and to allow cooperative banking.

10. COOPERATION BETWEEN THE FARMER AND THE LABORER

In Minnesota the farmer and the worker have cooperated to win many victories. The practice should be extended to the whole Nation, for the cure for agriculture's ills must be brought about mainly on a national scale. Propaganda of the big newspapers and others trying to show that the farmer and worker have little in common should be promptly exposed. Figures show that farm income rises with income of the industrial worker, and vice versa.

BROOKSTON, MINN., *November 18, 1937.*

The Honorable HENRIK SHIPSTEAD,
United States Senator, Senate Office Building,
Washington, D. C.

DEAR SIR: You no doubt have noticed by the press and otherwise that Governor Benson called a farm conference on October 4, and the farmers did meet and for the first time in history had an opportunity to get together and decide for themselves what they thought ought to be incorporated in the farm law now under consideration, and enclosed please find for your consideration a condensed pamphlet containing the program adopted.

As a small farmer of the northeastern part of Minnesota, I wish to present some facts for your consideration.

The first A. A. A. program with the processing tax did the farmers of the country an injustice by placing a tax on wheat, corn, etc., and while our farmers were in a place where they needed to expand instead of curtail production in order to become self-sustaining, so we were hit under the belt by being compelled to pay taxes to aid agriculture in other parts of the country.

The soil conservation should be in any fair law and, although this program was better for our farmers, it still did not fit our farmers. We still must be permitted to expand to such a point where the farmers may be self-sustaining. Under our present program they must be subsidized.

Parity prices for years 1909 to 1914 are just a fake illusion because that would not give the farmer the American market, nor would it remove the speculators from an opportunity to manipulate the market for their own selfish gain.

I believe it is about time the American farmer was given an opportunity to at least have a voice in bargaining as to what he is to receive for his products; therefore, I am supporting the theory of fixing a basic price on agricultural products.

Why should the farmers' market in the United States of America depend on whether they have frost, drought, or flood in other countries in order to receive a fair price for their products?

Why is not the farmer given an equal opportunity with other groups to buy at a world market? The farmer is forced to sell in a world market and buy in a protected market. In other words, with a few exceptions, he buys at retail and sells at wholesale. His ability to continue in business depends on how big a family he has to work and mine the fertility out of his land in order to continue.

I hope you will do any and all things possible to help agriculture solve its problem.

Very truly yours,

JOHN L. NELSON.

Mr. ELLENDER. Mr. President, I ask unanimous consent to reconsider the vote by which sections 14 and 15 were adopted.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

Mr. McGILL. Is that the provision on page 70?

Mr. ELLENDER. Yes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote is reconsidered.

Mr. ELLENDER. I send to the desk an amendment to the committee amendment, which I ask may be reported.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 70, it is proposed to strike out lines 14, 15, 16, and 17, as follows:

Fire-cured tobacco, comprising types 21, 22, 23, and 24.
Dark air-cured tobacco, comprising types 35, 36, and 37.

And insert in lieu thereof the following:

Fire-cured and dark air-cured tobacco, comprising types 21, 22, 23, 24, 35, 36, and 37.

Mr. KING. Mr. President, what is the difference between the amendment offered now by the Senator from Louisiana and the original language of the committee amendment?

Mr. ELLENDER. I shall gladly explain it. This is an amendment suggested by the Department of Agriculture. Under the paragraph each type of tobacco is described. Flue-cured is one type, fire-cured another type, dark air-cured another type, burley another type, Maryland another type, and so forth. The purpose of the amendment is simply to combine the fire-cured and dark air-cured tobaccos in one type. The reason is that the Department has been working under that plan for the past 3 years, and it is simply to make the provision accord with the plan which is now being followed in the Department.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ELLENDER. Certainly.

Mr. TYDINGS. Is this the tobacco amendment relating to dark air-cured tobacco?

Mr. ELLENDER. Yes.

Mr. TYDINGS. How many types are included in the amendment?

Mr. ELLENDER. Seven types, four of one and three of the other.

Mr. TYDINGS. What are the numbers?

Mr. ELLENDER. The numbers are 21, 22, 23, 24, 35, 36, and 37.

Mr. TYDINGS. Can the Senator tell us what the types are?

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. TYDINGS. I will take the floor in my own right and ask the Senator the question.

Mr. ELLENDER. On page 70 fire-cured tobacco comprises types 21, 22, 23, and 24, and dark air-cured tobacco comprises types 35, 36, and 37.

Mr. TYDINGS. In other words, the amendment combines fire-cured and dark air-cured tobaccos?

Mr. ELLENDER. That is correct.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Louisiana to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SCHWELLENBACH. Mr. President, on behalf of the junior Senator from North Dakota [Mr. NYE] and myself, I send to the desk an amendment. Before it is read I should like to state that it is an amendment to this bill which includes the provisions of the crop-insurance bill which was passed by the Senate early this year. The amendment was introduced by the junior Senator from Idaho [Mr. POPE], and I should like to submit the question to that Senator whether or not the amendment as introduced by him is not in the precise language as it passed the Senate earlier in the year, with those changes necessary to fit it into the present bill as introduced by the Senator from Idaho [Mr. POPE] and the Senator from Kansas [Mr. MCGILL]?

Mr. POPE. Mr. President, that is correct, with the addition that there is a minor amendment incorporated by the House committee.

Mr. SCHWELLENBACH. In view of that statement and, further, in view of the fact that the amendment is rather long and the Senate has previously considered it, I ask that it be printed in the RECORD and considered as reported without reading.

Mr. KING. Does it include any other commodity than those found in the original so-called insurance bill?

Mr. SCHWELLENBACH. No; it does not. It includes only wheat. The Senator will remember that the bill was passed upon the theory that the Department of Agriculture had more information in reference to wheat than any other commodity and that we should try the experiment with wheat and not try it out on the other commodities until the Department had tried it out on wheat.

Mr. KING. Does this extend the obligation of the Government beyond that contained in the original bill?

Mr. POPE. No. It is precisely the same as the original bill so far as that provision is concerned.

Mr. MCGILL. Mr. President, is the Senator offering this as an additional title to the pending bill?

Mr. POPE. Yes; it is being offered as an additional title to the pending bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Idaho that the amendment be printed in the RECORD without reading?

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 97, after line 23, add the following new title:

"TITLE X—CROP INSURANCE

"SECTION 100. It is the purpose of this title to promote the national welfare by alleviating the economic distress caused by wheat-crop failures due to drought and other causes, by maintaining the purchasing power of farmers, and by providing for stable supplies of wheat for domestic consumption and the orderly flow thereof in interstate commerce.

"SEC. 101. To carry out the purposes of this title, there is hereby created as an agency of and within the Department of Agriculture a body corporate with the name 'Federal Crop Insurance Corporation' (herein called the Corporation). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices elsewhere in the United States under rules and regulations prescribed by the board of directors. This title may be cited as the Federal Crop Insurance Act.

"SEC. 102. (a) The Corporation shall have a capital stock of $100,000,000 subscribed by the United States of America, payment for which shall, with the approval of the Secretary of Agriculture, be subject to call in whole or in part by the board of directors of the Corporation.

"Any impairment of the capital stock described in subsection (a) hereof, shall be restored only out of operating profits of the Corporation.

"(b) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000,000 for the purpose of subscribing to said stock: *Provided, however,* That not more than $20,000,000 is authorized to be appropriated for such purpose during the fiscal year ending June 30, 1938.

"(c) Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership by the United States of America.

"SEC. 103. (a) The management of the Corporation shall be vested in a board of directors (hereinafter called the Board) subject to the general supervision of the Secretary of Agriculture. The Board shall consist of three persons employed in the Department of Agriculture who shall be appointed by and hold office at the pleasure of the Secretary of Agriculture.

"(b) Vacancies in the Board so long as there shall be two members in office shall not impair the powers of the Board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the Board.

"(c) The Directors of the Corporation appointed as hereinbefore provided shall receive no additional compensation for their services as such directors but may be allowed actual necessary traveling and subsistence expenses when engaged in business of the Corporation outside of the District of Columbia.

"(d) The Board shall select, subject to the approval of the Secretary of Agriculture, a manager, who shall be the executive officer of the Corporation with such power and authority as may be conferred upon him by the Board.

"SEC. 104. The Corporation—

"(a) shall have succession in its corporate name;

"(b) may adopt, alter, and use a corporate seal, which shall be judicially noticed;

"(c) may make contracts and purchase or lease and hold such real and personal property as it deems necessary or convenient in the transaction of its business, and may dispose of such property held by it upon such terms as it deems appropriate;

"(d) subject to the provisions of section 7 (c), may sue and be sued in its corporate name in any court of competent jurisdiction, State or Federal: *Provided,* That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Corporation or its property;

"(e) may adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers granted to it by law may be exercised and enjoyed;

"(f) shall be entitled to the free use of the United States mails in the same manner as the other executive agencies of the Government;

"(g) with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officials, and employees thereof in carrying out the provisions of this title;

"(h) may conduct researches, surveys, and investigations relating to crop insurance for wheat and other agricultural commodities;

"(i) shall determine the character and necessity for its expenditures under this title and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government; and

"(j) shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation and all such incidental powers as are customary in corporations generally.

"SEC. 105. (a) The Secretary shall appoint, in accordance with the provisions of the Classification Act of 1923, as amended, such officers and employees as may be necessary for the transaction of the business of the Corporation, which appointments may be made without regard to the civil-service laws and regulations, fix their compensation, define their authority and duties, delegate to them such of the powers vested in the Corporation as he may determine, require bond of such of them as he may designate, and fix the penalties and pay the premiums of such bonds. The appointment

of officials and the selection of employees by the Secretary shall be made only on the basis of merit and efficiency.

"(b) Insofar as applicable, the benefits of the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes,' approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this title, including the employees of the committees and associations referred to in subsection (c) of this section and the members of such committees.

"(c) The Board may establish or utilize committees or associations of producers in the administration of this title and make payments to such committees or associations to cover the estimated administrative expenses to be incurred by them in cooperating in carrying out this title and may provide that all or part of such estimated expenses may be included in the insurance premiums provided for in this title.

"(d) The Secretary of Agriculture may allot to bureaus and offices of the Department of Agriculture or transfer to such other agencies of the State and Federal Governments as he may request to assist in carrying out this title any funds made available pursuant to the provisions of section 114 of this act.

"(e) In carrying out the provisions of this title the Board may, in its discretion, utilize producer-owned and producer-controlled cooperative associations.

"SEC. 106. To carry out the purposes of this title the Corporation is authorized and empowered—

"(a) Commencing with the wheat crop planted for harvest in 1938, to insure, upon such terms and conditions not inconsistent with the provisions of this title as it may determine, producers of wheat against loss in yields of wheat due to unavoidable causes including drought, flood, hail, wind, winterkill, lightning, tornado, insect infestation, plant disease, and such other unavoidable causes as may be determined by the Board: *Provided, however*, That for the first 3 years of operation under this title contracts of insurance shall not be made for periods longer than 1 year. Such insurance shall not cover losses due to the neglect or malfeasance of the producer or to the failure of the producer to reseed in areas and under circumstances where it is customary to reseed. Such insurance shall cover not less than 50 or more than 75 percent, to be determined by the Board, of the recorded or appraised average yield of wheat on the insured farm for a representative base period, subject to such adjustments as the Board may prescribe to the end that the average yields fixed for farms in the same area, which are subject to the same conditions, may be fair and just. The Board may condition the issuance of such insurance in any county or area upon a minimum amount of participation in a program of crop insurance formulated pursuant to this title.

"(b) To fix adequate premiums for such insurance, payable either in wheat or cash equivalent as of the due date thereof, on the basis of the recorded or appraised average crop loss of wheat on the insured farm for a representative base period subject to such adjustments as the Board may prescribe to the end that the premiums fixed for farms in the same area, which are subject to the same conditions, may be fair and just. Such premiums shall be collected at such time or times, in such manner, and upon such security as the Board may determine. Wheat premiums paid under this section shall not be regarded as marketed within the meaning of section 61 of this act.

"(c) To adjust and pay claims for losses either in wheat or in cash equivalent under rules prescribed by the Board. In the event that any claim for indemnity under the provisions of this title is denied by the Corporation an action on such claim may be brought against the Corporation in the district court of the United States in and for the district in which the insured farm is located, and exclusive jurisdiction is hereby conferred upon such courts to determine such controversies without regard to the amount in controversy: *Provided*, That no suit on such claim shall be allowed under this section unless the same shall have been brought within 1 year after the date when notice of denial of the claim is mailed to the claimant.

"(d) From time to time, in such manner and through such agencies as the Board may determine, to purchase, handle, store, insure, provide storage facilities for, and sell wheat, and pay any expenses incidental thereto, it being the intent of this provision, however, that, insofar as practicable, the Corporation shall purchase wheat only at the rate and to a total amount equal to the payment of premiums in cash by farmers or to replace promptly wheat sold to prevent deterioration; and shall sell wheat only to the extent necessary to cover payments of indemnities and to prevent deterioration: *Provided, however*, That nothing in this section shall prevent prompt offset purchases and sales of wheat for convenience in handling. The restriction on the purchase and sale of wheat provided in this section shall be made a part of any crop insurance agreement made under this title. Notwithstanding any provision of this title, there shall be no limitation upon the legal or equitable remedies available to the insured to enforce against the corporation the foregoing restriction with respect to purchases and sales of wheat. Wheat held by the Corporation shall be regarded as part of the carry-over in any computations made under titles I, II, and VI of this act.

"SEC. 107. Claims for indemnities under this title shall not be liable to attachment, levy, garnishment, or any other legal process before payment to the insured or to deduction on account of the indebtedness of the insured or his estate to the United States except claims of the United States or the Corporation arising under this title.

"SEC. 108. All money of the Corporation not otherwise employed may be deposited with the Treasurer of the United States or in any bank approved by the Secretary of the Treasury, subject to withdrawal by the Corporation at any time, or with the approval of the Secretary of the Treasury may be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States. Subject to the approval of the Secretary of the Treasury, the Federal Reserve banks are hereby authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the performance of its powers conferred by this title.

"SEC. 109. The Corporation, including its franchise, its capital, reserves, and surplus, and its income and property, shall be exempt from all taxation now or hereafter imposed by the United States or by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

"SEC. 110. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as a depository of public money and financial agent of the Government, as may be required of it.

"SEC. 111. The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary of Agriculture a complete report as to the business of the Corporation. The financial transactions of the Corporation shall be audited at least once each year by the General Accounting Office for the sole purpose of making a report to Congress, together with such recommendations as the Comptroller General of the United States may deem advisable: *Provided*, That such report shall not be made until the Corporation shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.

"SEC. 112. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining for himself or another money, property, or anything of value, under this title, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than 2 years, or both.

"(b) No person shall, while acting in any official capacity in the administration of this title, speculate, directly or indirectly, in any agricultural commodity or product thereof, to which this title applies, or in contracts relating thereto, or in the stock or membership interests of any association or corporation engaged in handling, processing, or disposing of any such commodity or product. Any person violating this subsection shall upon conviction thereof be fined not more than $10,000 or imprisoned not more than 2 years, or both.

"(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Corporation or pledged or otherwise entrusted to it; or (2) with intend to defraud the Corporation, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of, or to, the Corporation or draws any order, or issues, puts forth, or assigns any note or other obligation or draft, mortgage, judgment, or decree thereof; or (3) with intent to defraud the Corporation, participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of the Corporation, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

"(d) Whoever willfully shall conceal, remove, dispose of, or convert to his own use or to that of another, any property mortgaged or pledged to, or held by, the Corporation, as security for any obligation, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than 2 years, or both.

"(e) Whoever conspires with another to accomplish any of the acts made unlawful by the preceding provisions of this section shall, on conviction thereof, be subject to the same fine or imprisonment, or both, as is applicable in the case of conviction for doing such unlawful act.

"(f) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, secs. 202 to 207, inclusive) insofar as applicable, are extended to apply to contracts or agreements with the corporation under this title: *Provided, however*, That the provisions of section 3741 of the Revised Statutes (U. S. C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States shall not apply to any crop-insurance agreements made under this title.

"SEC. 113. The Secretary of Agriculture is authorized to appoint from time to time an advisory committee, consisting of not more than five members experienced in agricultural pursuits and appointed with due consideration to their geographical distribution, to advise the Corporation with respect to carrying out the purposes of this title. The compensation of the members of such committee shall be determined by the Board but shall not exceed $10 per day each while actually employed and actual necessary traveling and subsistence expenses, or a per diem allowance in lieu thereof.

"SEC. 114. (a) There are hereby authorized to be appropriated such sums, not in excess of $10,000,000 for any fiscal year, as may be necessary to cover the operating and administrative costs of the Corporation, other than payments of claims for indemnities, which shall be allotted to the Corporation in such amounts and at such time or times as the Secretary of Agriculture may determine.

"(b) The Secretary and the Corporation, respectively, are authorized to issue such regulations as may be necessary to carry out the provisions of this title.

"SEC. 115. The sections of this title and subdivisions of sections are hereby declared to be separable, and in the event any one or more sections or parts of the same of this title be held to be unconstitutional, the same shall not affect the validity of other sections or parts of sections of this title.

"SEC. 116. The right to alter, amend, or repeal this title is hereby reserved."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was agreed to.

Mr. BONE. Mr. President, sometime ago I sent an amendment to the desk, and I ask now for consideration of the amendment.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Washington.

The CHIEF CLERK. It is proposed to insert the following:

Paragraph 2 and subsection 1 of section 8 (c) of the Agricultural Adjustment Act, as amended, are amended by striking out the words "not including apples and" in each of said paragraphs.

Mr. BONE. Mr. President, these four words constituting a very brief clause appear as a clause in the old Agricultural Adjustment Act, and if the Senate should adopt this very brief amendment to the pending bill the effect would be to amend the Agricultural Adjustment Act only to the extent that it would permit the growers of apples to enter into the marketing agreements which are provided in the old A. A. A.

We are presenting to the country a farm act. The introduction of this material into the proposed act would in no wise affect the operation of the act. The amendment is offered by me because a great many farmers in my State, producers of apples, have desired to bring themselves within the marketing agreement provisions of the A. A. A. Nothing would be added to the pending bill or taken from it by the adoption of the amendment, and since a great many of the farmers in my State are highly desirous of having this little change made, I think I may with perfect propriety offer the amendment in order to get this relief for them.

Mr. KING. Mr. President, if the Senator is seeking to revive some feature of the A. A. A. Act which was held to be unconstitutional, does he think this is the proper vehicle upon which to place an unconstitutional declaration?

Mr. BONE. Oh, no. I would be constrained to agree with the Senator, but this does not come under the ban of the Court, as I understand the decision of the Court. Marketing agreements are still in existence as to a number of commodities, and they do not come under the ban of the Court decision. This would not in anywise affect the bill.

The PRESIDING OFFICER. The time of the Senator from Washington on the amendment has expired.

Mr. BYRD. Mr. President, I should like to ask the Senator from Washington a question in my time. The Senator from Washington introduced a bill on April 22 providing for the same proposal he now makes in the amendment, and the bill is before the Committee on Agriculture and Forestry, I believe.

Mr. BONE. It is Senate bill 2237 and was introduced last April.

Mr. BYRD. In view of the fact that there is quite a division of opinion among the apple growers, I was wondering whether the Senator does not think it would be preferable to have hearings on his bill and let all interests be considered. The eastern apple growers, so far as I know, are still opposed to including apples in the original A. A. A. The action of the growers approving the exclusion of apples was taken unanimously when the A. A. A. was originally adopted. I hope, therefore, by reason of the fact that the limitation of time will not permit a full discussion, the amendment will not be agreed to; but I assure the Senator from Washington that the State of Virginia and the apple growers of the East will be glad to cooperate with him and have hearings on his bill before the Committee on Agriculture and Forestry and work out the best possible solution of the present situation.

Mr. BONE. Mr. President, I may say to the Senator from Virginia that since it is only a matter of days rather than months when that might be accomplished, I would like to see this brief amendment agreed to.

Mr. BYRD. The Senator from Washington knows that the Marketing Act cannot be operative until next fall, so no emergency exists, and nothing will be lost by deferring action for further consideration.

Mr. BONE. I suggest to the Senator that the Senator from New Mexico [Mr. HATCH] calls my attention to the fact that the Circuit Court of Appeals in the Ninth Circuit has upheld the marketing agreements.

Mr. POPE. Mr. President, is it not true that the marketing agreements have a purely regional application, and that no region need use marketing agreements unless the growers there decide to do so?

Mr. BONE. That is my understanding. If we adopt the agreement out there, it certainly cannot hurt the growers in some other section.

Mr. BYRD. Mr. President, the statement of the Senator from Idaho is not exactly correct. In the act it is provided:

No order shall be issued under this section which is applicable to all production areas or marketing areas, or both, of any commodity or product thereof unless the Secretary finds that the issuance of several orders applicable to the respective regional production areas or regional marketing areas, or both, as the case may be, of the commodity or product would not effectively carry out the declared policy of this title.

The eastern apple growers have no objection whatever to a regional marketing act, but the Secretary has the authority under the original act to make additional marketing agreements, and it is that question which I should like to have considered by the Committee on Agriculture and Forestry.

Mr. POPE. Mr. President, is the Senator aware of the fact that a regional application is always made in the administration of the act?

Mr. BYRD. The Secretary has the authority to make the Regional Marketing Act national under the present law.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Washington.

The amendment was rejected.

Mr. BANKHEAD. Mr. President, yesterday I gave notice that I would make a motion to reconsider the vote by which the so-called McNary amendment was agreed to. I desire to make the motion, but I wish first to send to the desk a proposed substitute to be offered in the event my motion shall be agreed to. I ask to have the clerk read it.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

(k) Payments with respect to any farm (except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be permanently used for grazing purposes only) shall be further conditioned upon the utilization of the land, with respect to which such payment is made, so that soil-building and soil-conserving crops planted or produced on lands normally used for the production of cotton, wheat, rice, tobacco, or field corn shall be used for the purpose of building and conserving the fertility of the soil, and shall not be harvested for market: *Provided*, That such amounts only may be harvested as are to be consumed on the farm by the farmer's family, employees, or household, or by his work stock or poultry: *Provided, further*, That in the event the Secretary finds that an emergency national scarcity of such commodity exists or is threatened, and so proclaims, he may temporarily suspend such restrictions. As used in this subsection the term "for market" means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and such term shall not include consumption on the farm. An agricultural commodity shall be deemed consumed on the farm if consumed by the farmer's family, employees, or household, or by his work stock; or if fed to poultry or livestock on his farm and such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household.

Mr. BANKHEAD. Mr. President, I yield to the Senator from Texas, because I cannot talk very long.

Mr. CONNALLY. Mr. President, I claim my own time, because the Senator from Alabama has used part of his time. I ask recognition to speak in my own time.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. CONNALLY. I desire to call the attention of the Senator from Oregon [Mr. McNARY] to the fact that the amendment which the Senator from Alabama [Mr. BANKHEAD] proposes to offer in case the McNary amendment should be reconsidered varies the amendment of the Senator from Oregon in only some rather insignificant particulars. I am referring to the amendment which the Senator from Alabama will offer in case the McNary amendment is reconsidered.

Mr. BANKHEAD. I suppose it is understood that I am making a motion to reconsider that amendment. I do make it, at any rate.

The PRESIDING OFFICER. The Chair will state that the first step will have to be a motion to reconsider the committee amendment, as amended.

Mr. CONNALLY. That is the motion, as I understand, which the Senator from Alabama is now making—to reconsider the vote by which the amendment was adopted on the motion of the Senator from Oregon [Mr. McNARY].

The amendment which the Senator from Alabama now tenders follows exactly the language of the McNary amendment, except that, on page 2, it strikes out a portion of lines 1 and 2, "or for the production of agricultural commodities to be consumed on the farm, and not for market", and inserts the following—and this must go into the agreement:

and shall not be harvested for market.

And then it includes these provisos:

Provided, That such amounts only may be harvested as are to be consumed on the farm by the farmer's family, employees, or household, or by his work stock or poultry: *Provided further*, That in the event the Secretary finds that an emergency, national or regional scarcity of such commodity exists or is threatened, and so proclaims, he may temporarily suspend such restrictions.

With the exceptions I have quoted, the language of the amendment offered by the Senator from Oregon is not changed.

Mr. McNARY. What does the Senator mean by "regional scarcity"?

Mr. CONNALLY. I assume that means that out in the dairy country, or in Kansas or Iowa, if there should be a widespread drought or a scarcity of these crops, the Secretary could suspend the restrictions in order that the dairy interests might have the benefit of the market. That is about as accurately as I can define "regional." It would not mean a State. It would have to be a tremendous area.

Mr. McNARY. Does it say "national" before "regional"?

Mr. CONNALLY. "National or regional."

Mr. McNARY. Is the Senator insisting upon his regional division?

Mr. CONNALLY. It is so drawn, and we prefer it; but if the Senator agrees to accept the amendment we will strike out "regional."

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SCHWELLENBACH. I should like to submit a question to the Senator from Texas. The House has passed a provision which, as I understand it, is substantially the provision which the Senate adopted yesterday; and unless an amendment is made to or reconsideration is had of the McNary amendment, and the Bankhead amendment is substituted, there would be nothing for consideration between the House and the Senate.

Mr. CONNALLY. The Senator is correct.

Mr. SCHWELLENBACH. If the Senate accepts this amendment, if those who are interested in the dairy business are willing to accept the amendment, can we have a complete, total, and absolute agreement that this amendment will be accepted by the conference without any change, or that the amendment of the House, known as the Boileau amendment, will be accepted by the conference?

Mr. CONNALLY. I will say to the Senator that I have no way of giving him any assurance about what the House conferees will do; but I will say this to him——

Mr. SCHWELLENBACH. I am not asking what the House conferees will do; but if this amendment is adopted, the Senate must understand that the whole matter will come before the conference——

Mr. CONNALLY. Certainly.

Mr. SCHWELLENBACH. And that a new provision may be written which will not contain any of the——

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. SCHWELLENBACH. I will take the floor and yield to the Senator from Texas, so that he may continue his answer. I ask the Senator whether a new provision may be written which will not contain any of the provisions which are proposed in the amendment which is now being considered.

Mr. CONNALLY. I will say to the Senator that under the terms of the conference the conferees could not agree to a new provision or new provisions of the Senate bill or the House bill. Nothing may be done in conference which is not contained in one or the other bills. That is a familiar rule.

Mr. SCHWELLENBACH. It may be somewhere in between, and not provide the protection which those people believe should be given.

Mr. CONNALLY. I think the Senator is completely in error, because if the conferees should exceed their authority any Senator could make a point of order, and the report would go back to the conferees.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BARKLEY. The conferees could not agree on less than is contained in the Senate amendment if the proposed amendment should be agreed to, and they could not agree on more than is in the House amendment.

Mr. CONNALLY. Certainly. The action of the conference is confined between the two extremes. It cannot go beyond the Boileau amendment, and it cannot do less than is provided by our amendment. So the only ground that they can confer on is the difference between the two Houses, and those differences only arise on the language that we are now asking to have inserted.

If the language we propose is stricken out in conference, then the McNary amendment is in full force and effect. On the other hand, if our language is adopted, the views of the Senate have prevailed. More than that the conference cannot do. If the conferees should go beyond the provisions of the amendment the Senator from Washington could move to send the conference report back to the conferees on a point of order, which the Chair would sustain.

I hope the Senate will agree to this modification. It is a very slight modification, and I think is in the interest of the dairy people themselves, because, in the event of a national scarcity and emergency with regard to these forage crops, nobody will suffer as much as the dairymen themselves.

I hope the Senator from Washington, with that explanation, will agree to the amendment.

Mr. DUFFY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. DUFFY. I desire to propound an inquiry of the Senator from Texas. In addition to the emergency that this new provision mentions, there is also another little provision in it which refers to the agricultural commodities that are not to be harvested. Does the Senator understand that that would mean that farmers could turn 100 or 200 cows upon the acres that have diverted, and for which the Government is paying benefits? Would that be permitted under this amendment?

Mr. CONNALLY. I will say to the Senator from Wisconsin that there is no danger of turning out a hundred cattle on such land.

Mr. DUFFY. But it could be done under this provision.

Mr. CONNALLY. The cattle would starve to death if they did, because there are only a few diverted acres. All that it means, as I understand, is that if the tenant has a few acres which he diverts to soybeans or some other products, his cows and calves may graze on them.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. DUFFY. Mr. President, I ask for recognition, and the Senator from Texas may speak in my time.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. DUFFY. The point is that under the theory of this bill soil-preserving crops, such as alfalfa and other crops that are usually fed to dairy cattle, shall be planted. It depends, of course, entirely on how much acreage is diverted. As I understood the reading of the amendment, it provided that only such amounts may be harvested as are to be consumed on the farms.

Mr. CONNALLY. That is correct.

Mr. DUFFY. So that the dairy cattle may be grazed on the land under the new amendment, whereas that could not be done under the McNary amendment which was adopted yesterday.

Mr. CONNALLY. Let me say to the Senator from Wisconsin that the theory which some of the dairy people have of this amendment seems to be the most improbable "nigger in the woodpile" or bugaboo that could be imagined.

The farmer raising cotton or corn does not want to go into the dairy business. All in the world this means is that a man who has a few acres of some kind of forage crop will not have to let it stand there idle and dry up while his poor old horse is starving to death in the meantime. There is involved no real competition to the dairy industry at all.

Mr. DUFFY. Did the Senator hear the speech of the junior Senator from North Carolina [Mr. REYNOLDS] yesterday?

Mr. CONNALLY. That Senator is here and can take care of his own interests.

Mr. DUFFY. Very well. I should like to propound a question to the Senator from North Carolina. Is not the reason for the amendment a desire to turn certain lands from cotton to dairy purposes?

Mr. REYNOLDS. I shall be very happy to answer the question to the satisfaction of the Senator from Wisconsin.

In answer to the question addressed to me by my friend and honorable colleague, the able Senator from Wisconsin [Mr. DUFFY]——

Mr. DUFFY. The Senator only has 5 minutes to answer. [Laughter.]

Mr. REYNOLDS. I understand and I shall endeavor to make consumption of that 5 minutes by paying a glowing tribute to my friend from Wisconsin so he will be eminently satisfied with my answer.

Mr. SCHWELLENBACH. Mr. President, does the Senator understand there are several others of us who would like to be satisfied as well?

Mr. REYNOLDS. Quite so, and I shall be happy to satisfy them in the same manner and form.

I am not favorable to the amendment adopted yesterday, the one presented by the Senator from Oregon [Mr. MCNARY], for that we are desirous of making utilization of converted lands and under this bill we would not be permitted to do so.

In many instances I must confess that we would want to make utilization of the land, for instance, for grazing. There is no manner or form in which one can possibly rejuvenate or bring strength to the land any better than——

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. REYNOLDS. I request recognition in my own right.

The PRESIDING OFFICER. The Senator from North Carolina is recognized for 5 minutes.

Mr. REYNOLDS. The best possible way to fertilize the land is to put it in pasture, as all of us will agree from a practical standpoint. We think it would be somewhat unfair to prohibit us from making utilization of converted land for pasturage purposes. I hope that the substitute which has been offered by the Senator from Alabama will be accepted here today. We are not going into the dairy business at the present time on the grand scale that many would be led to think we are, but, of course, eventually we are going to, perhaps, give up the production of cotton in North Carolina. We must find something else, another manner and means by which we can profitably make utilization of our land that will be disposed of as the result of not producing cotton any more, because we cannot produce cotton in competition with the States of Texas, Arizona, New Mexico, California, and others where they will be able to make utilization of mechanical means of picking cotton.

Mr. DUFFY. Mr. President, will the Senator yield?

Mr. REYNOLDS. Certainly.

Mr. DUFFY. Boiled down and stripped of all verbiage, the Senator's idea is that he is against the McNary amendment because it prohibits the farmers of North Carolina using diverted land for grazing purposes for dairy cattle?

Mr. REYNOLDS. Even so, they would not be compensated by any means as the result of the amount of crop they will be forced to forego under the terms of the bill.

Mr. POPE. Mr. President, the Senator from Wisconsin [Mr. DUFFY] has asked a very proper question, but I want to call this to the attention of the Senate. It will be remembered that on yesterday I made a very sincere appeal for the millions of little farmers who have one cow or two cows and a few chickens. I appeal again that the Senator from Oregon [Mr. MCNARY] ought to regard those small farmers who may not now harvest the diverted acres. They are usually very small tracts, 2 or 3 or 5 acres. They may not now harvest the crop on those acres and feed the crop to cattle whose product may be sold. We ought to permit the one cow or the two cows of the poor farmer to graze on this land in order to keep them alive in most instances, even though the housewife may sell a pound of butter or exchange it for a cake of soap at the store, or may sell a few eggs in order to get something at the store. That ought not to be prohibited. That restriction ought not to be applied to every small farmer throughout the Nation. I think it will do more to discredit the dairy amendment than anything else, to say nothing of the provision with reference to a national emergency.

Mr. BARKLEY. Mr. President, I understand the position of the Senator from Idaho and those who are offering the amendment, if reconsideration is had, is not to open the doors to the farmers to go into the wholesale dairy business by buying additional cattle in order that they may be pastured on the converted land, but that they may pasture the cattle they already have in order that they may be sustained.

Mr. POPE. Exactly so. In other words, we desire a reasonable provision in order that the small farmers may live under the amendment. It is so strict that even if there were a small tract of a few acres and the farmer had a cow starving to death and no other place to put her, he could not permit her to graze upon that small tract in order to live and furnish milk for the family and perhaps enable the farmer to sell a pound of butter now and then. It is too strict entirely.

Mr. PEPPER. Mr. President, there is no weapon in the world so crushing and so successful as ridicule. There is not a man in the Senate, if I may humbly express that opinion, who is a proponent of this bill, who may have to meet any man of ordinary sense on the stump next year, who is not liable to have this provision, which is embodied in the amendment of the Senator from Oregon, held up to his audience and make the Senator who is a proponent of the bill look like a monkey. If we want to save ourselves from a castigation of the bill, with a degree of unreasonableness that will drive all of us into oblivion, now is the time to take steps to stop that inevitable event.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. BRIDGES. Does the Senator consider that any Senator who votes or stands for giving protection to the dairy industry is a monkey?

Mr. PEPPER. I certainly do not.

Mr. BRIDGES. That is what the Senator said, is it not?

Mr. PEPPER. No; I did not say that. I said that the Senator from Idaho has just pointed out that when you carry your desire to protect the dairy industry beyond the point of legitimacy and make it ridiculously exacting, then you are going to make monkeys out of all those who would

vote for such a proposal. I am in sympathy with the attitude of the dairy interests. We do not want to go into dairying the way the people of Wisconsin and in other States do. If you tell a housewife that she has to build a fence through which a hen cannot crawl so that the hen cannot get the sustenance that will help to make an egg which the housewife can sell by the half dozen in the market, you reach the degree of ridiculousness that I hope the American Congress will never countenance.

Mr. McNARY. Mr. President, I am very happy that the amendment proposed by the dairy and poultry folks of the country and what I had to say about it yesterday have found lodgment in the minds of southern Senators. They have accepted the amendment, and for that I am thankful. But the clause which has been inserted following the language which I used is one which causes me to pause for a moment.

Let me say again to the Senator from Idaho [Mr. POPE] who made his speech yesterday that when his first proposal was before us he made the same speech. When that amendment was abandoned, and another was offered yesterday by him as a substitute, he also made the same argument against the dairy amendment. Now, again, after the amendment had been accepted, he makes an argument which is clearly opposed to the amendment proposed as much as to the one that was adopted yesterday. So I am willing to let the argument pass by as the idle wind.

Mr. President, this is the danger in the proposition. Of course, it comes in so late that no one has time and there is too much confusion to study it. They add to the amendment which was adopted yesterday this language:

> That such amounts only may be harvested as are to be consumed on the farm by the farmer's family, employees, or household—

And so forth. It reads "such amounts." Probably they mean crops only. Farmers do not harvest amounts, they harvest crops.

> *Provided further*, That in the event the Secretary finds that an emergency, national or regional—

I am willing to leave out "regional"—

> scarcity of such commodity exists or is threatened, and so proclaims, he may temporarily suspend such restrictions.

The danger in the whole thing is that if this goes to conference and we have a national emergency, the conferees can work it down from the highest group in the Nation to the smallest group of the State. That is a latitude given to conferees. It may come out, I fear, a wholly different proposition. If the amendment as passed in the House and if the amendment as adopted yesterday, which had the sanction of the dairymen and the poultrymen and the livestock men of the country, goes into the bill, there can be no tinkering with it by the conferees, and for that reason I must at this time oppose this proposal, though I do congratulate my friends in trying to make it a very much better proposition than was suggested yesterday.

The PRESIDING OFFICER. The Chair desires to make a statement of the question on which the Senate is about to vote. The Senator from Alabama has moved that the vote by which the Senate yesterday adopted the amendment as amended on page 82 of the pending bill, line 25, be reconsidered.

Mr. McNARY. I ask for the yeas and nays.

Mr. O'MAHONEY. Mr. President, before the vote is taken I should like to make an inquiry of some of the Senators who participated in the discussion yesterday in order that I may be clear in my own mind as to just what the situation is. I ask the senior Senator from Wisconsin whether the suggested amendment appeals to him as being acceptable in the form in which it was suggested to be modified, omitting the word "regional."

Mr. LA FOLLETTE. The language which is now proposed I have just had opportunity to see since it has been offered, and I am not clear in my own mind exactly what the implication of the language will be and what interpretation will be placed upon it. Furthermore, as pointed out by the Senator from Oregon, there is this situation confronting us so far as the conference is concerned. If I could be certain that this language as modified, and as it has been suggested it would be modified by the Senator from Texas, would be retained, and that the Senate conferees would not yield upon it without coming back to the Senate and giving us an opportunity for a separate vote upon it in order to try to adjust the matter, I would be willing, so far as I am personally concerned, with assurances of the conferees to that effect, to accept the modified amendment.

Mr. O'MAHONEY. Mr. President, practically the same statement was made a little while ago by the junior Senator from Washington while the Senator from Texas was speaking. He asked whether or not any assurance could be given that the conferees on behalf of the Senate would accept the amendment and not consent to or request any liberalization of the amendment. Did the Senator from Texas answer that?

Mr. CONNALLY. Will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. CONNALLY. The Senator from Texas will not be on the conference committee, because he is not a member of the Committee on Agriculture and Forestry, but I am sure that Senators who will be on the conference will perform their duty to the Senate, and they cannot go any further than the Senate amendment has proposed in that direction, and the conferees cannot go any further in the other direction than the House amendment goes.

Mr. O'MAHONEY. As the Senator from Oregon has said, they could modify it.

Mr. CONNALLY. I do not think so.

Mr. O'MAHONEY. The report from the Parliamentarian is that it would be possible to modify the amendment in the conference.

Mr. CONNALLY. Within the limits of the two bills.

Mr. O'MAHONEY. Certainly.

Mr. CONNALLY. On the one hand is what the House does, and on the other is what the Senate does, and what they have agreed on the conferees cannot change. It is written, and it cannot be changed. The Senate amendment says "a national emergency." I do not think they could scale that down at all.

Mr. O'MAHONEY. Of course, I am merely repeating the statement of the Parliamentarian that they could scale it down.

Mr. CONNALLY. I beg to differ.

Mr. O'MAHONEY. We are to be guided by the report of our Parliamentarian.

The PRESIDING OFFICER. The time of the Senator from Wyoming has expired.

Mr. BORAH. Mr. President, I do not think we ought to consider this matter in the light of what the conferees may do. This is an exceedingly important matter to the dairy interests, and suppose we are dissatisfied with what the conferees do and it comes back here, we will have a right to reject it, of course. But we are not going to reject the bill as a whole in order to preserve a construction of this particular amendment.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. LA FOLLETTE. However, it would not be an uncommon arrangement that we should have an assurance that before the amendment was altered or modified in any respect as adopted by the Senate the Senate conferees would come back to the Senate and permit the Senate to have a vote upon it before any conference report was agreed to.

Mr. BORAH. That is true; it is sometimes the practice, but is very rare. So far as I am concerned, I do not want this entire matter to turn on a report upon the particular amendment. The amendment may go down under the pressure of passing the bill.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. CONNALLY. Is not the Senator aware of the fact that if the conferees exceed their authority any Senator can make a point of order and send the bill back to conference?

Mr. BORAH. Oh, yes; that is true.

Mr. CONNALLY. How could they bring in one like that?

Mr. BORAH. Here is the matter about which we are differing as to the construction, and the conferees might make a construction which would not be subject to a point of order but would not be satisfactory. This matter should be settled here and now and not made to depend on what conferees may do.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DUFFY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DUFFY. Will not the Chair state the question we are now to vote upon? Is it whether the vote shall be reconsidered?

The PRESIDING OFFICER. The question now being voted on is, Shall the vote by which the committee amendment as amended was adopted, be reconsidered? The Clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SHIPSTEAD (when his name was called). I have a general pair with the Senator from Virginia [Mr. GLASS]. On this question, I am released from that pair, and can vote. I vote "nay."

Mr. MINTON. I announce the pair of the Senator from Tennessee [Mr. BERRY] with the Senator from New Jersey [Mr. MOORE].

If the Senator from Tennessee were present and at liberty to vote, he would vote "yea." If the Senator from New Jersey were present and at liberty to vote, he would vote "nay."

The Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Virginia [Mr. GLASS], and the senior Senator from New Jersey [Mr. MOORE] are unavoidably detained.

The Senator from Missouri [Mr. CLARK], the Senator from Illinois [Mr. LEWIS], and the Senator from New Jersey [Mr. SMATHERS] are detained on important public business.

The result was announced—yeas 39, nays 50, as follows:

YEAS—39

Adams	Caraway	Hatch	Overton
Andrews	Chavez	Hayden	Pepper
Ashurst	Connally	Lee	Pope
Bailey	Donahey	Logan	Reynolds
Bankhead	Ellender	McGill	Russell
Barkley	George	McKellar	Sheppard
Bilbo	Gillette	Miller	Smith
Bulow	Graves	Minton	Thomas, Okla.
Burke	Green	Neely	Truman
Byrnes	Harrison	Norris	

NAYS—50

Austin	Frazier	Lonergan	Shipstead
Bone	Gerry	Lundeen	Steiwer
Borah	Gibson	McAdoo	Thomas, Utah
Bridges	Guffey	McCarran	Townsend
Brown, Mich.	Hale	McNary	Tydings
Brown, N. H.	Herring	Maloney	Vandenberg
Bulkley	Hitchcock	Murray	Van Nuys
Byrd	Holt	Nye	Wagner
Capper	Johnson, Calif.	O'Mahoney	Walsh
Copeland	Johnson, Colo.	Pittman	Wheeler
Davis	King	Radcliffe	White
Dieterich	La Follette	Schwartz	
Duffy	Lodge	Schwellenbach	

NOT VOTING—7

Berry	Glass	Lewis	Smathers
Clark	Hughes	Moore	

So, Mr. BANKHEAD's motion to reconsider was not agreed to.

Mr. BAILEY. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from North Carolina will be stated.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place in the bill the following:

In determining the allotment of any State, county, or of any cooperating farmer (person or corporation) due consideration shall be given to any complaint that the average production of such State, county, or farmer was diminished unfairly, by mistake or wrong in any prior year or years, and any cooperating farmer complaining hereunder to the local committee shall have the right of appeal to the county agent, and from the county agent to the State director. Upon finding that such average production was wrongfully or by mistake caused to be diminished, the average and allotment shall be adjusted accordingly. Any State complaining shall complain to the Department of Agriculture. Any county complaining shall complain to the State director or other officer administering this act for a State.

Mr. BAILEY. Mr. President, I have submitted the amendment to a number of the members of the committee and also to the leader, and they offer no objection to it. I hope the amendment will be adopted without debate. All it does is to provide for corrections as to allotments that may be unjust by reason of injustice heretofore done.

Mr. McGILL. Mr. President, the bill as written contains provisions whereby the producers or farmers are amply protected with reference to matters of this character. The method of appeal is to the county committee, and from the county committee to the State committee; then there is the right to appeal and have a hearing before the court.

I think this amendment is entirely in conflict with the provisions of the bill. I am sure the committee desires to see the amendment rejected.

Mr. BAILEY. Mr. President, let me interrupt the Senator. I lost my right to speak because I yielded the floor.

The PRESIDENT pro tempore. Does the Senator from Kansas yield to the Senator from North Carolina?

Mr. McGILL. I do.

Mr. BAILEY. I think the Senator is under a misapprehension. I agree that there are rights of appeal in the bill. This amendment provides a right to appeal by a farmer whose base in the past 5 years was unjustly reduced, as he may think, by reason of allotments made under the old act. The amendment merely gives him the right to complain that under the old act he was unjustly treated, and therefore that his 5-year base is not a proper base. I do not think that is provided for in the bill, but I will agree that the bill provides for complaints and adjustments——

Mr. McGILL. Mr. President, I cannot agree to an amendment of this kind.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from North Carolina [Mr. BAILEY].

The amendment was rejected.

Mr. BILBO. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to amend subsection (c) of section 31 by inserting, after the word "quota", on page 35, line 7, the following:

Provided, however, That the Secretary may use 5 percent of any State's national marketing quota allotment, or so much thereof as in his discretion may be necessary, to adjust evident discriminations against any county or the cotton growers of such county, but in no case in the exercise of such discretion herein granted shall any county's quota allotment be proportionately reduced more than 5 percent.

Mr. BILBO. Mr. President, the Senate will remember that night before last we had quite a controversy over subsection (c) on page 35 as to the allotments to be made to the counties. This amendment has been prepared and submitted to all the Senators from the cotton States who objected, and has been agreed upon; and I trust there will be no further objection to it, since it is agreed upon.

The PRESIDENT pro tempore. This amendment is to a committee amendment, which, without objection, will be reconsidered. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. BILBO] to the amendment of the committee. [Putting the question.] The noes have it. [A pause.] The amendment to the amendment is rejected.

Mr. BAILEY. Mr. President, I offer an amendment and ask that it be stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from North Carolina will be stated.

Mr. BILBO. Mr. President, a parliamentary inquiry. What was the decision of the Chair on the vote on my amendment?

The PRESIDENT pro tempore. The amendment to the amendment was rejected.

Mr. BILBO. I ask for a division.

The PRESIDENT pro tempore. The request comes too late. The Chair waited deliberately for the Senator to ask for a division or a yea-and-nay vote.

Mr. BILBO. I certainly misunderstood the ruling of the Chair. There is no objection to the amendment from the Senators representing cotton States. It is an agreed-upon amendment.

The PRESIDENT pro tempore. The Chair can judge only by the viva voce vote. The Chair waited deliberately. There was no request for a division or for a yea-and-nay vote.

Mr. BILBO. Will the Senator from North Carolina yield to let me make a motion for the reconsideration of the vote?

Mr. BAILEY. I am perfectly willing to yield; yes.

Mr. BILBO. I ask unanimous consent for the reconsideration of the vote by which my amendment was rejected.

The PRESIDENT pro tempore. The Senator from Mississippi asks unanimous consent that the vote be reconsidered by which his amendment to the committee amendment was rejected. Is there objection? The Chair hears none. The question is on the amendment offered by the Senator from Mississippi to the amendment of the committee.

Mr. BILBO obtained the floor.

Mr. HATCH. Mr. President, will the Senator from Mississippi yield?

Mr. BILBO. Yes.

Mr. HATCH. I merely wish to ask the Senator from Mississippi a question, inasmuch as I was familiar with his first amendment, and was opposed to it, and voted against it, and worked against it. As I understand the present amendment, it merely gives the Secretary of Agriculture power to make corrections within a county where injustices have been done, within limitations set forth in the amendment itself.

Mr. BILBO. In the amendment itself. It is all agreed to.

For the information of the Senate, let me give you a concrete case showing why this amendment is necessary in order that justice may be done. I use my home county as an illustration, because I know the record there.

In 1934, we produced 1,100 bales of cotton; in 1935, 1,300 bales; in 1936, 1,900 bales; in 1937, 3,400 bales. There is no base for the fifth year. The average would be 1,540 bales. We must take a cut in the allocation to a normal average of 1,540 bales, which would mean that we would be permitted to raise about 800 or 900 bales in the county. The purpose of this amendment is to enable the Secretary to make these corrections. We have all agreed on it, and I trust the Senate will adopt it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. BAILEY. Mr. President, I ask that the amendment which I have heretofore sent to the desk may be stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from North Carolina will be stated.

The LEGISLATIVE CLERK. On page 30, line 25, after the word "act", it is proposed to insert a colon and the following:

Provided, That the amount of any allotment and the sum of any money paid out to any person shall be disclosed to any Member of the Congress upon demand: *Provided further*, That money benefits or rentals of $1,000 or more shall be reported to the Congress with the names of the payees. And the Secretary of Agriculture is hereby directed to report to the Congress all money benefits, parity payments, or rental allowances heretofore made under his administration of $1,000 or more with the names and addresses of the respective payees and the amounts paid to each.

Mr. BAILEY. Mr. President, I do not know of any possible public policy more to be condemned than one of paying out the public money without disclosing it to citizens on the one hand or to the lawmaking power on the other; yet we have been doing that. The object of this amendment is to require a disclosure of the payments of public funds which we appropriate—a disclosure to us, and a disclosure to a certain extent to the people.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BAILEY. I will yield in a moment, when I finish my statement. I have only 5 minutes.

Here in our RECORD we have in one instance payments to an insurance company under the A. A. A. of over $100,000, and in another instance we have a payment to one farm corporation in excess of $60,000. If we have the disclosure of the money paid, we have no more than we ought to have; but I think the notice of necessity for disclosure will bring about a great deal more care than has been exercised in this matter of paying out the public money under agricultural legislation.

I now yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, as I understand, this amendment as originally offered provided for the disclosure of payments of $3,000 or more.

Mr. BAILEY. I have changed the amount to $1,000.

Mr. BARKLEY. Why is the Senator proposing to reduce the amount?

Mr. BAILEY. Upon consideration, I thought $3,000 was too high. I should like to know everything down to $1,000. The truth is, I should like to know all the payments; but when I put the amount at $1,000 I thought I was being very moderate.

Mr. BARKLEY. To my mind the question is whether there is really any need for disclosing payments under $3,000. It might involve a great deal of expense and bookkeeping in the Department.

Mr. BAILEY. Mr. President, I think there is need for a section in the bill requiring that absolute disclosure, and I think it is a duty we owe ourselves and our country and our constituents. We send $500,000,000 or a billion dollars down to Mr. Wallace to distribute, and then do not require that anything be disclosed as to its expenditure. Of course we ought to know where the money goes. It is a duty we owe ourselves. So I ask that the amendment be adopted.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from North Carolina [Mr. BAILEY].

The amendment was agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the substitute of the Senator from California [Mr. McADOO].

Several Senators called for the yeas and nays, and they were ordered.

The Chief Clerk proceeded to call the roll.

Mr. SHIPSTEAD (when his name was called). I have a general pair with the Senator from Virginia [Mr. GLASS]. I understand that on this vote, if present, he would vote "nay." I have been unable to obtain a transfer of my pair and therefore withhold my vote. If permitted to vote, I should vote "yea."

Mr. TRUMAN (when his name was called). On this vote I have a pair with the junior Senator from Tennessee [Mr. BERRY]. If the Senator from Tennessee [Mr. BERRY] were present, he would vote "nay."

The roll call was concluded.

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the senior Senator from New Jersey [Mr. MOORE], and the junior Senator from New Jersey [Mr. SMATHERS] are unavoidably detained.

The Senator from Missouri [Mr. CLARK] and the Senator from Illinois [Mr. LEWIS] are detained on important public business. I am advised that if present and voting these two Senators would vote "nay."

Mr. BYRD. I announce that my colleague [Mr. GLASS] is unavoidably detained. If present and voting, he would vote "nay."

Mr. DUFFY. On this vote I have a pair with the senior Senator from Missouri [Mr. CLARK]. If permitted to vote, I should vote "yea." I am informed that were he here the Senator from Missouri [Mr. CLARK] would vote "nay."

The result was announced—yeas 40, nays 46, as follows:

YEAS—40

Andrews	Chavez	Johnson, Colo.	Nye
Ashurst	Davis	King	Radcliffe
Austin	Donahey	La Follette	Russell
Bone	Frazier	Lee	Steiwer
Borah	Gibson	Lodge	Thomas, Okla.
Bridges	Gillette	Lundeen	Townsend
Bulkley	Hale	McAdoo	Tydings
Bulow	Hitchcock	McCarran	Vandenberg
Burke	Holt	McNary	Wheeler
Capper	Johnson, Calif.	Miller	White

NAYS—46

Adams	Dieterich	Lonergan	Pope
Bailey	Ellender	McGill	Reynolds
Bankhead	George	McKellar	Schwartz
Barkley	Gerry	Maloney	Schwellenbach
Bilbo	Graves	Minton	Sheppard
Brown, Mich.	Green	Murray	Smith
Brown, N. H.	Guffey	Neely	Thomas, Utah
Byrd	Harrison	Norris	Van Nuys
Byrnes	Hatch	O'Mahoney	Wagner
Caraway	Hayden	Overton	Walsh
Connally	Herring	Pepper	
Copeland	Logan	Pittman	

NOT VOTING—10

Berry	Glass	Moore	Smathers
Clark	Hughes	Shipstead	Truman
Duffy	Lewis		

So Mr. McADOO's substitute was rejected.

Mr. LEE. Mr. President, I wish to offer an amendment in the nature of a substitute.

The VICE PRESIDENT. The Chair states to the Senator from Oklahoma that the substitute has been read and is in the RECORD. Does the Senator desire to have it again reported to the Senate?

Mr. LEE. I do not.

Mr. BARKLEY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. The junior Senator from Mississippi [Mr. BILBO] has one or two perfecting amendments to offer to the bill.

The VICE PRESIDENT. They are in order at the present time. The original bill can be perfected before any substitute may be considered.

Mr. BILBO. Mr. President, just a while ago I offered an amendment providing for the transfer of benefit-payment checks, and so on, which was defeated, and I desire to move for a reconsideration of the vote, since I have conferred with the Senator from Idaho [Mr. BORAH], the Senator from Colorado [Mr. ADAMS], and others who had objected to the amendment. The amendment has been perfected, and I think it is acceptable.

Mr. McGILL. Mr. President, what is the amendment?

Mr. BILBO. The amendment is one providing for the transfer of benefit-payment checks, and so forth. The correction I made was to add the words:

Provided, That in no case shall such an assignment or transfer from the original owner be made for less than 4-percent discount of the face value.

It protects the owner.

Mr. McNARY. Mr. President, the amendment should be presented to the clerk and read, and the place where it is to be inserted indicated.

The VICE PRESIDENT. The point of order is well taken. Does the Senator from Mississippi offer an amendment?

Mr. BILBO. I make a motion to reconsider the vote by which the amendment was defeated.

The VICE PRESIDENT. That is not an amendment. The Senator from Mississippi moves to reconsider the vote, as the Chair understands.

Mr. BILBO. I ask to have the amendment stated.

Mr. McGILL. Mr. President, this is the amendment the Senator offered a while ago which was objected to not only by the Senator from Colorado and the Senator from Idaho, but it is quite evident that it would lay the doors wide open for a farmer who did not know what the parity payments would finally amount to to be defrauded out of them. I am bitterly opposed to the amendment.

Mr. BILBO. I have corrected it so that no person——

Mr. McGILL. I do not see how it could be corrected, because there is no way for the farmer to know how much the parity payment will amount to until the close of the year.

The VICE PRESIDENT. The Senator from Mississippi has offered an amendment, which the clerk will state.

The LEGISLATIVE CLERK. It is proposed to add a new section, to read as follows:

It shall be legal and lawful for any farmer or producer to sell, transfer, assign, or in any way negotiate any rental check, benefit payment, subsidy, or payment of any kind or character whatsoever due or to be due him under the provisions of this act, or under any other law or Government order or regulation previously passed: *Provided*, That in no case shall such an assignment or transfer by the original owner be made for less than 4-percent discount of the face value thereof.

Mr. LA FOLLETTE. Mr. President, the amendment is not in order unless there is a reconsideration; and, as I understand, no such motion has yet been made.

Mr. BILBO. I have been trying to make one for a half hour.

The VICE PRESIDENT. The Chair is advised that this is an original amendment, and does not contravene any other amendment the Senate has already voted on.

The question is on agreeing to the amendment.

The amendment was rejected.

Mr. BILBO. Mr. President, I propose another amendment.

The VICE PRESIDENT. The Senator from Mississippi offers an amendment, which the clerk will report.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place a new section, to read as follows:

SEC. —. (a) The Director of the Census is hereby authorized and directed to collect and publish monthly statistics concerning the quantities of soybeans, peanuts, flaxseed, corn germs, copra, sesame seed, hempseed, babassu kernels and nuts, rapeseed, and other oil seeds, nuts, and kernels received at oil mills; the quantities crushed in such mills; the quantities of oil and of cake and meal produced; the quantities of these products shipped out; and the quantities of seeds, nuts, and kernels, and of products held at such mills; the production, shipment, and stocks of vegetable shortening and lard compound produced and the quantities of the several oils and fats used in their production.

(b) That the information furnished by any individual establishment under the provisions of this section shall be considered as strictly confidential and shall be used only for the statistical purpose for which it is supplied. Any employee of the Bureau of the Census who shall publish or communicate any information given into his possession by reason of his employment under the provisions of this section shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than 1 year, or both.

(c) That it shall be the duty of every owner, president, treasurer, secretary, director, or other officer or agent of any oil mill or manufacturing establishment where the products of soybeans, peanuts, flaxseed, corn germs, copra, sesame seed, hempseed, babassu kernels and nuts, rapeseed, other oil seeds, nuts, and kernels are produced, manufactured, or stored, or where brewers' or distillers' dried grains and vegetable shortening and lard compound are manufactured, when requested by the Director of the Census or by any special agent or other employee of the Bureau of the Census acting under the instructions of said Director, to furnish completely and correctly, to the best of his knowledge, all of the information concerning the quantities of the above-mentioned seeds, nuts, and kernels received, consumed, or on hand, and the quantity of the several products manufactured, shipped out, and on hand, and the quantities of vegetable shortening and lard compound manufactured and of the several fats and oils used therein. The request of the Director of the Census for these data may be made in writing or by a visiting representative, and if made in writing shall be forwarded by registered mail, and the registry receipt of the Post Office Department shall be accepted as prima facie evidence of such demand. Any owner, president, treasurer, secretary, director, or other officer, or agent of any oil mill or manufacturing establishment who, under the conditions hereinbefore stated, shall refuse or willfully neglect to furnish any of the information herein provided for or shall willfully give answers that are false shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000.

Mr. BILBO. Mr. President, from the reading of this amendment I presume Senators conclude that it is rather

a "nutty" proposition, but this is to correct a great injustice which is being done to the cottonseed industry of the South. Under the law the cottonseed industry must make a monthly report as to all the crushers. All other oil crushers, as set out in the amendment, report every 3 months, which shows the great injustice being done to the cottonseed industry. I merely offer the amendment so that the Senate may know the grave injustice being done.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Oklahoma [Mr. LEE].

The amendment was rejected.

Mr. KING. Mr. President, I move to recommit the bill to the Committee on Agriculture and Forestry.

Mr. AUSTIN. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. SHIPSTEAD. I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am informed that if he were present he would vote as I am about to vote, so I feel at liberty to vote. I vote "yea."

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the senior Senator from New Jersey [Mr. MOORE], the Senator from New Jersey [Mr. SMATHERS], and the Senator from New York [Mr. WAGNER] are unavoidably detained.

The Senator from Missouri [Mr. CLARK] and the Senator from Illinois [Mr. LEWIS] are detained on important public business.

On this question the Senator from Missouri [Mr. CLARK] is paired with the Senator from Tennessee [Mr. BERRY]. If present and voting, the Senator from Missouri would vote "yea" and the Senator from Tennessee would vote "nay."

The Senator from New Jersey [Mr. MOORE] is paired with the Senator from Illinois [Mr. LEWIS]. If present and voting, the Senator from New Jersey would vote "yea" and the Senator from Illinois would vote "nay."

Mr. BYRD. I announce that my colleague [Mr. GLASS] is unavoidably detained. If present and voting, he would vote "yea."

The result was announced—yeas 29, nays 57, as follows:

YEAS—29

Austin	Gerry	Lundeen	Townsend
Bridges	Gibson	McNary	Tydings
Bulkley	Hale	Maloney	Vandenberg
Burke	Holt	Nye	Walsh
Byrd	Johnson, Calif.	Radcliffe	White
Copeland	Johnson, Colo.	Russell	
Davis	King	Shipstead	
Donahey	Lodge	Steiwer	

NAYS—57

Adams	Dieterich	Lee	Pittman
Andrews	Duffy	Logan	Pope
Ashurst	Ellender	Lonergan	Reynolds
Bailey	Frazier	McAdoo	Schwartz
Bankhead	George	McCarran	Schwellenbach
Barkley	Gillette	McGill	Sheppard
Bilbo	Graves	McKellar	Smith
Brown, Mich.	Green	Miller	Thomas, Okla.
Brown, N. H.	Guffey	Minton	Thomas, Utah
Bulow	Harrison	Murray	Truman
Byrnes	Hatch	Neely	Van Nuys
Capper	Hayden	Norris	Wheeler
Caraway	Herring	O'Mahoney	
Chavez	Hitchcock	Overton	
Connally	La Follette	Pepper	

NOT VOTING—10

Berry	Clark	Lewis	Smathers
Bone	Glass	Moore	Wagner
Borah	Hughes		

So the Senate refused to recommit the bill.

Mr. SMITH obtained the floor.

Mr. ASHURST. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Arizona?

Mr. SMITH. I yield.

Mr. ASHURST. Mr. President, I am going to vote for this bill. I hope I may be permitted to say that I think the committee, under many difficulties, did splendid work. So far as I know, they accorded a hearing to every citizen who wished to be heard.

I am not going to prophesy. I think I know what the bill will do. Without a tariff accompanying it, it will be a scissors with only one leg. It may be a good stopgap for a year or two; but unless and until we have a protective tariff on cotton to prevent the importation of cotton from cheap-labor, forced-labor countries, the bill will be a great disappointment.

Of course the committee could not entertain the suggestion of a tariff import or other duty, because the Senate has no power to originate such a provision. If Congress will accompany this bill with a protective tariff or an embargo, they will have measurably solved the problem before them.

Mr. SMITH. Mr. President, I move that the Senate proceed to the consideration of House bill 8505, to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

The VICE PRESIDENT. The question is on the motion of the Senator from South Carolina.

Mr. McNARY. Mr. President, that is the House agricultural bill?

The VICE PRESIDENT. That is the House bill.

Mr. McNARY. And it is necessary to make this substitution in order to have a conference?

The VICE PRESIDENT. Technically speaking, the Chair will say to the Senator from South Carolina that if the Senate displaces the Senate bill and begins the consideration of the House bill, it will be open to all kinds of debate and amendment. That is the situation which exists.

Mr. BANKHEAD. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BANKHEAD. What would be the proper motion to send the bill directly to conference?

The VICE PRESIDENT. As the Chair understands, the parliamentary situation is that if the Senate passes the Senate bill, or engrosses it, or otherwise finally acts on it, at that moment the Senator from South Carolina may move that the House bill be substituted for the Senate bill; but if he simply moves to take up the House bill it will displace the Senate bill.

Mr. BARKLEY. Mr. President, if the course suggested by the Chair were followed, the Senate bill would have to go to the House and be acted on by the House. It could not go to conference.

The VICE PRESIDENT. Not necessarily. If the Senator from South Carolina should move to substitute the House bill for the Senate bill, that would come within the unanimous-consent agreement about 5-minute debate; but if he should move to take up the House bill, that would be a new question before the Senate.

Mr. BANKHEAD and Mr. KING addressed the Chair.

The VICE PRESIDENT. The Senator from South Carolina has the floor.

Mr. SMITH. Mr. President, I thought I was following the usual custom. My purpose was to move to strike out all after the enacting clause of the House bill and to substitute the text of the Senate bill, as amended, in lieu thereof.

The VICE PRESIDENT. The Senator from South Carolina may move to strike out all after the enacting clause of the Senate bill and substitute the text of the House bill.

Mr. BARKLEY. Mr. President, that would not put the bill into conference.

The VICE PRESIDENT. It would put it into conference.

Mr. BARKLEY. How would it put it into conference? We have not acted on the House bill. We have acted only on the Senate bill, and the Senate bill would have to go back to the House and be acted upon before it could go to conference.

The VICE PRESIDENT. The Senator is correct in that statement.

Mr. SMITH. Then, Mr. President, I move that we strike out all after the enacting clause of the House bill and substitute therefor the text of the Senate bill, as amended.

Mr. KING. Mr. President——

Mr. NORRIS. Mr. President, we have not the House bill before us.

Mr. KING. I understand that I have the floor. I yield to the Senator from Nebraska.

Mr. NORRIS. I did not know the Senator from Utah had the floor.

Mr. KING. I understood the Chair to recognize me.

Mr. NORRIS. I tried to get recognition once before, but the Chair said the Senator from South Carolina [Mr. SMITH] had the floor.

Mr. SMITH. I think I have the floor, Mr. President.

The VICE PRESIDENT. The Chair knows Senators desire to be advised of the parliamentary situation.

Mr. NORRIS. That is why I desire to be of assistance. I wanted to make a suggestion, if the Senator from South Carolina will yield.

Mr. SMITH. I yield.

Mr. NORRIS. We have adopted such a course on previous occasions. It is a usual custom. It is not unusual at all; but it is usually done by unanimous consent. I take it no one will object to taking up the House bill and then substituting the Senate bill for it. We have debated the Senate bill. Everyone is satisfied. I do not think there will be any objection to making the substitution by unanimous consent.

The VICE PRESIDENT. Will the Senate permit the Chair, by unanimous consent, to lay the House bill before the Senate? Is there objection? The Chair hears none; and the Chair lays before the Senate, House bill 8505, to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

The Senator from South Carolina [Mr. SMITH] moves to strike out all after the enacting clause of the House bill and substitute the text of the Senate bill, as amended.

The motion was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The VICE PRESIDENT. The bill having been read three times, the question is, "Shall it pass?"

Mr. McNARY. I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. At what point will it be necessary to move to amend the title?

The VICE PRESIDENT. After the bill is passed.

The question is on the passage of the bill. On that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BYRD (when his name was called). On this question I have a pair with the senior Senator from Missouri [Mr. CLARK]. If he were present and at liberty to vote he would vote "yea." If I were at liberty to vote I would vote "nay." I withhold my vote.

I wish to announce that my colleague, the senior Senator from Virginia [Mr. GLASS], is necessarily detained. If present and voting he would vote "nay."

Mr. SHIPSTEAD (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I understand that if he were present and voting he would vote as I shall vote. Therefore I am free to vote. I vote "nay."

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness. If present and voting, he would vote "yea."

The Senator from Missouri [Mr. CLARK] and the Senator from Illinois [Mr. LEWIS] are detained on important public business. I am advised that if present and voting these Senators would vote "yea."

The Senator from Tennessee [Mr. BERRY] and the Senator from New Jersey [Mr. MOORE] are necessarily detained from the Senate. On this question they are paired. If present and voting, the Senator from Tennessee would vote "yea," and the Senator from New Jersey would vote "nay."

The Senator from New Jersey [Mr. SMATHERS] is unavoidably detained. I am advised that if present and voting he would vote "yea."

The result was announced—yeas 59, nays 29, as follows:

YEAS—59

Adams	Dieterich	La Follette	Overton
Andrews	Duffy	Lee	Pepper
Ashurst	Ellender	Logan	Pittman
Bankhead	Frazier	Lonergan	Pope
Barkley	George	McAdoo	Reynolds
Bilbo	Gillette	McCarran	Schwartz
Bone	Graves	McGill	Schwellenbach
Brown, Mich.	Green	McKellar	Sheppard
Brown, N. H.	Guffey	Miller	Smith
Bulow	Harrison	Minton	Thomas, Okla.
Byrnes	Hatch	Murray	Thomas, Utah
Capper	Hayden	Neely	Truman
Caraway	Herring	Norris	Van Nuys
Chavez	Hitchcock	Nye	Wheeler
Connally	Johnson, Colo.	O'Mahoney	

NAYS—29

Austin	Donahey	Lundeen	Tydings
Bailey	Gerry	McNary	Vandenberg
Borah	Gibson	Maloney	Wagner
Bridges	Hale	Radcliffe	Walsh
Bulkley	Holt	Russell	White
Burke	Johnson, Calif.	Shipstead	
Copeland	King	Steiwer	
Davis	Lodge	Townsend	

NOT VOTING—8

Berry	Clark	Hughes	Moore
Byrd	Glass	Lewis	Smathers

So the bill was passed.

On motion of Mr. SMITH, the title was amended so as to read:

An act to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. SMITH. Mr. President, I move that the Senate insist upon its amendments, ask for a conference with the House, and that the Chair appoint the conferees on the part of the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The Chair appoints the following conferees: Messrs. SMITH, McGILL, POPE, BANKHEAD, HATCH, NORRIS, and McNARY.

Mr. McNARY. Mr. President, I opposed this bill because I did not believe in its philosophy. It has been an unbroken rule of mine that when I oppose a bill I refuse to act as a conferee. Therefore, I resign as a conferee.

Mr. NORRIS. Mr. President, I cannot serve as a conferee, although I should like very much to do so. I am in favor of the bill, of course. Without giving any reason why I think I cannot act as one of the conferees, I will say that I have talked the matter over with the Vice President and with the leader. I have explained the reason why I think I ought not to serve on the conference committee, and it is satisfactory both to the Vice President and to the leader on the majority side of the Senate. Therefore, I decline to act as a conferee.

The VICE PRESIDENT. The Chair will take the liberty of saying that the Senator from Nebraska did explain the reason why he could not serve, but the Chair felt that he should name the Senator on the conference committee and let him state to the Senate that he could not serve. On the Committee on Agriculture and Forestry he is the ranking member of the minority party.

In view of the statements of the two Senators the Chair appoints the Senator from North Dakota [Mr. FRAZIER] and the Senator from Kansas [Mr. CAPPER] to take their places as members of the conference committee.

Mr. BANKHEAD. Mr. President, from time to time during the course of the debate Senators have expressed the viewpoint that the bill does not deal with the fundamentals which are necessary to give agriculture adequate and proper relief. That may be true. I think the Committee on Agriculture and Forestry has no pride of opinion. The committee members worked faithfully and did the best they could. I have heard numerous criticisms, but I have heard very few constructive suggestions.

I desire to say at this time that at an early meeting of that committee I shall present a resolution to invite every Member of the Senate to hearings to be held by the committee, and to invite each Member who has any plan or any suggestion or views upon additional legislation for agriculture to submit them to the committee. So far as I am concerned I shall be most pleased to have suggestions from any source, from either or both sides of the Chamber, from the supporters of the administration and from the opponents of the administration.

Mr. HATCH. Mr. President, I am familiar with the views of the Senator from Alabama and invite his attention to the fact that I have already introduced a concurrent resolution calling on the Agricultural Committees of the House and Senate to proceed forthwith to a study of all plans for the relief of agriculture, especially those involving the so-called domestic-allotment plan, and all phases of that subject. I would judge from what the Senator from Alabama has said that he will be glad to join in having that resolution adopted.

Mr. BANKHEAD. I want to invite every Member of the Senate to come before our committee and let us have his views.

Mr. BONE. Mr. President, I should like to ask the Senator from Kentucky if it would be possible to have made available to us in the morning a print of the bill as it passed in final form?

Mr. BARKLEY. I presume the Government Printing Office will print the bill as soon as it is possible in order that it may be messaged to the House. Whether it will be available early tomorrow morning I am unable to say. It undoubtedly will be available sometime tomorrow.

RAILROAD FINANCES—NOTICE OF SPEECH BY SENATOR TRUMAN

Mr. TRUMAN. Mr. President, I desire to state that on Monday, as soon as I can obtain recognition, I desire to address the Senate on the question of railroad finances as it has appeared to the subcommittee over which I have been presiding and which has been considering that question.

SPECIAL COMMITTEE TO INVESTIGATE UNEMPLOYMENT AND RELIEF—LIMIT OF EXPENDITURES

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably the resolution (S. Res. 209) submitted by him on December 15, 1937, which was considered by unanimous consent and agreed to, as follows:

Resolved, That the special committee appointed by the Vice President, pursuant to Senate Resolution No. 36, agreed to June 10, 1937, to study, survey, and investigate the problems of unemployment and relief in the United States, hereby is authorized to expend from the contingent fund of the Senate $15,000 in addition to the amount heretofore authorized to be expended for such purposes.

PREVENTION OF AND PUNISHMENT OF LYNCHING

The VICE PRESIDENT. Under the parliamentary situation it is the duty of the Chair to lay before the Senate a bill which will be read by title.

The LEGISLATIVE CLERK. A bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching, reported from the Committee on the Judiciary with amendments.

Mr. BARKLEY. Mr President, it is not contemplated that we will proceed to the consideration of that bill tonight, so that no one need be uneasy that we are going to hold any kind of a session on the bill tonight.

Mr. KING. Mr. President, will we be ready to take it up Monday?

Mr. BARKLEY. We will dispose of that question Monday.

THE REPUBLICAN PARTY—LETTER BY WILLIAM S. BENNET

[Mr. STEIWER asked and obtained leave to have printed in the RECORD a letter written by a former Member of Congress, Hon. William S. Bennet, to Hon. George D. Aiken, Governor of Vermont, with reference to the Republican Party, which appears in the Appendix.]

WAGE-AND-HOUR LEGISLATION—ADDRESS BY SENATOR SCHWELLENBACH

[Mr. BURKE asked and obtained leave to have printed in the RECORD a radio address delivered by Senator SCHWELLENBACH in New York City, December 16, 1937, on the subject of Wage and Hour Legislation, which appears in the Appendix.]

THE UNITED STATES AND THE WAR IN CHINA

[Mr. BONE asked and obtained leave to have printed in the RECORD an editorial entitled "You May Get Shot on a Battlefield," published in the Washington Times of December 15, 1937, and an item published in the Philadelphia Record of December 17, 1937, entitled "Keep Us Out of War," which appears in the Appendix.]

EMERGENCY—ADDRESS BY SENATOR BRIDGES

[Mr. WHITE asked and obtained leave to have printed in the RECORD a radio address, delivered today by Senator BRIDGES, on the subject Emergency, which appears in the Appendix.]

CONDITIONS IN CHINA—EDITORIAL FROM PHILADELPHIA RECORD

[Mr. SHIPSTEAD asked and obtained leave to have printed in the RECORD an editorial entitled "What Are We Waiting for in China?" published in the Philadelphia Record of December 17, 1937, which appears in the Appendix.]

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEE ON POST OFFICES AND POST ROADS

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

The VICE PRESIDENT. If there be no further reports of the committees, the clerk will state in order the nominations on the Executive Calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters on the calendar.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

IN THE ARMY

The legislative clerk read the nomination of Courtland Moshier Brown to be major in the Air Corps.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Capt. Theodore Addison Weyher for transfer to the Ordnance Department.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. WALSH. I ask unanimous consent that the nominations in the Navy be confirmed en bloc.

The VICE PRESIDENT. Without objection the nominations are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. BARKLEY. I ask unanimous consent that the nominations in the Marine Corps be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

That completes the Executive Calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 7 o'clock and 28 minutes p. m.) the Senate took a recess until Monday, December 20, 1937, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 17 (legislative day of November 16), 1937

APPOINTMENT TO TEMPORARY RANK IN THE AIR CORPS, IN THE REGULAR ARMY

Courtland Moshier Brown to be major.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

Capt. Theodore Addison Weyher to Ordnance Department.

PROMOTIONS IN THE NAVY

Howard H. J. Benson to be captain.
Francis M. Adams to be lieutenant commander.
Hugh H. Goodwin to be lieutenant commander.
Thomas J. Raftery to be lieutenant commander.
Albert S. Miller to be lieutenant.
Joseph E. Dodson to be lieutenant.

MARINE CORPS

Charles T. Brooks to be lieutenant colonel.
Frederick C. Biebush to be major.
Gale T. Cummings to be major.
Edwin J. Farrell to be major.
Lewis C. Hudson, Jr., to be captain.
Edmund B. Games to be captain.

POSTMASTERS

ILLINOIS

James Higgins, St. David.

MASSACHUSETTS

Rosella Webb, South Lincoln.

NEW JERSEY

Charles Leon Ware, Glassboro.

NEW MEXICO

James H. Bell, Mesilla Park.
Phil J. Martinez, Tierra Amarilla.
Leon Panebouef, Vaughn.

OREGON

Werner Raz, Multnomah.
Loris V. Farleigh, Sisters.
Eva M. Stewart, Westfir.
Mayrue Gregory, Westport.

HOUSE OF REPRESENTATIVES

FRIDAY, DECEMBER 17, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou whose dwelling is in the rising and the setting suns, let the calm and benediction of Thy mercy be upon us. Thou who art clothed with light, let us pass into Thy light; may it linger in our humanity, anchoring and guarding our purest thoughts. We pray Thee that we may hear within the melody of unuttered beauty, feel the untried strength and the unexpressed power. Stand beside us, our Father; let the vision come, radiant and clear, and may it minister to our wants and needs; allow not uncertainty and indecision to clutch at duty. We pray for the establishment of our great country in the strength of God; pierce through all trouble with the bright lights of faith and confidence. Blessed Lord, bid us look up and not down. There is a living picture hanging over time, proclaiming that goodness shall triumph, evil shall be exterminated, and Thou shalt seem lovely to every living thing. In our blessed Savior's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

NATIONAL HOUSING ACT

Mr. O'CONNOR of New York, from the Committee on Rules, submitted the following report (Rept. No. 1656; H. Res. 384) on the bill H. R. 8730, which was referred to the House Calendar and ordered printed:

House Resolution 384

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8730, a bill to amend the National Housing Act, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. MARTIN of Massachusetts. I understand the bill is to be taken up tomorrow, but the expectation is that it will not be read until Monday? That is, the bill will not be considered under the 5-minute rule until Monday.

Mr. O'CONNOR of New York. I understand it is the plan of the leadership to take up the bill tomorrow in case the pending bill is completed today. Of course, with 4 hours of general debate and 1 hour on the rule, it is very unlikely that anything more than general debate will be completed tomorrow.

EXPLANATION OF VOTE

Mr. MASON. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MASON. Mr. Speaker, under the rules of the Illinois State Senate each member of that body has the privilege, on roll call, of using 5 minutes to explain his vote. That rule is not in vogue here. When in Rome do as the Romans do.

I therefore, under the rules of the House, ask unanimous consent to explain my vote on the pending wage and hour bill at this point.

The SPEAKER. Is there objection to the request of the gentleman?

There was no objection.

Mr. MASON. Mr. Speaker, in connection with my vote on the so-called wage and hour bill, I wish to make the following statement:

My position on the so-called wage and hour bill follows the recommendations of William Green and the American Federation of Labor. Those recommendations were:

First. Vote to send the bill back to committee to be rewritten.

Second. Failing in that, vote to substitute the American Federation of Labor wage and hour bill for the Senate bill.

Third. Failing in that, vote to recommit the bill.

Fourth. Failing in that, vote against the bill on final passage.

Briefly, the reasons for those recommendations are as follows:

(a) The so-called wage and hour bill does not establish a minimum wage, but does give the Administrator set up in the bill the authority to establish a minimum wage of $16 a week for my district and a minimum wage of $6 a week for industry in the Birmingham, Ala., district. Does organized labor want that?

(b) The so-called wage and hour bill does not establish a maximum workweek, but does give the Administrator the authority to establish a flexible workweek of 40 hours for my district and 60 hours for the Atlanta, Ga., district. Does organized labor want that?

(c) The American Federation of Labor wage and hour bill seeks to fix by law a minimum wage of 40 cents per hour for all labor that now gets less than that, and a maximum workweek of 40 hours for all labor that now works more hours than that, and these standards of wages and hours are to be fixed and uniform in North and South, East and West. This is exactly what organized labor has been fighting for all through the years, and is what every real friend of labor wants. This so-called wage and hour bill that is now before us is nothing but a delusion and a snare, and should either be recommitted or defeated.

REMOVAL OF AMERICAN CITIZENS FROM CHINA

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ALLEN of Illinois. Mr. Speaker, it has come to my attention that there are about 6,000 Americans now in China, about 2,500 of those being missionaries. In an article by David Lawrence it is stated that many of those Americans do not have the necessary money to come home. I have introduced a resolution today, similar to a resolution introduced at the time of the World War, authorizing the expenditure of $600,000 to be placed at the disposal of the Secretary of State to bring back to this country those Americans who are financially unable to come home.

It is easy for all of us to tell Americans in China to come home. It is easy to understand that there are many who have not four or five hundred dollars to pay their way home. As long as there are Americans in China our situation will be serious.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. RANKIN. Does not the gentleman think we ought to bring out those who are financially able to come home, unless they will come without it?

Mr. ALLEN of Illinois. I do not go that far, although I believe they should come home.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. RICH. Is it not possible that we might convince the administration that Japan is now at war with China?

The SPEAKER. The time of the gentleman from Illinois has expired.

FLORIDA GRAPEFRUIT

Mr. HENDRICKS. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. HENDRICKS. Mr. Speaker, a few days ago, realizing that it was the time of the year when everybody gets a cold, and having the interest of my colleagues at heart, I sent them a prescription and told them to take a teaspoonful of soda, aspirin, and grapefruit and they would be cured within the day. I think the medical profession will agree with me that that is a splendid prescription.

However, California, Arizona, and Texas did not think so, and they have threatened to sue me for slander, because I said that Florida grapefruit was the only grapefruit that contained the necessary qualities. I am reminded that truth is a perfect defense in slander, so today I have the grapefruit and I want the Members of this House to sit as a jury. I believe the proof of the pudding is in the eating.

Mr. PATMAN. What about the aspirin and soda?

Mr. HENDRICKS. You will have to provide that. I have provided four boxes of fruit for the Republican side and I believe that will amply supply the Members of the minority. I hope that after the next election it will only take two boxes. [Laughter.]

The gentleman from Michigan [Mr. HOFFMAN] wrote me recently and said, "I have the cold, the aspirin and the soda, but I have no grapefruit." I have provided the grapefruit, and I hope the gentlemen on the other side will see that the gentleman from Michigan takes his aspirin and soda with his grapefruit. The gentleman said he would become a guinea pig at my expense. It is not at my expense, because all of my fruit growers responded, but I want you gentlemen to see that he does not become a guinea pig and that he really does not become just a plain pig. [Laughter.]

Now, we have this fruit in the back of the House. Let us eat it and neutralize our systems, and perhaps the debate on the wage and hour bill after this will not be quite so acrid. If you do not get enough there, come to Florida for Christmas, and if you will let me know where you are I will see that you get all the fruit you can consume, and it will not cost you anything.

Now, to the ladies. I know they seldom visit the cloakroom, so I have provided fruit for them in their offices.

Gentlemen of the North, that is some of that southern chivalry that you have read about in history. [Laughter and applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short report on economic and labor conditions in Puerto Rico.

The SPEAKER. Is there objection to the request of the Resident Commissioner from Puerto Rico?

There was no objection.

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein a resolution from the Eastern Oregon Wheat League.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. JENKS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend the remarks I made on labor and to include therein a table from the Bureau of Labor Statistics.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. GRAY of Indiana. Mr. Speaker, I ask unanimous consent further to extend my remarks on the labor bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

ORDER OF BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for half a minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RAYBURN. Mr. Speaker, I desire to state to the Members of the House that having passed a great deal of the most controversial debate and amendments and substitutes that will be offered—only one or two highly controversial matters now remain to be disposed of in the committee substitute—it is the intention to remain in session today until this bill is finally disposed of. [Applause.]

WAGE AND HOUR BILL

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 2475) to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2475, the wage and hour bill, with Mr. MCCORMACK in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Section 2 is still open for amendment.

Mr. RAMSPECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: Page 6, after each of the Bulwinkle amendments, add the following: "*Provided*, That this provision shall not apply to mining, milling, or smelting operations."

Mr. RAMSPECK. Mr. Chairman, if I may have the attention of the Members from the West particularly, for they are interested in mining operations, they were fearful yesterday that the Bulwinkle amendments would interfere with the operation of mines and smelters and the milling of ore. For the purpose of making certain that the Bulwinkle amendments do not cover these operations, I have offered this proviso, which is satisfactory to them. It is also, I understand, satisfactory to the gentleman from North Carolina.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. SNELL. It seems to me a peculiar situation in connection with the consideration of this bill that several of its most ardent proponents want to have their special bloc of laborers in certain parts of the country in which they are interested exempt from the provisions of the bill. We have already exempted so many that I do not know to whom the bill applies. What is the reason for all these exemptions?

Mr. RAMSPECK. I may say to the gentleman from New York that this does not exempt the mining industry from the general provisions of the bill but only from the provisions of the Bulwinkle amendment relating to the so-called graveyard shift.

Mr. SNELL. If you are going to exempt the mining and smelting interests, why not exempt the paper-mill interests throughout the United States that run 24 hours a day every day in the week if they have enough orders? At present they are not bothered.

Mr. RAMSPECK. If they have a continuous process, they are out of it.

Mr. SNELL. They certainly do.

Mr. RAMSPECK. Because it does not apply to any continuous-process industry. My own personal opinion was that the amendment would not apply to the mining industry, but these gentlemen wanted to be sure.

Mr. SNELL. It seemed to me as I read over the Bulwinkle amendment this morning that it would apply to the paper-mill industry.

Mr. RAMSPECK. It will if they are not a continuous-process industry. My understanding of paper making is that it is a continuous process.

Mr. SNELL. They usually run 24 hours a day. The gentleman states that any industry that usually runs 24 hours a day would be exempt.

Mr. RAMSPECK. No; I did not say that. It depends on the process itself, whether it is necessary to continue the process once it is started; that is what I call a continuous-process industry. I am not familiar enough with the paper industry to say.

Mr. SNELL. A paper mill could shut down and start up again, but it is a very expensive proposition, and when they have any orders they run 24 hours a day.

Mr. RAMSPECK. I would say that industry, under the gentleman's statement, would be exempt.

Mr. SNELL. Would the gentleman allow me to offer an amendment to his amendment including the manufacture of paper?

Mr. RAMSPECK. The gentleman has that privilege, of course. I, personally, would have no objection.

Mr. SNELL. Mr. Chairman, I shall offer such an amendment.

The CHAIRMAN. Does the gentleman from Georgia yield to the gentleman from New York for the purpose of offering an amendment to the amendment?

Mr. RAMSPECK. The gentleman can do that in his own time. I yield now to the gentleman from Washington.

Mr. MAGNUSON. Would the gentleman construe the word "milling" to apply to the lumber industry?

Mr. RAMSPECK. No; I would not. It is a term connected with mining operations.

Mr. MAGNUSON. I want this Bulwinkle amendment to apply to the lumber industry; and I am glad to get the gentleman's statement that the term "milling" would not apply to lumbering.

Mr. RAMSPECK. I do not think this exemption would apply to the lumber industry.

Mr. SMITH of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. SMITH of Connecticut. Will the gentleman explain the reason for making a distinction between the mining and milling of the ore and subsequent operations upon the metal manufactured from that ore whereby the metal is worked, rolled, and further manufactured into articles of commerce? Why should the first process be exempted but not the second, the manufacturing industry, which is the next step in making the crude product usable?

Mr. RAMSPECK. The purpose of the Bulwinkle amendment, as I understand, is to prevent overproduction through the use of the third shift; and that is the difference. Mining is a continuous process, necessarily, as I understand it, and I do not think it would be covered by the Bulwinkle amendment, but the gentlemen who represent the mining sections were not satisfied.

The gentlemen who represent those sections were not satisfied and I have definitely satisfied them, because I made a promise I would try to do so and I am doing it now.

Mr. SMITH of Connecticut. Is not the Bulwinkle amendment aimed at industries which have a large number of productive units now not in production?

Mr. RAMSPECK. That is true.

Mr. SMITH of Connecticut. Which may use the present labor and present equipment even in peak times, whereas other industries are not in that position?

Mr. RAMSPECK. That is true.

[Here the gavel fell.]

Mr. SNELL. Mr. Chairman, I offer an amendment to the amendment, adding the pulp and paper manufacturing industries.

The Clerk read as follows:

Amendment offered by Mr. SNELL to the amendment of Mr. RAMSPECK: After the word "operations" in the amendment, insert "pulp and paper manufacturing industries."

Mr. SNELL. Mr. Chairman, if there is any industry in the country in which it is absolutely necessary to work 24

hours a day it is the pulp and paper manufacturing industry. If you shut down a paper machine at 6 o'clock at night, for instance, it will take from a half to three-quarters of an hour to shut it down and probably an hour to get it started again. In addition to that, you lose quite a large amount of the product in the process of shutting down and starting your machinery; so that it is absolutely essential for these industries to run 24 hours a day during the time they have orders to keep the plant moving.

Mr. BULWINKLE. Will the gentleman yield?

Mr. SNELL. I yield to the gentleman from North Carolina.

Mr. BULWINKLE. In the first place, I call the gentleman's attention to the fact this only applies to the shift from 12 o'clock at night to 6 in the morning. If your proposition is a continuous operation, then it will not apply to them at all.

Mr. SNELL. The gentleman from Georgia stated he could not tell for sure whether it would or not and to make it absolutely certain the gentleman could have no objection to placing my amendment in the bill. Of course, if you run 24 hours you run between the hours of 12 and 6 in the morning.

Mr. BULWINKLE. But it especially provides for a continuous operation.

Mr. SNELL. There seems to be some question in the gentleman's mind as to what is a continuous operation.

Mr. BULWINKLE. Under the N. R. A. did these pulp and paper mills work continuously for 24 hours?

Mr. SNELL. Whenever they run at all they run 24 hours a day.

Mr. BULWINKLE. I mean during the N. R. A. time.

Mr. SNELL. Yes. Whenever a paper mill runs it runs 24 hours a day.

Mr. BULWINKLE. Then this does not apply, because it is in the same situation it was under the N. R. A.

Mr. SNELL. I do not know anything about that. If there is no question about it, that is one thing.

Mr. BULWINKLE. There is no question about it.

Mr. SNELL. Then there is no reason why it should not be put in the bill.

Mr. BULWINKLE. It is not intended this should cover a continuous operation necessary to produce something.

Mr. SNELL. There seems to be a question with reference to what is a continuous operation.

Mr. BULWINKLE. A continuous operation is an operation in which it takes 24 hours of continuous running in order to bring out the completed product.

Mr. SNELL. It may run only 12 hours a day. You can stop at any time. But that would make it so expensive so far as the production of paper is concerned that they could not afford to do it that way.

Mr. BULWINKLE. This applies only to productive machinery in a manufacturing industry.

Mr. SNELL. This is all productive machinery.

Mr. BULWINKLE. On the gentleman's statement it would not apply.

Mr. BOILEAU. Will the gentleman yield?

Mr. SNELL. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. Paper mills in some sections close down on Saturday night and do not operate Saturday and all day Sunday. They start up the next shift Sunday night. Would that in the gentleman's opinion be a continuous operation?

Mr. BULWINKLE. No; because they expect to shut down.

Mr. BOILEAU. I cannot see any harm in the gentleman's amendment.

Mr. SNELL. There can be no harm in the amendment, and it might help out the industry very materially.

Mr. FADDIS. May I ask the gentleman from North Carolina if he believes his amendment would apply to the glass industry?

Mr. BULWINKLE. I do not know anything about the manufacture of glass.

Mr. FADDIS. It is a continuous operation.

Mr. BULWINKLE. Then it will not apply.

[Here the gavel fell.]

Mr. SMITH of Connecticut. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, these attempts to gain exemptions from the Bulwinkle amendment as it applies to all workers illustrate the difficulty of writing an amendment of this sort on the floor of the House. They also illustrate the fact that this amendment is really aimed at cutting down production in an industry. There is no question but that it is aimed at the cotton-textile industry. If you cut off some of the men working on certain spindles part of the day, you put them at work during the day on some of the idle spindles, and that might be all right in that case or in that industry. Today with bad conditions existing in most industries perhaps this amendment would not have a very bad immediate effect, but let us go back to reasonably good times. This spring in my home town, which is a city of a little over 100,000 people, we had working in the factories and the larger stores in the town about 38,000 people.

Several thousand of them were working on this night shift, most of them at somewhat higher wages than were being received by the workers on the day shift. Many of the day workers applied to get on the night shift because of the higher rate of pay. All these workers are being paid considerably in excess of 40 cents an hour, and in some cases the average is over a dollar an hour.

If you cut out this night shift in reasonably good times you cut off several thousand people in my city from opportunity of employment, because there are not more machines in the industry on which to put them to work. This industry has not the great problem of overcapacity which is faced at this time by the industry represented by the gentleman from North Carolina [Mr. BULWINKLE]. I believe it is altogether unfair to write into the bill an amendment covering all industry which will operate to cut production in normal times and reduce employment, in order to help a particular industry which is now stricken.

Since the Bulwinkle amendment has already been adopted, I hope the conferees will alter the amendment, or if they cannot alter it so it will apply only to the cotton-textile industry—and to be frank, I do not see how they can—then I hope they will cut it down to apply only to women and minors, and bring this provision back within the spirit of this wage and hour bill. [Applause.]

Mr. KELLER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Yes; I yield to the gentlewoman from New Jersey.

Mrs. NORTON. Mr. Chairman, I think it would be well for us to arrive at an agreement as to some reasonable time for debate on these amendments, and I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

Mr. MURDOCK of Utah. Mr. Chairman, reserving the right to object, I should like to have at least 5 minutes so some Member from the metal-mining section may present our side of the case. If we may be assured of 5 minutes, I have no objection to the request.

Mr. ROBSION of Kentucky. Mr. Chairman, reserving the right to object, I did not get any time in general debate, and I should like to have 10 minutes sometime during the discussion of this important bill.

Mrs. NORTON. There are many other sections of the bill to be read, so I am sure the gentleman will have plenty of time to debate whatever he has in mind.

Mr. ROBSION of Kentucky. I have been trying to help in hurrying the bill along, and have not wanted to interrupt heretofore.

The CHAIRMAN. May the Chair inquire of the gentlewoman from New Jersey whether her unanimous-consent request was addressed to this particular amendment and all amendments thereto, or to the section?

Mrs. NORTON. To this amendment and all amendments thereto, Mr. Chairman.

The CHAIRMAN. The gentlewoman from New Jersey asks unanimous consent that debate on this amendment and all amendments thereto close in 10 minutes. Is there objection?

Mr. SHAFER of Michigan. Mr. Chairman, reserving the right to object, I expect to offer an amendment to the amendment, and I should like to have some time to discuss it. If I may be assured of 5 minutes on my amendment, I shall not object.

The CHAIRMAN. The Chair can give the gentleman no such assurance.

Mr. SHAFER of Michigan. Then I object, Mr. Chairman.

Mr. KELLER. Mr. Chairman, I simply want to call the attention of the Committee to a general abuse which exists all over the country in all industries in regard to the graveyard shift. I have not compared the Bulwinkle amendment with the provisions of the textile bill as originally written, but I want to call the attention of the Members who are trying to think this problem through properly to the fact that the graveyard shift has always been a misfortune where it could be eliminated. This statement applies, of course, especially to the textile industry, but it applies to all other industries as well, in my judgment.

A committee of seven—and I observe that unfortunately a statement regarding it has been left out of the RECORD, although I included it in my remarks of yesterday—worked ardently for many weeks at two different periods on this and many other subjects which apply to all industry. If the Bulwinkle amendment does what I understand it does—that is, follow the original provisions—it will meet all the conditions about which gentlemen have asked. In other words, "continuous operation" does not mean you cannot close down and cannot start up again, but it does mean you cannot close down and start up again economically, and that is all. This amendment will cover the paper mills, the furnaces, and every other industry which needs to run continuously, of course. There should not be a lot of amendments piled onto it, because you will only muddle it and arrive nowhere. You already have all you need, if you have a business where it is necessary to run 24 hours a day.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield to the gentleman from New York.

Mr. SIROVICH. To what other industries besides the textile industry does this question of the graveyard shift apply?

Mr. KELLER. It would apply to all industries where continuous operation is not involved, and, of course, it should so apply.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield to the gentleman from North Carolina.

Mr. BULWINKLE. Congress recognizes the principle of time and a half for night work. Are not the printers in the Government Printing Office paid time and a half for such work?

Mr. KELLER. Yes.

Mr. BULWINKLE. Are not the railway mail clerks and others employed at night paid 10 percent additional?

Mr. KELLER. Yes. This principle is already established in industry also to a very large extent, and this amendment ought to make it universal. The intent of this bill, as I tried to bring out yesterday, is to do things the States cannot do, and which the States have not done and are not going to do. We are trying to nationalize and make general a provision which ought to apply to all industry, in aid of the States, in aid of the communities, and in aid of the men and women who are doing the work, and for no other purpose. We ought not to muddle it up with a lot of unnecessary amendments, because if there is a necessity for continuous operation, such operation is already provided for in the original amendment.

The CHAIRMAN. The question is on the amendment of the gentleman from New York [Mr. SNELL] to the amendment of the gentleman from Georgia [Mr. RAMSPECK].

The question was taken; and on a division (demanded by Mr. SNELL) there were—ayes 71, noes 17.

So the amendment to the amendment was agreed to.

Mr. MURDOCK of Utah. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the metal-mining industry of the West is not asking for any exemption at all from the provisions of this bill. I believe almost unanimously every Member from the metal-mining section of the West has gone down the line with the committee in support of the Norton substitute. I believe it is our intention to support this bill finally on its ultimate passage.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Utah. I yield.

Mr. CASE of South Dakota. Is it not a fact that the Ramspeck amendment is offered in the interest of the health and safety of the miners where they spread the shifts as far as possible to let the tunnels clear after blasting?

Mr. MURDOCK of Utah. That is absolutely true.

We have a special condition out there that does not exist, in my opinion, in any other industry. After the day shift has been on for 8 hours and blasts, just before the miners come out of the mine, it takes all the way from 1 to 2 or 3 or 4 hours for the gases and smoke to clear from the workings of the mine so that the next shift can go in. When such time is allowed to intervene between shifts, then, of course, the night shift is carried into the graveyard shift; that is, they have to work for several hours after midnight.

The very purpose of the Ramspeck amendment and the reason that all of the Members here from the metal-mining States are insisting upon its adoption is because it will be conducive to the good health and welfare of these miners.

We feel this is a special condition which you have in no other industry; and while I think the wording of the Bulwinkle amendment was intended to except mining, there is just a chance that it might not be eliminated or excepted by the language of the Bulwinkle amendment, and to be sure about that we are asking you to go along with us in exempting mines from this provision.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Utah. I yield.

Mr. MURDOCK of Arizona. Is it not true that in the mining West where a system of three shifts per 24 hours is carried on, the employees are rotated so that each employee works one-third of the time in the graveyard shift?

Mr. MURDOCK of Utah. That is quite true. The shifts are alternated about every 2 weeks, so that a man who works on day shift for 2 weeks spends the next 2 weeks on the night shift; and I may say from my actual experience that the night shift is really the preferable shift of the two.

Mr. MURDOCK of Arizona. If the gentleman will yield further, is it not true that time and a half for the graveyard shift would cause a great many men to seek to remain on that shift regularly?

Mr. MURDOCK of Utah. That would be true, provided the graveyard shift was continued; but in my opinion, if the Ramspeck amendment is not adopted, the operators out there, if they have to pay time and a half to the night shift, will simply lay off the men who are engaged in that shift, and by erroneously trying to coddle the industry you will kill it outright.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Utah. I yield.

Mr. SIROVICH. How long does it take to aerate a mine from the noxious gases that accumulate, and does such a condition occur every day?

Mr. MURDOCK of Utah. That is necessary by reason of the blasting on every shift, and the aerating of the mine depends exclusively on the facilities and the depth of the

workings, but the gases must be eliminated from the mine before it is safe for another shift of men to go into the workings.

Mr. Chairman, I hope the amendment will be adopted.

Mr. SHAFER of Michigan. Mr. Chairman, I offer an amendment to the Ramspeck amendment.

The Clerk read as follows:

Amendment offered by Mr. SHAFER of Michigan to the Ramspeck amendment: After the word "industry" in the amendment offered by Mr. SNELL, insert "and food-processing industry."

Mr. SHAFER of Michigan. Mr. Chairman, I am faced with a rather different situation from the one that has been presented here. In my home city of Battle Creek we have one of the original 6 hours a day manufacturers. At the early part of the depression this manufacturer reduced the working hours in his plant to 6 hours per day and added one shift, increasing from three shifts to four shifts. One of these shifts works from midnight to 6 o'clock in the morning, the graveyard shift.

It is my thought that if the Ramspeck amendment is not adopted with this amendment, this manufacturer will close down one of these shifts, thereby causing a number of men to lose their jobs.

I have offered this amendment especially to bring this situation to the attention of the conferees if the amendment is not agreed to now.

Mr. SMITH of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. SHAFER of Michigan. I yield.

Mr. SMITH of Connecticut. Does not that same argument apply to any manufacturing process which uses a night shift?

Mr. SHAFER of Michigan. Yes; I believe it does.

Mr. SMITH of Connecticut. Where they have not a great excess of machinery that they could use the man on during the day shifts.

Mr. SHAFER of Michigan. This is a case where they have put more people to work by reducing the hours and adding one shift.

Mr. Chairman, I would like to see my amendment adopted.

The CHAIRMAN. The question is on the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. WOOD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOOD: Page 5, line 2, after the period, insert "Nothing in this section shall exclude from the operation of the oppressive child-labor provisions of this act persons employed in forestry or in the taking of fish, sea food, or sponges or in the tapping or chipping of pine trees for crude gum or in the collection or handling of gum spirits of turpentine or gum rosin."

Mr. WOOD. Mr. Chairman, these industries were exempted in the bill, and I know that no member of the committee had any intention of exempting the employment of children in these industries. This amendment merely prevents the employment of children under 16 years of age in all of these enumerated industries. The turpentine spirits and gum industries in the South present one of the most sorrowful examples of the exploitation of both child and adult labor. I do not believe there is any Member of the House who believes that children should be allowed to work in these industries. This amendment merely makes it clear that children under 16 years of age shall not be allowed to work in these industries.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. WOOD. Yes.

Mr. SIROVICH. I have looked up the statistics of the 1930 census and they show that over 1,000 children under 16 years of age were working in forestry, down to the ages of 11 and 12, earning from two to four dollars a week. So far as the taking of fish, sea food, and sponges is concerned, in the 1930 census it was shown that over 500 children under 16 years of age were engaged in those industries. So far as turpentine is concerned, the 1930 census showed 1,713 children under those ages, down to 9 and 10, working in that industry, earning one dollar, two, and three dollars a week. I think the gentleman from Missouri should be complimented for endeavoring to prevent the exploitation of such children in those industries.

Mr. WOOD. Mr. Chairman, I thank the gentleman for his contribution. It is very hard to ascertain the number of children working in the pine forests. They are scattered over a wide expanse of territory and they work in places far removed from any industrial centers. The Census Bureau believes there are far more than 1,713 children working in the pine forests of the South. It is true there are children 10, 11, and 12 years of age who are working there, and, for that matter, the testimony before our committee upon this bill revealed the startling fact that children do work for a dollar or two dollars a week, children of 8, 9, and 10 years of age, in these pine forests.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. WOOD. Yes.

Mr. WADSWORTH. I have not seen the amendment, but will the gentleman state whether his amendment would apply to the making of sirup?

Mr. WOOD. No; that is a different amendment.

Mrs. NORTON. Mr. Chairman, I merely rise to say that the committee will not oppose the amendment offered by the gentleman from Missouri [Mr. WOOD].

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment. My opposition is not directed to the entire amendment. I realize there are difficulties that should be corrected, but it is to that portion of the amendment which deals with the taking of fish, sea foods, and sponges that I object. It just shows the difficulty that we are running into in attempting to write general legislation now that is going to affect so vitally interests all over this country. I wish at the beginning of my remarks to say that I do not share, after hearing the debate here, the feeling of bitterness that is engendered on one side or the other. We are dealing with very delicate problems that reach to the future welfare of America, and we need to approach them conservatively.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. BLAND. In a moment. The chairwoman and all of the members of the committee have labored honestly, intelligently, and zealously in an effort to reach a solution, but let us take the sea-food industry itself. I do not know where those children are employed, and undoubtedly there are many phases of the sea-food industry in which they should not be employed, and where I believe they are not employed, but when it comes to the taking of crabs, when it comes to going out in a boat, as, for instance, around Tangier Island, in my district, where the men are absolutely dependent upon the sea for their living, where they cannot raise even the chickens and vegetables that they use, where they must have recourse to all of the members of the family in an honest effort and in a healthy way to carry on their work, I say they should not be penalized in this way. Why, bless your soul, as a boy I have gone around the banks of the river and felt it was a great privilege to go down with a net along the shore and catch a few soft crabs or a few hard crabs and things of that kind. My health was benefited, no harm was done. In such instances the children are taken away from environment that may be vicious.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. WOOD. The gentleman may have enjoyed fishing for crabs, but did the gentleman work 8 or 9 or 10 hours a day as an employee of someone else?

Mr. BLAND. No. That is true. I did not, but you are bringing in here the question of wages and employment, and if it were only to a number of hours that should be worked, then, so far as that is concerned, I would not have much to say about it.

Mr. SIROVICH. No one has objection to my good friend or anyone else fishing as a boy, but this has application to children who are commercialized and exploited by employers.

Mr. BLAND. Yes; and whose commercialization is necessary for their livelihood. Gentlemen, let us be conservative, for the protection of the interests of the whole country.

Mr. SIROVICH. Will the gentleman yield further?

Mr. BLAND. I do not yield further.

Mrs. O'DAY. Will the gentleman yield?

Mr. BLAND. I yield to the lady from New York.

Mrs. O'DAY. In the canning of shrimp in certain districts children under 15 years, and sometimes 14 years, are employed——

Mr. BLAND. I would ask the lady not to make an address in my time. I only have a few minutes.

Mrs. O'DAY. Could not men be substituted for the children who are at present called at half past 4 o'clock in the morning to get up and meet the shrimpers, the fishermen, and spend from 4 until 7 in the morning canning shrimp.

Mr. BLAND. That condition I would not justify.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I move to strike out the words "in the taking of fish, seafood, or sponges."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Virginia [Mr. BLAND].

The Clerk read as follows:

Amendment offered by Mr. BLAND to the amendment offered by Mr. WOOD: Beginning in line 3 of the amendment, strike out the words "in the taking of fish, sea food, or sponges."

The CHAIRMAN. The question is on the amendment to the amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Missouri [Mr. WOOD].

The amendment was agreed to.

Mr. BLAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Insert on page 4, line 12, after the word "sponges", the following: "or employees engaged in processing or packing perishable agricultural products during the harvesting season; or to any person employed in connection with the ginning, compressing, and storing of cotton or with the processing of cottonseed; the canning, freezing, storing, curing, or other processing, packing, or packaging of fish, sea foods, sponges, or other products of the fishery industry; or picking, canning, or processing of fruits or vegetables, or the processing of beets, cane, and maple into sugar and sirup when the services of such persons are of a seasonal nature, or to employees employed in a plant located in dairy-production areas in which milk, cream, or butterfat are received, processed, shipped, or manufactured if operated by a cooperative association as defined in section 15, as amended, of the Agricultural Marketing Act."

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLAND. If it is not taken out of my time I would be delighted to yield.

The CHAIRMAN. The Chair has no control over that situation. If the gentleman yields, it is taken out of his time.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 30 minutes.

Mr. MARTIN of Colorado. Reserving the right to object, Mr. Chairman——

Mr. BLAND. Mr. Chairman, if this all comes out of my time, I refuse to yield further.

The CHAIRMAN. The Chair will not take this out of the gentleman's time.

The gentlewoman from New Jersey asks unanimous consent that all debate on this section and all amendments thereto close in 30 minutes. Is there objection?

Mr. MARTIN of Colorado. Reserving the right to object, the lady from New Jersey knows that the duty devolves on me to present the Wheeler-Johnson child-labor amendment, a most important matter, affecting the second principal objective of this law, if not the first. It has never been presented yet, but I propose to present the amendment when I am recognized by the Chair, and I would like to have 8 minutes on that, to give the House a closely prepared statement and analysis of the legislation. If I can get that 8 minutes I am willing to go along. If I cannot I am not.

Mrs. NORTON. I will say that we want to close all debate on this bill and pass it some time today. We have been told that, if necessary, we will be kept here until midnight tonight, and unless we have some reasonable agreement on time I am afraid we will be here until tomorrow morning.

Mr. MARTIN of Colorado. Mr. Chairman, the Members have been permitted to talk ad lib up until now. Now they propose to choke everybody off.

Mrs. NORTON. There are other sections of the bill, and if the gentlemen will just bear in mind that they will have an opportunity to express themselves on the bill in the other sections I think we can arrive at some reasonable determination about the time. I certainly hope that the gentleman will not object. I think 30 minutes on this section is reasonable. I believe it is absolutely necessary if we are going to conclude this bill tonight.

Mr. MARTIN of Colorado. I do not believe I will even be reached in 30 minutes, to say nothing about getting any time.

Mrs. NORTON. I am sure the gentleman will be treated fairly as to time.

The regular order was demanded.

The CHAIRMAN. The regular order is demanded. The regular order is, Is there objection to the request of the gentlewoman from New Jersey?

Mr. MARTIN of Colorado. Mr. Chairman, I object.

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 40 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair will state that various Members have sent forward amendments. Eight or nine Members desire recognition. In view of the 40-minute limitation, if there is no objection, the Chair will recognize, with the exception of the gentleman from Virginia, who has been recognized already for 5 minutes, and the Chair cannot have the suggestion apply to him unless he consents thereto; if there is no objection, the Chair will recognize each gentleman offering an amendment for 2½ minutes.

There being no objection, the Chair recognizes the gentleman from Virginia for 5 minutes.

Mr. BLAND. Mr. Chairman, this amendment might properly be designated an amendment for the benefit of the farmers and the fishermen of America. It is true it does not comprehend all farm products, because when framing this amendment I took the provisions appearing on page 16, as I recall, subsection (j), in which certain industries were exempted from hours. It is necessary, if they are to be exempted also from the wage requirements, that the provision be transferred.

The only additional features deal with the sea-food industry and the processing or packing of perishable agricultural products during the harvest season. This includes canning.

Mr. Chairman, it is impossible within the limited time of 5 minutes to discuss intelligently and fully all of these matters. I call the attention of this Committee to the fact that this is a vitally different bill now from what it was at the time we commenced its consideration. With due regard for the interests of this country and with what I believe to be a conscious recognition of the need for relief, the chairman and the committee wrote into the bill certain tariff provisions which have been eliminated, properly, under a point of order. The result is we are facing a different situation now.

I am dealing with the canning industry—and I have more canneries in my district, small canneries, than possibly any other district in the United States. We are dealing with the ginning, compressing, and storing of cotton, which is not coming in conflict with your textile industries of the North. We are dealing with the canning, curing, and so forth, of fish; and we are dealing with packing and processing of fruits. All of these things draw upon a reservoir of labor in my district. If you undertake to carry the wages above what they are now, it means still more

unemployment. Talk about our exploitation of labor in the South; I am pleading now for the colored labor in my district and in the South—those people who are unable to meet the skill of more highly skilled laborers in the North and who will be thrown out of work.

These industries draw first upon labor working on the farm, then in the canneries, then in the fish factories. They turn from one to the other. If skilled labor is to be forced in, you are going to have these people out of work.

The other day you passed a bill for the relief of agriculture, yet with the elimination of the tariff provisions in this bill you are bringing about a situation that is serious. Do you realize that in the fishing industry we have item after item on the free list: Shellfish, clams, crabs, lobsters, oysters, scallops, shrimps, prawn, other shellfish, fish scrap, and fish meal. Men engaged in this industry are existing today with only $500 annual wage, and this is partly due to the fact that we are in competition with the labor of Japan and other cheap labor nations now flooding our country. The chairman wisely provided that these items ought to be taken off the free list. O my countrymen, it demonstrates what a delicate problem we are dealing with. Will you adopt this amendment or not? I ask that you vote this amendment in the bill.

[Here the gavel fell.]

Mr. GILCHRIST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST to the amendment offered by Mr. BLAND: After the words "sea foods" insert the word poultry."

Mr. GILCHRIST. Mr. Chairman, I am trying to add the word "poultry" after the words "sea foods" in case this amendment offered by the gentleman from Virginia is adopted. Poultry is an industry which is carried on as a household industry throughout the country; it is the business of the housewife and it ought to be exempted from the purview of this bill.

Mr. KELLER. Does the gentleman think we are going to exempt all that and everything else?

Mr. GILCHRIST. I am saying that poultry occupies a very distinct place, a very special place in American industry, because it is a household industry; it is the work of the farm women and of the farm children. They care for and raise this poultry throughout the whole country. It is a wholesome and proper and happy labor for them to perform. That is the reason it ought to be included in this amendment and why it ought not to be regimented and controlled by bureaucratic officers here in the city of Washington.

I understand that we ought to have regard for the household industries. They should not be under the control of this Board or of that Administrator. They occupy a peculiar place in American life and they ought to be exempted from any regimentation that will be placed on the processing of agricultural products if this bill is passed. It regiments wages just as well as hours, so that agricultural products will cost the consumer more in dollars, but this rise in price will reflect back to and against the farmer and be subtracted from the amount he gets. It will be taken out of the pin money and the pittance which the farm housewife now gets for her chickens.

This amendment will not hurt industry or labor for the reason I have stated, that most of the industry is a home industry. I know there are some large poultry ranches, but they do not produce much in the aggregate because most of the poultry is raised on the farms of America and is in charge of the women on these farms. They need help. They need a little money to supply household expenses. We should do nothing that will reflect back in a lessened income for them.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Iowa [Mr. GILCHRIST].

The question was taken; and on a division (demanded by Mr. GILCHRIST) there were—ayes 53, noes 57.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Virginia [Mr. BLAND].

The amendment was rejected.

Mr. BLAND. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 4, line 18, after the word "poultry" and the comma at the end of the line, insert the following: "and the canning, packing, and processing of perishable agricultural products."

Mr. BLAND. Mr. Chairman, this simply takes out canning from the other provisions of the amendment that was voted down. I cannot add to what has already been said and will not take any further time.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Virginia [Mr. BLAND].

The amendment was rejected.

Mr. BLAND. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 4, line 12, insert a comma after the word "sponges" and add the following: "or in the processing, curing, storing, or freezing of fish, sea foods, or sponges; or in the manufacture of fishery products."

Mr. BLAND. Mr. Chairman, the same situation exists with reference to this amendment as to the other amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Virginia.

The amendment was rejected.

Mr. BLAND. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 4, line 19, insert at the beginning of the line before the words "and further" the following: "and the operators of sawmills and the manufacturers of lumber products where not more than 25 persons are employed in operating such sawmills or in manufacturing such lumber products."

Mr. BLAND. Mr. Chairman, the general situation is just the same as with respect to the other amendments.

Mr. KELLER. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Illinois.

Mr. KELLER. Did the gentleman ever hear of a sawmill operating day and night that did not work more than 25 men?

Mr. BLAND. It would not apply to the night services.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. BLAND].

The amendment was rejected.

Mr. KERR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KERR: Page 8, line 10, after the word "State", in line 10, strike out the period, insert a comma, and insert the following: "or in the manufacture of packages or containers used in the shipment of fruit, fish, or vegetables."

Mr. KERR. Mr. Chairman, I would like to call the attention of the chairman of the Committee on Labor to the amendment I have offered. I think the amendment will be best understood if I read the section covering "definitions," to which section I am offering the amendment. It reads as follows:

The term "person employed in agriculture," as used in this act, insofar as it shall refer to fresh fruits or vegetables, shall include persons employed within the area of production engaged in preparing, packing, or storing such fresh fruits or vegetables in their raw or natural state.

My amendment simply extends that provision to the manufacture of packages and containers used in the shipping of fresh fruits, vegetables, and fish.

Mr. KELLER. What does that mean?

Mr. KERR. You cannot pack and ship vegetables, fruit, and fish unless you have a particular kind of container, a container that is usually made in the East and West and throughout the country by certain veneer plants. This is seasonal work and these plants only run when the vegetables, fruits, and fish are being shipped. Their operation is determinated by the weather and by the amount of vegetables and the catch of fish; it is a hazardous industry, and these

containers and shipping packages must be furnished daily to those engaged in this industry. You cannot anticipate the demand much ahead of the time of shipments. You cannot store this kind of container and keep them for any length of time. I repeat that it is seasonal work and the plants only operate when fruits, vegetables, and fish are being shipped. The manufacture of these containers is so intimately connected with the production and distribution of fruit, vegetables, and fish that those engaged in this industry have a right to be classified as "persons employed in agriculture." You could not distribute these agricultural products and fish without these containers.

Mr. KELLER. Would that not be classed as a necessary exception under the rule?

Mr. KERR. It ought to be classed as a necessary exception—come within the definition referred to in my amendment. Knowing the merit of this proposition and knowing something about these little industries that exist all over our country, I think the amendment ought to be accepted, and I hope the Committee will vote in favor of the amendment.

Mr. KELLER. It is already excepted.

[Here the gavel fell.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from North Carolina [Mr. KERR].

The amendment was rejected.

Mr. ROBERTSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROBERTSON: Page 8, line 1, strike out all of lines 1 to 5, inclusive.

Mr. ROBERTSON. Mr. Chairman, I am offering an amendment which I hope the chairman of our Labor Committee will be willing to adopt. It provides for the elimination from this bill of subsection 19 of section 2, which seeks to define the meaning of the words "to a substantial extent." The elimination of that subsection from the bill does not, in my opinion, affect anything that can be legally done under the bill, but to leave the section in the bill, with full knowledge of what it seeks to do, vitally affects our good faith and intellectual honesty.

The drafter of this measure, Messrs. Cohen and Corcoran, have written into subsection 19 the statement that "substantial extent" means a "settled or recurrent characteristic of the matter or occupation described, or of a portion thereof, which need not be a large or preponderent portion thereof." That strained and unnatural definition of the word "substantial" did such violence to my conception of the meaning of the word that I searched the dictionaries and the law reports to see if at any time, under any circumstances, anyone had ever given or attempted to give such a definition to the words "substantial extent." That search confirmed my personal opinion that neither in law nor in common usage could any such meaning be ascribed to the word "substantial." And naturally I wondered why anyone should attempt to define "substantial extent" in that manner, and I found the answer on page 21 of the last committee print of the bill, where in section 8, under subsection A, the drafters of the bill, Messrs. Cohen and Corcoran, disclose their objective. That subsection provides that when goods produced in one State compete "to a substantial extent" with goods produced in another State, and sold or transported in interstate commerce, the production in the first State, regardless of all other facts and circumstances, become goods in interstate commerce and under the jurisdiction of the Federal Government.

The first section of the pending bill expressly states that the bill is to deal with the employment of workers under substandard labor conditions in occupations in interstate commerce. Everyone who has spoken in favor of the measure—and I have followed the debates very closely with that point especially in mind—has distinctly stated that the bill relates only to interstate commerce, and, as the Supreme Court has said, to the necessary implication of the power to regulate interstate commerce by taking jurisdiction of those actions, otherwise local, which directly affect, obstruct, or burden interstate commerce.

That is all the bill purports to do. That is all the advocates purport to do. That is all that the Congress can legally do. And yet the drafters of this measure who have clearly shown during the past 5 years that they believe the end justifies the means, and who apparently are willing to sacrifice the Constitution, the Supreme Court, or any other instrumentality or agency that blocks their conception of the way to "the more abundant life," are now seeking to have us put our stamp of approval upon their false interpretation of the two simple English words "substantial extent" and to become a party to their scheme to have the Federal Government attempt to do what clearly the Constitution prohibits. Mr. Cohen and Mr. Corcoran have taken no oath to uphold and support the Constitution, but we have.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. ROBERTSON. I yield to the gentleman from Oregon.

Mr. MOTT. Is the provision which the gentleman is discussing the only provision in the bill the gentleman believes is unconstitutional?

Mr. ROBERTSON. I cannot discuss the entire bill in the short time allotted me.

Mr. Cohen and Mr. Corcoran may sincerely believe that a totalitarian state may best promote our future economic development, but many of us do not agree with them. Mr. Cohen and Mr. Corcoran may sincerely believe that it is both desirable and necessary to wipe out the last vestige of States' rights by this indirect method of changing the commerce clause of the Constitution, but there are many of us who agree with that able and scholarly statesman from Texas, Mr. LANHAM, who on yesterday quoted Lowell's reply to the French historian Francois Guizot as to how long the American Republic would endure:

As long as the principles of its founders remain dominant in the hearts of its people.

What were the principles of its founders? I will quote some of them in their own words. One founder, James Madison, said in offering the first 10 amendments:

If they are incorporated into the Constitution independent tribunals of justice will consider themselves in a peculiar manner the guardians of those rights; they will be an impenetrable bulwark against every assumption of power in the legislative or executive; they will be naturally led to resist every encroachment upon rights expressly stipulated for in the Constitution by the declaration of rights. Besides this security there is a great probability that such a declaration in the Federal system would be enforced, because the State legislatures will jealously and closely watch the operations of this Government and be able to resist with more effect every assumption of power than any other power on earth can do; and the greatest opponents to a Federal Government admit the State legislatures to be sure guardians of the people's liberty. I conclude, from this view of the subject, that we should offer something, in the form I have proposed, to be incorporated in the system of government as a declaration of the rights of the people.

Not long thereafter another founder, Thomas Jefferson, said:

It (the Government) can never be harmonious and solid while so respectable a portion of its citizens support principles which go directly to a change of the Federal Constitution to sink the State governments, consolidate them into one, and to monarchize that. Our country is too large to have all its affairs directed by a single government. * * * I do verily believe that if the principle were to prevail of a common law being in force in the United States * * * it would become the most corrupt government on earth. * * * What an augmentation of the field for jobbing, speculating, plundering, office building, and office hunting would be produced by an assumption of all the State powers into the hands of the general government. The true theory of our Constitution is surely the wisest and best, that the States are independent as to everything within themselves and united as to everything respecting foreign nations.

In modern times our greatest teacher of democracy was Woodrow Wilson. In his book, The New Freedom, we find these expressions:

For indeed, if you stop to think about it, nothing could be a greater departure from original Americanism, from faith in the ability of a confident, resourceful, and independent people, than the discouraging doctrine that somebody has got to provide prosperity for the rest of us.

I don't want a smug lot of experts to sit down behind closed doors in Washington and play Providence to me. There is a Providence to which I am perfectly willing to submit. But as for other men setting up as Providence over myself, I seriously object. I have never met a political savior in the flesh, and I never expect to meet one.

I have never found a man who knew how to take care of me, and reasoning from that point out, I conjecture that there isn't any man who knows how to take care of all the people of the United States.

If any part of our people want to be wards, if they want to have guardians put over them, if they want to be taken care of, if they want to be children, patronized by the Government, why, I am sorry, because it will sap the manhood of America.

I do not want to live under a philanthropy. I do not want to be taken care of by the Government, either directly, or by any instruments through which the Government is acting. I want only to have right and justice prevail, so far as I am concerned. Give me right and justice and I will undertake to take care of myself.

I don't care how benevolent the master is going to be, I will not live under a master. That is not what America was created for. America was created in order that every man should have the same chance as every other man to exercise mastery over his own fortunes.

Only 7 years ago, namely, on March 2, 1930, we find the present leader of the Democratic Party, then Governor of New York, expressing these views on the inherent necessity for preserving the fundamental principle of States' rights:

As a matter of fact and law, governing rights of the States are all of those which have not been surrendered to the National Government by the Constitution or its amendments. Wisely or unwisely, people know that under the eighteenth amendment Congress has been given the right to legislate on this particular subject, but this is not the case in the matter of a great number of other vital problems of government, such as the conduct of public utilities, of banks, of insurance, of business, of agriculture, of education, of social welfare, and of a dozen other important features. In these Washington must not be encouraged to interfere.

This week our Nation is celebrating in a national way what we call Golden Rule Week. In explanation of this national movement an editorial of today in the Washington Post states that the sponsors of Golden Rule Week "are endeavoring to arouse for spiritual recovery in the United States an enthusiasm comparable to that which swept the country a few years ago in behalf of blue eagle industrial recovery." In officially inaugurating the national observance of Golden Rule Week Secretary Hull said "the roots of our tragic shortcomings lie in the realm of the spirit."

Twenty centuries may not be looking down upon us as we deliberate today, but at least a century and a half of the most successful form of government in the world looks down upon us. One hundred and thirty million people look to us for leadership and guidance and to set the standard for personal as well as official action. Would it not be a fine example of high ethical action and an incentive to the rank and file of the people to observe the Golden Rule if we would deliberately adopt a definition of the term we know to be untrue and seek to do indirectly and by subterfuge what we know we are prohibited by the Constitution from directly doing?

May I remind you of the words of Lord Bacon in his essay on Truth wherein he said:

Certainly it is heaven upon earth to have a man's mind move in charity, rest in providence, and turn upon the poles of truth.

Without truth how can there be any Golden Rule? And if men are to decay as the price for the accumulation of wealth, our Nation is hastening to some ill not to be found in any proper definition of "the more abundant life." Again, as Mr. LANHAM told us yesterday:

Let us also be true to those age-old, hard-won principles which those founders gave us.

[Applause.]

Mrs. NORTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment would limit the power of the Board.

Mr. ROBERTSON. To interstate commerce.

Mrs. NORTON. It would limit the definition.

Mr. ROBERTSON. It would limit the power of the Board to interstate commerce.

Mrs. NORTON. The definition would limit the power of the Board.

Mr. ROBERTSON. It would limit the power given by this bill to interstate commerce and those local actions which directly affect, burden, or obstruct interstate commerce. If this provision is left in the bill, it is a pronouncement that we want to do what the Constitution prohibits.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. ROBERTSON].

The question was taken; and on a division (demanded by Mr. ROBERTSON) there were—ayes 66, noes 57.

Mrs. NORTON. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mrs. NORTON and Mr. ROBERTSON to act as tellers.

The Committee again divided; and the tellers reported that there were—ayes 83, noes 96.

So the amendment was rejected.

Mr. KRAMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KRAMER: Page 6, line 10, strike out the period and insert a semicolon and the following: "*Provided, however,* That the hour-and-age limit as provided in this act shall not apply to any child now engaged, or who may hereafter engage, in professional acting in the production of motion pictures."

Mr. KRAMER. Mr. Chairman, I ask unanimous consent that I may proceed for 5 additional minutes. This is a very important matter.

The CHAIRMAN. The Chair cannot recognize the gentleman under the circumstances for more than 2½ minutes, unanimous consent having been granted for the Chair to recognize Members for 2½ minutes.

Mr. KRAMER. Mr. Chairman, this is a perfecting amendment, simply granting to a child the right to take advantage of an opportunity which is open to very few children. The ability to perform in motion pictures requires an intellectual gift and quality, something which is born in the child. We have seen child actors who have been on the screen from the beginning of the motion-picture industry, such as Mary Pickford, who has become famous throughout the world. Her portrayals were marvelous, and most of us remember her in the production of Tess of the Storm Country and Rebecca of Sunnybrook Farm. She was such a great favorite as a child actor, she became known as "America's Sweetheart."

Jackie Coogan, who played in The Kid, Peter Pan, Freckles, and Tom Sawyer; Spanky McFarland and the group who compose "Our Gang," have furnished us with much pleasant entertainment. Certainly no Member of this House would want to impose a hardship upon the industry, public entertainment, and perhaps deprive your child or some child in the family of a friend of the opportunity which so few of us ever have—the chance of manifesting his talents, which are really a gift of God. This industry gives to these children every possible opportunity for education. They receive an education in the art, are taught discipline, poise, and enjoy the routine at the same time a scene has been made for a screen picture. The child is allowed to play, to go to school, has private tutors, and is like any normal, healthy child, only much more intelligently capable. It is unfortunate that the children outside the profession could not have the same amount of instruction. There are very few children employed in the industry, perhaps not over 10 or 15 of them in the entire industry, and the children are not worked in the same manner they are in other industries.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. KRAMER. I yield to my colleague the gentleman from New York.

Mr. SIROVICH. The gentleman has introduced a very interesting amendment, and it ought to be agreed to. However, I believe we should add to the amendment language which would protect the sale of newspapers, magazines, periodicals, and publications in interstate commerce, and I refer to the Saturday Evening Post and other magazines

which would be discriminated against. Will the gentleman accept such a modification of his amendment?

Mr. KRAMER. Yes; I shall be very glad to add this very important change which the gentleman from New York mentioned.

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. KRAMER. I yield to the gentleman from Wisconsin.

Mr. SCHNEIDER of Wisconsin. The gentleman's amendment would apply to very few children.

Mr. KRAMER. Yes; very few children have ever been so fortunate to have this opportunity.

Mr. SCHNEIDER of Wisconsin. Very few children would be involved, and these children are necessary in the industry in order to produce certain plays and certain kinds of pictures; otherwise these pictures really cannot be produced.

Mr. KRAMER. The gentleman is absolutely correct. Otherwise they cannot produce such pictures, and one of the greatest industries in the world would be stifled without this amendment being passed.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. KRAMER. I yield to the gentleman from Massachusetts.

Mr. HEALEY. There is a State law in California which adequately protects these children?

Mr. KRAMER. Yes; and this act is right in line with our State law.

The author who writes of the beauty, purity, love, and realness of children will be crudely cut off from production, like Gene Stratton Porter's Girl of the Limberlost; Storm Child, by Ruth Carmen; and many other writers.

It is like the mechanic dictating to the artist who paints not crudeness but loveliness. Why should the outside world interfere with the professional world and theatrical principles, that are far beyond reproach and do not allow children to work, or labor, as the unacquainted man calls it, because movieland and directors are strict in the number of hours a child shall work?

Children make pictures beautiful—Shirley Temple in Wee Willie Winkie, Jackie Coogan in The Kid, Jackie Cooper in Our Gang, Freddie Bartholomew in Captains Courageous, and many others. Look at all of these children. Do they impress you as being worked? By far, no. But they are exceedingly more intelligent and even more so than some of those who are trying to enforce a child-labor law, yet this law should apply to every child outside of filmland; yet in filmland, without children, that charm and sweetness will be lost to the world.

Do you want adults to play children's parts or a politician to administer medicine as a doctor? Let everyone look to the principles pertaining to his own particular profession, and labor laws are essential, especially for children outside of the theatrical profession, which no one, unless he belongs, understands. The children in this profession are better cared for than the children in other walks of life.

The theatrical profession is in a world by itself. The rules, codes, and discipline are much stricter than the ordinary life of a child in the nonprofessional environment.

The rules and restrictions passed upon for child labor should absolutely exclude film children. The children of the movies are reared under an entirely different form. Rest and relaxation come first; education comes next. The amount of time in labor as the outside world calls it is much less strenuous than lessons in the public schools in communities.

Lovely Anita Louise was one of our child stars whose talent was allowed to develop, and she is now one of the most charming and gracious young ladies playing in motion pictures today. Deanna Durbin and Bobbie Breen are two more children whose talents were discovered. Their work in motion pictures has been an education to them, and we are fortunate in having the opportunity to see and hear them perform. Without the opportunity presented them as children they might never have had the opportunity to display their remarkable talent which is not considered as work to them.

Employment of these few children gives us pleasant and wholesome entertainment and the child is given the opportunity of displaying his or her talent which they love. No one can cast slurs or aspersions on this as being conducive to child labor because in every instance when a child is permitted to play on the screen he has become famous when he grew up.

It is interesting to know that the various professions, talents, crafts, and vocations whose services are utilized in the production of a picture are more than 80 in number. They consist of writers, directors, technicians, cameramen, wardrobe men and assistants, designers, draftsmen, hairdressers, clerks, stand-ins, fitters, electrical workers, and various other crafts too numerous to mention.

During the past year the motion-picture studios listed more than 375 pictures, yet in this vast number only a few had child characters. The public receives keen enjoyment in watching a child star perform, and these children have endeared themselves to the heart of every human. In addition to this enjoyment the Government obtains a large sum in box-office tax receipts because of the attraction of the public. An enormous percentage of each production goes into industry for materials and supplies, including costumes, electrical supplies, wood, lumber, and innumerable other materials. Because of this it would be most unfortunate to curtail such an industry which furnishes employment to such vast numbers. I most sincerely hope the Members of the House will unanimously support the adoption of this amendment and will not deny these privileged children the opportunity of displaying the talent they enjoy. Many of these children are the support of their parents, brothers, and sisters, who, lacking in talent, have been denied the opportunity of providing for themselves.

Last summer many of the Members, including the Honorable ROBERT RAMSPECK, CLAUDE FULLER, JACK DEMPSEY, SCHUYLER BLAND, Minority Leader BERTRAND H. SNELL, and his able assistant, JOE MARTIN of Massachusetts, were my guests on a visit to one of the large motion-picture studios in Hollywood and it so happened that we were privileged to see a stage where a bunch of "kids" were enacting a play. Those of you who made this visit were amused at the children performing in this play which was in the making and has not yet been completed. To all the Members of the House I extend a cordial invitation to visit Hollywood and grant me the privilege of escorting them through one of the Hollywood studios. I should be more than happy to have that privilege.

In conclusion may I prevail upon you, my dear colleagues, to realize the importance of this amendment and to give me your wholehearted and unanimous support and vote for its adoption. [Applause.]

Mr. DOCKWEILER. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The Chair cannot recognize any Member to strike out the last word, under the circumstances, much as the Chair may like to do so.

The question is on the amendment offered by the gentleman from California.

The amendment was agreed to.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado: Page 5, beginning in line 10, strike out of the substitute bill all of the matter beginning with line 10 on page 5 down to and including line 10 on page 6, and insert in lieu thereof the following:

"(A) All goods, wares, and merchandise produced on or after January 1, 1938, wholly or in part through the use of child labor, transported into any State or Territory of the United States and remaining therein for use, consumption, sale, or storage, shall, upon arrival and delivery in such State or Territory, be subject to the operation and effect of the laws of such State or Territory to the same extent and in the same manner as though such goods, wares, and merchandise had been produced in such State or Territory, and shall not be exempt therefrom by reason of being introduced in the original package or otherwise.

"(B) It shall be unlawful for any person knowingly to transport or cause to be transported, in any manner or by any means whatsoever, or aid or assist in obtaining transportation for or in transporting any goods, wares, or merchandise produced on or after January 1, 1938, wholly or in part through the use of child labor, from one State or Territory into any State or Territory, where said goods, wares, or merchandise are intended by any person interested therein to be received, possessed, sold, or in any manner used, either in the original package or otherwise, in violation of any law of such State or Territory.

"(C) It shall be unlawful for any person knowingly to transport or cause to be transported, in any manner or by any means whatsoever, or aid or assist in obtaining transportation for or in transporting in interstate commerce any goods, wares, or merchandise produced on or after January 1, 1938, wholly or in part through the use of child labor, unless the outside of such goods, wares, or merchandise, or the package containing the same if they be packaged, shall bear a conspicuous label conforming to the requirements of this section. Such label shall truthfully set forth—

"(1) The name and address of the shipper;

"(2) The name and address of the consignee;

"(3) The nature of such goods, wares, or merchandise; and

"(4) A summary statement of the kind or kinds of work in connection with which child labor was utilized in the production of such goods, wares, or merchandise and the type or types of places where such work was performed. In case a label conforming to the requirements of this section has been removed from goods, wares, or merchandise, or from a package containing the same, or such goods, wares, or merchandise have been removed from a package bearing such a label, prior to the time such goods, wares, or merchandise shall be offered for shipment in interstate commerce, the information set forth in such label pursuant to the requirements of clause (4) of the preceding sentence or of this sentence shall be incorporated in a new label affixed to such goods, wares, or merchandise so offered for shipment, or to the package containing the same if they be packaged, together with a statement that such information was taken from another label. The incorporation of such information and statement in the new label shall constitute compliance with the requirements of said clause (4) unless child labor shall have been used in connection with processing or fabricating such goods, wares, or merchandise after removal of the label therefrom or from the package containing the same or after removal thereof from the package bearing such label, as aforesaid, in which event the incorporation of said information and said statement shall be a requirement as to said new label in addition to those defined by said clause (4).

"(D) It shall be unlawful for any person who—

"(a) has produced goods, wares, or merchandise in any State or Territory, wholly or in part through the use of child labor, on or after January 1, 1938; or

"(b) has taken delivery of such goods, wares, or merchandise in any State or Territory with notice of their character whether by purchase or on consignment, as commission merchant, agent for forwarding or other purposes, or otherwise,

to transport or cause to be transported, in any manner or by any means whatsoever, or aid or assist in obtaining transportation for or in transporting such goods, wares, or merchandise in interstate or foreign commerce or to sell such goods, wares, or merchandise for shipment in interstate or foreign commerce or with knowledge that shipment thereof in interstate or foreign commerce is intended.

"(E) For the purposes of this section the term 'child labor' shall be defined, (a) as employment of a human being under the age of 16 years in any occupation, and (b) as employment of a human being under the age of 18 years at 'extra hazardous work' specified by regulations promulgated pursuant hereto which specification shall be based on facts found by the Secretary of Labor as to the relative possibility of injury or detriment to health involved in various types of employment after necessary information on the subject has been collected by him or derived by him from sources deemed to be reliable; the term 'package' shall be defined as a wrapping, container, or crate, and as a unit of rolling stock in which goods, wares, or merchandise may be shipped or transported in bulk; the term 'person' shall be defined as an individual, a corporation, a partnership, an association, a joint-stock company, or any unincorporated organization; and the phrase 'State or Territory' shall be defined to include the organized States and Territories of the United States, any district or possession thereof, or place noncontiguous but subject to the jurisdiction thereof; the words 'produced' and 'production' shall be defined to include manufacturing, processing, fabricating, and mining operations, but as used in this section shall not be construed to mean planting, cultivation, and harvesting of fruits, grains, vegetables, and other agricultural products or agricultural work in connection with dairying, livestock husbandry, and poultry husbandry.

"Oppressive child labor shall not be deemed to exist by virtue of the employment in any occupation of any person with respect to whom the employer shall have on file a certificate issued and held pursuant to the regulation of the Chief of the Children's Bureau certifying that such person is above the oppressive child-labor age.

"(F) Any person violating any provision of this section shall for each offense, upon conviction thereof, be punished by a fine of not more than $1,000, and such goods, wares, or merchandise shall be forfeited to the United States and may be seized and condemned by like proceedings as those provided by law for the seizure and forfeiture of property imported into the United States contrary to law: *Provided, however,* That no person who in conformity to paragraph (C) of this section and in good faith sets forth in a label information stated to have been taken from another label shall be deemed thereby to have violated this act so as to render himself subject to conviction, or goods, wares, or merchandise bearing or contained in a package bearing such label subject to forfeiture, in the event any of the information so stated to have been taken from another label proves to be false: *And provided further,* That no common carrier shall be deemed to have violated this section if, at the time it accepts goods, wares, or merchandise for transportation in interstate commerce in the regular course of its business, it shall rely in good faith upon a signed statement of the consignor that the obtaining of transportation for or the transportation of such goods, wares, or merchandise will not constitute a violation of this section, but any consignor who shall knowingly sign any false statement made to a common carrier as aforesaid shall be deemed thereby to have violated this section. The failure of any consignor to furnish such a statement to a common carrier at the latter's request shall excuse the common carrier from its obligations to accept any goods for transportation in interstate commerce. In any proceeding arising out of an alleged violation of this section, a showing that the goods, wares, or merchandise with respect to which the violation is alleged to have occurred were procured wholly or in part by a person who used child labor subsequent to January 1, 1938, and within 6 months of the date of the alleged violation at the place of employment where said goods, wares, or merchandise were so produced in whole or in part shall be prima facie evidence that the goods, wares, or merchandise with respect to which said violation is alleged to have occurred were produced wholly or in part through the use of child labor. In any such proceeding a copy of, extract from, or statement summarizing a record kept by or document filed with a government, church, or school authority establishing or purporting to establish the age or date of birth of a human being whose labor is alleged to have been used in the production of goods, wares, or merchandise shall be admissible in evidence when certified by or on behalf of such authority without further identification or authentication as prima facie evidence of the age of such human being. The adduction of such prima facie evidence shall cast upon the defendant or the party objecting to the forfeiture of goods, wares, or merchandise, as the case may be, the burden of rebutting or repelling such prima facie evidence by affirmative proof to the contrary. All records, returns, applications, and other information filed with or kept by any public office, officers, or authority pursuant to the act of August 14, 1935 (ch. 531, 49 Stat. 620), or any rule or regulation promulgated pursuant thereto, shall be available for inspection by any public official authorized or qualified to enforce this section or to prosecute a violation thereof, and such public official may require that copies of, extracts from, or statements summarizing any of such records, returns, applications, or other information be certified and delivered to him by or on behalf of any public office, officers, or authority by whom the same are kept or with whom they be filed. Any public official authorized or qualified to enforce this section may utilize in that connection, and shall be entitled to rely upon, any and all records, returns, applications, certificates, and other information collected by or filed with authorities charged with the administration and enforcement of the laws of any State relating to the education and employment of human beings that may be made available to such public officials by such authorities and are deemed by such public officials to be useful and reliable.

"(G) Any violation of this section shall be prosecuted in any court having jurisdiction of crime within the district in which said violation was committed, or from or into which any such goods, wares, or merchandise may have been carried or transported, or in any State or Territory, contrary to the provisions of this section.

"(H) (a) The Secretary of Labor, through the Children's Bureau or such other agency within the Department of Labor as he may designate, shall be charged with the enforcement of this section and shall be vested with full authority to administer its provisions and to prescribe such rules and regulations as may be necessary for its enforcement.

"(b) The Chief of the Children's Bureau or any persons designated by him, pursuant to the regulations issued under the preceding subsection, shall have authority to enter and inspect at any time factories or other places in which articles are produced or held for interstate commerce and to inspect records relating to the employment of or to the shipment of articles therefrom, and to make periodic reports of such inspections: *Provided,* That nothing herein contained shall be construed to authorize any invasion of the privacy of any home by search or inspection or otherwise."

Mr. HARTLEY (interrupting the reading of the amendment). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HARTLEY. Mr. Chairman, is this an amendment that is being read or a bill?

The CHAIRMAN. The gentleman from Colorado has offered an amendment which the Clerk is reporting.

Mr. MARTIN of Colorado. It is the Johnson-Wheeler child-labor bill which has passed the Senate.

The Clerk concluded the reading of the amendment.

Mr. MARTIN of Colorado. Mr. Chairman, it is manifestly impossible to discuss such an important piece of legislation as the Wheeler-Johnson child-labor amendment in such a limited time. It is virtually making a joke of this legislation, vitally affecting 12,000,000 children. But if no one present knows what is in the Johnson-Wheeler amendment, I have one consolation, they also do not know what is in the House committee amendment.

I made an analysis of both propositions in general debate, and have specified the objections to the House committee amendment on two occasions under the 5-minute rule, but down to this moment not one member of the House Committee on Labor has taken the floor to explain to the membership the child-labor provisions of their amendment.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I cannot yield now.

The Wheeler-Johnson child-labor amendment is a consolidation of five child-labor bills, effected by Senate leaders who are outstanding in the field of human welfare legislation, in cooperation with Hon. Edward Keating, managing editor of Labor, a pioneer in this field and author of the first and only Federal child-labor legislation in the United States, which he piloted through Congress in 1916, and it is under such sponsorship as this and in spite of it that certain Members of this House have been carrying on a whispering campaign calculated to make Members who do not know what is in the measure believe that a Member who is for the Wheeler-Johnson child-labor amendment is an enemy of child-labor legislation. I think they are going to be wiser before they get through with this amendment.

The Wheeler-Johnson amendment carries a three-way approach to the child-labor objective as against one way in the House committee amendment.

The first method is found in paragraph A, which subjects the child-labor goods to the laws of the State into which shipped, while paragraph B prohibits shipment into States in violation of State laws, or aiding or assisting such shipment in any manner. There are some good State laws, and this legislation will encourage more of them.

The second method, paragraph C, requires labeling of the child-labor goods, giving name and address of shipper and of consignee, nature of the goods, and kinds of work with which child labor was utilized in their production. The paragraph is specific and circumstantial.

The third method, paragraph D, is prohibition of interstate transportation. It is made unlawful for any producer of child-labor goods, in whole or in part, or any person who has taken delivery of such goods with notice of the child labor, either by purchase or on consignment, or as commission merchant, agent for forwarding, or otherwise, to transport or aid or assist in transporting such goods for such shipment in interstate commerce, or to sell such goods for such shipment, or with knowledge that such shipment is intended.

A showing that goods were produced by a child-labor employer within 6 months of the date of shipment, not 30 days, as in the House amendment, but 6 months, is made prima facie evidence of violation of the section. The goods are also forfeited to the Government.

This appears to be a complete piece of legislation. It looks airtight. It ought to be. It was drafted by experts in interstate-commerce legislation.

Now let me contrast it with the House committee provision. It is short; too short. It merely prohibits interstate shipment or delivery for shipment by any producer, manufacturer, or dealer of goods produced in a place where child labor has been employed within 30 days prior to removal.

That is all. That is everything. None of the other safeguards of the Senate amendment. Nothing against aiding or assisting. Nothing against selling. Nothing to cover the divers methods of escapement known to the trade. A manufacturer may set up a dummy and transfer to it, or arrange with others to handle his products, and evade the law. Or he may stock his warehouses or his confederate dealers and brokers, and commission men may stock theirs, hold 30 days, and ship. He and his sweatshop lawyers will find the ways.

The House amendment grants complete immunity after 30 days. The Senate amendment grants no time-limit immunity. It only loses the benefit of the prima facie rule after 6 months after removal.

The superiority of the Senate transportation provision over that of the House is obvious. They are identical in substance, excepting the 30-day limit, up to the point where the Senate bill specifies and prohibits a wider and more inclusive category of violators and violations.

What is the criticism of the Senate provisions?

Mr. SCHNEIDER of Wisconsin said Wednesday:

> The proposal in the Black-Connery bill substitute is one for the purpose of preventing the employment of children in industry.

So is the Senate amendment. The House proposal is in five lines, in paragraph (e), section 22, page 41. It is all there. It can be nowhere else. There is no prohibition of child labor in either bill, only of interstate shipment.

On reading Mr. SCHNEIDER's remarks one would be led to believe there is nothing in the Senate amendment but labeling. He mentioned only that. You have learned differently.

Let me say a word about the labeling and subjection to State-law methods in the amendment. Both methods were sustained in the prison-goods case under the Vinson-Ashurst Act. It is believed they will be sustained in this legislation. It is hoped the third method, transportation, will be sustained and Dagenhart against Hammer reversed. But if transportation is knocked out by the Court in this bill, we will have the other two methods left; and Mr. Keating advised the Senate committee they would be of substantial benefit. If transportation goes out as unconstitutional in the Senate bill, it will go out in the House bill, too, and there will be nothing left. Why put all our eggs in one basket?

Several proponents of the House amendment have stressed to me the age certificate issued to employers by the Children's Bureau as the chief merit of the legislation. Well, it is in the pending amendment word for word. I hope it will not add another method of escapement through fraudulent certificates.

It is claimed that the House amendment is preventive and the Senate amendment only penal. They are both penal. And again I repeat that the substantive law of the House amendment is in five lines at the end of section 22, page 41. Prevention is there or nowhere. If it is there, it is also in the Senate bill, and more of it.

I turn now to the definitions of oppressive child labor in the two proposals. In the Senate definition it is defined as the employment of a human being under the age of 16 years in any occupation. The words "produced" and "produces" are defined to include manufacturing, processing, fabricating, and mining operations, but exclude farming. There are no other exemptions. The House bill gives the Administrator carte blanche to exempt and subject to labor any and all children under 16 in any and all occupations to the extent the Administrator thinks it will not affect education, health, and well-being.

The Senate amendment prohibits the employment of a human being under the age of 18 years in "extra hazardous work," specified by regulations based on facts found by the Administrator as to relative possibility of injury or detriment to health in various types of employment, after necessary information has been collected from sources deemed to be reliable. In the House committee amendment there is no provision whatever to govern or restrict the Administrator, who may simply declare occupations to be hazardous or not. The House amendment is also limited to the ages 16 to 18 years, and is silent as to children under 16. I repeat again, the House amendment is an unlimited delegation of power and discretion to the Administrator.

Mr. HEALEY has circularized the Members against the Senate amendment. If it is so bad and the House amendment so good, as he represents, I invite him to explain and defend

the House amendment. My good friend, KENT KELLER, stated there would be no difficulty in convincing you of the superiority of the House amendment. I invite him to do the convincing. And if these gentlemen or others do not convince you, I invite you to give the Senate amendment a break on the vote.

Mrs. NORTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, practically every child-labor organization in this country is opposed to this amendment. Your committee considered this very carefully and as a result rejected the proposed amendment. This is all I have to say about it, Mr. Chairman.

Mr. ALLEN of Pennsylvania. Mr. Chairman, will the gentlewoman from New Jersey yield?

Mrs. NORTON. I will be pleased to yield.

Mr. ALLEN of Pennsylvania. Is it not true that your amendment attacks this evil right at its source by giving manufacturers an opportunity to receive a certificate?

Mrs. NORTON. That is absolutely true.

Mr. ALLEN of Pennsylvania. And is it not also true that 43 States of the Union already have a certificate law.

Mrs. NORTON. That is true.

Mr. ALLEN of Pennsylvania. So your amendment works right in line with the State legislation.

Mrs. NORTON. Forty-three States out of the 48 have such a law.

Mr. FORD of California. Mr. Chairman, will the gentlewoman from New Jersey yield?

Mrs. NORTON. I yield.

Mr. FORD of California. Is it not true that the child-labor provision in this bill was considered by the best lawyers in the United States and its provisions delicately balanced in order to get by the court decisions that now exist?

Mrs. NORTON. That is true.

Mr. MARTIN of Colorado. And, if the gentlewoman from New Jersey will permit, the age certificate is in the amendment just read from the Clerk's desk.

Mrs. NORTON. Yes; that is perfectly true.

Mr. MARTIN of Colorado. Word for word as in the House bill.

Mr. ALLEN of Pennsylvania. But if we were to follow the amendment just offered by the gentleman from Colorado, the enforcement would take place after the evil had been done or after the goods had been made.

Mrs. NORTON. Exactly; yes. This protects the manufacturer as well as the child.

Mr. ALLEN of Pennsylvania. It protects both, because the child will never go to work.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado.

The amendment was rejected.

Mr. BARDEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARDEN: On page 4, line 18, after the last comma in line 18, insert "and any person employed in connection with the selling of tobacco in auction warehouses."

Mr. BARDEN. Mr. Chairman, this amendment is designed to take care of the man who usually stays around the warehouse for the assistance of tobacco farmers who come in at all hours of the night, and day, too, as far as that is concerned, to unload their tobacco cargoes, a service heretofore rendered tobacco farmers.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. Yes.

Mr. COOLEY. Is it not a fact that the tobacco auction warehousemen employ this labor to assist the farmers in unloading their tobacco and placing it upon the market for the purpose of sale?

Mr. BARDEN. That is about the only use they have for them there.

Mr. COOLEY. And is it not entirely seasonal employment?

Mr. BARDEN. Absolutely.

Mr. COOLEY. And in the event an attempt is made to regulate the hours of these employees, I will ask the gentleman if it is not a fact that these warehousemen would not be able to find ready labor to take the place of these men to aid farmers in placing their tobacco on the market.

Mr. BARDEN. That is true. The work only lasts 3 or 4 months, at the most, in the fall of the year.

Mr. FULLER. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. I yield.

Mr. FULLER. What is the difference in exempting people of this class and the sawmill men working out in the country, hauling their logs into town and unloading them, who want to have them taken care of at night or the man who is hauling his wheat into town or his cotton, and wants to have it taken care of at night?

Mr. COOLEY. Mr. Chairman, will the gentleman yield to me to answer the gentleman from Arkansas?

Mr. BARDEN. Yes.

Mr. COOLEY. These laborers are employed in the warehouse, on the floor, to assist farmers, and have to be there at all hours of the night. That does not mean that they actually work all night, because the farmers bring their tobacco in at all hours of the night and even at 2 or 3 o'clock in the morning sometimes, and until the farmers arrive with their trucks and wagons these employees sleep. When the farmer arrives the floor manager calls out for labor to aid the farmer, and then they wake up and unload the tobacco and then may go back to sleep.

The CHAIRMAN. The time of the gentleman from North Carolina has expired. The question is on agreeing to the amendment offered by the gentleman from North Carolina.

The question was taken; and on a division (demanded by Mr. COOLEY) there were—ayes 8, noes 38.

So the amendment was rejected.

Mr. LEA. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. LEA: Page 8, lines 7 and 8, strike out the words "fresh fruits or vegetables" and insert in lieu thereof the words "fresh or dried fruits or vegetables, nuts or eggs", and on line 10 of the same page, strike out the words "fresh fruits or vegetables" and insert in lieu thereof "such products", and after the word "raw", in line 10, insert a comma and the word "dried."

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. LEA. Yes.

Mr. LUCAS. Mr. Chairman, I offer a substitute amendment for the amendment offered by the gentleman from California.

Mr. LEA. Mr. Chairman, I ask unanimous consent that the substitute may be considered in lieu of my amendment.

The CHAIRMAN. The gentleman from Illinois offers a substitute for the amendment offered by the gentleman from California and the gentleman from California asks unanimous consent that the substitute be considered in lieu of his amendment. Is the understanding of the Chair correct?

Mr. LEA. Yes.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the substitute.

The Clerk read as follows:

Substitute amendment offered by Mr. LUCAS to the amendment offered by Mr. LEA: Page 8, beginning with the comma in line 7, strike out down to and including the comma in line 8, and in lines 9 and 10, strike out "such fresh fruits or vegetables" and insert in lieu thereof "agricultural commodities."

Page 8, line 10, after "state", insert "and shall include persons employed by any cooperative association as defined in section 15, as amended, of the Agricultural Marketing Act, if such cooperative association is engaged in preparing, packing, or storing agricultural commodities in their raw or natural state."

Mr. LEA. Mr. Chairman, subsection (20) grants an exemption to labor engaged in preparing, packing, or storing fresh fruits and vegetables within the area of production. This amendment is necessary to give to the fruit industry, and agriculture generally, that exemption that has been promised and which is clearly within the purpose of the bill. The defect in subsection (20), as it stands, is that it is confined to

fresh fruits and vegetables and omits all other farm products equally entitled to the exemption. Part of the farmer's labor should not be in the bill and the same laborers exempt when performing other argicultural labor.

Mr. KELLER. Fresh or not fresh?

Mr. LEA. Fresh or not fresh.

Mr. KELLER. That is what I am asking the gentleman.

Mr. LEA. The section is confined to fresh fruits and vegetables and omits to give similar exemptions to all other products. Mr. Chairman, I am agreeable to the substitute of the gentleman from Illinois [Mr. LUCAS], which would include agricultural commodities and relieve the section of the unfair discrimination it now contains.

Mr. KELLER. What does that mean?

Mr. LEA. Ordinary agricultural commodities of the farm.

Mr. KELLER. What does the gentleman mean by that?

Mr. LEA. The exemptions of this section are confined to preparing, storing, and packing in the area of production.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. LEA. Yes.

Mr. LUCAS. In paragraph 7 of section 2 of this bill you will find a definition of "employees." Read along and in line 12 you will find the words "or any person employed in agriculture."

There is nothing further than that so far as the definition of people employed in agriculture is concerned until you arrive on page 8, subsection (20), where you have a definition of the term "persons employed in agriculture," which limits it to fresh fruits or vegetables, but you do not find in this bill at any other paragraph anything about who a person employed in agriculture is unless you refer back to section 2. This amendment merely provides that a "person employed in agriculture" shall include persons employed within the area of production engaged in preparing, packing, or storing agricultural commodities in the raw or natural state."

It broadens the definition and will adequately protect the farmers of my section. It exempts agriculture in all its branches and work incidental thereto, including the necessary handling and preparing for market commodities when performed by the farmer or by a farmers' owned and controlled cooperative. It should be understood that it applies only to the employees in the area to be determined by the Administrator where the commodity is produced.

I have taken this up with the gentlewoman from New Jersey and I am of the opinion she will agree to this amendment.

Mr. KELLER. Does the chairwoman agree to this amendment?

Mrs. NORTON. No.

Mr. KELLER. Then the gentlewoman better say "no."

Mrs. NORTON. Mr. Chairman, I rise in opposition to this amendment. If this amendment is accepted it virtually kills the entire section, since it takes out of the bill everybody who has anything to do with agriculture.

Mr. MAVERICK. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I yield.

Mr. MAVERICK. I want to say that in my district there are pecan pickers or shellers who work for 3 to 5 cents an hour! Think of it! If this amendment goes on these people are apparently without any protection whatever, and this bill will do them no good. So this amendment ought to be rejected.

Mrs. NORTON. The gentleman is exactly right. I have letters from a number of those workers, and if there is anything to help them, it is to kill this amendment.

Mr. MAVERICK. If there is anything to be done, it can be done in conference. The conference can iron out these points.

Mrs. NORTON. Exactly.

I sincerely hope this amendment will be voted down.

Mr. LEA. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I yield.

Mr. LEA. I call attention to the fact that the amendment does not affect picking, to which the gentleman from Texas [Mr. MAVERICK] refers. It has nothing to do with picking. It simply relates to the preparation of the farmer's product for the market after the fruit has been picked.

Mr. MAVERICK. When I say "pick," it does not mean picking it off the tree. It means breaking it and taking the nut out of the shell. These people are industrial workers, not agricultural. They should be protected by the minimum-wage law.

Mr. CURLEY. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield.

Mr. CURLEY. On page 16, subdivision (j), part 2, you will find this amendment you have just offered is included.

Mr. LEA. Oh, no.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. LUCAS].

The question was taken; and on a division (demanded by Mr. SHORT, Mr. LUCAS, and Mr. BUCK) there were ayes 81 and noes 48.

Mrs. NORTON. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. LUCAS and Mrs. NORTON to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 107 and noes 65.

So the amendment was agreed to.

Mr. RAMSPECK. Mr. Chairman, a point of order. Is that the substitute amendment for the Lea amendment?

The CHAIRMAN. The Chair would like to inquire of the gentleman from California [Mr. LEA], did the Chair understand the gentleman from California to accept the amendment offered by the gentleman from Illinois [Mr. LUCAS]?

Mr. LEA. Yes, Mr. Chairman; I stated that I accepted the substitute.

The CHAIRMAN. And does the gentleman withdraw his amendment?

Mr. LEA. Yes, Mr. Chairman.

The CHAIRMAN. That was the understanding of the Chair.

Mr. HOOK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOOK. An amendment of that kind can only be withdrawn by unanimous consent; is that not correct?

The CHAIRMAN. The Chair at the time submitted the unanimous-consent request, and there was no objection.

The Chair recognizes the gentleman from Washington.

Mr. MAGNUSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MAGNUSON: On page 4, line 1, strike out the first four words.

The CHAIRMAN. The Chair would like to state there are five Members who desire to offer amendments. The Chair would like to recognize all Members for a part of the time. There are 8½ minutes remaining, which includes the time which the gentleman from Washington will consume.

Mr. RAMSPECK. Mr. Chairman, I ask unanimous consent that each amendment be granted 2 minutes.

The CHAIRMAN. The Chair has already recognized the gentleman from Washington for 2½ minutes.

Mr. MAGNUSON. Mr. Chairman, for 2 days everybody in the House has been trying to get someone out of this bill. The effect of my amendment is to put a class of people into this bill. The bill on page 4 excludes seamen. As I understand the purpose of this legislation, it is to raise the standard of wages and the standard of living of the low-class groups. If there is a class of workers in the United States who are underpaid and who have the worst working conditions of anybody I know of, it is the seamen of the United States.

The committee will answer my amendment to this effect, that they come under the Maritime Act. The Maritime Act regulates the wages and hours of only one-tenth of the seamen of the United States, only those who work on Government subsidized boats, including about 10,000 men. There are 114,000 seamen in the United States who are working under bad conditions. This bill absolutely excludes them.

The committee will probably say, "We cannot regulate the wages and hours of seamen." Let me inform the committee that the United States Maritime Commission regulates the wages and hours of seamen working on Government-subsidized boats. I am here making a plea for those seamen who do not work on Government-subsidized boats, and who, in my opinion, are one of the lowest-paid groups of workers in the United States. If you are going to help someone, for God's sake help those people in this bill and raise their standards.

Mr. SCHNEIDER of Wisconsin. Do the seamen want to come in under this or do they not?

Mr. MAGNUSON. I do not care whether they want to or not; I know that they are underpaid and that the purpose of this bill is to raise the standards of the low-class groups. I realize that there probably are some of the unions that maybe do not want them under the bill, but I am speaking for the rank and file.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if this amendment be adopted it will be one more stroke for the destruction of the American merchant marine, that is now fighting for its existence. The gentleman has said that the Maritime Commission fixes hours and wages. They are authorized to regulate wages, but the hours are fixed by legislation of Congress. While I do not care to make a personal reference, the late Billy Connery told me just shortly before the last session that the Merchant Marine Committee had done more in the interest of the seamen in the last few years than had been done in the history of the Republic. I am asking that you leave this subject alone.

It goes further, however; it regulates the fishing boats; it regulates every boat on intercoastal waters and also on the inland waterways. You cannot afford to deal with that proposition in this way. I do not believe that the seamen themselves want this legislation. They are fighting in their own way and by their own contracts to make suitable provisions with respect to their wages; and I appeal to this House, if it wants to preserve a merchant marine as an auxiliary to the Navy of this country and for foreign commerce, that it defeat this amendment; if it wants to preserve the boats on coastwise and intercoastal waters, on the inland waterways, and on our bays and rivers, that it defeat this amendment and not allow another complication and handicap at this time. Leave us to work out the problems as we are trying to work them out and as we have in a measure worked them out in the interest of these people.

I appeal to you to defeat this amendment. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

The question was taken; and on a division (demanded by Mr. DUNN of Pennsylvania) there were—ayes 7, noes 51.

So the amendment was rejected.

Mr. PACE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PACE: Page 4, line 17, strike out the words "and growing" and insert a comma after the word "cultivation" and the following words: "growing and harvesting."

Mr. PACE. Mr. Chairman, I am quite sure that this is only a perfecting amendment and that it carries out what the committee intended. You will notice on lines 16 and 17 of page 4 it describes agriculture as the cultivation and growing of certain crops, but does not mention the harvesting of the crops. The crop, naturally, has to be harvested. I do not think it is significant except the fact that it is left out and those who enforce the bill may attach some significance to the fact that the word "harvesting" is left out. The amendment, therefore, makes this provision read simply, "the cultivation, the growing, and the harvesting." That is all the amendment does, and I am sure it does what the committee intended to do.

Mrs. NORTON. Mr. Chairman, the committee will not oppose that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: On page 4, line 12, after the word "sponges", insert "or any person employed in connection with the ginning of cotton."

Mr. WHITTINGTON. Mr. Chairman, I have but this to say respecting the amendment: That the ginning of cotton is local and often done on the plantations. It is really covered by the amendment proposed by the gentleman from Illinois [Mr. LUCAS] and previously adopted. It is in line with the definition of persons employed in agriculture contained in the bill. This amendment is included in the Senate bill and was originally reported by the committee. The amendment confines the exemption to those employed in the ginning of cotton, which is comparable and equivalent to the packing of other agricultural commodities. I believe that the amendment should be accepted, because it is really a clarifying amendment. Ginning cotton is purely an intrastate business.

Mr. TERRY. It is a seasonal one, too.

Mr. WHITTINGTON. It is seasonal also. I appeal to my friend from Georgia [Mr. RAMSPECK] to urge the Committee to accept my amendment.

Mr. RAMSPECK. I may say to the gentleman that it has been my view all along that cotton should not come in this bill. This bill applies solely to interstate commerce. The ginning of cotton is really nothing but the servicing of a commodity, and certainly is nothing but intrastate commerce.

Mr. WHITTINGTON. I agree with the gentleman. I trust that the Committee will accept the amendment. Cotton ginning is local, and it is purely intrastate business. I may remind the gentleman from Georgia that others oppose the amendment I propose because they say that it is wholly unnecessary. They maintain that persons employed in connection with ginning cotton are not included within the terms of the bill, but that if they are they come under the Lucas amendment already adopted to paragraph (20), page 8, section 2, of the bill. The ginning of cotton is included in the Lucas amendment, inasmuch as ginning cotton is synonymous with packing cotton. I agree that ginning cotton is synonymous with packing cotton. Of course, cotton is an agricultural commodity. I may say further, in reply to the gentleman from Georgia, that I offered the amendment on page 4 in line 12 because at that point persons employed in agriculture are exempt from the terms of the bill.

Under section 4, subparagraph (j), persons employed in connection with ginning cotton are included with respect to minimum wages but are not included with respect to maximum hours. I am offering the amendment, therefore, to clarify the meaning of the bill, and I am offering it at the proper place. I agree it will be necessary to offer a further clarifying amendment under said section 4, subparagraph (j). If those engaged in the ginning of cotton are to be exempt from the maximum hours of the bill, they should certainly be exempt from the minimum wages.

I may say, furthermore, that under the so-called Lucas amendment persons employed in compressing and storing cotton are exempt from the terms of the bill. The gentleman from Nebraska [Mr. COFFEE] will offer an amendment that will include the processing of cottonseed, which I favor. I believe that said section 4 should be clarified so as to make persons employed in connection with ginning and compressing cotton and in the processing of cottonseed exempt from the entire provisions of the bill. I shall propose such an amendment. The bill should be clarified to state that gins, compresses, and oil mills are exempt from all provisions of the bill.

I remind the gentleman from Georgia that the committee, contrary to his good judgment, has included a purely local

and intrastate work in the wages provision of the bill with respect to ginning of cotton in said section 4. If the decision of the Supreme Court in the N. R. A. case means anything, surely this act is void with respect to a purely local or intrastate work. I repeat, therefore, that my amendment will clarify and assist in eliminating the unconstitutional provisions respecting cotton ginning in section 4 of the bill. Let me say in this connection that section 8 authorizes the Administrator to interfere in purely intrastate matters. It is not only void, but revolutionary. The Administrator would thus rule all industry, local and national.

Mr. Chairman, I extend my remarks further to say that S. 2475 is known as the Fair Standards Act of 1937, and it is commonly referred to as the Wage and Hour Act. The bill proceeds upon the theory that there is a scarcity of purchasing power and that this scarcity will be converted into plenty by increasing wages and reducing hours. The bill directly affects interstate commerce, but it does not affect nor does it apply with respect to purely local or intrastate work or industry.

Moreover, the Board or the Administrator is permitted to determine minimum wages and maximum hours only in those industries where substandard labor conditions exist. It does not apply to industries where there is a high type of labor. The bill does not apply to organized labor. It applies only to unorganized labor in the substandard labor groups.

Persons employed in agriculture are not included in the terms of the act. The growing and preparation of crops for market is purely local; it is intrastate. If agriculture is to be exempt, surely industries engaged in producing, processing, distributing, and handling dairy products, poultry products, livestock products, and other agricultural commodities should be exempt. The works are seasonal. The products in many cases are perishable. Cotton gins should be exempt, compresses should be exempt, and oil mills should be exempt. Those engaged in transporting agricultural products from the farm to the market should be exempt. The National Grange, the National Cooperative Council, the American Farm Bureau Federation, the National Farmers Union, and the National Cooperative Milk Producers Federation, as I understand, are against the legislation. Organized labor is against the legislation. The legislation has been loosely prepared. In many respects the bill is contradictory. I oppose the bill.

I believe in improving working conditions, but to place 12,000,000 workers under a bureaucracy in Washington is not a solution. I believe the better method is State control. Congress could extend existing Federal legislation to supplement State statutes. Legislation could be passed to aid and protect those States that have enacted fair labor legislation. Competitive conditions would hasten the enactment of State laws in all the States that are fair and just to labor.

I believe it is unwise to concentrate Federal power at the continued expense of the States. If one-third of the workers of the United States are working under substandard conditions and if they are now getting less than 40 cents an hour, a drastic readjustment of both industry and production would result in widespread unemployment. We cannot increase employment with laws alone and laborers cannot get rich by merely working less. The proposed adjustments are unsound. There should be no mandatory provisions. Provisions for readjustments and for wages and hours should always be directory rather than mandatory.

Unemployment would be aided. Laws cannot make a man worth a wage. Those that are not worth 40 cents an hour will not be employed. The older groups and the younger groups would be discriminated against.

Regulation by government is expensive. A new board or a new administrator in Washington is provided for. Bureaucracy is multiplied. It is too much, I repeat to emphasize, to place 12,000,000 workers under a bureaucracy in Washington. It is no time for additional administrators, commissions, or boards, with additional public expenditures.

The President of the United States recently urged a reduction in labor costs in the building industry. The legislation proposes to increase labor costs. The President urged that housing be encouraged by reducing the costs of construction. The President is right. The need now is to encourage industry and to help business. The situation is materially different from what it was 12 months ago. The present recession may easily become a slump. All efforts at further bureaucracy should be halted.

It has been said that the manufacturers of New England believe that the legislation will aid them. I believe they are mistaken. The South cannot afford to pay unskilled labor the price that it pays skilled labor. If there are natural advantages of climate and other living conditions in the South, if the laborers in the South can live more cheaply because of climate and other natural advantages, a moment's reflection will convince those who advocate the pending bill to promote manufacturing in the East, that manufacturing in the South will be aided rather than retarded. If the same wage is paid in the South, the laborer can save more. There is a better opportunity for his acquiring and maintaining a home. The legislation is intended to discriminate against the South, but instead of discriminating against the South it will discriminate against the small employer in all parts of the country. While aimed at the South, it will be ineffective. The costs of living are less, the climate is milder, the laborer will accumulate more. If labor flourishes in the South now on less wages, it will flourish in the South more on still greater wages.

Employment, however, cannot be guaranteed merely by passing laws. Laws do not provide jobs. I oppose the bill because it will not only injure labor in the South but in all parts of the Nation.

Differentials are recognized under the Works Progress Administration. The present administration time after time has recognized differentials in wages. There are variations in the costs of fuel, in the costs of housing, and in the costs of living generally. The National Industrial Conference Board in 1929 showed that the average cost of labor per man-hour in South Carolina was 23 cents, while in New York it was 60 cents. I believe that the Public Works or the Works Progress Administrations have pursued a correct policy in providing for differentials in employment in various sections of the country.

The tariff is involved. What will become of the displaced labor? The provisions of the bill respecting tariffs, although stricken out, may be retained in conference and may complicate the trade treaties now being initiated by the administration.

It is said that the Democratic platform of 1936 called for labor legislation. However, the platform provided for Federal and State cooperation. The bill places too many laborers in a strait jacket.

Some 26 States have passed fair standard-labor acts; they are making progress. All States oppose oppressive child labor; all States oppose oppressive work for women. As a nation we have grown in 150 years under the State and Federal system. Let us not abandon the system of State government. Let us move cautiously as we enlarge and extend the Federal jurisdiction. At a time when agriculture should be encouraged, business and commerce promoted, the passage of the pending bill would be exceedingly unwise.

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired; all time on this section has expired.

The question is on the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. WHITTINGTON) there were—ayes 39, noes 76.

So the amendment was rejected.

The Clerk read as follows:

ADMINISTRATIVE AGENCY

SEC. 3. (a) There is hereby created in the Department of Labor a Wage and Hour Division which shall be under the direction of an Administrator, to be known as the Administrator of the Wage and Hour Division (hereinafter referred to as the Administrator). The Administrator shall be appointed by the President, by and with the

advice and consent of the Senate, and shall receive a salary of $10,000 a year. The Administrator is authorized to administer all the provisions of this act except as otherwise specifically provided, and his determinations and labor-standard orders shall not be subject to review by any other person or agency in the executive branch of the Government.

(b) The Administrator and the Chief of the Children's Bureau, under plans developed with the consent and cooperation of the State agencies charged with the administration of State labor laws, may utilize the services of State and local agencies, officers, and employees administering such laws and notwithstanding any other provisions of law may reimburse such State and local agencies, officers, and employees for their services when performed for such purposes.

(c) The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary to carry out the functions and duties of the Administrator and shall fix their salaries in accordance with the Classification Act of 1923, as amended. The Administrator may establish and utilize such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. In all litigation the Administrator shall be represented by the Attorney General or by such attorney or attorneys as he may designate. In the appointment, selection, classification, and promotion of officers and employees of the Administrator, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

(d) The principal office of the Administrator shall be in the District of Columbia but he may exercise any or all of his powers in any other place.

(e) The Administrator shall submit annually in January a report to the Congress covering the work of the Administrator for the preceding year and including such information, data, and recommendations for further legislation in connection with the matters covered by this act as he may find advisable.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 40 minutes.

Mr. BOREN. Mr. Chairman, reserving the right to object, and I will object unless I can be assured of an opportunity to present an amendment that has been pending for 3 days——

The CHAIRMAN. The Chair can give no assurance to any Member.

Mr. BOREN. Then, Mr. Chairman, I object.

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 40 minutes.

The CHAIRMAN. The gentlewoman from New Jersey moves that all debate on this section and all amendments thereto close in 40 minutes.

Mr. BLAND. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLAND. Is that motion in order until there has been debate on the section?

The CHAIRMAN. Answering the parliamentary inquiry, the Chair may say the motion is not in order until there has been debate.

Mr. BLAND. I make a point of order against the motion then.

The CHAIRMAN. The point of order is sustained.

Mr. RAMSPECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: Page 8, strike out lines 22 to 25, inclusive, strike out all of page 9, and lines 1 to 16, inclusive, on page 10, and insert in lieu thereof:

"LABOR STANDARDS BOARD

"SEC. 3. (a) There is hereby created a Board, to be known as the Labor Standards Board, which shall be composed of five members who shall be appointed by the President, by and with the advice and consent of the Senate, and one shall be from the Northeast, one from the Northwest, one from the Southeast, one from the Southwest, and one from the central part of the United States, and one of such members shall be a representative of employers and one shall be a representative of employees. The President shall from time to time designate one of the members of the Board to act as chairman. One of the original members of the Board shall be appointed for a term of 1 year, one for a term of 2 years, one for a term of 3 years, one for a term of 4 years, and one for a term of 5 years, and their successors shall be appointed for terms of 5 years each, except that any individual chosen to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The Board shall appoint a director for each State, Territory, and the District of Columbia to serve the Board as it shall direct.

"(b) A vacancy in the Board shall not impair the right of the remaining members to exercise all the powers of the Board. The Board shall adopt its own rules of procedure, including provision as to the number of members necessary to constitute a quorum, but no order declaring a minimum wage or a maximum workweek shall be made except by a majority of the Board. The Board shall have an official seal which shall be judicially noticed.

"(c) Each member of the Board shall receive a salary of $10,000 a year, shall be eligible for reappointment, and shall not engage in any other business, vocation, or employment.

"(d) The Board may, subject to the civil-service laws, appoint such employees as it deems necessary to carry out the functions and duties of the Board and shall fix their salaries in accordance with the Classification Act of 1923, as amended. The Board may establish and utilize such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. In all litigation the Board shall be represented by the Attorney General or by such attorney or attorneys as he may designate. In the appointment, selection, classification, and promotion of officers and employees of the Board, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

"(e) The principal office of the Board shall be in the District of Columbia, but it may meet or exercise any or all of its powers at any other place. The Board may, by one or more of its members or authorized representatives, or by such other agents or agencies as the Board may designate, prosecute any inquiry necessary to its functions in any part of the United States.

"(f) The Board shall submit annually in January a report to the Congress covering the work of the Board for the preceding year and including such information, data, and recommendations for further legislation in connection with the matters covered by this act as it may find advisable."

Mr. FADDIS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Georgia [Mr. RAMSPECK] yield for a parliamentary inquiry?

Mr. RAMSPECK. Not if it comes out of my time.

The CHAIRMAN. It will come out of the gentleman's time.

Mr. RAMSPECK. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. BOREN. Mr. Chairman, reserving the right to object, with so many amendments pending, I do not think it is right for a member of the committee to take all the time and not give the Members of the House a chance; and I object.

The CHAIRMAN. The gentleman from Oklahoma [Mr. BOREN] objects.

Mr. BOREN. Mr. Chairman, I withdraw the objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia [Mr. RAMSPECK]?

Mr. FADDIS. Mr. Chairman, I object.

Mr. TRANSUE. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for an additional 5 minutes. He has an important provision here, and I would like to hear it.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. HOOK. Mr. Chairman, reserving the right to object, I may be wrong in my inference, but I understand that when the gentleman's time is up the chairman of the Labor Committee has indicated she will make a motion to limit debate to 40 minutes. Then what will be the result?

Mr. RAMSPECK. Will the gentleman yield?

Mr. HOOK. I yield to the gentleman from Georgia.

Mr. RAMSPECK. May I say to the gentleman that the argument I am going to make is purely a legal argument, and it is utterly impossible to discuss the legal questions involved in 5 minutes.

Mr. HOOK. Being an attorney, I am in sympathy with the gentleman and withdraw the objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. RAMSPECK. Mr. Chairman, the most important question involved in this bill is before the Committee now. The amendment which I have offered is the language appearing in the bill reported last August by the House Committee on Labor, and if you want to have it before you, you may get a copy of S. 2475 as reported last August.

You will see the amendment provides for the establishment of an independent quasi-judicial board outside any department of the Government and vested with the power contained in this bill. This is not a new position, I may say to the Members of the Committee, so far as I am concerned. I made this same fight in 1935 when the Congress enacted the National Labor Relations Act. I have before me the printed proceedings of the House of June 19, 1935, at which time I opposed the Committee on Labor in a similar situation. At that time I called the attention of the Members to the fact that in dealing with this subject of delegation of power on the part of Congress, in discussing the Rathbun case, generally known as the Humphreys case, where there was tested the power of the President of the United States to remove a Commissioner of the Federal Trade Commission, the Supreme Court said, with regard to the establishment of said Commission, this:

To make this possible, Congress set up a special procedure. A commission, a quasi-judicial body, was created. Provision was made for formal complaint, for notice and hearing, for appropriate findings of fact supported by adequate evidence, and for judicial review to give assurance that the action of the Commission is taken within its statutory authority.

The gentleman from New York, Mr. Marcantonio, took the same position on the floor of the House that I did, and I quote further from the language of the Supreme Court as follows:

Thus, the language of the act, the legislative reports, and the general purposes of the legislation as reflected by the debates, all combine to demonstrate the congressional intent to create a body of experts who shall gain experience by length of service—a body which shall be independent of Executive authority, except in its selection, and free to exercise its judgment without the leave or hindrance of any other official or any department of the Government. To the accomplishment of these purposes it is clear that Congress was of opinion that length and certainty of tenure would vitally contribute. And to hold that, nevertheless, the members of the Commission continue in office at the mere will of the President might be to thwart, in large measure, the very ends which Congress sought to realize by definitely fixing the term of office.

Further in that same opinion the Supreme Court said:

The Federal Trade Commission is an administrative body created by Congress to carry into effect legislative policies embodied in the statute in accordance with the legislative standard wherein prescribed, and to perform other specified duties as a legislative or as a judicial aid. Such a body cannot in any proper sense be characterized as an arm or an eye of the executive. Its duties are performed without executive leave and, in the contemplation of the statute, must be free from executive control. In administering the provisions of the statute in respect of "unfair methods of competition"—that is to say, in filling in and administering the details embodied by that general standard—the Commission acts in part quasi-legislatively and in part quasi-judicially.

If I understand the intent and purpose of Congress in this legislation it is to do just that thing; that is, to create a quasi-legislative and a quasi-judicial body which shall have the power to do in detail what the Congress finds it impossible to do in the act, namely, to set up labor standards of wages and hours.

I read that quotation for the purpose of emphasizing the legal difference between delegation of power by the Congress to such an agency as the Federal Trade Commission or such an agency as this would be under my amendment, and the same delegation of power to an administrator in the executive department, if you please, or to the President himself, as we did in the N. R. A. or as the Norton amendment sets up the delegation of power, as I contend, not to any agency of the Government but to wage and hour committees outside the Government.

Let me read to you from the brief submitted by Assistant Attorney General Jackson to the House and Senate committees holding joint hearings. This appears in the RECORD of December 14, on page 1502, as an extension of my remarks. Mr. Jackson said:

It is important to remember that the Supreme Court very rarely finds fault with a congressional delegation of power. There is nothing in the recent decisions of the Court which would justify the Congress in casting aside a half century of legislative experience in providing for the administrative handling of modern complexities too numerous and diverse to be subjected to a single and inflexible rule directly imposed by the Congress.

I call your special attention to this:

There is, it should be remembered, no case where congressional delegation of power has been adjudged invalid where the delegation has been made to a permanent governmental administrative commission, independent of the executive branch of the Government.

Panama Refining Co. v. *Ryan* (293 U. S. 388) involved delegation directly to the Executive; the Schechter case involved not only theoretical delegation to the Executive but practically delegation to substantially private code authorities. Insofar as the decision in *Carter* v. *Carter Coal Co.* (298 U. S. 238, 310-311) rested on the ground of faulty delegation, the vice lay in the delegation having been made not to an official or official body but to "private persons whose interests may be and often are adverse to the interests of others in the same business."

It is my contention and my understanding of the provisions in the Norton amendment that the real power is delegated to the wage-hour committees. It creates a situation similar to the Carter Coal case and to the code authorities under N. R. A., that is, delegation of power to an agency not within the Government, not an official of the Government, or not an agent of the Government. This goes beyond the power of Congress to delegate its authority. If you say this power delegated to the wage-hour committee cannot become effective until it is approved by the Administrator, I grant you that is true, but similarly a code recommended by a code authority could not become effective until it was approved by the President of the United States.

In its decision in the Schechter case the Supreme Court said:

The Government urges that the codes will "consist of rules of competition deemed fair for each industry by representative members of that industry—by the persons most vitally concerned and most familiar with its problems." Instances are cited in which Congress has availed itself of such assistance, as, e. g., in the exercise of its authority over the public domain, with respect to the recognition of local customs or rules of miners as to mining claims, or, in matters of a more or less technical nature, as in designating the standard height of drawbars. But would it be seriously contended that Congress could delegate its legislative authority to trade or industrial associations or groups so as to empower them to enact the laws they deem to be wise and beneficent for the rehabilitation and expansion of their trade or industries? Could trade or industrial associations or groups be constituted legislative bodies for that purpose because such associations or groups are familiar with the problems of their enterprises? And could an effort of that sort be made valid by such a preface of generalities as to permissible aims as we find in section 1 of title I? The answer is obvious. Such a delegation of legislative power is unknown to our law and is utterly inconsistent with the constitutional prerogatives and duties of Congress.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. RAMSPECK. Mr. Chairman, I call attention to a statement issued by Senator WAGNER immediately after the N. R. A. decision and before the passage of the National Labor Relations Act, in which he stated:

An important decision by the Supreme Court of the United States always provokes speculation concerning its effects upon existing or pending legislation. I am convinced, however, that the invalidation of the main provisions of the National Industrial Recovery Act did not cast any serious shadows upon the propriety of enacting the national labor relations bill.

The mainspring of the Court's decision in the Schechter case was that the National Industrial Recovery Act embodied an unwarranted transfer of legislative power to the code-making authorities and to the President. Contrasting this "sweeping delegation" with the valid exercise of congressional authority in creating a Federal Trade Commission to prevent unfair competition, the Court said: "To make this possible, Congress set up a special procedure"—

And so forth. He then describes this agency, the Federal Trade Commission, as I described it a while ago.

I have read this simply to emphasize the fact that the Supreme Court has made a distinction between delegation of authority to independent agencies and to the Executive. The two cases where the Supreme Court has invalidated the acts of Congress have been cases where we did not set up an independent agency.

If we want to do a real job here, if we want to pass a law which the courts will uphold, we ought to make this an inde-

pendent agency, outside of the executive department, and set it up as we did the Interstate Commerce Commission, the Federal Trade Commission, and the National Labor Relations Board, so it will have a real chance to function, with a personnel who will achieve expertness through experience and who will have a tenure of service.

Mr. Chairman, I hope my amendment will be adopted. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto may close in 40 minutes.

Mr. DIES. Reserving the right to object, Mr. Chairman, may I suggest that 50 minutes be allowed in order to accommodate all those who wish to speak?

Mrs. NORTON. Mr. Chairman, I modify my request and ask unanimous consent that all debate on this section and all amendments thereto may close in 50 minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. NORTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I regret that I find it necessary at this time to rise in opposition to the gentleman from Georgia [Mr. RAMSPECK], for I want the House to know there is no man on the committee and, in fact, no man in the House, for whom I entertain more admiration and respect, but on this question I am absolutely opposed to his amendment.

So far as the legal question is concerned, as you gentlemen well know, I am not a lawyer and therefore I am not qualified to talk on that subject, but I do think I am qualified to speak of the reasons we adopted the amendment in committee. The gentleman has told you that when this bill was reported out, it was reported out with the administrative section that is in the Senate bill. This is true, and it is also true that following the reporting of the bill your committee met and discussed this question from many angles. From a great many complaints that had been sent in with regard to the National Labor Relations Board and several other boards that had been set up, the country seemed to be rather fed up with boards generally, and as a result we tried to meet the objections presented from all sides and keep faith with the House. I appeared before you as you will recall, and told you what your committee contemplated. I heard no objection at that time. The committee met and adopted my amendment by a vote of 11 to 6.

Mr. Chairman, I believe this action of the committee was well taken. I think, under my amendment, not only are our employees protected, but employers are protected and the outside public, or, in other words, the consumer, because under this amendment the administrator cannot act unless his action finds support in the recommendations of a wage and hour committee composed of representatives of employers, employees, and the public. When you consider the great number of people who are going to be affected by this legislation, I think we should have a very flexible provision dealing with its administration.

Mr. Chairman, I believe there is a determined effort in this House to vote down, if possible, every amendment that is offered by the committee. A little while ago in the back of the Chamber I heard some men discussing this bill and they said, "Let us load it down with every damned amendment we can, and when we have done that, let us recommit it." If this is the purpose of the committee, there is very little use of my standing here and pleading for the adoption of this amendment or any part of it, but I say to you that your committee has acted in good faith. We have spent long months on this legislation. We have given every bit of honesty we have in our minds and hearts to the legislation; that is, those of us who want to help the 12,000,000 underprivileged people in this country, and that is what all of you gentlemen are forgetting. You are loading this bill down with amendments. You are taking care of your districts, of your Grange, and your this and your that. I do not believe that Members are justified in taking so selfish a view of legislation designed to help those who cannot speak for themselves and who have put their faith in us. Please let us have some fair play in this matter and forget the selfish lobbyists who have come to your door threatening you, for they do not represent the great mass of people in this country. If communism shall ever rear its ugly head in America, it will be due to the stupidity and selfishness of those who denied the workers of America the right to a living wage.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes, not to be taken out of the time heretofore fixed.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. NORTON. Mr. Chairman, my amendment is built upon the generally accepted minimum-wage standards in 23 States in this country, and I am going to present to you a list of the States: Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia—and by the way, in this connection I would like to place in the RECORD at this point an editorial from a Washington newspaper telling how this minimum-wage law in the District of Columbia is working out—Illinois, Massachusetts, Minnesota, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Washington, Wisconsin, and Puerto Rico.

The clipping referred to follows:

ORDERLY PROCEDURE

Although, of course, no comprehensive appraisal may yet be made as to the efficacy of the minimum-wage law for woman workers in the District, the orderly and harmonious manner in which the groundwork is being laid for this important economic experiment augurs well for the success of the endeavor and reflects credit on those who are supervising it.

At this point the administrative board has determined the minimum wage to be applied to woman workers in the retail merchandising trades, it is in the process of determining such a wage for hotel and restaurant workers, and it has received applications for similar determination for women employed in beauty parlors, laundries, and offices.

Throughout democratic procedure has prevailed and progress attempted only after careful study. With the board representing all interested parties—business, labor, and the public—similarly inclusive representation was chosen democratically for conference purposes. Through these conferences contrasting estimates on costs of living were submitted and reconciled and the wage figure finally set to cover such costs.

In the case of the retail-trades wage, fixed several weeks ago, the board announced that it would consider any objections in public hearings on December 14. Thus far not a single representative of business or labor has evidenced any desire to protest the $17 figure established in the prescribed order.

Contributing further to orderliness of the whole procedure, the board's ruling making the minimum mandatory does not become effective until 2 months after the hearing on objections, sufficient time for any necessary adjustments by those involved.

This year the minimum-wage board will receive its baptism of fire before the Appropriations Committees of Congress. The members of the board itself serve without compensation, the only cost being for necessary clerical assistance. The high standard of work established already by the board should not suffer by arbitrary reductions in appropriations or any injection of politics into the selection of clerical personnel.

Mrs. NORTON. Mr. Chairman, if this wage and hour set-up is unconstitutional, as the gentleman from Georgia seems to think it is, why has not this been held in connection with the laws of all the States that have adopted the same principles, and almost exactly the same kind of minimum-wage law, that we are setting up in this bill?

Mr. TRANSUE. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I cannot yield now.

I may say further that your committee is giving you the best kind of administration under this amendment, because it is an administration that is taking into consideration all of the people who would be involved in the legislation, and you people who claim you want these exemptions have the right to go before this wage and hour committee and present your claims before any wages and hours can possibly be put

into effect. I think this is a very fair procedure, and I sincerely hope the Committee will vote down the amendment. [Applause.]

[Here the gavel fell.]

Mr. THOMAS of Texas. Mr. Chairman, I am pleased to express my deep appreciation of the fine service that the gentleman from Georgia [Mr. RAMSPECK] has rendered to the Labor Committee, and I usually follow his most capable leadership, but I regret that I cannot in this instance. Let me briefly explain the reason why. Down in my own country the vast majority of the complaints against this bill have been to the Board, and I believe Members will find, if they analyze their own situations, that a great deal of the complaints in their own districts is to the Board.

Let us see what is the difference between the Board and the Administrator as we have it in the Senate bill and in the bill prepared by the committee. There are two differences. One, the Administrator has far less authority than the Board, and here is where the difference is. Under the Board we have committees throughout the country and those committees make a recommendation to the Board. The Board is not bound to accept those recommendations of the committees. It can receive those recommendations and then throw them out without even considering them and set up its own findings. In other words, under the Board neither labor nor business has any say-so in fixing those standards within the law.

Mr. McCLELLAN. Mr. Chairman, will the gentleman yield?

Mr. THOMAS of Texas. Not now; I shall in a minute. Let us see how it works under an administrator. We set up three divisions under the administration, one composed of representatives of labor, one from the employers, and one from the public. Suppose the division from the employees and the division from the employers cannot agree? Naturally the representatives from the public will be the leveling influence, and let me point out to you in that regard that the chairman of those groups will come from the public, not from the representatives of employees or employers. The chairman is a representative of the public.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. THOMAS of Texas. No; let me proceed. After they get together and study the problem they come in and make a report. What happens? Here is the important thing. After they make their report, suppose the Administrator does not like it. Yes; he can kick it out, but that is all that he can do.

Mr. KELLER. He can appoint another board.

Mr. THOMAS of Texas. Yes; but he cannot set up his own ideas in substitution for those of the committee. Under the Board set-up, the Board can kick out the recommendations, then set up its own ideas. There is one other difference. Under the Board it is written into the law that the Board will have to sit in a place nearest every complaint that is made. Under the Administrator feature, the Administrator can set the place of meeting. Bear in mind that neither the Board nor the Administrator can promulgate and put into operation an order until a public hearing has been held. If you want to defeat this legislation, substitute the Board for the Administrator.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. THOMAS of Texas. Mr. Chairman, I ask unanimous consent for 1 additional minute.

The CHAIRMAN. The Chair invites attention to the fact that the Committee has already limited the time. Does the gentleman ask for that time, not to be taken out of the time fixed?

Mr. THOMAS of Texas. Yes.

Mrs. NORTON. I ask that the time be not taken out of the time fixed.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for 1 minute, not to be taken out of the time fixed.

Mr. MOTT. Mr. Chairman, I reserve the right to object, and I shall object unless the gentleman consents to answer the question I tried to ask him.

Mr. THOMAS of Texas. Will the gentleman permit me to make my statement? Then I shall be glad to yield.

Mr. MOTT. No. If the gentleman does not answer my question, I shall object.

Mr. CLUETT. Mr. Chairman, this problem confronting us today is a momentous one, a problem which has hardly been given overnight study, but which in its far-reaching consequences should have the most careful, most searching investigation of the best minds this country can produce. This Congress must not at this time place on the statute books such hurried, ill-advised legislation.

I believe I can speak with some authority on this subject, having been connected as an officer and director of a large industry for nearly twoscore years. In the 75 years of our existence we have had one minor strike in one department, and that occurred 30 years ago. We call our men and women fellow workers, not employees. Most of our departments are unionized. We do not object to that. We take these workers into our confidence. We give them good working conditions. We pay them wages satisfactory to them and to us. When they worked 54 hours a week, and 75 percent of them are women, they were happy and contented, and while today our hours are 40, I venture to say that a large majority would welcome that Saturday night pay envelope in return for more 54-hour weeks.

Yesterday I received a telegram urging me to favor a wage and hour bill, signed "A Group of Your Employees." I answered it at once: "What group? What bill? I do not know what the bill is myself." My friends, is not this the same kind of propaganda we have had on this subject since the wage and hour proposal has been brought to the floor of this House? I have asked to be advised who sent that telegram, who inspired it, what kind of a wage and hour bill they wish me to support, and if they know what the consequences of any such legislation may mean to them now and in the future? That is an example from industry.

How about the farmers, about labor organizations, about the small businessmen? The Tower of Babel is a plaything compared with the utter confusion that has arisen over this unwanted, unwarranted legislation. Have we asked ourselves about the costs, or how it can be enforced? Are we going to rush into this mess as we did the prohibition amendment, only to find that human souls cannot be regimented and enslaved? Why speak of child labor? No red-blooded man or woman approves of that, and yet right in the city of New York, in the dead of night, with the shades drawn, this nefarious practice is going on contrary to the law. Can the Government regulate the sweatshop and chiseler better than the State or community? Public opinion will drive these slave drivers out of business. Has the time come with the affairs of government that we must forget all the political economy forced into our unwilling minds in schooldays, the teachings of John Stuart Mills, and Henry James, and John Bascoms, the inexorable laws of supply and demand as they apply to our fellow men as well as the fruits of their labor, and by the stroke of a pen say, "No. You are all wrong—just theories of fagged-out school teachers." Are we sure as we gather here in this honored Chamber that the time has come to deny these teachings, and that we are the chosen ones to reverse these economic laws which have served us here for a century and a half?

A government cannot put a price on the value of a man's labor, whatever the cost may be. The Government should be the guardian of its citizens, not the regulator or destroyer of them.

Inequalities and injustices in business, on the farm, in industry, in the household, have been with us for 150 years of our Nation's history, and yet have we not been the happiest and most prosperous nation on the face of the earth, and the envy of every other nation? Why then this hue and cry?

A major depression has made us rush in with all kinds of ill-advised panaceas, some of them unconstitutional. We all know the country is suffering today. All the billions we have poured out have only alleviated a worse condition, and billions more, if we can find them, may give a respite, but not a permanent cure. The country today is waiting and ready for a prosperity long overdue. What is my answer? It lies in what this administration honestly intends to do. Will it not in aiding the forgotten man, aid the employer who is the only one who can remember him? Those employers have been vilified, held up to contempt as economic royalists and public enemies because they meet a pay roll. The great men who helped make this country what it is have been held up to scorn—money barons, selfish industrialists, with no thought of anything but their own personal gains. The hand of the Government on them! In Heaven's name take that hand off. Do not kill another Andrew Mellon, disgracefully and unjustly acquitted without a word of apology to the thousands who loved and admired him. Who are these royalist scoundrels? The Rockefellers, senior and junior, who gave us one of the greatest benefits to mankind; the Hills, the Harrimans, who linked with iron the Atlantic and the Pacific; the Edisons, the Fords, the Carnegies, all wealthy men, most of them gone, yes, but who gave their riches for the benefit of humanity, and in their lives gave employment to millions of men and women. What an example for men of the younger generation to follow. What an incentive to men of genius to find that these men after all were not builders, but destroyers, with a jail yawning to take them in.

Yes; the businessmen of this country, large and small, are watching Washington. If confidence in the administration and in this Congress could be restored it would do more to bring this country back to normal than all the wage and hour bills that could ever be written. Confidence, not regimentation. Confidence, not wasteful spending. Confidence that an administration must have, or fail miserably in the high trust placed in it. [Applause.]

Mr. CELLER. Mr. Chairman, I listened with a great deal of interest to the legal argument presented by the gentleman from Georgia [Mr. RAMSPECK], and I must take emphatic exception to his legal conclusions, because he fails to take into consideration that a very careful reading of the substitute of the gentlewoman from New Jersey would reveal that there is a definite standard fixed in the substitute which must guide the administrator in all of his functions. He quotes the Schechter decision, reported in volume 295, United States Reports, but I construe that decision quite differently than he. The factors that existed in the N. R. A. which caused the Supreme Court to declare the N. R. A. unconstitutional are absent in the present bill. The headnote in that case reads as follows:

> Congress cannot delegate legislative power to the President or any other administrative agency to exercise an unfettered discretion to make whatever laws he thinks may be needed.

The words "unfettered discretion" are used in that headnote advisedly. We cannot willy-nilly give the President or any administrator unlimited power. If we do so, then that power is improperly delegated. But we do no such thing in this substitute. We set up sharply defined limitations. We say that the administrator can go thus far and no farther. We set up definite standards, and insofar as we set those limitations, the substitute therefor must be considered as eminently fair and eminently legal, in contradistinction to what we did under the N. R. A., when we said the President could do anything he saw fit on good grounds or "coffee grounds," as it were.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. CELLER. In just a moment. Now, what are these limitations? What are these definite catalogs of power that we outline into this substitute? We say, for example, that the administrator, with the advice of these committees, shall establish minimum-wage and maximum-hour schedules, but they must and can only do that when they take into earnest consideration these limitations: Levels consistent with health, efficiency, and general well-being of workers, and profitable operation of American business, so far and as rapidly as is economically feasible, and without interfering with, impeding, or diminishing in any way the right of employees to bargain collectively, in order to obtain a wage in excess of the applicable minimum under this act, and to obtain a shorter workday or workweek than the applicable minimum under this act.

Those are limitations, well defined; and because we have those delimitations in the bill I say to the distinguished gentleman from Georgia [Mr. RAMSPECK] that his argument is beside the point, because this delegation of power comes within the foursquare of constitutional delegation of power as defined in the famous Schechter case.

I say, therefore, as a member of the Committee on the Judiciary, familiar with these cases, that this delegation is eminently fair and is constitutional.

The gentleman from Georgia claims that the wage and hour labor committee mentioned in the bill has unlimited power, and he implies that said committee can act without interference by the Administrator. This is contrary to the provisions of the act. The committee has only advisory powers. If that were not the case, then the contentions of the gentleman from Georgia would be well taken. If the committee could act without hindrance, then there would be an unlawful delegation of power. But this is not the case. On page 12, line 8, we note that the committee is to "recommend" a minimum wage; on page 13, line 17, provision again is made that the committee is to "recommend" a minimum wage, and in so doing shall consider among other relevant circumstances, (1) the cost of living; and (2) the wages paid by employers in similar occupations established. Also, on page 14 of the bill, provision is made for the committee to "recommend" a maximum workday; while on page 15, line 22, the bill again speaks of the "recommendations" of the committee. Thus, throughout the bill, you will find that the committee's powers are to recommend and advise, and that the Administrator may accept or reject these recommendations. He may hearken or refuse to hearken unto the advice received from these committees.

But it must be remembered also that in any action that the Administrator may take, consistent or inconsistent with the advice or counsel of the committee, he must act in pursuance of the well-defined standards that we set forth in the bill. Please note on page 23, part IV of the bill, under the general title "General Administrative Provisions," that there is a subtitle called "Labor Standard Orders." And the bill proceeds to indicate with meticulous care how these labor-standard orders may be issued by the Administrator. There must be hearings; there must be publication in the Federal Register; and other conditions must be complied with.

Page 26, section 10 of the bill, specifies the character of the hearings by again limiting the nature thereof. Page 26, section 11 of the bill, speaks of the type of investigations and of the testimony taken. Here again we have limitations.

A careful reading of the bill indicates scores of limitations set upon the action of the Administrator. All of these limitations indicate that the Administrator has no unlimited power. On the contrary, he is limited to what we, the Members of Congress, say he can or cannot do.

Mr. ROBSION of Kentucky. Mr. Chairman, ladies, and gentlemen, I am not a recent convert to the cause of the workers of this country. No Member of this body has a better record in support of labor. The records of the House and Senate, over a period of many years, as well as the reports issued by all the railroad brotherhoods, by the United Mine Workers, and by the American Federation of Labor fully substantiate this statement.

I have always opposed the exploitation of child labor. I voted to submit the child-labor amendment to our Federal Constitution, and urged its ratification by my own State. It was ratified by Kentucky. Welfare, labor, and many business organizations and enterprises procured the adoption by

Kentucky of child-labor laws which are in line with the child-labor provisions of the measure we have under consideration, and these laws are enforced in Kentucky. May I point out to some of our friends from New York and Massachusetts condemning some of the other States that neither Massachusetts nor New York has ratified the child-labor amendment, although the Democrats have been in control of those States many years since the Federal child-labor amendment was submitted. President Roosevelt did not procure its adoption during the many years he was Governor of New York. I wonder if our colleagues from New York and Massachusetts appeared before their respective legislatures and urged the ratification of this child-labor amendment. Its ratification was defeated before their State legislatures. We do not have, so far as I have ever learned, any sweatshops in Kentucky. New York City is the great sweatshop center of this country.

I have never failed to support any measure that would be helpful to the workers of this country in giving them better wages, shorter hours, better working conditions, and giving them the right to organize and to bargain collectively. I have always been most active in speaking and voting for measures to cut out foreign immigration and prevent the dumping of the products of foreign farms, mines, and factories into our country in competition with our American workers.

Many of those from New York and other States who are fighting for this measure fought vigorously those salutary measures for the benefit of American labor. I am one of those who contend that this country cannot be prosperous unless the farmers and the workers of the Nation are prosperous. I voted to discharge the committee that had this bill under consideration in order to bring it before the House in the hope that a sane, workable, helpful bill might be adopted.

FACED WITH A MAJOR DEPRESSION

Recent reports of governmental agencies disclose that all business is off 30 percent. Steel production has been reduced to only 28 percent of its normal production. Automobile production is off 50 percent, shoes and textiles are off 30 percent, corn has dropped from $1.35 per bushel last spring to 35 cents per bushel locally in corn sections. The price of cotton is off more than 50 percent, wheat is off approximately 50 percent, and there has been a like fall in prices of other farm commodities. Farm labor employment dropped 13 percent between November 1 and December 1. Unemployment among industrial workers has increased approximately 3,000,000. Hundreds of industrial plants have closed and thousands and thousands of others have curtailed their production.

These great reductions occurred for the most part in the last 3 months. There has been a decline in gilt-edge stocks and bonds since last January of perhaps more than $30,000,000,000. This situation is especially alarming because the downward trend is on the increase.

There are now altogether more than 10,000,000 workers in industry out of work and several millions of farm workers, and from all reports the number of unemployed is growing.

There are those employed in industry and on the farm who are receiving less than a living wage. It is of vital concern to me and to everyone interested in the welfare of our country to find employment for these unemployed and to increase the pay of those who are underpaid. Many of the great labor organizations and labor leaders, as well as many of those engaged in industry, point out that the measure before us will not accomplish either one of these desirable purposes, but on the other hand will accentuate the business depression, create more unemployment, break down and destroy industrial unionism and collective bargaining, and on the whole will be hurtful and not helpful to either labor, industry, or our country.

NOT BLACK-CONNERY BILL

The bill before us is not the Black-Connery bill. Mr. Connery died, and his brother, LAWRENCE J. CONNERY, was elected to succeed him as a Member of the House. This brother insisted that the name of his brother be taken from the bill, because it no longer represented the bill his brother advocated. He asserted on the floor:

This bill is no monument, and will be no monument, I feel, to Billy Connery.

The Senate added many amendments to the Black-Connery bill. Three or four new bills displacing the Black-Connery bill have been introduced in turn in the House; no one will claim to be the author of the bill before us, and the one before us has had already adopted approximately 175 amendments; but the impression has gone out to the country that it is the Black-Connery bill. The names "Black" and "Connery" have been stricken and are not on the bill before us. Neither former Senator Black nor the late William Connery had anything to do with writing the present bill before us. The bill before us is so different that it is not even a distant cousin to the Black-Connery bill. Those pushing this legislation, however, it seems to me, tried to get the impression to the workers of the country that we had before us the Black-Connery bill. This bill will not be helpful to labor, as the Black-Connery bill might have been; and Mr. CONNERY has signified his purpose to vote to recommit it.

No one in my congressional district has urged me to support the Black-Connery bill or the bill before us. Two persons in another part of Kentucky and two persons outside of the State have urged me to support the Black-Connery bill. I represent a great district of railroad workers and mine workers. I have received hundreds and hundreds of protests against this bill.

OTHERS OPPOSE THE BILL BEFORE US

Gen. Hugh Johnson, the first director of the N. R. A., in speaking of the bill before us, said:

It is no good. The administration knows it is no good. Bill Green knows it is no good, and said so.

Donald R. Richberg, the only other administrator of the N. R. A. and the man who had much to do with the drafting and administration of the Railway Labor Act, and who has had exceptionally long and extensive experience in the adjustment of labor relations, in a formal statement used this language:

It invites a repetition of practically all of the errors of the N. R. A., without providing some of the safeguards which were provided for the administration of the N. R. A.

The Black-Connery bill provided for a board of five to administer it. The present bill provides for a one-man administrator. I have seen no statement from Mr. Lewis indicating that he favors the measure now before us with all its changes and 175 amendments. He and Mr. Green both found serious objection to the five-man board and the threat the board offered to weakening and breaking down industrial unions and collective bargaining. Mr. Green says the one-man administrator is much more objectionable than the five-man board. If Mr. Lewis opposed the board of five, I do not see how he could favor one man having all this power. Mr. Lewis, according to press reports, at the recent national convention of the C. I. O. held on October 13, 1937, said of the wage and hour bill: "That halting, miserable wage and hour bill."

Mr. Green and other labor leaders—and I agree with them—are of the opinion that the bill before us is much more unsatisfactory and offers less hope for labor than the Black-Connery bill. The American Federation of Labor and other labor groups strongly backed the Wagner Labor Act setting up the National Labor Relations Board. It was claimed by labor that it was to be the Magna Carta for labor. However, the American Federation of Labor changed its attitude as to the National Labor Relations Board. At its national convention recently, the federation, according to press reports, went on record as denouncing it and urging that the Wagner Act be amended. The national convention of the C. I. O. steelworkers, claiming to represent 500,000 American workers, in its convention at Pittsburgh on December 15 criticized the National Labor Relations Board for tending to "disrupt and destroy" industrial unionism. Press reports also quote Mr. Lewis in his speech at Pitts-

burgh on yesterday, December 16, to this C. I. O. convention of steelworkers as saying that the Roosevelt administration was "doing nothing about the threat of another depression." The administration's wage and hour bill was at that time before us and had been for some time.

William Green, after submitting a careful analysis, on December 10, 1937, wrote Members of the House, including myself, expressing strong opposition to the bill before us. He and his great labor organization contend that the one-man administrator is much more objectionable than the five-man board. He points out that this one-man administrator will be a czar over labor and industry, and in concluding his statement he used this forceful language:

He (the Administrator), therefore, would have in his control the power to destroy entirely industrial organizations, communities, labor unions, collective-bargaining agencies, and determine the conditions under which these respective communities, organizations, and agencies shall function or shall live.

There could be no more severe indictment of the bill before us, coming as it does from this great labor leader and his great organization.

So far as I have been able to learn, every farm organization in this country is against this bill. The hundreds of thousands of industrial enterprises, both large and small, and especially the smaller concerns, are greatly alarmed over this bill and strongly oppose it.

NO MAN WAS EVER GRANTED SO MUCH POWER

Scores of Democrats, many of them favoring this bill, have made speeches during the last few days on the floor of this House in which they asserted most positively that no man in this Nation has ever been given as much power as this bill would give to this one-man Administrator. It is asserted that no such sweeping and autocratic powers were ever given to President Roosevelt, and he undoubtedly has been given plenty.

A number of the members of the Labor Committee who are supporting this bill have made strong efforts and strong appeals to have the five-man board restored as provided in the Black-Connery bill, instead of this one-man administrator, but their efforts have been unsuccessful, and therefore the only bill before us is this one-man administrator with as great power as the dictators of Russia, Germany, and Italy have over labor and industry in those countries. Are you going to stand for that? I, for one, am not. [Applause.]

CONGRESS SHOULD NOT ABDICATE BUT LEGISLATE

If it is desirable to have minimum living wages and maximum hours in this country, let Congress fix those wages and hours directly, as proposed by the American Federation of Labor under the Dockweiler substitute bill or the Griswold substitute and amendment. Let us fearlessly and honestly meet the issue. Could not the 531 Members of the House and Senate, coming from 435 Congressional Districts and 48 States, more nearly fix just and honest minimum wages and maximum hours for the workers of this country than some one individual? Let Congress fix the wages and hours, or at least provide a well-defined formula by which they may be fixed instead of leaving it to the caprice of one man and the committees that would be controlled by him and under the hundreds of exceptions in this bill would give to him opportunities for favoritism, partiality, political and economic oppression. Under this bill he could have 10,000 or more committees investigating every industrial plant in this country.

It can be seen at once that Mr. Green is quite right—that the czar under this bill would have the power to destroy labor unions, industrial organizations, collective-bargaining agencies, and communities. Yes; this administrator could favor one community as against another community in fixing wages and hours. This is the very condition that obtains in Russia, Italy, and Germany. There free labor unions and collective bargaining and free industrial organizations have been destroyed. President Green and other labor leaders realize that they and those before them have fought for more than a century and a half for the right to organize and the right to bargain collectively. Business organizations have struggled to create their own organizations to promote their interests. This great democracy of ours cost too much of treasure and blood to have it sacrificed in this way. I, for one, am unwilling to give to one man the power to destroy labor unions, collective-bargaining agencies, industrial organizations, and communities. I am unwilling to take away the freedom and representation of these millions of American workers and their organizations. [Applause.]

FORTY CENTS MAXIMUM—FORTY HOURS MINIMUM

The Black-Connery bill received considerable support among the workers of this country, railroad workers and others, because they felt that it would provide for a 30-hour week and with minimum pay per hour. There are no such provisions in this bill.

Forty cents an hour is the maximum—the highest rate of pay that could be fixed by this Administrator under the terms of this bill. He could with the power given to him under this bill fix wages at 10 cents, 20 cents, or 30 cents, or any sum up to 40 cents; but he could go no higher. He could not fix a workweek at less than 40 hours. That is the absolute minimum under the provisions of this bill. He could, however, fix 44, 48, or even 60 hours, but he could not in any event fix a workweek at less than 40 hours.

The American Federation of Labor bill, as set forth in the Dockweiler or Griswold substitute, fixed the minimum wage at 40 cents per hour and the maximum workweek at 40 hours. In other words, no wage could be fixed lower than 40 cents and no workweek could be longer than 40 hours. It is just the opposite of the bill before us.

The bill before us might be called a "bill of exceptions" rather than a wage and hour bill. No industrial plant and no group of workers could possibly know by reading the bill what their rights would be under it.

RAILROAD BROTHERHOODS AND MINE WORKERS

The 22 standard railroad brotherhoods urgently requested that they be eliminated from the provisions of this bill. An amendment was offered to that effect and adopted, and therefore none of the railroad workers will come under the provisions of this bill, although there are railroad workers who are receiving less than 40 cents an hour, and there are about 800,000 railroad workers out of employment.

The 22 standard railroad brotherhoods have, as a general rule, over a period of many years, selected men of great wisdom, sound judgment, great capacity, and loyalty to the workers to head their organizations. These organizations many years ago secured the 8-hour day with time and a half for overtime, and many other favorable conditions, and likewise secured recognition from the Government of their organizations, and these organizations through their members and leaders obtained advances in pay and other favorable benefits for the railroad workers.

The leaders of these great organizations in my opinion very wisely asked to be excluded from the provisions of this bill. I voted to grant their request. They no doubt realize, as does President William Green, that the Administrator under this bill has the power to destroy industrial unions and collective bargaining. He could increase the hours above 40 and he could fix the pay at less than 40 cents per hour. Do you not know that the 22 standard railroad brotherhoods, the American Federation of Labor, the oil workers, and other groups would be actively supporting this measure if it were in the interest of the workers of this country? The fact that they are not for it should cause all the friends of labor to "stop, look, and listen" before giving it their support.

The United Mine Workers under the able leadership of John L. Lewis and others of their organization have accomplished a great deal for the mine workers. They now have a 2-year contract by the terms of which the mine workers have a 7-hour day and 5-day week, or 35-hour week. This administrator under this bill could not help the mine workers in giving them shorter hours. He could not fix the workweek at less than 40 hours per week. No mine worker under this contract receives less, as I understand it, than 50 cents

per hour, and on an average they receive more than 70 cents per hour. This administrator could not help the mine workers in the way of pay because he could not fix any wage above 40 cents per hour. He does have the power, however, to make it less than 40 cents per hour.

The oil workers and other workers have asked that they be excluded from this bill. The oil workers have a 36-hour week and some other workers have a 30-hour week, but we must bear in mind that this Administrator could not fix any week at less than 40 hours.

I give this warning to my friends among the workers: Would not this measure have a tendency to reduce the wages of those who are receiving 40 cents or more per hour, and after a while would not the workers of this country find there would be little use of their unions, as this Administrator would have the power to fix wages and hours? Would it not be an inducement to unorganized workers to remain unorganized? Is not the objections of President Green, the American Federation of Labor, the oil workers, and others based upon solid ground when they assert that this measure will not be helpful but will prove disastrous to unionism and collective bargaining?

I have for more than 18 years given my support to measures that would strengthen the right of workers to organize and to bargain collectively. If I voted for this bill, I honestly feel that I would be undoing and overturning what I had helped to do in the many years I have been a Member of the House and Senate.

This measure undoubtedly will not help labor. Its uncertainty and the extraordinary powers given over industry will create a feeling of fear and unrest among those who have money to build factories and shops and operate mines, and this unrest will reflect itself in my opinion in the closing or the cutting down of production in industrial plants and accentuate the depression in which we find ourselves and add to the army of unemployed. Sensible and reasonable men must at all times bear in mind that neither the Government nor the Members of the House and Senate can provide jobs for the millions of workers of this country. These jobs must be provided by agriculture and industry.

Let me repeat, if it is felt desirable to have a wage and hour bill, let us have a simple, workable bill as suggested by the American Federation of Labor. Let the terms be clear and definite, and let it be enforced, as recommended by the American Federation of Labor, by the Department of Justice.

MILLIONS OF UNDERPAID WORKERS EXCLUDED

If this measure means anything, the administrator could give an increase of wages to perhaps 500,000 workers out of more than 40,000,000 workers of this country. It expressly excludes all the millions of farm laborers. Most of these workers receive approximately $1 per day and work from daylight to dark in all kinds of weather—snow, sleet, rain, and intense heat. Then there are millions of laborers engaged in intrastate work. The bill before us applies only to those engaged in interstate business. This measure offers no relief to the intrastate workers.

It is said that there is a desire to increase the purchasing power of the people. The purchasing power of these millions of workers excluded is just as important as those who are included. If Congress has the power to legislate about pigs, rice, and so forth, it certainly has the power to legislate for the underpaid workers of the country. There is no justification for workers receiving only $1 per day and working 10 or 12 hours per day in agriculture or intrastate business. I want to help all the underpaid and underprivileged workers of the country. I would not pull down those who are receiving good wages but I would raise those who are underpaid and underprivileged. If we are to have a wage and hour bill, let it be a fair and just measure, giving just and fair consideration to all of our citizens.

The measure before us does not include piece workers. Do not the proponents of this bill know that the failure to include piece work within its provisions will induce many concerns in interstate commerce to avoid its provisions by putting its workers on piece work?

It is a little amusing to contemplate how this bill will operate, it has so many exceptions. It gives dictatorial power to one man over industry and over labor. This bill will cut out all newspaper boys and telegraph messengers who are under 16 years of age if they handle interstate papers or magazines. For instance, in my own district, in every county seat and in some other towns, papers are received from Cincinnati, Ohio, Chicago, Ill., and Knoxville, Tenn.

Under this bill no boy under 16 years of age could sell or deliver those papers on the streets or to the homes of our citizens, and no boy could be a telegraph messenger if he was under 16. Many distinguished men of the House and Senate and many other great men of the country owe their start in life to selling newspapers in their home towns or cities. I know a great many boys under 16 in my district who are paying their own way in school or helping a widowed mother or a disabled father by selling newspapers or working as telegraph messengers.

If this bill becomes a law, it will be very interesting as to its operation. An amendment was adopted to exclude the processing of agricultural products. If language means anything, it will exclude from the operation of this bill the great packing houses, textile mills, tobacco factories, distilleries, and thousands of industries that are engaged regularly the year around in the processing of agricultural products. This measure excludes any and all concerns, large and small, engaged in the processing of agricultural products. There is nothing much left of the workers except steel, automobile, railroad, and mine workers, and all of them have as short or shorter hours and higher pay than could be fixed under the provisions of this bill.

I might say, however, in each community there are some small factories that operate largely by hand. The output per each man-unit is small. These little factories, unless they can put in machinery and compete with the big concerns, will be put out of business.

WE HAVE A DUTY TO OUR CONSTITUENTS AND OUR COUNTRY

This bill is predicated on the wrong premise. It is born out of sectional feeling and jealousy. The proponents, in some of the sections of the North and East, do not disguise their purpose. They claim that it will stop the movement of industries, factories, mills, and shops in the North and East, and force those that have gone South to go out of business or go back to the North and East. They do not manifest the spirit of George Washington, the Father of our Country, who said the North needs the South, the East needs the West, and all four sections of our great land need each other. It would not help the North and East to destroy the factories, shops, mills, and mines of the South. The South is one of the great markets for the North and East. In one way or another they get about all the earnings of agriculture, labor, and industry of the South. We get much of our shoes from Massachusetts and other New England States. We buy much of our clothing from the North and other northern and eastern centers. We buy our automobiles from Michigan. We get steel, farm machinery, corn, wheat, meats, and countless other products from Pennsylvania, Ohio, Indiana, Michigan, Kansas, Iowa, and other central and midcentral States. We buy much fruit from the far West and we buy much of our clothing, furniture, and thousands of other articles from the North, East, and West. On the other hand, those sections receive from the South a lot of its cotton, tobacco, coal, and other raw materials. It would be most unfortunate if one section of our great country could feel that it could get along without the other section. The dependence of all of these sections, one upon the other, promotes the solidarity, strength, wealth, and power of our Nation.

I am strongly opposed to sweatshops, North, East, West, or South, wherever they may be found. I am opposed to substandard wages, to oppressive working hours and conditions. It is a fact and not a theory, however, that the freight differentials in the South, North, and East are very great, and, strange to say, the freight rates are greater from the South to the North and East than they are from

the North and East to the South. This undoubtedly came about because of the greater influences in government of the North and East.

While the South has much of raw materials, the North, East, and central part of the country have the great consuming centers far removed from the South, and the South, in order to get its products to the North, East, and West must pay these heavy freight-rate differentials.

The United Mine Workers, in making their contract, recognized this condition, and if they did not do so the coal mines in Kentucky could not operate under the United Mine Workers schedule of wages, because the Kentucky coal must go through bituminous coal-bearing States of Illinois, Indiana, Ohio, and Pennsylvania to get to the great coal-consuming markets.

In the very nature of things the cost of living is some less in the South than in the North, East, and West. Coal, rent, articles of food are cheaper. The Federal Government makes a difference itself. It pays the W. P. A. workers in rural sections of my State a little over $22 per month. It pays the same character of workers in the rural sections of New York approximately $60 a month, and in the States of Pennsylvania and Ohio somewhere between $55 and $60 per month.

The proponents of this legislation are not looking after the welfare of the workers or the industries in my district or State. As I have pointed out, many of them have in mind, as they expressly state, to keep industries from going from the North and East to the South, and, if possible, force those that are in the South to move to the North and East. They are not directly interested, as I am, that the little factories, shops, sawmills, brick plants, and other small industries in my district and Kentucky survive. They would shed no tears if we were put out of business entirely; but would I be acting in the interest of the people that I have the honor to represent to stand idly by and permit the industries of my district and Kentucky to be destroyed, when such action would not be in the interest of our country as a whole? This is our country. We all have an interest in it and a right to work, live, and support ourselves and our families. If we destroy the productivity of the South we force the people of my district and Kentucky and the South into bankruptcy, but in the long run it would hurt our country as a whole, and I might add there are many little factories in each and every one of our congressional districts.

One great trouble with the N. R. A. was that it helped the big fellow and put the little man out of business. The little man in this country has a right to survive. I certainly am not going to give my support to any measure that would give one man the power to destroy the industries, communities, or the right to organize and collective bargaining in any part of our land. Some of the very men from the North and East that are urging this measure and denouncing the South have fought vigorously every effort of others and myself to cut out foreign immigration and cut out foreign products and have fought protection to the American workers in agriculture and industry.

THIS ADMINISTRATION COULD HELP

The constitutionality of this measure is seriously questioned by many of the ablest constitutional lawyers in the House and Senate. The N. R. A. was held unconstitutional by unanimous vote of the Supreme Court of the United States. They point out if the N. R. A. was held unconstitutional because Congress had abdicated and delegated its powers to others instead of legislating as it should have done, the measure before us is even more objectionable.

We have had many great depressions in this country. Recovery came about in less than 4 years. We have had more than 8 years of this depression, yet economic conditions now are much worse than they were a year ago.

The administration has had more than 4½ years with dictatorial powers and with the expenditure of more than $40,000,000,000 to bring about recovery. It seems that every one of these important "must" bills put before Congress by the President in some way or other violates the Constitution of the United States, gives to one or more bureaucrats dictatorial powers, and takes away the rights and the liberties of the people. The trouble with this administration is it is bent on reform instead of recovery. They are trying to force a change in our form of government instead of bringing about a restoration of prosperity.

The bill before us goes further than any bill that has yet been submitted. No measure has ever yet proposed to give to one man, as President Green says, the power of a czar over hundreds of thousands of industries and business enterprises and tens of millions of workers of this country.

There are many things that this administration, in my opinion, could do that would bring about recovery within the Constitution and without placing our people under bureaucrats here in Washington and taking away their freedom.

The President and his friends say that we are having a "business recession."

If the Republicans were in power, the Democrats would claim it was a depression or a panic. The President and the country have discovered that we cannot tax and squander ourselves into prosperity, we cannot destroy our products, bringing about misery and starvation, and we cannot regiment agriculture, labor, and industry and place the activities of 130,000,000 Americans under a bureaucracy in the Nation's capital, and bring about good times. There must be a reversal of this policy.

At every session of Congress in the last 4½ years this administration has put forward and passed a new tax bill, creating new taxes and increasing other taxes. The slogan was "Soak the rich—soak every business concern in this country, large and small." Do something, yes, anything, to harass business. This was carried on until the tax revenues collected by this administration had increased more than 200 percent. These taxes, with more than twenty billions of borrowed money and the proceeds of other bonds guaranteed by the Government, have been squandered; yet the Nation has not recovered. Industrial plants are closing or reducing their output. Millions have been thrown out of work. Now the administration says that it is going to pass a tax-relief bill and encourage business. Business needs to be encouraged and not harassed and browbeaten at every turn.

Congress has been in session now 5 weeks considering the so-called wage and hour bill as well as the farm bill. In my opinion, the wage and hour bill will be recommitted and nothing will be done about the farm bill at this special session and nothing will be done about the tax matter. In fact, the only two bills that have been, or perhaps will be, passed at this special session are the bills appropriating money to pay the pages and the mileage of the Members of the House and Senate, although this special session will cost the American taxpayers more than $1,000,000.

The Secretary of the Treasury, Mr. Morgenthau, the Secretary of Agriculture, Mr. Wallace, and the people generally of the country have urged this tax relief. While business conditions continue to decline and unemployment increases, nothing will be done until the next session of Congress.

GIVE FARMERS, WORKERS, AND INDUSTRY AMERICAN MARKET

We took about 40,000,000 acres of productive land out of production and took away the jobs of millions engaged in agriculture. They were forced on relief and to compete with the workers in industry. The farm bill recently passed possesses substantially the same objectionable features. It is admitted that we are the greatest agricultural and industrial country of the world. We have not only cut out our products but have entered into reciprocal-trade agreements with foreign countries, cutting out or cutting down our tariff protection on farm as well as industrial products.

Under this cut-out and reciprocal-trade agreements, our farm exports, according to the report of the Secretary of Agriculture, for the year 1937 dropped to $732,839,000, the least exports of this country of farm products in 60 years. Our imports were $1,538,324,000, an increase of 35 percent over 1936. It would have required these 40,000,000 acres to have produced the foreign products we brought in this year from those foreign countries.

Let us give the American farmer the parity price and at least the cost of production, and then let us protect him in that market. In doing so we must have the home market price and the world market price. This can be accomplished by the principle set forth in the McNary-Haugen bill that I spoke and voted for some years ago. Let us put our American farmers to work. Let them produce these products consumed by the American people. If we are going to have a good price, let our own people get the benefit of that good price and not turn it over to foreign farmers and farm workers. If this policy is adopted, it would give millions of the unemployed in America employment, and this would be within the Constitution and without surrendering the rights and liberties of the American people. As we cut out acreage in this country, they increase acreage in other countries; and if we keep up this policy we will lose our world market and a big part of the American market.

These reciprocal-trade agreements do for industry and the workers in industry what they do for agriculture. We cut down hours in this country and increase wages, and then under these trade agreements we cut down or cut out our tariff protection, and this puts American industry and American workers in direct competition with the long hours and low wages of foreign countries, and they are filling up our country with these foreign products and taking away the business and wages of our own people.

The Black-Connery bill contained a provision to protect American industry and American labor against these very things, but those salutary provisions have been stricken from this bill. Whatever wages and hours we establish under this bill will apply to American industry only. The outlawing of child labor, sweatshop work, and conditions proposed in this bill cannot and will not apply to the goods and products manufactured in foreign countries and shipped into this country. If there was no other reason for my opposition to this bill there would be this strong reason.

Why in the name of high heaven did the self-styled "best" friends of labor in charge of this bill cut out the protective features contained in the Black-Connery bill, and why did they resist placing any protection, either tariff or otherwise, against these foreign products, and why do not they insist upon foreign goods being produced under the same conditions as we require them to be produced in our country?

If we cut out these foreign goods and give this business to American capital and the work to American workers it would provide employment for millions of American workmen who are now idle. Why should we give the American market to foreign farmers and peon laborers and give the American market for industrial products to foreign capital and the sweatshop, low wages, and long hours of foreign workers?

GIVE PREFERENCE TO AMERICAN CITIZENS

Our first duty is to provide employment with good wages and reasonable hours to American citizens.

This administration, in carrying on the activities of this Government, does not give that preference. A good Democratic Member at the last session read a long list of foreigners who have good jobs at good salaries with the United States Government. The Government owns and operates the Panama Canal and Panama Railroad Co. The American Federation of Labor at its last convention called the attention of the Congress and the country to the fact that there are approximately 13,000 workers employed by our Government in operating the Canal and railroad. Approximately 10,000 of these are foreigners from European countries, and only about 3,000 are American citizens. Of these nearly 10,000 European aliens who are employed, about 3,000 are skilled or semiskilled workers.

It is a strange situation, indeed, to have three to one aliens operating this Government-owned Canal and railroad. We took it over because it was the cross roads of the world. It seems to me that no one but Americans should be on guard. The Government is building very extensive fortifications and doing other work in that same locality. Most of these workers are aliens. Other public works are being carried on throughout the country by the Government and, altogether, thousands and thousands of aliens are doing the work for the Government. Why not give these jobs to American citizens and let these aliens return to their own countries? This would help the unemployment in this country materially.

CUT OUT FOREIGN IMMIGRATION AND ILLEGAL ALIENS

It is claimed on good authority that more than 500,000 alien seamen have deserted their ships in American ports and are scattered throughout our country. For some time aliens have been pouring into this country in violation of law over the Mexican and Canadian borders and slipping into our country along our seashores. In fact, it is asserted that there are now at least 3,500,000 aliens in this country who came into the country illegally in violation of law—in fact, in coming into this country without our permission they committed a felony. Of course, some of these are engaged in racketeering, but a very large number of them have found employment on our farms or in our factories, shops, mills, and mines, or are on relief.

Many of us have been urging the passage of bills to require aliens to register so that we may ascertain who are in this country illegally and then deport them. If this policy should be carried out, it would provide, no doubt, millions of jobs for unemployed Americans.

The relief agencies of the Government provide employment for about 1,500,000. Somebody must provide employment for the other 40,000,000 or more workers of this country. These pay rolls must be supplied largely by industry. I wonder how many of our friends in the House and Senate, who are denouncing business generally, are now or have ever provided a pay roll for any group of workers?

Let us encourage the investment of capital, the expansion of business, the increase of pay rolls. Let us get out of this depression before we attempt too much in the way of so-called reform. When agriculture and business get going good, it will not be so difficult to shorten hours and increase wages.

REDUCE HIGH COST OF LIVING

The Government, again, can do a great deal for the workers of this country by reducing the high cost of living. Strange to say, while industrial and agricultural commodities have tumbled in price, yet the cost of living in many places has increased as much as 2 percent.

The farmers are not getting this money, because they only get 47 percent out of each retail dollar of farm commodities. The Government could help the workers and needy people wonderfully by bringing about a reasonable cost of living. In this way it would greatly increase the purchasing power of the workers' dollars.

Believing as I do that the bill before us will not reduce hours or increase wages, but, on the contrary, will bring about chaos, further curtail production, increase unemployment, and reduce wages, and that the extraordinary powers given to this one-man administrator may be used to destroy many business organizations, communities, labor unions, and collective-bargaining agencies, and that the freedom of the American people will be greatly abridged, I shall vote with others to recommit the bill, in the hope that after more study a bill helpful to labor, industry, and our country may be brought before the House for consideration. [Applause.]

Mr. DIES. Mr. Chairman, as between the proposal recommended by the committee in the new substitute and the original board proposal, if we must accept either, I shall favor the committee amendment, because I believe that it is a little less bureaucratic than the original board proposal. In connection with this bill I believe that you and I should listen to the words of our great leader, President Roosevelt, on the subject of bureaucracy made in 1932, which, I think, is a complete answer to those who favor bureaucratic control as proposed by this bill. He said:

Later in this campaign I propose to analyze the enormous increase in the growth of bureaucracy. We are not getting an adequate return for the money we are spending in Washington, or, to put it another way round, we are spending altogether too

much money for Government services which are neither practical nor necessary.

In addition to this we are attempting too many functions and we need a simplification of what the Federal Government is giving to the people.

I accuse the present administration of being the greatest spending administration in peacetimes in all our history, one which has piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs or reduced earning power of the people. Bureaus and bureaucrats have been retained at the expense of the taxpayer.

I read that the President is at work on a plan to consolidate and simplify the Federal bureaucracy. Four long years ago, in the campaign of 1928, he as a candidate proposed to do this. Today, once more as a candidate, he is still proposing. I leave you to draw your own inferences.

In this connection likewise I call your attention to this further statement made by President Roosevelt in the 1932 campaign—

We must then have a "supergroup of masterminds in whose judgment and will all the people may gladly and quietly acquiesce. Masterminds so unselfish, so willing to decide unhesitatingly against their own personal interest or private prejudices; men almost God-like in their ability to hold the scales of justice with an even hand."

I feel that the President of the United States cannot favor this proposal to place in the hands of a Board or Administrator the right of life or death over industry and over labor. This much can be said in favor of the committee amendment: It at least places some responsibility in a head that is responsible to some extent to the people, whoever is appointed administrator.

I recognize that at the present time there is a great deal of prejudice against Mrs. Perkins, but we must remember that whoever is appointed will at least to a little extent be responsible to the people. But when we create this gigantic bureaucracy in absolute violation of everything that we have ever promised the American people, in defiance of the speeches of our President, of our campaign promises and pledges; when we further strengthen the cause of bureaucracy in the United States, we will be doing a great injury to democracy. Let us recommit this miserable humbuggery and indefensible makeshift. [Applause.]

[Here the gavel fell.]

Mr. FITZGERALD. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The Chair calls attention to the fact that when time was fixed on this section those who sought recognition at that time were listed and the gentleman did not rise at that time. The gentleman is a member of the committee. If he insists, of course, the Chair will recognize him.

Mr. FITZGERALD. I insist that I be heard, Mr. Chairman, because as a member of the committee I gave a great deal of thought during the hearings to this problem.

The CHAIRMAN. The gentleman is entitled to recognition. The Chair recognizes the gentleman with the understanding that he takes the place of some other Member who requested time at the time the limitation was fixed.

Mr. KELLER. Mr. Chairman, I cannot permit the gentleman to take my time.

Mr. FITZGERALD. Mr. Chairman, I ask unanimous consent that the time be extended 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. FITZGERALD. Mr. Chairman, I have served on this committee since I came to this session of Congress. The committee has heard arguments on both of these questions. Over 75 percent of the objections to this whole bill was in regard to the board feature. There was dissension on that point even in the committee, but the majority of the committee decided that it should be administered by an administrator instead of a board.

It has been the experience of my State, as well as the experience in 26 other States where these boards were created, that after hearing the representatives of the public and of industry decisions were arrived at. I say in all fairness to the chairman of the committee and to the members of the committee that this is the intelligent way to administer this law if you want a law.

I ask the Members who have been objecting to bureaucracy and boards whether they would rather have a Federal inspector go into the plants of their States carrying on investigations of violations of the act or whether they would rather have it done through the labor department of their State.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. I yield.

Mr. HEALEY. Just to keep the record straight, the gentleman who preceded the gentleman from Connecticut said that administration under the committee plan would be under the direction of the Secretary of Labor. I call attention to section 3 of the bill which provides that the Administrator will be subject to no review or direction.

Mr. FITZGERALD. Subject to no executive interference.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. I yield.

Mr. RANDOLPH. Under the committee plan, the Administrator would be assisted by wage and hour committees. Would not that tend to decentralization?

Mr. FITZGERALD. Absolutely. Again I ask whether you would rather have Federal inspectors walking through your plants or whether you want it handled by your own department of labor?

Now, I want to pay a compliment to the chairman of this committee, this gentlewoman who walked in at the eleventh hour and has made a better fight than any man in this House could make in defense of this bill. [Applause.] I tell you, Mr. Chairman, I have sat here for 8 months—and I have been in legislatures before in my life—but I have never seen anything so disgraceful as the proceedings of the last few days on this important legislation. [Applause.]

For the purpose of securing to the worker a living wage and decent hours of employment and in order that unfair competition among employers may be ended, we propose to enact into law a Federal wage and hour bill. Substandard labor conditions exist the country over, and it is because of these conditions that the circumstances of one-third of our people are deplorable. The lot of the workingman will not be improved until the cause has been removed. It is my earnest belief that the establishment of minimum-wage and maximum-hour standards at proper levels in industry will remedy these conditions and accomplish the result that so many of us desire.

While this bill is of some length, this is necessary if the bill is to be simple, definite, and free from ambiguity. I intend not to discuss the constitutionality of the measure other than to point out that instead of relying on the Constitution's general-welfare clause the pending legislation depends for its constitutionality upon the Federal Government's right to regulate interstate commerce.

The philosophy of the living wage is not new; in fact, Pope Leo expounded it in his encyclical of 40 years ago. The theory of shorter hours is in accordance with reason, since such a policy is consistent with health, efficiency, and the general well-being of workers. The wage and hour bill allows as an absolute minimum wage for workers a level of 40 cents per hour; it also provides that if an employer would work his employees more than 40 hours a week, that employer must pay a wage equal to time and one-half for each hour above the level of 40 hours. If a worker receives less than 40 cents per hour or works in excess of 40 hours per week and does not receive time and one-half, he is working under substandard labor conditions.

This legislation is not, and should not be considered, a burden upon the employer. It is merely giving to the worker what is justly due to him. This minimum wage will assure to the worker a pay envelope containing $16 in 1 week. At this rate the worker will receive no less than $800 in 1 year in return for his 2,000 hours of labor. Eight hundred dollars is not a lot of money for one family to receive over

the period of a year. W. P. A. statistics reveal that most families are barely able to survive on such an amount, but in localities where abuses of labor are common, and where the workingman is exploited and paid but $5 for 48 to 55 hours of toil, in those localities $800 is quite a sizeable sum in comparison.

It is often heard said that such a minimum wage will become the maximum. I do not agree that such is likely to be the case. Certainly such was not the case under the N. R. A. On the contrary, during the period of the N. R. A. many factories that were previously closed opened their doors for manufacturing and other forms of production; economic conditions throughout the country were vastly improved and real recovery was had. Under the N. R. A. employers not only willingly paid the minimum wage required but many employers found it possible to pay and did pay a wage in excess of the minimum. Consequently, I have no reason to believe that $16 will be the maximum wage of our workers in industry. Should it be the tendency of employers to pay no more than the minimum wage, still the workers are not obliged to accept such a figure, because under the provisions of the bill their right to bargain collectively is preserved. Collective bargaining upon the part of the worker is not only recognized but the bill expressly stipulates that its policy is not to interfere with, impede, or diminish in any way the right of employees to bargain collectively.

Another problem with which this bill seeks to deal is the one involving child labor. Modern labor laws have been enacted in the spirit that the welfare of labor is of peculiar importance to society. Child-labor legislation was perhaps the earliest and most typical of this constructive legislation. It has been clearly understood for a good many years that young men and young women in industry need strictly enforced legislation lessening their hours of employment and improving the conditions under which they are employed. This knowledge has been strengthened by experiment and by experience in the field. Each State has in some manner or other taken drastic steps to eliminate and prevent the exploitation of child labor. In fact, the more advanced States have already incorporated in their laws a provision requiring employers of child labor to give the children a specified amount of child training, or time to secure such training, in institutions provided by the State.

The Federal Congress has made attempts in the past to fix standards for child labor. One Federal statute of 1916 sought to debar from interstate commerce goods produced in factories where children were employed under conditions not of the standard set by the act. In 1919, under another statute, the income of an employer who did not maintain standards for child labor fixed by the act was subject to a 10-percent excise tax. Both of these statutes, however, were declared unconstitutional and void as dealing with subjects not entrusted to Congress but left or committed by the supreme law of the land to the control of the States. This wage and hour bill proposes to eliminate from the channels of interstate commerce the products of oppressive child labor. Oppressive child labor is included within the definition of "substandard labor condition." It means a condition of employment under which a child under the age of 16 years is employed in any occupation, except farming, or a condition of employment under which a child between the ages of 16 and 18 is employed in an occupation which is either hazardous or detrimental to his health.

I am very strongly for the enactment into law of these provisions pertaining to child labor. I have been for years an exponent of such legislation. Federal regulation of child labor is badly needed, as I am convinced that children bear the brunt of the abuse that is suffered by workers in industry in this country. It is expedient and for the best interests of the country that legislation pertaining to the welfare of the child be adopted as soon as possible. Not only are children the victims of lowest wages imaginable, but it is a well-known fact that there are sections of our country where children of 8 and 10 years of age are allowed by their parents to work all week long far a dollar or two, depending entirely upon what must be termed the generosity of these unprincipled employers. The child worker is the most defenseless of all employees. He is young and consequently easily imposed upon; he works his little body from sunrise to sunset and receives practically nothing in return. He has not the protection of a labor union behind him, and there is no one to see that he is protected. It is for these reasons that there is a heavy burden upon us to pass this child-labor provision with the remainder of the bill. An incident of child labor is the question of unemployment. With the abolishment of child labor there will be provided more opportunities for adult employment, which at this time is one of our major problems. The adult employee will demand and will receive a higher wage, which in turn will tend to the elimination of sweatshops, and prevent such sweatshops from producing its goods at a cost far below that of the shop in which there are decent wages paid and standard hours are maintained.

To my mind, the outstanding feature of this proposed legislation is not that it will give to the majority of workers better wages and hours; in other words, this bill is not one designed to benefit the majority, and in that respect differs from most laws. The reason that this is not beneficial to the majority is because the greater number by far of our workers are employed by concerns that voluntarily or through collective bargaining have agreed to and do pay a living wage to the workers and maintain other standard working conditions. This bill is designed to benefit the minority, and I am happy to say that the victims of substandard conditions of employment are in the minority. Abuses of workers, exploitation, and substandard conditions of labor are not sectional or centralized, and most often such are found to exist in the smaller shops in crowded cities, where the employees are not organized or where they have been discouraged from organizing by intimidation and threats. These are the people that will be protected and who will reap the benefits of the bill, because under the provisions of this bill the Government will set up a means by which 40 cents an hour will be paid for 40 hours of labor in 1 week.

It has been said that such a standard will force the little concern out of business. I contend that it will not force little businesses into insolvency where proper standards are maintained. It may, however, drive those employers out of business who are not accustomed to and are not inclined toward paying a minimum wage, since it will necessitate their competing with shops where standard conditions are maintained, which competition they have not had to meet in the past.

From the point of view of the small concern that has treated its employees fairly it will be encouraged, because it will no longer have to contend with unreasonable employers who in the past have been able to submit ridiculously low bids for contracts.

The larger industries will not be opposed to this law, because in these industries the employees are working under good conditions, they are receiving good wages, and have definite agreements as to hours, all of which are the result of good labor organization and collective bargaining. These larger industries will be under Federal jurisdiction and subject to Federal regulation, but because of their proper standards but little interference from the Government will be necessary, for the reason that since there are no violations of the act, there will be no occasion for interference.

Not far afield from the subject of child labor is the important subject of apprenticeship. The section dealing with exemptions for the employment of apprentices has been materially strengthened. This problem, which is of national consequence, has had almost no attention. There is no doubt but that at the present time there is a tremendous shortage of skilled labor, and this scarcity exists the country over. All employers of skilled labor and labor leaders concur in the belief that the most successful method for producing skilled workers is through actual work under the immediate supervision of a skilled worker. You gentlemen have recognized this fact, because during the first session of this Congress you have accepted without a dissenting vote the

Fitzgerald bill, which will enable the Department of Labor to formulate and promote standards to protect and develop apprentices. I am happy to inform you that this legislation was enacted into law. It was decided by the Labor Committee that the apprentice standards developed in the Labor Department should be the standards to be used for the employment of apprentices under this wage-hour bill. This view was adopted because it was evident that there could be no advantage in having two sets of standards for the same trades. A further consideration, too, was the fact that not all trades would be subject to the provisions of the wage-hour bill, so that by the adoption of this plan standards applicable to all apprentices will be the same, even though some apprentices and their employers would not be subject to Federal regulation. This bill now before us will serve to stimulate proper apprenticeship while at the same time it will prevent the exploitation of child labor.

Before closing I would like to say a word or two concerning the administration of the bill. In executive committee I proposed an amendment which would place the administration of this bill within the Department of Labor. This amendment was later adopted by the Committee on Labor, and the bill now provides for the creation in the Department of Labor of a Wage and Hour Division to be under the direction of an Administrator. I am convinced that this important bill should be within that Department for the reasons that I have outlined to you on the floor of the House this afternoon. I am happy to have the opportunity of presenting you with my views on this bill; I am strongly in favor of it and urge all to unite in order that its successful passage may be assured.

Mr. GRISWOLD. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The Chair invites attention to the fact that the time has been fixed and those requesting time have been listed, although the gentleman is a member of the Committee on Labor and entitled to recognition.

Mr. GRISWOLD. At that time I was on my feet requesting time.

The CHAIRMAN. The gentleman's name is not included on the list.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that the time may be extended 5 minutes in order to give the gentleman, a member of the Committee on Labor, a chance to express himself.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

Mr. TAYLOR of South Carolina. Mr. Chairman, if fixing time means anything, it should mean something; therefore I object.

Mrs. NORTON. Will the gentleman withhold his objection?

Mr. TAYLOR of South Carolina. I withhold my objection.

Mrs. NORTON. Mr. Chairman, this is a very important matter and your committee has spent a great deal of time in the consideration of the amendment. I think it is only fair that members of the committee should be recognized in preference to Members who have not served on the committee and who are not familiar with the bill. I hope, therefore, the gentleman will not object.

Mr. TAYLOR of South Carolina. Mr. Chairman, I insist on my objection.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that the time may be extended so that no one whose name appears on the list now on the Chairman's desk will be deprived of time.

The CHAIRMAN. The gentlewoman from New Jersey asks unanimous consent that the time heretofore fixed may be extended to allow time for members of the committee to speak, whose names do not appear on the list. Is there objection?

Mr. CASE of South Dakota. Mr. Chairman, reserving the right to object, how long was the first time fixed?

The CHAIRMAN. The first request was for an extension of 5 minutes. The request now is that the time may be extended to allow members of the committee to be recognized, the time not to be included in the time heretofore fixed.

Mr. CASE of South Dakota. Does the list on the Chairman's desk include any members of the minority?

The CHAIRMAN. Yes; it includes the gentleman from New York and the gentleman from Kentucky.

Mr. TAYLOR of South Carolina. Mr. Chairman, those who are not members of the Committee on Labor will not benefit by this elasticity?

The CHAIRMAN. It will affect only those whose names appear on the list.

Mr. TAYLOR of South Carolina. It would apply only to members of the Committee on Labor?

The CHAIRMAN. Yes.

Mr. TAYLOR of South Carolina. Mr. Chairman, I object. It should apply to the House generally.

The CHAIRMAN. Does the gentleman from Indiana desire recognition under the explanation made by the Chair?

Mr. GRISWOLD. Mr. Chairman, I shall limit my request to 3 minutes.

Mr. FADDIS. Mr. Chairman, I will give the gentleman 2 minutes of my time.

The CHAIRMAN. The gentleman from Indiana [Mr. GRISWOLD] is recognized for 2 minutes.

Mr. GRISWOLD. I thank the gentleman from Pennsylvania for his courtesy in granting me a part of his time.

Mr. Chairman, I have been opposed to either an administrator or a board. My position before this House is known to everyone. But if I must choose, if you are going to put me into the position of choosing between facing a battery of cannon and the sword of Damocles, I think I have that right to choose. In this case I would choose the administrator. I take that stand for one reason above all others. This Board as constituted in the Ramspeck amendment would include one member from the Northeast, one from the Northwest, one from the Southeast, one from the Southwest, and one from the central part of the United States.

Under this Board set-up, that part of the United States which contains the vast industrial area and that part of the United States which holds within its bounds the greater percentage of the population would have but one member on this Board while those places in the United States with the least population would have a greater membership. The delegation of power under this Board or under the Administrator provision is the same, except that under the Administrator your laboring men and your businessmen would have but one man to go to, and they could look to that one man, whereas under the other system it would be divided up, and you would have five dictators instead of one to conciliate. The enforcement should be in the Department of Justice, where the Griswold substitute would have placed it. You voted down that substitute. With it you voted down also the provision that would have protected the people of the industrial States from unfair differentials that will eventually crucify labor if left in this bill, by causing the factories of my State and other States north of the Ohio either to move south or go bankrupt. It is my sincere hope that you will vote down the Ramspeck amendment, with the Board it creates, and if we must have bureaucratic control let it be control by an administrator as the lesser of two evils.

Mr. FADDIS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. FADDIS to the amendment offered by Mr. RAMSPECK: After the words "the Board may", strike out the word "subject" and insert in lieu thereof the words "without regard", so that the paragraph will read:

"The Board may without regard to the civil-service laws appoint such employees as it deems necessary."

Mr. FADDIS. Mr. Chairman, I should think the membership of the House in the last year or 18 months would have had sufficient experience with putting the civil service into

such agencies as this, the Social Security and other agencies, including the National Labor Relations Board, wherein the personnel is taken from the civil-service list, to avoid doing the same in connection with this agency.

If you are going to set up an agency to take care of the welfare of the workers of the United States, if you are going to distribute this Board over the United States, then let us give the Board an opportunity to take its personnel from the length and breadth of the United States instead of setting it up under the Civil Service Commission, in which event it will take practically every employee from the District of Columbia. The rest of the United States is concerned in the administration of the laws that we write on the floor of the House and they are entitled to representation on these boards. Under the civil service they never have and never will have it because the Civil Service Commission has absolutely refused to carry into effect the provision that they must select the personnel according to the population of the various States. Therefore, in writing this law, we should not hamper the Board in the choice of its employees so that it may function efficiently and carry into effect the laws that we have written on the floor of the House. Let us leave the civil service out of the composition of this Board. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOOK] for 5 minutes.

Mr. HOOK. Mr. Chairman, after having heard the arguments on this bill and after having witnessed the adoption of some of the amendments which permit exemptions under the terms of the bill, I cannot see why we are so disturbed over deciding on the administrative agency, because when they get through there will be nothing to administer.

Just a short while ago you adopted an amendment to exempt agricultural products. I do not believe you really intended that. Does the membership of this House know that products of the forestry commodities are considered agricultural products? Does the membership of this House know that turpentine and other products involved in the turpentine industry are considered agricultural products? In my opinion, you have exempted the two most flagrant offenders of the conditions we are trying to remedy.

Further, you will have submitted to you a little later an amendment which was adopted the other day but was taken out of the bill when the substitute amendment in which it was contained was voted down. This amendment is known as the Coffee amendment. You were led to believe it applied only to agricultural products, but may I say it applied also to the processing of agricultural products. When you exempt the processing of agricultural products you exempt everything in this Nation except minerals. When you exempt the great meat-packing industry, when you exempt the canneries of this country, and when you exempt the factories which process agricultural commodities, then what in the world is left to administer?

Mr. FERGUSON. Mr. Chairman, will the gentleman yield?

Mr. HOOK. I yield to the gentleman from Oklahoma.

Mr. FERGUSON. The gentleman is leaving the impression the processing of all agricultural products is now exempted under the Lucas amendment. As far as I can tell, the Lucas amendment is merely a definition of the persons employed in agriculture. In no place in the bill up to the present time, unless the Coffee amendment is adopted, are persons employed in the processing of agricultural products exempted.

Mr. HOOK. After you have exempted the packing of agricultural products and the preparing and marketing of them, if you put the Coffee amendment on top of this, I believe the people who want to vote for recommitment may just as well go home, because they will not have any bill here anyhow.

Mr. LUCAS. Mr. Chairman, will the gentleman yield for a question?

Mr. HOOK. I yield to the gentleman from Illinois.

Mr. LUCAS. I want to call the attention of my distinguished friend to my amendment. I do not believe it goes as far as he is telling the Committee it goes. My amendment is strictly confined to the area where the commodity is produced. I had no intention of including in this amendment packers or anyone else outside of the particular area where the commodity is produced, and that is all this amendment covers.

Mr. HOOK. A large amount of the agricultural products are packed and processed in the area in which they are produced; and certainly, if the Coffee amendment is adopted, then this bill will be of no value.

Mr. LUCAS. I presume the Board or whoever is going to administer the act would have the right to determine what an area is and would do so.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I ask unanimous consent, in view of the importance of the matter that has just been discussed by the gentleman from Illinois [Mr. KELLER], that the gentleman be given 5 additional minutes not to be taken out of the time heretofore fixed.

Mrs. NORTON. I object, Mr. Chairman.

Mr. COCHRAN. Mr. Chairman, this, in my opinion, is the most important amendment that has been offered to this bill since it has been under consideration. I am in favor of the amendment of the gentleman from Georgia [Mr. RAMSPECK], as introduced, and opposed to the amendment to the amendment offered by the gentleman from Pennsylvania [Mr. FADDIS].

It is beyond me to understand how any Member of the House, regardless of whether he or she is for or against the wage-and-hour bill, can refuse to vote for a board to administer the law, rather than one individual, although that individual would not be subject to any dictation from the Secretary of Labor. If a board is provided for, then the President could appoint a representative of labor, a representative of industry, a representative of the consumer, and so forth. If the bill remains as is, then the administrator will be the representative of all. In some instances I favor an individual administrator, but in connection with a law which goes to the very bottom of our economic system I certainly do not want to place the responsibility in a single individual.

Of course, we delegate power in this bill and it is absolutely necessary that we do so; but as the gentleman from Georgia [Mr. RAMSPECK] has pointed out, the Supreme Court has never questioned the right of Congress to delegate power to an independent board or commission, but it has questioned the right of delegating power to an executive officer, and very properly so. We can and must delegate power in order to have this bill properly administered, but we cannot delegate our responsibility, and it will be a grave mistake if we do not provide in this bill for the creation of a board rather than a single administrator.

I know that those who propose to vote to recommit the bill and, if they are not successful, intend to vote against the passage of the bill, will vote for a single administrator in the hope that some Members of the House who are opposed to a single administrator will rebel and join in their efforts to defeat the bill. In this, I am sure, they are mistaken, because you can remember that the Senate bill does not provide for an administrator; and even though the amendment of the gentleman from Georgia [Mr. RAMSPECK] is defeated, the conferees can still agree to have the law administered by a board.

Let me ask if you would favor a one-man Federal Trade Commission, a one-man Securities and Exchange Commission, a one-man Federal Communications Commission, a one-man Federal Power Commission, or a one-man Tariff Commission? Of course, you would not. Then why should we provide for a single individual to administer this very important piece of legislation?

Of equal importance is the amendment offered by the gentleman from Pennsylvania [Mr. FADDIS]. Always opposed to

the civil service, the gentleman is consistent when he offers his amendment which would provide for the spoils system in selecting the employees who will serve in the administration of this law. If there is one delegation in the House that I have heard complain of not being able to secure any positions from the Federal Government, it is the Pennsylvania delegation, who have continually maintained in the cloak room that a Member of another body gets all the patronage. There is nothing in this bill that provides for the House to approve of either an administrator or a board, but there is a provision in the bill that says either the Administrator or the Board must be appointed by and with the advice and consent of the Senate. Those of you who are complaining that you cannot secure any patronage will do well to remember that.

This law is of such vast importance that it would be a serious mistake to have a turn-over every time there is a change in the administration, or when it happens that new Senators are elected from various States. If the spoils system prevails, naturally, one can be dismissed at any time, so that some Member of the House or the Senate or the administration can place his friend in a position.

I have had my experience with both the civil service and the spoils system, and I find that my constituents can pass civil-service examinations, and when they do and their name is reached on the eligible list they are appointed in Government agencies. On the other hand, I find where a Member of Congress will secure one position, bureau chiefs and those outside of the Congress will secure four. I insist that it will be to the advantage of your constituents as well as mine to make these positions subject to the civil-service laws and regulations, and it will likewise be beneficial to those who will be affected by the administration of this act.

I hope that the amendment of the gentleman from Pennsylvania [Mr. FADDIS] providing for the spoils system will be defeated, and that then the amendment of the gentleman from Georgia [Mr. RAMSPECK], providing for the Board, will be adopted. [Applause.]

[Here the gavel fell.]

Mr. DUNN. Mr. Chairman, I am anxious to see a wage and hour bill enacted into law, not next year but tonight, or at least before we adjourn this special session of Congress.

We have been informed that the Government is spending approximately $15,000,000,000 annually to keep down crime. There is one way to prevent crime; there may be other ways, but my way is to abolish sweatshops, child labor, and the slum districts in the United States. The way to do this is to put men and women to work at a living wage, make employment permanent, reduce the number of hours of employment to no more than 6 hours a day and 5 days a week, and 1 month vacation every year with full pay, and provide adequate pensions for the aged, widows with dependent children, and others who are physically incapacitated. If such human legislation were enacted into law, we would not be compelled to spend $15,000,000,000 for the prevention of crime.

Many people today who are committing crimes are not altogether to blame. Members of Congress and the members of the State legislative bodies in the United States who intentionally, because of selfish motives, refuse to support legislation which will eradicate sweatshops, child labor, slum districts, and other social evils are, in my opinion, responsible for a great deal of the crime wave and unnecessary human suffering which is prevailing throughout our land.

The great God of the universe has made it possible for every person in the world to have an abundance of everything that is necessary to have an enjoyable life. We men who have been elected to Congress by the people of our district—and thousands of them who have chosen us to represent them were coal miners, women who scrub and wash for a living, factory workers, farmers, unemployed people, and others—desire that we enact into law legislation which will promote the welfare of mankind. [Applause.]

Mr. HEALEY. Mr. Chairman, to correct an impression which I am afraid the gentleman from Texas [Mr. DIES] left with the Members here that under the committee plan the administration would be in the Secretary of Labor, I want to call your attention to section 3, on page 8, of the bill, which continues on page 9, and partially through page 10, providing that this Administrator shall be appointed by the President, that his orders shall not be subject to review by any other person or agency or any other branch of the Government, and providing that his administration shall be subject to no direction or review by the Secretary of Labor whatsoever. He may appoint personnel, subject to the civil-service laws, and he may carry out the administration of this act without any direction and without any review whatsoever by the Secretary of Labor.

I merely wanted to correct this impression, so we may have the record straight and know what we are voting for. This is to be an independent agency in the Labor Department.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. COCHRAN. But the independent agency, so-called, is a one-person administration agency.

Mr. HEALEY. That is correct.

Mr. COCHRAN. And only one person is going to administer a law of such vast importance.

Mr. HEALEY. It provides for administration by one man.

Mr. COCHRAN. And, of course, if this provision is agreed to the law will be administered actually by bureau chiefs, is not that true?

Mr. HEALEY. I would not say so, necessarily.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. RANDOLPH. The actual work will be done, however, by the hours and wages committees established throughout the country. Is not that true?

Mr. HEALEY. That is true, and I thank the gentleman for his statement.

The CHAIRMAN (Mr. MCCORMACK). The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FADDIS] to the amendment offered by the gentleman from Georgia [Mr. RAMSPECK].

The question was taken; and on a division (demanded by Mr. FADDIS) there were—ayes 89, noes 105.

Mr. FADDIS. Mr. Chairman, I demand tellers.

Mr. ALLEN of Pennsylvania. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ALLEN of Pennsylvania. Mr. Chairman, will the Chair have the amendment again read so we may know exactly what we are voting on?

The CHAIRMAN. The Committee is in process of voting, and the amendment cannot be reported at this time.

Mr. MICHENER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MICHENER. Does this mean that all those who vote for this amendment get a patronage job?

Mr. COCHRAN. Mr. Chairman, I make the point of order that a parliamentary inquiry is not in order until the vote has been taken.

The CHAIRMAN. The point of order is well taken, and the Chair sustains the point of order. The Committee is in process of voting, and a parliamentary inquiry is not in order.

Tellers were ordered, and the Chair appointed as tellers Mrs. NORTON and Mr. FADDIS.

The Committee again divided; and the tellers reported—ayes 95, noes 123.

So the amendment was rejected.

The CHAIRMAN. The question now recurs upon the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. RAMSPECK) there were— ayes 77, noes 134.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PART II—ESTABLISHMENT OF FAIR LABOR STANDARDS

MINIMUM-WAGE AND MAXIMUM-HOUR STANDARDS

SEC. 4. (a) Whereas wages paid in interstate industries vary greatly between industries and throughout the Nation, reaching as low as $5 or less per week; and

Whereas hours of labor in interstate industries also vary greatly between industries and throughout the Nation, reaching as high as 84 hours per week; and

Whereas such wide variations create unfair competition for employers who wish to pay decent wages and maintain decent working hours; and

Whereas the workers who receive the lowest wages and work the longest hours have been and now are unable to obtain a living wage or decent working hours by individual or collective bargaining with their employers; and

Whereas it is necessary for the development of American commerce and the protection of American workers and their families that substandard wages and hours be eliminated from interstate industry and business; but

Whereas it is impossible to achieve such results arbitrarily by an abrupt change so drastic that it might do serious injury to American industry and American workers, and it is therefore necessary to achieve such results cautiously, carefully, and without disturbance and dislocation of business and industry: Now, therefore,

It is declared to be the policy of this act to establish minimum-wage and maximum-hour standards, at levels consistent with health, efficiency, and general well-being of workers and the profitable operation of American business so far as and as rapidly as is economically feasible, and without interfering with, impeding, or diminishing in any way the right of employees to bargain collectively in order to obtain a wage in excess of the applicable minimum under this act or to obtain a shorter workday or workweek than the applicable maximum under this act.

(b) Having regard to such policy and upon a finding that a substantial number of employees in any occupation are employed at wages and hours inconsistent with the minimum standard of living necessary for health, efficiency, and general well-being, the Administrator shall appoint a wage and hour committee to consider and recommend a minimum wage rate or a maximum workday and workweek, or both, as the case may be, for employees in such occupation which shall be as nearly adequate as is economically feasible to maintain such minimum standard of living: *Provided, however,* That no such committees shall be appointed with respect to occupations in which no employee receives less than 40 cents per hour or works more than 40 hours per week.

(c) Such committee shall be composed of an equal number of persons representing the employers and the employees in such occupation, and of not more than three disinterested persons representing the public, one of whom shall be designated as chairman. Persons representing the employers and employees shall be selected so far as practicable from nominations submitted by employers and employees, or organizations thereof, having due regard to the geographic regions which may be concerned, in such occupation. Two-thirds of the members of such wage and hour committee shall constitute a quorum, and the recommendations of such committee shall require a vote of not less than a majority of all its members. Members of a wage and hour committee shall be entitled to reasonable compensation to be fixed by the Administrator for each day actually spent in the work of the committee in addition to their reasonable and necessary traveling and other expenses and shall be supplied with adequate stenographic, clerical, and other assistance.

(d) The Administrator shall submit to such a committee promptly upon its appointment such data as the Administrator may have available on the matter referred to it, and shall cause to be brought before the wage and hour committee any witnesses whom the Administrator deems material. A wage and hour committee may summon other witnesses or call upon the Administrator to furnish additional information to aid in its deliberations.

(e) In recommending a minimum wage, a committee shall consider among other relevant circumstances the following: (1) The cost of living; (2) the wages paid by employers in the occupation to be covered by the order establishing such minimum wage who voluntarily maintain reasonable minimum wage standards; (3) the wages established in similar occupations through collective labor agreements negotiated between employers and employees by representatives of their own choosing; (4) local economic conditions; (5) the relative cost of transporting goods from points of production to consuming markets; (6) the reasonable value of the services rendered; and (7) differences in unit costs of manufacturing occasioned by varying local natural resources, operating conditions, or other factors entering into the cost of production.

(f) In recommending a maximum workday and a maximum workweek, a committee shall consider among other relevant circumstances the following: (1) The hours of employment observed by employers in the occupation to be covered by the order establishing such maximum workday and workweek, who voluntarily maintain a reasonable maximum workday and workweek; (2) the hours of employment established in similar occupations through collective labor agreements negotiated between employers and employees by representatives of their own choosing; and (3) the number of persons seeking employment in the occupation to be subject to the order establishing such maximum workday and workweek.

(g) A committee's jurisdiction to recommend labor standards shall not include the power to recommend minimum wages in excess of 40 cents per hour or a maximum workweek of less than 40 hours, but higher minimum wages and a shorter maximum workweek fixed by collective bargaining or otherwise shall be encouraged; it being the objective of this act to raise the existing wages in the lower wage groups so as to attain as rapidly as practicable a minimum wage of 40 cents per hour without curtailing opportunities for employment and without disturbance and dislocation of business and industry, and a maximum workweek of 40 hours without curtailing earning power and without reducing production.

(h) Unless the Administrator finds that the standards recommended by a wage and hour committee have been made without due consideration of the factors enumerated in this section he shall set down for public hearing pursuant to section 10 a proposed order containing such standards together with such regulations and conditions as he may deem necessary and incidental thereto pursuant to sections 6 and 9. If after such hearing the Administrator finds that the proposed standards, so far as is economically feasible, are at levels consistent with the health, efficiency, and general well-being of workers, he shall so declare, and shall issue a labor-standard order applying such standards, regulations, and conditions to the occupation involved pursuant to the procedure hereinafter provided.

(i) If the recommendations of a committee are not submitted in such time as the Administrator may prescribe as reasonable, the Administrator may appoint a new committee. If the Administrator before or after hearing rejects the recommendations of a wage and hour committee, either in whole or in part, he shall resubmit the matter to the same committee or to a new committee, whichever he deems proper.

(j) The provisions of this act with respect to maximum workdays or maximum workweeks shall not apply to employees engaged in processing or packing perishable agricultural products during the harvesting season; or to any person employed in connection with the ginning, compressing, and storing of cotton or with the processing of cottonseed; the canning or other packing or packaging of fish, sea foods, sponges, or picking, canning, or processing of fruits, or vegetables, or the processing of beets, cane, and maple into sugar and sirup, when the services of such person are of a seasonal nature; or to employees employed in a plant located in dairy production areas in which milk, cream, or butterfat are received, processed, shipped, or manufactured if operated by a cooperative association as defined in section 15, as amended, or the Agricultural Marketing Act.

Mr. McLEAN. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman from New Jersey rise?

Mr. McLEAN. Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. CURLEY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CURLEY: Strike out, beginning with the colon in line 15, page 16, down through and including the word "act" in line 19, page 16, and insert a period after the word "nature" in line 15, page 16.

Mr. CURLEY. Mr. Chairman, may I say at the outset, as a member of the Committee on Labor, that I resent the unfair inference cast against our esteemed and distinguished chairwoman, the gentlewoman from New Jersey [Mrs. NORTON]? I am one of the new members referred to by the gentleman from Illinois [Mr. KELLER] a few moments ago. I attended the meetings of the Labor Committee since the early days of June and ever since our distinguished chairwoman has been acting as the chairwoman of that most difficult committee, and I have no hesitation in saying that in all my 22 years of legislative experience I have never met with a presiding officer of any committee who carried on in such a diligent, hard-working, conscientious, and sincere manner as has the gentlewoman from New Jersey. [Applause.]

What is the reason for trying to abandon these underpaid and exploited workers engaged in a plant located in dairy-production areas in which milk, cream, or butterfat are received, processed, shipped, or manufactured if operated by a cooperative association?

This bill was never intended to protect the exploiters of workers who are handcuffed to poverty by the straight jacket used by the so-called dairy cooperatives throughout the Nation and, unless exempted from the provisions of this bill, the workers will not be protected as intended.

The gentleman from New York [Mr. SNELL] succeeded in having the paper manufacturers exempted, and if we keep on exempting these employers, we will kill the wage and hour bill. I know of no better way to kill a bill than to use the strategy employed by the opponents of this bill, namely, by the introduction of a multiplicity of amendments exempting certain types of employers.

With respect to this amendment, may I say, that I offered this amendment in committee, and the amendment was adopted, striking out this exemption which would include dairy cooperatives. I do not know how it got back in the bill, except through inadvertence.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. CURLEY. Yes.

Mrs. NORTON. Mr. Chairman, as has been explained to the gentleman from New York, that is a typographical error, and the committee will accept the amendment offered by the gentleman from New York.

Mr. PETTENGILL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman yield for that purpose?

Mr. CURLEY. I do not yield.

Mr. FERGUSON. Mr. Chairman, I rise to make a request for unanimous consent.

The CHAIRMAN. The Chair cannot entertain that unless the gentleman from New York yields.

Mr. CURLEY. I do not yield. Yesterday we exempted 200,000 railway maintenance-of-way men, notwithstanding the fact that my distinguished colleague from Texas [Mr. THOMAS] explained that a large number of these men were working on the railroads at a low substandard of wages. I do not want to stress the fact that every Member of the House opposing this bill is unfair, but they have certainly used a lot of tactics that I have never seen employed before in an effort to defeat legislation. We had a hard job getting the matter before the House for consideration. And some of the Members who are fighting these amendments were among the group with the Rules Committee who did their best to stop this legislation from coming before the House for consideration.

I move the adoption of the amendment.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. FERGUSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, first I want to qualify to speak on this bill. I have few manufacturers in my district who are affected by this legislation. I have received no letters or telegrams in support of this bill and many against this bill. I did not trade out on the farm bill because, although representing a big wheat district, I voted against the farm bill. However, I signed the discharge petition to bring this bill before the House, and I have been conscientiously trying to bring myself into a position to support this legislation.

The amendment offered attempts to take out the processing of milk and make it one of those industries which is not exempt from the provisions of this bill. This House will have a chance to vote on the Coffee amendment, to exempt the processing of agricultural products. I happen to be in the cattle business and I handle a great many cattle. I know about the markets of livestock and how they operate. One day in Kansas City or Chicago or Omaha there will be 50,000 cattle. That may be as many cattle as they have in the next 2 weeks. Agricultural commodities are forced to be marketed, because of drought, because the feed has been consumed and the end of the grazing season approaches in the fall, and the stock has to go to market. Hogs, for instance, are farrowed at a particular time, and when they are fattened they go in, more or less, in waves of marketing. The packing industry pays a very reasonable scale of wages. If the processing of agricultural products is not exempted it means that although those workers are in many instances paid $1 an hour for the processing of those products, under the terms of this bill, if the Labor Board determines they are working more than 40 hours, any number of hours they work over that time will cost the employer time and a half. Now, who will pay that bill? Certainly it will be taken out of the pockets of the farmers who have their livestock on a glutted market. We will have to pay that bill.

As I said before, I voted against the farm bill. The farmer was guaranteed no price for his quota of wheat. He will be forced to accept the market value as the world establishes it. We have quotas but no guaranteed price for wheat. In addition to the fact that the farmer got no guaranteed price for his crop, if we pass this legislation without accepting the Coffee amendment, we are going to burden him with the additional load of paying time and a half for overtime, which occurs when he markets his products in seasonal surges as he must market them. If you had to pay the bills that I have to pay at the present time, fifty and a hundred dollars a day for feed for your cattle, you would realize you cannot hold your livestock when the bill piles up day after day. Neither can the packer hold livestock and process them over a week's time. I would like to vote for this bill. Conditions exist among our low-paid workers that must be corrected. However, the farmer as yet has been guaranteed no fair price for his product. I hesitate to vote for a bill that will raise the price of what the farmer buys when the Congress has refused to guarantee the farmer a fair price for what he sells.

Mrs. NORTON. Mr. Chairman, I have already said I would accept the amendment, so I have nothing further to say about that.

Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

Mr. BOREN. Mr. Chairman, I object.

Mrs. NORTON. Then, Mr. Chairman, I move that all debate on this section and all amendments thereto close in 30 minutes.

Mr. ELLENBOGEN. Mr. Chairman, I offer an amendment to the motion. I move to amend the motion to make it 50 minutes instead of 30 minutes.

Mrs. NORTON. I will compromise and make it 40 minutes.

Mr. ELLENBOGEN. No, Mr. Chairman.

The CHAIRMAN. The question is on the motion of the gentleman from Pennsylvania to amend the motion of the gentlewoman from New Jersey.

The question was taken; and the motion to amend was rejected.

The CHAIRMAN. The question now recurs on the motion of the gentlewoman from New Jersey that debate be limited to 30 minutes on this section and all amendments thereto.

The motion was agreed to.

The CHAIRMAN. The question now comes on the amendment offered by the gentleman from New York [Mr. CURLEY].

The amendment was agreed to.

Mr. RAMSPECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK to paragraph (j), section 4: On page 16, line 12, after the comma following the word "picking", insert "wholesale marketing" and a comma, so that the text will read: "or picking, wholesale marketing, canning, or processing of fruits or vegetables."

Mr. RAMSPECK. Mr. Chairman——

Mr. BOILEAU. Mr. Chairman, will the gentleman yield to permit me to submit a unanimous-consent request?

Mr. RAMSPECK. I yield.

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent that the 30 minutes which is to be devoted to debate on this

section be divided equally between all Members offering amendments.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. GRISWOLD. Mr. Chairman, I object.

Mr. RAMSPECK. Mr. Chairman, the purpose of the amendment I have offered is to include in the exemption from hours only—not from wages but from hours—employees engaged in the wholesale marketing of fruits, produce, or vegetables. Under the present language of the bill, I am informed, the wholesale dealers who receive this fruit and produce in the cities get most of it in trucks nowadays, and they have to be there at all hours because these goods are perishable commodities, and a farmer coming in who happened to have a puncture and got to market 30 minutes late might have his whole truckload of perishable products spoil. I think this amendment is in line with the other provisions of subsection (j) on page 16, and I hope the committee will accept the amendment.

Mrs. NORTON. Mr. Chairman, the committee accepts the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. GRISWOLD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair feels that members of the committee must be recognized first. The Chair feels that then a Member of the minority side should be recognized for the purpose of offering an amendment if any Member of the minority so desires.

Mr. ELLENBOGEN. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman from Pennsylvania rise?

Mr. ELLENBOGEN. To submit a unanimous-consent request.

The CHAIRMAN. The gentleman will state it.

Mr. ELLENBOGEN. Mr. Chairman, I ask unanimous consent that each Member who offers an amendment be recognized for 2½ minutes so that more Members may have a chance to speak in support of their amendments.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that within the 25 minutes now remaining of the time limit, gentlemen recognized for the purpose of offering amendments be recognized for 2½ minutes. Is there objection?

Mr. BOILEAU. Mr. Chairman, reserving the right to object, I would like to ask that the request be modified to permit the gentleman from Nebraska [Mr. COFFEE] to be recognized for at least 5 minutes to offer an amendment known as the Grange amendment in which many Members of the House are very much interested.

Mr. ELLENBOGEN. I so modify my request, Mr. Chairman.

Mr. PATRICK. Mr. Chairman, I object.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Indiana [Mr. GRISWOLD].

The Clerk read as follows:

Amendment offered by Mr. GRISWOLD: On page 14, line 3, strike out the semicolon and the remainder of the paragraph and insert a period.

Mr. GRISWOLD. This amendment, Mr. Chairman, would strike out these words in the bill, which action I think is very important:

Differences in unit costs of manufacturing occasioned by varying local natural resources, operating conditions, or other factors entering into the cost of production.

Under this bill as it now reads with this language in it, it will be mandatory upon this Board, or this Administrator, to go into each separate community, not only into each separate and distinct community in the United States, but into each plant in the United States; and you can realize what that means in an endeavor to administer this bill. It means that the Administrator must go into each plant and examine the unit cost of operating that plant. He must examine the books of that plant. He must examine everything in that man's business so that he can determine the unit cost of production in that particular plant and then weigh that in the scales as against the unit cost of production in another plant in the same town.

They might, in the case of two manufacturers in the same town and on the same street, because of differences in unit cost of production, fix one scale of wages and hours for one while fixing a different scale of wages and a different set of hours for the other, both plants engaged in the same industry in the same city, and perhaps on the same street. It goes further than that, they must consider not only operating conditions and the efficiency of the plants, but they must consider other factors entering into the cost of production. It might even reach the place where they enter into an investigation of that man's ability to procure money to operate the plant and the extent of his credit.

Mr. Chairman, this provision has such vast ramifications, the authority that you grant is so great, that if you are really interested in this legislation, if you really want to deal with wages and hours, then, by all means, these particular words should be stricken out so that we can have a bill that will work sometime before the next millennium, because it will take years and years to do the things that you mandatorily direct them to do.

Under this bill the administration may penalize one man for his efficiency in the operation of his plant and reward another man for his inefficiency. And labor that has no control over the operation of the plant is penalized because of the inefficient management.

This bill is bad enough without this provision. I signed the petition to bring this bill before the House for the reason that labor is discontented and business is nervous. Many plants in my district are now working part time or shut down entirely. We are here in special session. Labor is wondering what we are going to do and business does not know what to expect. This uncertainty is disturbing the country. We, as a Congress, should make every effort to place the Nation at ease concerning its future.

The Griswold substitute for this bill was defeated. A majority of the House, in defeating that amendment, declared for bureaucratic control and in favor of an administrator.

Now we are told that there will be a motion made to recommit the bill. I shall not vote to recommit it. I think we should vote on the bill on its merits, that we should vote for or against the bill. By sending it back to the committee on a motion to recommit we do not settle the matter. It should come to a roll-call vote on the bill and be passed or voted down. You have no right to leave both labor and industry in doubt of the future.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have been trying to get recognition for the purpose of offering an amendment to this section, but because debate has been shut off and Members denied the right to amend this very material and vital section of this bill, I am forced to rise in opposition to the amendment offered by a member of the committee. The amendment that I desire to offer and that I hope the committee will accept——

Mr. ELLENBOGEN. Mr. Chairman, I make the point of order that the gentleman is not proceeding in order. There is so little time that I shall be compelled to press the point of order unless the gentleman is genuinely opposed to the proposed amendment.

The CHAIRMAN. The Chair has recognized the gentleman, and the Chair feels that the gentleman will proceed in order.

Mr. COOLEY. I am trying now to proceed in order. I am inviting the attention of the committee to this very section with which we are now dealing. I would like very much to have inserted in line 14, after the comma, this language: "or any person employed in connection with the selling of tobacco in auction warehouses."

This is on page 16, line 14, after the comma, insert the language: "or any person employed in connection with the sale of tobacco in auction warehouses."

I realize when I mention the words "auction warehouse" a large majority of the Members of the House have no idea of what an auction warehouse is.

Mrs. NORTON. Will the gentleman yield?

Mr. COOLEY. I yield to the gentlewoman from New Jersey.

Mrs. NORTON. The effect of the gentleman's amendment is to exempt them from the hours provision?

Mr. COOLEY. Yes. We were defeated when we attempted to exempt them from the wage provision.

In this connection, I may say that the entire tobacco crop of the State of Georgia is marketed by being sold in auction warehouses in the short space of 3 weeks. Can it be that the sponsors of this measure would undertake to regulate labor and wages in an industry that operates only 3 weeks out of 12 months? That is exactly what this bill will do.

In North Carolina the entire crop is marketed in about 3 months and the warehouses have to stay open 24 hours of the day.

Mr. LANZETTA. Will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from New York.

Mr. LANZETTA. Is it not possible to hire more men to carry on the work?

Mr. COOLEY. No; because, in the first place, the labor is not available. In the second place, the tobacco is being brought into the market at every hour of the day and night.

Mrs. NORTON. Will the gentleman yield?

Mr. COOLEY. I yield to the gentlewoman from New Jersey.

Mrs. NORTON. To relieve the mind of the gentleman, I may say the committee will not oppose the amendment.

Mr. GRISWOLD. Will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Indiana.

Mr. GRISWOLD. The gentleman's amendment has nothing to do with the amendment which I have just offered?

Mr. COOLEY. Oh, no.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. GRISWOLD].

The question was taken; and on a division (demanded by Mr. GRISWOLD) there were—ayes 18, noes 53.

So the amendment was rejected.

Mr. BARDEN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BARDEN: Page 16, line 14, after the comma, insert "or any person employed in connection with the sale of tobacco in auction warehouses."

Mr. CELLER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CELLER. Did I understand that the amendment offered by the gentleman from New York struck out lines 15 to 19? If so, the amendment just offered refers to those lines that have been stricken out.

Mr. BARDEN. My amendment applies to line 14.

The CHAIRMAN. Does the gentleman withdraw his point of order?

Mr. CELLER. I withdraw the point of order.

Mr. BARDEN. Mr. Chairman, I want to take about half a minute to say that this is the amendment the gentleman from North Carolina [Mr. COOLEY] just discussed and which the committee chairman agreed to accept. As I understand it, there is no objection to the amendment.

Mr. ELLENBOGEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. BOILEAU. Will the gentleman yield for the purpose of propounding a unanimous-consent request?

Mr. ELLENBOGEN. If it is not taken out of my time, I will be glad to yield.

The CHAIRMAN. The Chair may say that if the gentleman yields it will be taken out of his time.

Mr. ELLENBOGEN. I am sorry, I cannot yield.

Mr. Chairman, I believe that the amendment offered by the gentleman from North Carolina should not be adopted. There is no reason why we should exempt this industry from the jurisdiction of the Administrator to be appointed under this bill. If it is impractical to limit the hours of labor in this particular industry, the Board and the Administrator will not impose them, but there is no reason why we should exempt them here from the operation of this bill.

THE JURISDICTION TO IMPOSE MINIMUM WAGES UNDER THIS BILL SHOULD NOT BE LIMITED TO 40 CENTS

And now, Mr. Chairman and Members of the Committee of the Whole House, I would like to call attention to another aspect of the bill. I call the attention of the Committee to page 12, line 14.

Mr. COOLEY. Mr. Chairman, I make the point of order that the gentleman is not discussing the amendment pending before the House.

The CHAIRMAN. The Chair will rule the same way as the Chair ruled when the point of order was raised by the gentleman from Pennsylvania [Mr. ELLENBOGEN] against the gentleman from North Carolina [Mr. COOLEY]. The gentleman from Pennsylvania [Mr. ELLENBOGEN] will proceed in order.

Mr. ELLENBOGEN. Mr. Chairman, I call the attention of the members of the Committee to page 12 of the bill, line 14, which says:

That no such committee shall be appointed with respect to occupations in which no employee receives less than 40 cents per hour or works more than 40 hours per week.

Under this provision the Administrator to be appointed under this bill would have no jurisdiction to fix minimum wages in any industry which pays 40 cents an hour or more. Let us remember that we are not dealing with temporary or emergency legislation. We are dealing with permanent legislation.

In my congressional district and in many other congressional districts throughout the United States there are very few industries which pay less than 40 cents an hour, so that my congressional district and these other congressional districts would receive no direct benefit whatever from this legislation.

As I previously stated, this is permanent legislation. It is legislation that, we hope, will be in force many years from today, and we certainly should give the Administrator the power to act in regard to industries that pay 50 cents or less.

I will offer an amendment to increase the jurisdiction of this bill so that it will apply to all industries which pay 50 cents or less per hour.

I hope this amendment will be agreed to by the Committee.

May I again state that such an amendment does not mean that the Administrator will fix 50 cents as the minimum wage; but it does give him the power to fix more than 40 cents and up to 50 cents per hour. I hope the Committee will adopt the amendment, because, if the amendment is not agreed to, the bill does not mean much so far as most of the cities of the Nation are concerned.

Last winter, I had the honor to serve as an arbitrator in the mass-transportation industry in my county and we fixed a minimum wage of 60 cents an hour in that industry. We should give the power to the Administrator to go into industries that pay less than 50 cents an hour and not limit him to those which pay 40 cents or less an hour.

THE JURISDICTION OF THE ADMINISTRATOR SHOULD NOT BE LIMITED TO FIX 40 HOURS AS A MAXIMUM-HOUR WEEK

I also want to call attention to another part of the bill which provides that the Administrator shall not concern himself with the hours of industries which operate 40 hours or less.

Again, I want to emphasize that we are dealing with permanent, and not with temporary, legislation. It might well be that in the future it may become necessary to impose less than 40 hours in a particular industry as a maximum workweek. For instance, the coal industry now operates on a 35- or 36-hour week.

I will offer an amendment which will give to the Administrator the power to fix a maximum workweek of 30 hours if that should be appropriate in a particular industry.

I do not intend to stipulate that 30 hours shall be the maximum workweek under this bill, but I do believe that the Administrator should have the power to fix 30 hours as a maximum workweek in a particular industry if that should become appropriate or necessary.

I will offer these amendments as soon as I have the opportunity. I hope that they will be adopted.

[Here the gavel fell.]

Mr. BOREN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOREN. Mr. Chairman, I should like to be informed on the rules of the House concerning this point. I believe I am entitled to recognition for the purpose of moving to strike out the last word.

The CHAIRMAN. The gentleman is entitled to recognition for the purpose of offering an amendment to the pending amendment.

All debate on this amendment has closed, under the rules of the House, there having been 5 minutes of debate for and 5 minutes' debate against the proposition.

The question is on the amendment offered by the gentleman from North Carolina [Mr. BARDEN].

The question was taken; and on a division (demanded by Mr. BARDEN) there were—ayes 79, noes 37.

So the amendment was agreed to.

Mr. GRISWOLD. Mr. Chairman, I offer an amendment.

Amendment offered by Mr. GRISWOLD: Page 16, line 9, after the word "with", strike out the remainder of line 9 and all of line 10.

Mr. GRISWOLD. Mr. Chairman, this amendment strikes out the following words: "the ginning, compressing, and storing of cotton or with the processing of cottonseed." Under this bill as it reads at present the processing of cottonseed, the storing of cotton, and the ginning of cotton are exempt, but you do not exempt the milling or storing of wheat or corn, and you do not exempt the processing of lards and butterfats, and these are articles produced in this country which are in the most severe competition with the products made from cottonseed.

Cottonseed is also strongly competitive with soybeans. In this country last year 29,616,000 acres were planted to soybeans, with a total value of $33,000,000 for the crop for processing purposes, exclusive of haying. At the present time soybeans go into the manufacture of an oil which is in competition with linseed oil, and they also go into the making of lacquer. The soybean production in this country has increased by leaps and bounds during the last 5 years, and all over the Corn Belt there are plants for the purpose of processing soybeans into oil.

Under this act as it now reads you are giving an undue advantage to one article and taking advantage of another article, and this is an act you call a fair labor practices act.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Illinois.

Mr. LUCAS. Does the gentleman know that during the calendar year 1936 the soybean factories in this country crushed approximately 25,000,000 bushels of soybeans, producing 184,000,000 pounds of oil, and that the soybean industry of this country is in direct competition with the industry engaged in the processing of cottonseed? And will the gentleman further tell me, because of such competitive conditions, why it was that the committee exempted the processing of cottonseed and did not exempt the processing of the commodities about which the gentleman is speaking?

Mr. GRISWOLD. I will tell the gentleman why. It was simply because there were more votes in the committee to exempt cottonseed than there were to exempt anything else. I fought this exemption, but my fight was unsuccessful.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Nebraska.

Mr. COFFEE of Nebraska. In case the Grange amendment is agreed to, all these articles will be exempted and will be on a parity? Is this not true?

Mr. GRISWOLD. I do not know. I hope it is true, if this amendment is not adopted.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. There is a difference between the processing of cottonseed and the ginning of cotton, but the gentleman has included the ginning of cotton. Will the gentleman eliminate ginning? Ginning has nothing to do with soybeans.

Mr. GRISWOLD. I will, because of the fact I realize the difference. However, there is no difference between the ginning and storage of cotton and the storage of wheat and corn.

Mr. WHITTINGTON. I grant that, but the ginning and storage of cotton and the storage of wheat and corn have been eliminated under the amendment of the gentleman from Illinois [Mr. LUCAS], which has been agreed to.

Mr. GRISWOLD. May I inquire of the gentleman from Illinois [Mr. LUCAS] if that is true?

Mr. LUCAS. Yes; that is correct.

Mr. GRISWOLD. If that is the case, I am willing to modify my amendment so as to strike out only the processing of cottonseed.

Mr. WHITTINGTON. What the gentleman would like to do, I am sure, although I oppose his amendment, is to strike out of his amendment the words "the ginning, compressing, and storing of cotton" and leave in it the words "processing of cottonseed." The ginning of cotton is not in the bill, and the language of this section should be clarified in conference.

Mr. GRISWOLD. Yes; leave "the processing of cottonseed" in the amendment. I am willing to modify my amendment in that way.

Mr. Chairman, I ask unanimous consent that I may modify my amendment so that, on page 16, line 10, the words "or with the processing of cottonseed" will be stricken out.

Mr. SAUTHOFF. Mr. Chairman, reserving the right to object, may I ask the gentleman from Indiana just what effect his amendment will produce? Will it make the butter makers of the North pay 40 cents an hour but exempt the oleomargarine manufacturers?

Mr. GRISWOLD. My amendment would cure the very thing of which the gentleman is speaking. The oleomargarine people, under this bill the way it now reads, are exempted from such payments, while the butter people are not exempted.

Mr. SAUTHOFF. The gentleman is including them?

Mr. GRISWOLD. I am seeking to strike out the processing of cottonseed to keep the oleomargarine industry from having an advantage over the butter people.

Mr. SAUTHOFF. Good; we are with you.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. PEARSON. Mr. Chairman, will the Chair restate the request?

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Amendment offered by Mr. GRISWOLD, as modified: Page 16, line 10, after the word "cotton", strike out the words "or with the processing of cottonseed."

The question was taken; and on a division (demanded by Mr. CHANDLER) there were—ayes 97, noes 36.

So the amendment was agreed to.

Mr. THOMAS of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOMAS of Texas: Page 15, line 7, after the word "production", insert a new paragraph, as follows:

"In drilling, production, refinery, and pipe-line operations the maximum hours for clerical employees shall not exceed 40 hours in any one week. All other employees in these operations, except executives, supervisors, and their immediate staffs, and pumpers of 'stripper wells', and employees on isolated properties, shall not work more than 40 hours in any one week, nor more than 72 hours in any two weeks, nor mare than 16 hours in any two days. The minimum daily rate of pay, based upon 6 hours maximum employment per day, shall be $5 per day."

Mr. THOMAS of Texas. Mr. Chairman, I offer this amendment for my colleague the gentleman from Oklahoma [Mr. BOREN], who has not had any chance to be heard, and I yield to the gentleman from Oklahoma [Mr. BOREN].

Mr. BOREN. Is it not true that in the oil industry after some 14 years of hard fighting they have established a 36-hour workweek and a minimum wage of $5 a day?

After the N. R. A. code days more than 80 percent of these companies stayed in line with this 36-hour week and more than 80 percent today are giving to all of their employees, with the exceptions listed in the amendment, a 36-hour week and $5 a day minimum wage.

We want this amendment in the bill to maintain the status quo. We want this amendment to bring the 18 or 19 percent of chiselers into line.

The oil unions are 100 percent behind this amendment. I hope the committee will accept it, because this is giving both industry and labor what they want and allowing them to keep what they have got by maintaining the status quo.

The 12-hour day will find its way back into the oil fields if this amendment is rejected.

The company that does not now practice the 36-hour week is in unfair competition with the company that does. The fair company will be gradually drawn by lines of competition into the bracket with the chiseler.

The only fair way to legislate wages and hours is to legislate for each industry in a special sense. Give us this law for the oil industry. Give us a law for labor, not a board and not a bureau. Let us give labor something to live for and something to live on.

Mrs. NORTON. Mr. Chairman, the committee will not oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. THOMAS].

The question was taken; and on a division (demanded by Mr. HOBBS) there were—ayes 54, noes 91.

So the amendment was rejected.

The CHAIRMAN. All time has expired.

Mr. COFFEE of Nebraska. Mr. Chairman, I ask unanimous consent that all Members who have amendments pending be permitted 2 minutes' time to debate them.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent that all Members who have amendments pending to this section be permitted 2 minutes' time in which to debate the amendment. Is there objection?

Mr. LAMBERTSON. Mr. Chairman, I reserve the right to object.

Mr. SCHULTE. Mr. Chairman, I object.

The CHAIRMAN. The Chair asks Members having amendments to submit them to the desk. All amendments will be submitted without debate; but the Chair will again submit, for the purpose of certainty, the request of the gentleman from Nebraska [Mr. COFFEE] that all Members who have amendments pending in relation to this section be permitted 2 minutes' debate. Is there objection?

Mr. SCHULTE. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Nebraska [Mr. COFFEE] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. COFFEE of Nebraska——

Mr. MICHENER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MICHENER. Mr. Chairman, the gentleman from Nebraska has submitted a unanimous-consent request which has been objected to. He is about to present a Grange amendment. The inquiry is this: If the gentleman from Nebraska were to move to strike out the enacting clause, could he not then have 5 minutes in which to debate the amendment?

The CHAIRMAN. The Chair does not consider that to be a parliamentary inquiry. The Clerk will report the amendment of the gentleman from Nebraska.

The Clerk read as follows:

Amendment offered by Mr. COFFEE of Nebraska: Page 16, after line 19, insert:

"(k) In industries engaged in producing, processing, distributing or handling dairy products, poultry or poultry products, livestock or livestock products, or in those industries engaged in producing, processing, distributing or handling other agricultural products which are seasonal or perishable, there may be employment beyond the ordinary maximum workweek or workday without penalty by way of overtime payments or otherwise."

Mr. McLAUGHLIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McLAUGHLIN. Is not this amendment under consideration the Grange amendment which was agreed to yesterday in Committee of the Whole House, when the Committee was considering the Griswold amendment?

The CHAIRMAN. The Chair does not consider that a parliamentary inquiry. The question is on agreeing to the amendment offered by the gentleman from Nebraska.

The question was taken; and on a division (demanded by Mr. HEALEY) there were—ayes 130, noes 35.

So the amendment was agreed to.

The CHAIRMAN. The gentleman from Massachusetts [Mr. BATES] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BATES: Page 16, line 11, after the word "the", insert "taking, freezing, curing, storing."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. BATES) there were—ayes 49, noes 67.

So the amendment was rejected.

The CHAIRMAN. The gentleman from Alabama [Mr. PATRICK] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PATRICK: Page 16, line 15, after the period, insert ": *Provided, however,* That the provisions of this act shall have no application to any area or section of the United States wherein charges for the transportation of property between such section or area or any other such section or area of the United States, or within which such section or area shall differ from those in effect in or with respect to, distance considered, that section or area which is designated by the Interstate Commerce Commission as 'official territory.'"

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Alabama.

The question was taken; and on a division (demanded by Mr. PATRICK) there were—ayes 35, noes 93.

Mr. PATRICK. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Alabama demands tellers. As many as favor taking the vote by tellers will rise and stand until counted. [After counting.] Thirteen Members, not a sufficient number, and tellers are refused.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: On page 16, line 6, after the word "workweek", insert "and with respect to minimum wages."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. O'TOOLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'TOOLE: On page 12, line 14; page 14, line 22; and page 15, line 3, after the word "than", on page 12, line 14, and after the word "of", on page 14, line 22, and page 15, line 3, strike out the numerals "40" in each place and insert the numerals "50" in each place.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York.

Mr. LANZETTA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LANZETTA. Is it the purpose of this amendment to raise the wages from 40 cents an hour to 50 cents an hour?

The CHAIRMAN. The Chair will state that the amendment speaks for itself. The gentleman's inquiry is not a parliamentary one.

Mr. LANZETTA. If it raises the wages, I am in favor of the amendment, because I do not think that any man can decently raise a family on $16 a week, the maximum which he will be able to earn under the bill as it stands now.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York [Mr. O'TOOLE].

The amendment was rejected.

Mr. BARRY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARRY: Page 14, line 22, after the word "hour", insert the words "or less than 30 cents an hour"; and on line 23, after the word "hours", insert "or greater than 44 hours."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. ELLENBOGEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ELLENBOGEN: On page 12, line 14, after the words "less than", strike out "40 cents" and insert "50 cents."

Mr. RAMSPECK. Mr. Chairman, a point of order. We have already voted on a similar amendment.

The CHAIRMAN. Does the gentleman press his point of order?

Mr. RAMSPECK. I withdraw the point of order, Mr. Chairman.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. BUCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCK: Page 16, line 12, strike out the word "picking" and the comma following.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. WILCOX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WILCOX: Page 12, line 23, after the word "thereof", insert a period, strike out the remainder of the sentence, and insert a new sentence to read as follows: "All members of such committee shall be bona fide residents of the State or States in which the proposed minimum wage and maximum workday or workweek are to be made applicable."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. WILCOX) there were ayes 27 and noes 58.

So the amendment was rejected.

Mr. WILCOX. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. WILCOX: Page 16, following subsection (j), as amended, add a new subsection to read as follows:

"(k) The provisions of this act with respect to minimum wages and maximum workdays or workweeks shall not apply within any State which, prior to January 1, 1940, shall have adopted minimum wage and maximum hour legislation applicable within such State; nor shall the Administrator have any jurisdiction to issue any labor-standard order with respect to wages or hours of employment within any such State."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Florida.

The amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: On page 10, strike out lines 22 to 24, inclusive; and on page 11, strike out lines 1 to 17, inclusive.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. ELLENBOGEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ELLENBOGEN to the Norton amendment: Page 14, line 22, after the words "in excess of", strike out the words "40 cents per hour" and insert "50 cents per hour."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. ELLENBOGEN. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. ELLENBOGEN to the Norton amendment: Page 14, line 23, after the words "less than", strike out "40 hours" and insert "30 hours."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. CREAL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CREAL: Page 16, line 8, after the semicolon, insert "or to employees of weekly or semiweekly newspapers."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The amendment was rejected.

Mr. HOBBS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOBBS: Page 16, line 6, after the word "workweek", insert a comma and hereafter add "or minimum wages."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The amendment was rejected.

Mr. DIES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIES: At the end of section 4 add the following paragraph:

"Within 90 days after appointment of the Administrator she shall report to Congress whether anyone in the United States is subject to this bill in view of the numerous exemptions."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

The CHAIRMAN. Are there amendments to section 5?

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that debate on each section be limited to 10 minutes. On this basis we shall be here until 9 o'clock. If any Member would like to limit debate to less than 10 minutes a section I am perfectly willing to so modify my request.

The CHAIRMAN. The gentlewoman from New Jersey asks unanimous consent that debate on each section be limited to 10 minutes. Is there objection?

Mr. BOILEAU. Mr. Chairman, I object.

Mrs. NORTON. Mr. Chairman, I move that all debate on each section shall close in 10 minutes.

Mr. MICHENER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MICHENER. I make the point of order that there has been no debate on section 5.

The CHAIRMAN. The gentleman's point of order is sustained. The motion is not in order until there has been debate on the section.

Are there amendments to section 5?

Mr. LAMBERTSON. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. Are there any perfecting amendments?

Mr. MAGNUSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MAGNUSON. May section 5 be read?

The CHAIRMAN. Not under unanimous consent previously granted to the request of the gentleman from New Jersey [Mr. McLEAN]. I read:

Mr. McLEAN. Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

This means that the further reading of the amendment is dispensed with.

The Chair will entertain amendments section by section.

Mr. MAVERICK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MAVERICK. As I understood the request of the gentleman from New Jersey, it was that the reading of the amendment that had been offered to the amendment be dispensed with.

The CHAIRMAN. The language used by the gentleman from New Jersey is unequivocal and susceptible of no interpretation other than what its plain import shows:

I ask unanimous consent that the further reading of the amendment be dispensed with.

And the amendment was the entire Norton amendment before the Committee.

The point of order, therefore, is overruled.

Mr. ANDREWS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDREWS: Page 18, after subsection (d), ending on line 9, insert a new subsection (e) to read as follows: "Any and all organizations of employees organized for the purpose of bargaining collectively as allowed by law shall within 6 months after the effective date of this act be incorporated under the laws of the States or District of Columbia wherein such organizations maintain their headquarters or principal offices, and it is further provided that such organizations shall file annually, upon a date to be determined by the Administrator, an annual report to the Administrator showing the aggregate in receipt of all moneys by such organization, together with the names, addresses, and salaries of all officials, agents, or employees of such organization receiving annual salaries from or through such organization of $5,000 or more."

Mr. RAMSPECK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. RAMSPECK. Mr. Chairman, I make the point of order that the amendment is not germane to the section to which offered nor to the bill itself, for the reason it undertakes to regulate labor organizations, while the pending bill does not deal with labor organizations.

Mr. ANDREWS. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman briefly.

Mr. ANDREWS. Mr. Chairman, the statement has been made this bill does not apply to labor organizations, but it does apply to organizations of employees who engage in collective bargaining. I do not say that there is no limitation. My amendment is a perfection and, in my opinion, would assist the administrator in administering this act for the benefit of labor itself.

The CHAIRMAN. The Chair is ready to rule.

The amendment offered by the gentleman is clearly beyond the scope of the amendment pending before the committee, and it is apparent the amendment is beyond the scope of the Senate bill. The Chair does not feel it is necessary to cite authorities, the amendment being so clearly not germane. The Chair therefore sustains the point of order.

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. LAMBERTSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I trust the Committee will bear with me briefly because I have not spoken for 2 days. I call the attention of the committee to the fact that for 3 days members of the committee which reported this bill out of the committee have been offering dozens of amendments to the bill. It is a very ridiculous spectacle. We have a bill reported by a committee, the members of which committee have been standing up here for 3 days, not fighting for the substitute that the gentlewoman from New Jersey proposes, but offering amendments covering every phase of the bill. Under the circumstances it is ridiculous for anybody to say that we have a bill ready for passage. Can you imagine such a thing as members of a committee that reported a bill standing up here for 3 days offering amendments to the bill?

Mr. Chairman, this bill should be returned to the Labor Committee for at least a decent burial. I just want to call the committee's attention to that fact. I am not trying to be an obstructionist at all in this matter. I will take only 5 minutes at the most and will yield for a question.

Mr. RAMSPECK. Will the gentleman yield?

Mr. LAMBERTSON. I yield to the gentleman from Georgia.

Mr. RAMSPECK. Did the gentleman himself reserve the right in committee to offer amendments and oppose the bill?

Mr. LAMBERTSON. I do not think so.

Mr. RAMSPECK. That is my recollection.

Mr. LAMBERTSON. I did?

Mr. RAMSPECK. I certainly reserved my right.

Mr. LAMBERTSON. I have no recollection of reserving any right.

Mrs. NORTON. I think the record will show that.

Mr. LAMBERTSON. I doubt it very much.

Mr. THOM. Will the gentleman yield?

Mr. LAMBERTSON. I yield to the gentleman from Ohio.

Mr. THOM. Can the gentleman give us any information about the new college head or professor who heads the platform committee of the Republican Party at the present time? Is he from Kansas?

Mr. LAMBERTSON. He is a very brilliant man, a delightful speaker, and a clear thinker.

Mr. THOM. Is he a college professor?

Mr. LAMBERTSON. Yes; but he is more than that.

Mr. BOILEAU. He was a college professor.

Mr. LAMBERTSON. He is an exemplary man. I reiterate that the Members who defended this bill, the Members who went through the hearings, the men who defended it in committee, and have reported it to the House, have stood here most of the past 3 days offering every conceivable amendment that you can think of.

Mr. McFARLANE. Will the gentleman yield?

Mr. LAMBERTSON. I yield to the gentleman from Texas.

Mr. McFARLANE. Is that the Dr. Frank who was fired from the University of Wisconsin who is now heading your party?

Mr. LAMBERTSON. Well, I will answer that. Glenn Frank was president of the University of Wisconsin, the La Follette boys' college. He so justly and severely criticized the administration for its crazy un-American policies and reckless spending that he was kicked out by the La Follettes as many believe at the suggestion of the President. He, at least, was no rubber stamp, as most of you Democrats are. He is a very brilliant man and we will put him up against anybody you can offer from the New Deal.

Mr. LEAVY. Will the gentleman yield?

Mr. LAMBERTSON. I yield to the gentleman from Washington.

Mr. LEAVY. The gentleman has made a blanket statement that the committee has offered numerous amendments.

Mr. LAMBERTSON. I said members of the committee; not the committee. Committee members.

[Here the gavel fell.]

Mr. CREAL. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have been sitting back here doing a lot of voting on various parts of this bill, but this is the first word I have said on the pending measure.

I want to call this matter to the attention particularly of the Members who have weekly newspapers in their districts, and this includes several of you. The committee is in doubt whether or not this provision includes weekly newspapers, because of the simple fact that a very small percentage of the subscriptions to such newspapers are from people who live in other States, thus making the delivery of the newspapers to them a part of interstate commerce. You have exempted the big department stores in your county-seat towns. Ninety-eight percent of the business of the news shop is strictly local, but because some papers go to a few of the home-town boys in other States, these weekly newspapers may be, and, in my judgment, probably are included under this provision.

With the limited number of employees involved, the number of hours required by the bill cannot be maintained. There are only one or two employees in some of these newspaper plants, because the particular talent is not there to do that particular kind of work. Further, on the profits made by the 3,800 weekly newspapers in the United States, they cannot maintain the daily-paper standards. The daily papers are not affected.

I offered an amendment here without debate, because I could not get the time, and you voted it down. Some of you voted against the county weekly newspaper in your district without knowing what you were doing. I am going to offer this amendment again at another place in this bill. Some members of the committee have told me they doubted that the weekly newspaper would not be included, and they do not want any doubt about it.

What are you going to do with the old maid who travels about over a town of 1,500 people to gather the society items? Such an activity takes no time from her ordinary duties. She gets three or four dollars per week, because she does not take any time away from her regular duties. You cannot put her under a $16 a week requirement. What are you going to do with the janitor boy who hangs around and carries the mail bags? He is not worth any $16 a week.

These newspapers ought not to be included, because of the extremely limited amount of their circulation which goes into interstate commerce. This is what will happen if you do include them: The boys in other States who write back for their home-town paper, those 200 or 300 subscribers, will be stricken from the subscription list. The weekly newspapers will not engage in the out-of-State business if they have to comply with this requirement. The only difference would be that these papers would not furnish papers to subscribers out of the State. The average circulation of these weekly newspapers is 1,800, and there are nearly 4,000 such papers. Thirty-one of them are in my own district.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. CREAL. I yield to the gentleman from Indiana.

Mr. PETTENGILL. Is it not true the acceptance of national advertising by a small weekly paper puts that weekly paper into interstate commerce, even though all its papers are distributed in the county?

Mr. CREAL. All the national advertising the county weekly gets in a year at the present time you could put in one vest pocket.

Mr. PETTENGILL. But would this not make it interstate commerce?

Mr. CREAL. Perhaps so; but I say that circulation makes it interstate commerce.

At another point in this bill I am going to offer this amendment, and I want you who are friends of the county weekly to keep your eyes open.

[Here the gavel fell.]

Mr. LUECKE of Michigan. Mr. Chairman, I rise at this point to refute the statement that this bill will hurt the farmer. In order to prove that statement I herewith submit figures which I obtained from various departments, which speak for themselves. It shows that the farmer's income is very much affected by the income of the factory worker.

Factory pay rolls, 1929	$14,000,000,000
Farm income, 1929	10,479,000,000
Factory pay rolls, 1930	12,800,000,000
Farm income, 1930	8,451,000,000
Factory pay rolls, 1931	10,000,000,000
Farm income, 1931	5,899,000,000
Factory pay rolls, 1932	7,100,000,000
Farm income, 1932	4,328,000,000
Factory pay rolls, 1933	7,200,000,000
Farm income, 1933	5,117,000,000
Factory pay rolls, 1934	8,900,000,000
Farm income, 1934	6,337,000,000
Factory pay rolls, 1935	9,900,000,000
Farm income, 1935	7,090,000,000
Factory pay rolls, 1936	11,400,000,000
Farm income, 1936	7,850,000,000

The Department of Labor in a recent report on family expenditures of city wage earners shows in detail how much more workers' families spend for food as their wages are increased.

In families having a total expenditure of less than $400 per person per year and those spending $400 per year or over, it was found that the latter group spend on an average $175 per year per person for food as compared with $117 per year per person for the lower-income group.

The report, in detail, lists families spending under $200, $300, $400, $500 a year, and shows that each increase in income results in increased food purchases.

Some experts on the question of how the workers' dollar is spent say that 60 percent of his income goes for food, while others say as much as 70 percent is spent for food. That is why the worker pays through the nose, as they say, wherever a sales tax is in effect.

In another report—Labor Review, April 1936—we find that families with total expenditures of from $300 to $400 per person per year spent 22 percent more for meat, 34 percent more for eggs, 24 percent more for butter, 56 percent more for cereal and grain products other than flour, 81 percent more for fresh fruits, 74 percent more for miscellaneous food, and 11 percent more for staple products than families whose total expenditures were under $300 per person.

From the foregoing figures it will be seen that the problems affecting the worker and the farmer are mutual. When one has money to spend the other has also. It was refreshing to read the statement issued not long ago by a group of farmers in the Middle West when they said:

> The farmers know that the income of labor determines labor's purchasing power. They know also that the purchasing power of labor determines the market of farm produce. In short, farmers know that the living standards of labor and the living standards of the farmer are one and inseparable. They go up and down together. Farmers are now fighting desperately to get national legislation that would assure them an adequate income. In this fight they need the strong support of labor. Just so, labor needs the support of the farmer.

[Applause.]

The CHAIRMAN. All time has expired on this section. Are there any perfecting amendments to section 6?

Mr. PATRICK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATRICK: On page 20, line 10, after the period, insert a colon and the following:

"*And provided further*, That none of the provisions of this act shall apply in any area or geographical section of the United States wherein charges for the transportation of property between different rate-making sections of the United States as designated by the Interstate Commerce Commission for rate-making purposes, or within which sections, shall be greater for the transportation of property moving from one such section into another, or within such section, for the transportation of the same or like classes of traffic, than that made or designated for the same or like classes of traffic moving wholly within the destination rate-making section or sec-

tions, distance considered, in which the charges designated by the Interstate Commerce Commission are the lowest so designated by it."

Mr. PATRICK. Mr. Chairman, this is a statement of a matter I wish I could discuss for 1 hour. Every man from whatever section of the United States, and all those who want fairness in this bill, should note that this is the problem we face.

There is a district which is called official territory, ours being the southern territory, and there are three other recognized areas with their different rate-making burdens involved, with their discriminatory transportation rates. I signed the petition to bring this bill on the floor for debate. I am one of the southerners who has bared his back to this burden and helped you get the bill out here to fight it. We want you to help us. If my amendment becomes law, immediately the Interstate Commerce Commission may be depended upon to declare the entire United States one rate-making area. This can easily be done, and the Commission will naturally do it, because the official territory man will immediately rush in to help get it done.

If we in the South pay the same or similar wages and have the same hours they have in the East, and then have to absorb a further transportation expense, either going in or out of this or another area or within our area, how can we meet competition in the markets of the Nation? This is one of the thorns that has been in the side of the United States these years. This change must come in this Nation, and will either have to be brought about by action of the Interstate Commerce Commission or by specific law. If this is done, that will get it, so it must naturally follow. As men make laws in this world they are learning they must hew to the line and let resultant activities take care of human consequences. This is a natural method. This will do that thing, and it will not take long to do it. This is fair. This is democratic. This is not meant to and cannot hurt or harm any area. However, until there is a redistricting so there are no areas in which transportation rates are unfair and discriminatory this provision will apply only in the one in which the minimum rate arises. I want to make that clear. My amendment is coming up here now, and I want you to understand it. I have much I would love to say on this, but I know you want to ask questions. I will answer any questions.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. PATRICK. I yield to the gentleman from Massachusetts.

Mr. HEALEY. I call the gentleman's attention to the fact that on page 14 it is provided that one of the standards which will have to guide the administrative authority in determining wages and hours is that they must consider the relative cost of transporting goods from the point of production to the consuming markets.

Mr. PATRICK. Exactly; but why not solve that problem? Here is the point involved in the proposition. I am manufacturing goods in Birmingham or Dallas today; tomorrow, next week, and I ship to Chicago, Cleveland, and different places involving different rate-making codes, and each time the Board has got to decide the matter. There is no way under high heaven by which the Board can accumulate the facts to determine the matter justly week by week. This offers us our great opportunity. The only way it can ever be done is by breaking down these rate transportation barriers, so that Oklahoma, New York, Pennsylvania—all of us—are able to reach out and have the matter taken up and dealt with fairly, and until that is done the situation will always be a thorn in our side.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. CITRON. Mr. Chairman, I believe the pending amendment is not only vicious but would vitiate the entire purpose and intent of the bill which we are trying to pass today.

Only yesterday the gentleman from Georgia [Mr. DEEN] criticized somewhat the regulations of the Interstate Commerce Commission, claiming that they are prejudicial to the southeastern section of the United States. For this reason he stated he was opposed to all kinds of boards, administrative bodies, and was also opposed to a wage and hour bill.

Let me call your attention to the fact that the Interstate Commerce Commission is a quasi judicial organization. We do not need to defend that body. It is a nonpartisan Commission, composed of men of the highest integrity and honor, and is performing its duty in an effective and fair manner to all sections of the country.

The prejudicial rates that the gentleman from Georgia [Mr. DEEN] talked about are not prejudicial to one section and are not as prejudicial as the gentleman would give us to understand. It is true there are some differentials involving possibly about 15 percent of all freight rates, but these differentials are due to historical conditions and to business factors as well as to the direction of the movement of the traffic.

Let me submit a statement of freight rates and transportation charges on various articles between southern and northern points.

	Rate	Charges
Carload shipment of fresh meats weighing 21,000 pounds (minimum weight per car 21,000 pounds; transportation charges do not include cost of ice):		
From New Haven, Conn., to Atlanta, Ga	$1.06	$222.60
From Atlanta, Ga., to New Haven, Conn	1.01	212.10
From Baltimore, Md., to Charleston, S. C	.80	168.00
From Charleston, S. C., to Baltimore, Md	.76	159.60
Carload shipment of packing-house products weighing 30,000 pounds (minimum weight, 30,000 pounds):		
From Bridgeport, Conn., to Macon, Ga	.84	252.00
From Macon, Ga., to Bridgeport, Conn	.75	225.00
From Watertown, N. Y., to Athens, Ga	.79	237.00
From Athens, Ga., to Watertown, N. Y	.72	216.00
Boilers, iron or steel, heating or power, cast iron, wrought or wrought and cast combined (carloads, minimum weight 24,000 pounds, subject to rule 34):		
From Birmingham, Ala., to New Haven, Conn	.72	172.80
From New Haven, Conn., to Birmingham, Ala	.81	194.40
Food, animal, viz, meats, cooked or preserved with or without cereal or vegetable ingredients, in metal cans in boxes (carloads, minimum weight, 36,000 pounds):		
From Bridgeport, Conn., to Atlanta, Ga	.73	262.80
From Atlanta, Ga., to Bridgeport, Conn	.63	226.80
Machinery and machines, crushing, grinding or pulverizing, N. O. I. B. N. (mills for crushing, or for reducing material to meal or flour by grinding or pulverizing) carloads, minimum weight, 24,000 pounds, subject to rule 34:		
From Birmingham, Ala., to Hartford, Conn	.83	199.20
From Hartford, Conn., to Birmingham, Ala	.92	220.80

A study of the reports of hearings before the Commission shows the standards and principles and numerous factors involved in this problem, which is complex and difficult to solve in a large country as ours. But to exempt the operations of the proposed bill to any region because of any fancied grievances about freight rates would be sufficient to defeat the bill, or at least to grant a special favor and privilege to a section of our country. It would give some section an excuse to seek a special favor. For that reason, because I oppose any special favors, I oppose this amendment. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. HOBBS) there were—ayes 43, noes 75.

So the amendment was rejected.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that section 7 of the Norton amendment be thrown open to amendment in any of its particulars, and that debate upon the Norton amendment and all amendments thereto close not later than 6:30 o'clock.

The CHAIRMAN. Is there objection?

Mr. PETTENGILL. Mr. Chairman, I object.

Mr. RAYBURN. Mr. Chairman, will the gentleman withhold his objection for a moment?

The CHAIRMAN. Does the gentleman from Indiana reserve his objection?

Mr. PETTENGILL. I affirm my objection.

The CHAIRMAN. Objection is heard. Are there any amendments to section 7?

Mr. MAVERICK. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The Chair recognizes the gentleman from Texas for 5 minutes.

Mr. RAMSPECK. Mr. Chairman, I ask unanimous consent that debate on section 7 and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection?

Mr. McCLELLAN. Mr. Chairman, I object.

LETTER TO WILLIAM GREEN FROM MAVERICK

Mr. MAVERICK. Mr. Chairman, every Member of this House received a telegram from Mr. William Green, and I have written an answer to him which I think is possibly of some little importance and I am going to read that letter which I have written to Mr. Green.

It is as follows:

DECEMBER 17, 1937.

Hon. WILLIAM GREEN,

President American Federation of Labor, Washington, D. C.

DEAR MR. GREEN: Concerning your courteous telegram, in which you ask that I vote to recommit, or in effect kill, the minimum-wage bill, I regret I cannot comply. Your attitude is taken upon the basis that the exact wording of the "American Federation of Labor bill" has not been adopted by Congress. Where I must make a decision, even though I run the risk of the displeasure of the highest figures in America, I do it unhesitatingly.

There is no question in my mind but that the bill suggested by you is clearly unconstitutional, according to present opinions of the Supreme Court. The constitutionality of minimum-wage legislation is based upon hearings, consideration, conditions, and flexibility; your bill has none of these elements, and the committee bill has. Aside from that, I believe its inflexible provisions make it utterly impossible of enforcement. Therefore I could not have conscientiously voted for it. I shall in the main follow the leadership of the House Committee on Labor, tried and true friends of the labor movement, and who have worked earnestly for this particular legislation for several years.

Let me read more of the letter:

The time has come for legislation to be regarded from the viewpoint of the common good and not for the good of any particular organization—the C. I. O., the National Manufacturers Association, the Southern Pine Association, or the A. F. or L. Only in that way and by the exercise of our own judgment can Congress honestly and independently serve the American people.

At the present time the wage bill is in a formative stage; and though it may be greatly improved, you ask that it be killed. Others say that it is not a very good bill. To this I answer that no effort should be killed before it has even had a chance; and the fact that the bill is not perfect is no reason to refuse to legislate and thereby forestall any opportunity for improvement and progress.

I am frankly of the opinion that the millions of American labor, organized and unorganized, want this legislation; also, that they deserve it; and more, that the legislation is a good thing for all classes in this country, business and labor.

RANK AND FILE OF LABOR DISCOURAGED WITH LABOR LEADERSHIP

In the past few months I have talked to literally thousands of the rank and file of labor. They are frankly discouraged and deeply dissatisfied with the split between the leaders of American labor.

If this situation continues, the leaders of labor will find that they are without a labor movement. The rank and file of labor fervently hope for unity and there is literally no dispute whatever among them. They have absolutely no quarrel with each other.

They do not understand and do not approve of the split of the leaders.

I continue reading my letter to Mr. Green:

In the meantime the greatest necessity in times like these, when the reactionary forces are well organized and fighting every move of labor, is the unity of which I spoke. You, and men like John L. Lewis, A. F. Whitney, president of the great rail brotherhoods, are the ones who can by mutual patience, sacrifice, and foresight bring about that unity.

The American people expect that of you and the other gentlemen I have mentioned, just as they expect of me and other Members of Congress to do our duty according to our own consciences and judgment. I have made my decision, believing it to be right, and will take the responsibility just as you will for yours.

Very truly yours,

MAURY MAVERICK, M. C.

[Applause.]

FAIR LABOR LEGISLATION SHOULD BE STARTED

Mr. Chairman, I want to say just one or two things in this connection. Mr. Green has told us that he was for the bill and has changed his mind. I have not changed my mind.

This bill is not final; and if you vote to recommit this bill, you vote to kill the legislation outright. We want to do something, even though this bill is not very good, to get fair labor legislation started in this country.

If we pass this bill, if we vote against recommitting the bill, we are not finally voting upon it. I think everyone should vote for the bill, and then, if you really want to vote against it, vote against it on the conference report which will come in the beginning of the regular session, but vote to put it through at this time. [Applause.]

Mr. McCLELLAN. Mr. Chairman, I rise in opposition to the pro forma amendment. Debate on this legislation has been in progress for about 5 days, and I assume by this time every Member has definitely made up his mind regarding his vote on this bill. I have listened rather attentively to my colleagues, and with a great deal of interest, seeking information regarding the provisions of these various proposals and the effect and consequences of this legislation if and when it is enacted. I know there has been much confusion, but now it is pretty well determined that if any bill passes it is going to be the bill that has been recommended finally by the Committee on Labor. It is not of great importance to me whether we have a board or an administrator. The results will be the same. After all, it involves a delegation of power that the Congress ought not to surrender. I do not believe we should create a new Government agency and vest it with authority not to set up one board but to set up an unlimited number of boards or committees to go out to the various industries of the country and undertake to dictate what shall be done and what shall not be done. Many of you who are sponsoring this legislation, and who are supporting it so ardently, are conscientious. You believe you are doing right, but we who are opposing it are equally sincere.

I, too, would like to vote for any bill that has a labor label on it. My experience in life, my training, and my background naturally have created in me those sympathies that would tend to cause me to want to assist labor and agriculture. I would not knowingly vote against any bill that in the end and in its final application and effects would benefit labor. But today the greatest problem in America is unemployment, not low wages, but no wages. We know wages in many instances are too low, but the tragedy in America today is unemployment, and that is the condition we ought to be trying to remedy at this hour. We should be trying to stimulate employment rather than to devote all of this time to the problem of low wages while millions beg for work. Talk about increasing wages to the class that needs it most! Mr. Chairman, I live in the South, where tenant farming thrives. I live in that section of the country where the average farmer, with the help of his wife and children, goes out in the fields and toils without limitation of hours or guarantee of price and earns a total average of $200 a year. That is the condition and problem this Congress should be trying to remedy. If you will make the farmer prosperous, laborers in industry will have jobs and good wages. This is a price-fixing bill. We are creating an authority here to fix the price of labor. As I stated a few days ago on the floor of this House, if you do this for labor, then my friends, the next demand that will be made upon you—and you ought to respond to it—will be to give the farmer parity prices for his products, which means a reasonable profit above the cost of production. [Applause.]

If we are going to embark as a Nation on a policy of guaranteeing to those who toil every dollar that it is worth, then let us not exclude from that policy the great millions who are engaged in agriculture, the basic industry of the world. [Applause.]

How many of you who are going to support this bill are ready to give the farmers and their wives and children a

fair price for their labor? Parity for the cotton grower of the South would mean a price of 40 cents per pound on the basis of a 40-hour week and 40 cents per hour for industrial labor. Remember the farmer has got to pay this extra cost you propose to add to what he must buy. The farmer has borne injustices in the price of his labor and products for many years. He is now crushed and oppressed to the extreme, and now you propose to place on him this increased burden.

I want to help labor, but what we are asked to do here will, in fact, create more unemployment. It will do more harm than benefit. Thousands of small businesses in the South that are now furnishing employment will have to cease operation.

The legislation is in the raw. It is not digestible in its present form. The dictatorial powers it confers are obnoxious.

Surely, Mr. Chairman, we are going afar in the creation of new boards and vesting them with both legislative and executive powers as we are doing in this bill with the administrator and the unlimited committees he is empowered to appoint. We are spinning a web around our freedom and liberties which in the passing of time will strengthen into unbreakable chains. [Applause.]

I do not have time to discuss the measure in detail. The evils of it have been pointed out in the lengthy debate that has ensued. I cannot support it. The Labor Committee has been and is still confused. It is only concerned with getting out a bill; to pass some kind of a law; but, my colleagues, the American people are beginning to think and weigh the character of legislation we are enacting. They want quality, and in this concoction we are now asked to vote for we are further polluting the stream of economic recovery. [Applause.]

Mrs. NORTON. Mr. Chairman, I move that all debate upon this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. KENNEY. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, there is, I feel, a demand by our people for legislation that will fix minimum wages and maximum work hours. Whether that demand is for this bill is uncertain. The bill from which the Committee on Rules was discharged by the petition signed by a majority of the Members of the House is a bill so changed by the amendments to the bill that in the changes and the amendments to the changes there is difficulty in passing judgment upon them. Portions of the original bill have been taken out altogether in some sections and replaced in others. A labor bill—labor is divided, and widely divided, in opinion as to its merits. I approach the vote upon the legislation with uncertainty and there is, I believe, a great deal of uncertainty in the minds of Members of the House from my State of New Jersey.

I wish tonight that I could be sure of myself to vote for what I regard as the most important measure during my service as a Member to come before the Congress. I would like to have that sureness, that certainty, which the Representatives of New Jersey had 150 years ago this very night. Here let me remind the Congress that 150 years ago tonight, on December 17, 1787, at about the hour of 8 o'clock, the men who then represented the people of New Jersey, with certainty about their action, knowing full well the desires of their people, signed the proclamation which gave the impetus to the ratification of the Constitution of the United States. Although Delaware had ratified on December 7 and Pennsylvania had followed on December 12—the gentleman from Pennsylvania [Mr. SNYDER], who is a historian, will bear me out—it was not until New Jersey had ratified that the other States made up their minds that ratification and adoption of the Constitution was the wise course for the country.

Up to that time there had been considerable aloofness by most of the States, but when the New Jersey delegation in unanimity signed the proclamation of the ratification of the Constitution, other States quickly fell in line, and the Government of the United States of America under the Constitution was established.

Oh, yes, there was no uncertainty at that time. I wish there could be no uncertainty now. I want to vote for wage and hour regulation. But a better bill than that before the House could have been drawn and the Labor Committee owed it to the House to present a bill with as little uncertainty as possible. Recommittal, if voted, will not kill wage and hour legislation, which is bound to come.

Whatever action is taken now the Members of the House and the Members from New Jersey especially must regard this as an auspicious night, the one hundred and fiftieth anniversary of the signing of the proclamation of the ratification of the Constitution of the United States by the State of New Jersey. [Applause.]

[Here the gavel fell.]

Mr. SABATH. Mr. Chairman, the gentleman from New Jersey [Mr. KENNEY] who preceded me stated that on December 17—150 years ago today—a patriotic citizen of New Jersey signed the greatest document of all times, the Constitution of the United States. He also stated there was some loathness on the part of some delegates to sign it, but notwithstanding that fact, he continues in asserting there was no uncertainty about it at that time and followed by saying he hoped there would be no uncertainty of benefits accruing to the people under this bill. By his own words he admits that there was opposition and loathness to the signing of that great document, because he points out that it was not until days thereafter that other delegates attached their names to the Constitution. Not only, as he no doubt knows, was there loathness on the part of some delegates to sign the Constitution, but if he will study the history of those days he will find that there were a great many men in that great convention who fought bitterly the adoption of nearly every provision; and it was months before it was finally adopted. The gentleman will also find that within a short space of time it became necessary to give effect to the Constitution to adopt 10 amendments.

If that action was necessary, which clearly proves that even these great men did not perfect immediately their great task, and if he will examine the legislative history of this House or any legislative body, he will find that no new important legislation has been enacted that was perfect. In fact, there is nothing under the sun that is perfect, and I will not claim that this is a perfect bill. Personally, I wish it were possible for us to write one that would be perfect. But he knows as well as the House that when the bill passes this House that it will go to conference and that the conferees on the part of the House will endeavor to eliminate any unfair or unworkable provisions in the bill, and when it comes back we will have an opportunity to vote on it again.

Mr. Chairman, thus we find that history and records prove that there were a great many men opposed to that great original document, the same as today as many are opposed to this humane legislation to bring relief to the intolerable conditions under which millions of our wage earners have been living.

I myself have waited for many, many years to be accorded the privilege and opportunity to vote for legislation that would eliminate the conditions under which millions of underpaid and undernourished people have been working and regret exceedingly that there are so many gentlemen who for years have professed friendship for labor that when they have an opportunity to do so are not displaying that professed friendship. No piece of legislation that I can recall which we have ever passed in these many, many years was ever perfect. But we can perfect the same as the days and years roll on. I hope this is the beginning and that it is a step in the right direction.

All those who actually desire to aid the millions of undernourished and underpaid men and women in the United States who are entitled to our consideration will vote for the bill and will vote against recommitment, because that

would mean the death of our years and years of effort for humane legislation.

Mr. Chairman, during my long service I have witnessed a great deal of propaganda, have seen many lobbyists, dating back 30 years, lobbying against workmen's compensation, Federal Reserve, equitable revenue, 8-hour, security exchange, social security, holding company, and other legislation, as well as lobbying against certain investigations sanctioned by the House, but never have I seen the hordes of lobbyists that have taken possession of nearly every large hotel and who swarm through the congressional office buildings and the Capitol itself. Aside from these lobbyists, I have also noticed some scared and frightened businessmen.

I never surmised that even these lobbyists and propagandists possessed the ingenuity and resourcefulness which they are displaying to mislead, browbeat, and cajole Members of the House as they have against this bill. This undeclared war against the pending bill closely resembles the undeclared Asiatic war where hundreds of thousands of innocent men, women, and children are being slaughtered, but to my mind this war is being aimed to put to death 9,000,000 of our wage earners by slow starvation and exhaustion. The generalissimos in this war are the Wall Street directors of hundreds and hundreds of our industries, manufacturing and commercial organizations who are now in complete control of the United States Chamber of Commerce, the United States Manufacturers' Association, and the Liberty League who, through their conscripted highly paid poison pen marshals and lieutenants—inventors of falsehoods—are endeavoring to poison your minds and kill your hearts, and who feel they can lead some of you astray by alluring promises. But what surprises me most is that they have been able to enlist the cooperation of gentlemen like Mr. Green, the president of the American Federation of Labor, and other leaders.

For 32 years on this floor and for 50 years in my home city I have aided and cooperated with organized labor and, therefore, am greatly grieved to see the leadership, of what appears to me, for personal spleen, join with opponents to postpone or delay for many years the action on this legislation. I fully appreciate that this bill does not generally affect organized labor but is aimed to lift from serfdom the underpaid and overworked 9,000,000 American men and women and children who, in many instances, are obliged to work for a few cents a day of 10 or 12 hours. During the Hoover prosperity women in sweatshops worked for three or four dollars a week, saying nothing of the nearly 1,000,000 children between the ages of 10 and 16 who made a meager weekly pittance, whom this bill aims to protect from the exploiters.

Mr. Chairman, in view of my own personal knowledge and experience, I say to the Members of the House and to the country, do not be misled, do not be intimidated by the hordes of lobbyists, frightened manufacturers, and businessmen that by the passage of this bill you will bring about destruction to America or any section of our country.

Personally, I deplore that some of the gentlemen for whom I have the highest regard should feel that this legislation is aimed at their sections of the country. I predict now that this legislation instead of being detrimental will be helpful and beneficial, because these selfish groups of manufacturers and labor exploiters who for years have followed their unfair practices will, in keeping with the policy of the old-line textile manufacturers, when they were no longer able to continue in their human exploitation in that section, have gradually unloaded their holdings in New England and transferred their operations to the South. Not in the interest of the fair land of Dixie and the good people there, but so they could utilize cheap child labor which, unfortunately, is still permissible in that section of our great country.

You gentlemen who represent that section, instead of fighting as you do against this humane measure, which I know in your heart of hearts the principles of the proposed legislation you believe in, I suggest that you had better protect yourselves and your sections against these ever-avaricious, greedy corporate interests that are sure to engulf you. You should not fail to recognize their underlying motives and aims as sponsored by the United States Chamber of Commerce, the National Manufacturers' Association, aided and abetted by the Liberty League, who seek to avoid contributing their share toward the Nation's needs by creating artificial opposition, not only to the pending legislation but in urging the repeal of the capital-gains tax and the undistributed-surplus tax, to prevent the passage of the loophole-elimination tax bill shortly to be reported.

I believe there should be an exemption of from $10,000 to $25,000 on the undistributed-surplus tax, but I believe the capital-gains tax, which is a profit on investments and stock manipulations, must not be changed or weakened. The clumsy excuse which the opposition offers for the need of the repeal of the undistributed-surplus tax is that the industries are restricted in expending and increasing their operations. Even many businessmen who have approached me have been so misled as to believe it is a tax on their capital and not simply a small tax withheld from stockholders' profits. From 1930 to 1934 every one of these gentlemen would have been more than pleased to pay these taxes from profits instead of sustaining the tremendous losses which they suffered.

Mr. Chairman, in the effort to bring about the repeal of the undistributed-surplus tax and capital-gains tax—which is the speculators and profiteers tax—and to kill this bill, I again charge, regardless of any denials, if, not a conspiracy, then of a gentlemen's agreement—gentlemen's—are responsible for bringing about a recession in business and in employment.

It was the courageous, constructive legislation enacted upon the recommendation of President Roosevelt in 1933 and 1934—and this no one can deny—that made possible the advancement that has been made—which brought about the reopening of our plants and saved industry from bankruptcy. Therefore, it is amazing how these very gentlemen who have been so vastly benefited should have the audacity in accusing the administration of retarding progress.

Some of you, no doubt, are familiar with the panic of 1873. Many of you may recall, not perhaps as vividly as I, the 1893, 1907, 1914, 1921, and 1929 panics. In each and every instance it can be shown and proven that these panics or recessions were caused by well-laid plans on the part of the banking and speculating gentry, due to their recklessness and greed. These recessions always meant an accumulation of great wealth to them by the acquirement of securities and holdings at their own prices. Later on, through reorganization, as first practiced on the railroads, followed by commercial and industrial lines, and lately on the part of the power companies, they merged and rewatered their holdings, enabling them to make not only tremendous profits, but to obtain millions and millions of shares of common stock gratis for services which are in addition to the tremendous fees which they received from the defunct institutions.

This time, however, though they have shorn thousands of lambs and succeeded in scaring business and instilling fear, they have not and will not succeed in their contemptible vicious plan. They might, to some extent, retard business and throw some people out of employment, but I have positive evidence, and every economist not controlled by them is confident that business, even before the bill is finally acted upon, is again improving.

Mr. Chairman, many statements have been made on the floor and numerous reasons advanced by economists for the present recession. I charged some weeks ago and I charge again today with greater proof and positiveness that this recession was brought about willfully and deliberately on the part of the financial and industrial leaders of this country. I can prove and, in fact, I am speaking from personal knowledge that the steel industry in January of this year deliberately informed all users of steel that no orders could be filled inside of 2 or 3 months and that for their protection they should place their orders and secure their requirements without delay.

In March 1937 every steel plant in the United States worked overtime, and many of them 24 hours a day, for the purpose of overloading the manufacturers. Their object was twofold: They planned to increase the price of steel, and in this they were successful, in that steel did advance 22 percent in price. Their second object was to depress conditions in that industry to aid in the planned general recession in business shortly before Congress would convene to enable them to prevent the passage of any labor legislation. In this plot they were joined by other industries, and it is an absolute fact, gentlemen, that this planned conspiracy is responsible for the present recession. However, as the Steel Age and other reliable magazines and newspapers point out, the great stocks unloaded upon the market have nearly disappeared and many have been obliged to place their orders now.

Mr. Speaker, they may deny as they will, but these are the facts and they are true. They also seized upon the unemployment census, timing their plot so that it would reflect adversely upon employment conditions. With glee they pointed out the large unemployment and deliberately increased unemployment by further restricting production. Proof of that is in Ford's report, which states that production has been delayed for no legitimate reason. I could cite many such other instances and, mind you, I am citing from the reports of accredited financial publications. Oh, it is to be regretted that you and the American people have not all these reports before you. All that is being fed to the country and to the membership of this House are false and malicious statements emanating from Wall Street headquarters and the institutions which I have mentioned, all to the effect that unless we cease legislating there will be a duplication of the 1929 crash.

The Wall Street interests have left nothing undone to affect business and increase unemployment, spreading propaganda that business is suffering and sustaining great losses and actually on the verge of bankruptcy. This diabolical plot has been solely engineered because we are trying to provide a living wage for unorganized labor and to prevent the use of child labor.

Mr. Speaker, a few weeks ago to disprove the alarming propaganda, I was fortunate enough to show that business has not suffered, although there have been some minor reverses, and I am happy that today I have before me the financial pages of the New York Times, and I give the headings of articles appearing in the issues of December 9, 10, 11, 14, 15, and 16.

Here they are:

Hits business fear of stock market—Campaign on cowardly policy urged by Stedman before business editors—Sees "recovery rhythm"—Surveys show consumers plan heavy 1938 outlays—Rise in products cited.

Equipment makers meet new demands—American Car & Foundry aide cites specialized types of rolling stock.

Wool market shows signs of betterment—More business now being done and foreign prices are rising.

Upturn for week in bond financing—Total of $24,512,000 compared with $16,114,300 in the preceding period.

Bethlehem Steel votes $1 dividend—Year-end disbursement is payable on December 24 to stock of record of December 17—Lifts year's total to $5—$1,150 was paid on common stock in 1936—$6.75 to $7 profit in 1937 looked for.

Car & Foundry doubles profit—$1,483,135 made in 6 months to October 31, compared with $729,376 last year—Up to 78 cents on the common—Results of operations given by other companies, with comparative figures—Treasury's bond issue subscribed 16 times.

GENERAL MOTORS EXPORTS RISE

Sales of General Motors cars and trucks in the overseas markets in November amounted to 29,338 units, a gain of 21.8 percent over the same month in 1936. Sales for the first 11 months of 1937 were 334,438, an increase of 13.5 percent, a new record for the period.

Utility increases earnings in year—American Gas & Electric nets $13,517,967, or $2.53 a share—Other companies report.

$2,946,403 earned by Western Union—Net income to October 30 equals $2.82 a share against $5.54 similarly in 1936.

$1,524,585 earned on farm machines—Minneapolis-Moline reports net profit for year equal to $1.26 a common share—Assets put at $12,563,784—Results of operations listed by other corporations, with comparative figures.

Dividends voted by corporations—The Albany & Susquehanna declares special payment of $2.50 a share—Extra by Sears Roebuck—Regular year-end and extraordinary disbursements by other companies.

Passenger gain for New York Central—Volume in October rose 9.6 percent, and 24.9 percent in 10-month period.

Dividend actions continue heavily—Many special disbursements augment regular ones as year nears close—Will spend $17,000,000—Ohio Bell Telephone maps expansion program.

LARGE STEEL INQUIRIES

Contracts have been awarded for the construction of a new building unit at the River Rouge plant of the Ford Motor Co., to cost about $2,000,000. This undertaking is part of the $40,000,000 program recently announced by the company.

In view of these reports would you say, gentlemen, that this indicates a recession and that these companies are fearful that a falling off of business is in the offing? Surely, these companies would not declare dividends at this time if they were fearful of a real depression.

It may be of interest to the House to note the column which appears daily in the New York Times under the title "Dividends Announced," and I insert at this point a partial list in the December 14, 1937, issue, giving the names of over 200 corporations which declared dividends the previous day, saying nothing of the tremendous bonuses to the highly paid officials and every day you will observe new dividends, extra dividends, accumulative dividends, and special dividends being declared. I am satisfied when the tabulation is completed for 1937 the profits and dividends will exceed those of the so-called banner year of 1928.

DIVIDENDS ANNOUNCED

ACCUMULATED

Company	Rate	Period	Payable	Hldrs. of record
Allendale cm pf	$6. 12½	.....	Dec. 22	Dec. 15
Home Dairy Co A	1.00	.....	Dec. 30	Dec. 20
Pac L & P Co 7% pf [1]	1.00	.....	Dec. 24	Dec. 15
Pac L & P Co $6 pf [1]	1.50	.....	do	Do.
Thayers $3.50 pf [1]	3.50	.....	Jan. 1	Dec. 20
Western Res Investing Cp 6% pr pf	3.00	.....	Dec. 22	Dec. 13
White Knob Cop & Develop Co 7% pf	.16	.....	Dec. 24	Dec. 17

EXTRA

Company	Rate	Period	Payable	Hldrs. of record
Alb & Susq R R	$1.50	.....	Jan. 8	Dec. 20
Am Bakeries Cp A	.25	.....	Dec. 27	Dec. 15
Brach (E J) & Sons	.20	.....	Dec. 24	Do.
Bank Com & Tr Co (Richmond, Va)	.20	.....	Jan. 3	Dec. 17
Barnett Nat Bank (Jacksonville, Fla)	.50	.....	Jan. 1	Dec. 31
Bldg Prods Ltd A	.50	.....	Jan. 3	Dec. 17
Bldg Prods Ltd B	.50	.....	do	Do.
Carnation Co	.50	.....	Dec. 22	Dec. 13
Coco Cola Bot A	1.25	.....	Dec. 24	Dec. 15
Coco Cola Bot B	1.25	.....	do	Do.
Coml Bookbinding	[1] 2.00	.....	do	Dec. 17
Elec Prods Consol (Seattle, Wash)	.25	.....	Dec. 20	Dec. 13
Equity Fund Inc	.05	.....	do	Dec. 11
Heyden Chem	.50	.....	Dec. 22	Dec. 17
Iron Fire Mfg vtc	.30	.....	Dec. 27	Dec. 16
Jason's (W B)	1. 12½	.....	Dec. 23	Do.
Jarvis (W B)	1. 12½	.....	do	Do.
Lincoln Nat Bk (Wash, D C)	1.50	.....	Jan. 3	Dec. 20
Nat Folding Box	.12½	.....	Dec. 20	Dec. 13
Sears Roebuck	2.50	.....	Jan. 20	Dec. 28
Union Twist Drill	.75	.....	Dec. 24	Dec. 20

FINAL

Company	Rate	Period	Payable	Hldrs. of record
Clev Graph Brz	$1.30	.....	Dec. 29	Dec. 21
Gilmore Oil Co	1.25	.....	Dec. 20	Dec. 1
Pitney Bowes P'met	.10	.....	Dec. 28	Dec. 16
Square D Co	1.05	.....	Dec. 24	Dec. 14

INCREASED

Company	Rate	Period	Payable	Hldrs. of record
Badger Pap Mills	$1.30	.....	Dec. 21	Dec. 13
Carriers & Gen Cp	.20	.....	Dec. 23	Dec. 16
Clayt & Lamb Mfg	[1] .50	.....	Dec. 15	Dec. 10
Daven Hos Mills	.50	.....	Dec. 21	Dec. 15
Gilmore Oil Ltd	1.25	.....	Dec. 6	
Interst Hos Mills	.75	.....	Dec. 24	Dec. 20
Valley Mould & Ir	2.00	.....	do	Dec. 17

SPECIAL

Company	Rate	Period	Payable	Hldrs. of record
Alb & Susq Ry	$1.50	.....	Jan. 8	Dec. 20
Am Therm Bottle	.50	.....	Dec. 24	Dec. 18
Bost Herald-Traveler Corp	.25	.....	do	Do.
Brach (E J) & Sons	.30	.....	do	Dec. 15
Kinsel Drug Co	.05	.....	do	Dec. 18
Exeter Oil Co, Ltd	[2]	.....	do	Dec. 16

[1] Payable in 3-year 5-percent notes.
[2] 14 percent.

DIVIDENDS ANNOUNCED—Continued

REGULAR

Company	Rate	Period	Payable	Hldrs. of record
Amalg Sug Co 5% 1st pf	$0.12½	Q	Feb. 7	Jan. 17
Amer Bak Corp A	.50	Q	Dec. 27	Dec. 15
Amer Bak Corp 7% pf	1.75	Q	do	Do.
Amer Cast Ir Pipe 6% pf	1.50	Q	Jan. 3	Dec. 19
Argonaut Consol Ming Co, Inc	.14½		Dec. 23	Dec. 17
Arrow Distilleries, Inc (Mich)	.05		Dec. 22	Dec. 20
Atlantic Cy Fire Ins	1.00	Q	Dec. 31	Do.
Atlas Thrift Plan Corp 7% pf	.17½	Q	Jan. 3	Dec. 24
Attleboro Gas Light Corp	3.00	Q	do	Dec. 15
Bakelite Corp 6½% pf A	1.62½	Q	Dec. 13	Dec. 9
Banco di Napoli Trust Co (Chic, Ill)	1.50	Q	Dec. 31	Dec. 30
Bk of Comm & Tr Co (Richmond, Va)	.30	Q	Jan. 3	Dec. 27
Bk of Fort Jefferson (New York)	3.00	S	do	Dec. 30
Barker Br Co pf	.68¾	Q	Jan. 1	Dec. 24
Barnett Nat Bk (Jacksonville, Fla)	1.50	Q	do	Dec. 31
Beaver Fire Insur Co (Winnipeg, Man)	2.50	S	Jan. 2	Dec. 15
Boet Herald-Traveler Corp	.50	Q	Jan. 3	Dec. 18
Brach (E J) & Sons	.30	Q	Dec. 24	Dec. 15
Brantford Cordage Co $1.30 1 pf	.32½	Q	Jan. 20	Dec. 20
Brit Colum El Pw & G Co Ltd 6% pf	1.50	Q	Jan. 3	Do.
Bway & Newpt Bridge Co	2.50	Q	Jan. 2	Dec. 21
Bway & Newpt Bridge Co. 5% pf	1.25	Q	Feb. 1	Dec. 31
Build'g Products, Ltd, A	.50	Q	Jan. 3	Dec. 17
Build'g Products, Ltd, B	.50	Q	do	Do.
Calhoun Mills	1.00	Q	Dec. 22	Dec. 18
Carnation Co	.50	S	Jan. 3	Do.
Carnation Co 5% pf	1.25	Q	do	Do.
Carolina, Clinchfd & Ohio Ry Co	1.00	Q	Jan. 20	Jan. 10
Carolina, Clinchfd & Ohio Ry stp ctf	1.25	Q	do	Do.
Chain Store Inv Trust (Boston, Mass)	.25	Q	Jan. 15	Dec. 15
Coca-Cola Bot, A	.62½	Q	Dec. 24	Do.
Coca-Cola Bot Corp (Del) B	.62½		do	Dec. 14
Consolidated Air Corp $3 conv pf	.75	Q	Dec. 25	Do.
Crocker First Ntl Bk (San Fran, Calif)	7.00	S	Jan. 1	Dec. 29
Edwards Mfg Co	2.00		Dec. 15	Dec. 10
Electrical Prod Consol (Seattle, Wash)	.25	S	Dec. 20	Dec. 13
Endicott Johnson	.75		Jan. 1	Dec. 24
Endicott Johnson pf	1.25	Q	do	Do.
First Natl Bk (Northeaston, Mass)	2.00	Q		Dec. 7
First Natl Bk (Northeaston, Mass)	2.00	Q		Dec. 1
Fletcher Tr Co (Indianapolis, Ind)	3.00	S	Jan. 1	Dec. 31
Genl Am Oil of Texas 6% conv pf	.15	Q	do	Dec. 20
Genl Dis Corp (Atlanta, Ga) 7% pf	.87½	Q	Dec. 30	Do.
Genl Hosiery Co	1.50	Q		Dec. 15
Glen Alden Coal	.25		Dec. 28	Dec. 16
Gilbert Co (A C)	.62½		Dec. 24	Dec. 20
Gilbert Co (A C) pf	.87½		do	Do.
Great Lakes Tow Co 7% non-cum pf	1.75	Q	Dec. 21	Dec. 14
Guelph Ontario Invest & Saving Soc	1.50	S	Jan. 3	Dec. 20
Guelph Trust Company (Guelph, Ont)	1.25	S	do	Do.
Horn & H Ba (N J)	1.50	Q	Jan. 1	Dec. 21
Humph Mfg Co	1.25		Dec. 21	Dec. 18
Hu M Co 6% pf	1.50	Q	do	Do.
Hutchinson Sug Plant Co, Ltd	.10	M	Jan. 5	Dec. 15
Ind Pneum Tool	.62½	Q	Dec. 27	Dec. 17
Indus Mtg & Trust Co (Sarnia, Ont)	.75		Jan. 3	Dec. 15
Ky Util 6% pf	1.50	Q	Jan. 15	Dec. 27
Lincoln National Bk (Wash, D C)	2.50	S	Jan. 3	Dec. 20
Mahon (R C) Co	.60			Do.
Marshall Field & Co 7% pr pf	1.75	Q	Dec. 31	Dec. 15
Marshall Field & Co 6% cum pf	1.50	Q	do	Do.
Mead Johnson & Co 7% pf	.35	S	Jan. 3	Do.
Midl Oil Cp $2 pf	.25		Dec. 29	Dec. 24
Monroe Auto Equip Co	.35		Dec. 28	Dec. 15
Mutual Bank & Trust Co (St. Louis)	1.00		Dec. 15	Dec. 10
Nashua Mfg. 1 pf	1.25	Q	Jan. 1	Dec. 22
National Brush	.12½	Q	Dec. 21	Dec. 11
Natl Casket pf	1.75	Q	Dec. 31	Dec. 15
New Eng Fire Ins	.13	Q	Jan. 3	Do.
New Haven Water	2.00	S	do	Do.
New London Nor R R	2.25	Q	Dec. 28	Do.
Northw Tr (St L)	2.00		Dec. 23	Dec. 13
Ottawa L, H & P 5% pf	1.25	Q	Jan. 1	Dec. 15
Ottawa O, H & P	1.50	Q	do	Do.
Pacific Clay Prod	.90		Dec. 20	Dec. 10
Peoples Colat'l L'n	.50	S	Dec. 21	Dec. 20
Peoples Colat'l L'n pf	1.00	S	Dec. 31	Do.
Peoples Pitts Trust	.40	Q	Jan. 3	Dec. 11
Philadelphia Bourse	.50		Dec. 22	Dec. 9
Pierce Governor	.15		Dec. 23	Dec. 15
Pioneer T & S (Chi)	1.00	Q	Dec. 24	Dec. 10
Roch T & S D (N Y)	1.25	Q	Dec. 31	Dec. 15
Root Pet $1.20 pf	.30	Q	Jan. 1	Dec. 21
Sabin Rob Pap 7% pf	1.75	Q	Jan. 3	Dec. 27
Shareholders Corp	.10	Q	Dec. 20	Dec. 11
Skenandoa Rayon 5% per conv pf	1.25	Q	Dec. 24	Dec. 15
Southn Acid & Sul	.25		Dec. 15	Dec. 10
South A & S 7% pf	1.75	Q	Jan. 3	Do.
Stand Screw 7% pf	3.00	S	Jan. 1	Dec. 9
Taunton G Lt Co	1.50	Q	Jan. 3	Dec. 15
Title & M Guar Co Ltd (New Orl, La)	1.25		Jan. 1	Dec. 31
Tom Bell Royalty	.01		Dec. 20	Dec. 10
Un County Corp	.60		Dec. 22	Dec. 13
Union Twist Drill	.25	Q	Dec. 24	Dec. 20
Un Tw Drill pf	1.75	Q	do	Do.
Un Dist of Can Ltd	.05		Dec. 20	Dec. 15
Un Gold Eq of Canada Ltd std shs	.03		Jan. 15	Jan. 5
United St Foil pf	1.75	Q	Dec. 24	Dec. 20
Viau Ltd (form'ly Viau Bis Cp) 5% pf	1.25	Q	Jan. 3	Do.
Wagner Baking	.40		Dec. 24	Dec. 15
Wagner B 7% pf	1.75	Q	Jan. 3	Do.
Wag B (np) $3-2pf	.75	Q	do	Do.

The CHAIRMAN. There are 2 minutes remaining. The gentleman from Kentucky [Mr. CREAL] is recognized.

Mr. CREAL. Mr. Chairman, I want to make a unanimous-consent request. The gentlemen will remember my talk a minute ago pertaining to the weekly paper. In the confusion that prevailed I did not understand what was being done, and they took up section 7 before I could hear what was doing. My amendment was on the Clerk's desk, and I ask that it be voted up or down.

I ask unanimous consent, Mr. Chairman, to return to section 6 for the purpose of offering an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Kentucky.

The Clerk read as follows:

Amendment offered by Mr. CREAL: Page 20, line 10, at the end of the sentence, strike out the period, insert a comma, and add the words "and shall exclude employees of weekly or semiweekly newspapers from the provisions of this act."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The question was taken; and on a division (demanded by Mr. CREAL) there were—ayes 54, noes 45.

So the amendment was agreed to.

The CHAIRMAN. Are there perfecting amendments to section 8?

Mr. RAMSPECK. Mr. Chairman, I offer an amendment to section 8.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: On page 21, lines 9 to 22, inclusive, strike out all of subsections (a) and (b) in section 8.

Mr. RAMSPECK. Mr. Chairman, the language which I am moving to strike out would give the administrator the power to interfere with purely local employers. I think it would be wise to limit this act to purely interstate business. It was my observation that under the N. R. A. the greatest objection that we heard from our people back home was the effort to include under codes and under regulation the purely local businesses. We all know that the Supreme Court in the Schechter case held that Schechter was not engaged in interstate commerce and therefore could not be regulated by Congress.

I do not care to make any further statement about this matter. I believe that in the interest of getting a bill which might stand up when it is tested by the Supreme Court we ought not to have this section in the bill. My own judgment is that it is totally beyond the power of Congress in its right to regulate interstate commerce.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. COOLEY. I would like to ask the gentleman, a member of the committee, whether in his opinion this bill would affect the newspaper publishers of the country; particularly the publishers of weekly papers, some of which go into interstate commerce.

Mr. RAMSPECK. It would be a question for the administrator to decide after investigating the business and determining whether or not, in his judgment, they do business in interstate commerce.

Mr. COOLEY. If I understand the gentleman, it might extend far enough to reach even newsboys engaged in selling papers published by these particular publishers.

Mr. RAMSPECK. I think that is true. If it is determined that an employer is engaged in interstate commerce, as I understand it, all of his employees are subject to regulation under this proposal.

Mr. SIROVICH. Are not most newspapers, magazines, periodicals, and publications interstate in their sale?

Mr. RAMSPECK. I think so.

Mr. COOLEY. Mr. Chairman, will the gentleman yield further?

Mr. RAMSPECK. Certainly.

Mr. COOLEY. Would the gentleman think that a weekly newspaper with a very local circulation, but which occasionally sent its paper into other States, would be engaged in interstate commerce?

Mr. RAMSPECK. I think it is a doubtful question, I will say to the gentleman.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. CASEY of Massachusetts. Would not the elimination of subsections (a) and (b) in section 8 remove a great deal of the teeth of this bill? Would it not weaken its enforcement?

Mr. RAMSPECK. I do not think so, because it deals solely with businesses which are local, on the theory that because they may compete in their own State with somebody in interstate business, that they are affecting interstate commerce. I think that is stretching the interstate-commerce clause to the breaking point. That is my own judgment.

Mr. McREYNOLDS. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. McREYNOLDS. If these two subsections are stricken out, will there be anything left—will there be anything left in section 8?

Mr. RAMSPECK. No; there will be nothing left in section 8, because the remainder of the section was the tariff provision, and that went out on a point of order.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if this amendment is agreed to, there is no way to prevent chiseling competition with the standards set up pursuant to the bill from intrastate industries, and I sincerely hope the amendment will be defeated.

Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. RAMSPECK].

The question was taken; and on a division (demanded by Mr. RAMSPECK) there were—ayes 58, noes 86.

So the amendment was rejected.

The CHAIRMAN. Are there any perfecting amendments to section 8? If not, are there any perfecting amendments to section 9?

Mr. BARDEN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Page 26, after line 2, after subsection 7, insert a new subsection 8, as follows:

"Subsection 8. In case of an order declaring the existence of substandard wages, said order shall not require the increase in wages to be in excess of 1 cent per hour each 30 days, beginning from the effective date of said order and continuing until the standard wage prescribed in said order is reached."

Mr. BARDEN. Mr. Chairman, the amendment provides that in case an order shall be issued by the administrator with reference to wages, the order shall become effective at the rate of 1 cent per hour each 30 days. In other words, in 5 months the hourly wage could advance 5 cents per hour and no more until it approached or reached the standard wage prescribed by the Board.

The reasonableness of that provision appealed to me. We discussed it in committee, but it was not presented in time for the committee to vote on the matter. It comes in here as an amendment, but it was discussed in the committee and many of the committee members are very favorable to the amendment.

Mr. Chairman, it has been stated several times on the floor of the House that in order for legislation of this kind to become effective without serious injury or shock to industry—and certainly to small industry that has not sufficient capital or reserve to operate—there cannot be too sudden a jump. Of course, legislation of this kind is to some extent revolutionary and to some extent experimental; but this will serve as a shock absorber.

I want to read a statement made by the President of the United States in his message to Congress on November 15. If the amendment I have offered is not exactly what the President had in mind, then I am a bad guesser. I quote from the President's message:

We should provide flexible machinery which will enable industries throughout the country to adjust themselves progressively to better labor conditions.

This is an opportunity for industry to adjust itself progressively. The question has been raised that this might serve to cut wages temporarily because it would cut off some of the hours. Mr. Chairman, no movement as great as this is, and no movement from which we expect as much as we do from this, can ever be a success without sacrifice, both on the part of industry and on the part of those who will ultimately benefit from it. We must approach this problem from a reasonable, practical, common-sense point of view. Take the small-business man who is borrowing money from the banks. You know, they have not built up much reserve and have not much in their treasuries. This man goes to a bank and borrows $5,000. The bank sees that his production cost is going up to a point where it exceeds the buying market price. What would any sensible banker do? He would call the loan and the man would have to close up his plant. There would be no earthly way for him to prevent it.

[Here the gavel fell.]

Mr. WOOD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman did present this amendment to the committee the last day we met. It was not acted upon, and I did not hear any member of the committee express himself in favor of this amendment.

Mr. BARDEN. Mr. Chairman, will the gentleman yield?

Mr. WOOD. No; not now; in just a minute I will yield.

This law will not become effective until 120 days after it has been signed by the President. If, perchance, after many months of survey and investigation by the Administrator or any board he may appoint to investigate wages and hours in any given industry such Administrator or board should happen to grant the employees in that industry a 5- or 10-cents-an-hour increase in wages—and we know there are industries in many localities where employees are working for wages far below 40 cents an hour—then is it possible we desire such employees to wait another 5 or 10 months before the order goes into effect?

I hope this amendment will not be adopted. It will practically kill the effect of the bill. On the theory that the Administrator or the board appointed by the Administrator is not going to clamp upon an industry any arbitrary hours or wages until a full, fair, and exhaustive investigation has been made of the whole matter, I hope the amendment will not be adopted.

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. The question is on the motion of the gentlewoman from New Jersey.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. BARDEN].

The amendment was rejected.

Mr. KELLER. Mr. Chairman, I wanted to speak on the Barden amendment.

The CHAIRMAN. Debate on that amendment has been closed.

Mr. KELLER. I would like to know when and how. We just now had 10 minutes of debate allowed on it.

Mrs. NORTON. No; that was on the section.

Mr. BARDEN. There was no restriction put on the amendment, as I recall it, and I was the first one who spoke 5 minutes.

The CHAIRMAN. The gentleman from Missouri [Mr. WOOD] spoke in opposition to the amendment of the gentleman from North Carolina.

Mr. BARDEN. May I inquire if there was a restriction of time put on that amendment?

The CHAIRMAN. Under the rule, unless a proper motion had been made by a Member—and it was not the Chair's duty to inform a Member as to the motion he should make to obtain recognition—all time had expired.

Mr. KELLER. I was on my feet to submit a motion, Mr. Chairman.

Mr. GRISWOLD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GRISWOLD: On page 25, line 23, after the colon, strike out the remainder of paragraph 7.

Mr. GRISWOLD. Mr. Chairman, the effect of this amendment would be to strike out these words:

Provided, That at least 90 days' notice from the date of the order must be given before any change is made effective if it increases wages or reduces hours.

The bill as it now reads is to the effect that if the Board or the Administrator saw fit to increase wages he would be required to give 90 days' notice, but if he saw fit to decrease wages he would not be required to give one second's notice. If he desired to increase hours from 40 hours to 60 or 70 or 80, he would not be required to give a moment's notice, but if he wanted to decrease the hours he would be required to give 90 days' notice.

I believe the labor which is going to be affected should have at least as much right to notice as the employer who is going to be affected. This provision is very discriminatory, and, on the theory that labor should be given at least an equal break, I believe this provision should be stricken out, so both parties will be left on the same basis.

Mr. CITRON. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Connecticut.

Mr. CITRON. There are no other provisions in this bill that an order does not go into effect for as long a period as 90 days. I believe an order granting an increase of wages should go into effect at once and favor this amendment.

Mr. GRISWOLD. This is the only place I know of where the giving of notice is required, and then the notice shall be given only when it is beneficial to the employer. It will not be given when it is beneficial to labor.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. Does the gentleman contemplate that wages will be reduced in any instance under the operation of this bill?

Mr. GRISWOLD. I say that under the operation of this bill wages could be reduced.

Mr. BOILEAU. Does the gentleman mean that? I did not appreciate that under the operation of this bill the Board or the Administrator would have authority to issue to an industry an order which would reduce wages.

Mr. GRISWOLD. Yes, because they can fix wages anywhere below 40 cents an hour.

Mr. BOILEAU. However, the employer would not then be compelled to reduce wages to that figure?

Mr. GRISWOLD. The employer would be compelled to do so if it were an order of the Administrator.

Mr. BOILEAU. The gentleman does not mean to give the impression the Administrator could order an employer to reduce wages lower than they were?

Mr. GRISWOLD. I say that under the provisions I endeavored to have stricken out and which you would not strike out, the cost of production and operating costs provisions, the Administrator has power by reducing the wages in one plant in the town to equalize them with the wages in another plant in the town. He does have the power to reduce wages.

Mr. BOILEAU. I do not understand the Administrator has any authority under the provisions of this bill to tell the employer he must reduce the wages paid to his men from 50 cents an hour to 40 cents.

Mr. GRISWOLD. Certainly, to change the competition which is based on operating costs. You refused to strike that out of the bill. He does not have power to reduce them from 50 to 40 cents, but he does have power to make an order requiring a reduction from 40 cents to less than 40 cents. He is prohibited from exercising his authority above 40 cents, but has unlimited power either to increase or decrease below 40 cents. This power is limited only by the mandatory provisions of the bill.

Mr. BOILEAU. But the employer would not be ordered to do so.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. HOBBS. Is it not a fact that under this bill the Administrator would have the right to order an employer to reduce the wages from 40 cents to 30 cents?

Mr. GRISWOLD. Yes; he could, as to an individual employer.

[Here the gavel fell.]

Mr. KELLER. Mr. Chairman, I rise in opposition to the amendment.

I want first to call the attention of the committee to the fact that the Administrator would have no power to reduce wages under any conditions. There is no such intention and no such expression in the bill. The Administrator may raise the wages to a less amount than the standard, little by little, if he wants to and as he sees fit, but he could not reduce the wages at all. He has no such power and there is no such intention expressed in the bill. This is perfectly clear and ought to be well understood.

I have got to refer now to an unfortunate thing that happened about 5 minutes ago. The gentleman from North Carolina [Mr. BARDEN] introduced an amendment to which I had referred you last Tuesday. I called the attention of the committee to it. This amendment is one that offers a way out of all differentials. It is the solution of that subject. No one regrets so much as I do the fact it was not put into the bill.

The gentleman has studied out an amendment to this bill that would in due course raise the wages in those substandard localities and put them on the same basis as everybody else is in all other localities in due course. This is something we all ought to be for, and the amendment ought not to have been beaten. If there is another way to bring the matter before this body the amendment ought to be passed unanimously, because it would solve the entire question of differentials and give everybody a chance where wages of necessity are low—and they are in my district the same as they are in yours—and this would give them an opportunity to come up little by little without killing the business or throwing men out of employment.

This is what we have all been trying to do down South and in southern Illinois and everywhere else. Everybody has been struggling to do this, and the Barden amendment would have accomplished that very thing to the great advantage of the entire American people. I hope some means may be found to reconsider that amendment. If this is done I think the committee ought to support it unanimously, because it would take effect in Georgia, Illinois, or anywhere else where they are paying low wages, and give them plenty of time to adjust themselves while the wages are being brought up to where they ought to—the minimum of 40 cents an hour.

This would establish a national standard of wages all over the United States. This would work to the great advantage of every place where the wages are low at the present time, it would make secure the wages already above 40 cents an hour. And this was the intention of the bill and the purpose of the whole movement, and the amendment offered a solution of the question.

Mr. CITRON. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. CITRON. Does not the gentleman believe that 90 days is too long a period for workers to wait when awarded an increase of a few cents?

Mr. KELLER. No. This is a big country and I have spent many months looking into this subject with respect to the textile industry. I have been in conference after conference, and if it could be done in 3 years or 5 years it would be the greatest thing we could do, because it would mean the permanent solution of the entire problem.

Mr. KITCHENS. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. KITCHENS. There being more than 200,000 industrial plants in America scattered over three or four thousand miles, does the gentleman think it is possible for any board or committee properly to make an order within 3 months affecting all the business of America?

Mr. KELLER. No; certainly not, and probably not in 3 years, for that matter. We are not going to revolutionize the world before you can say scat. It is going to take time and it ought to take time, and I am pleading that we give it time so that we may accomplish our purpose without injuring business or throwing men out of employment.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. HOBBS. I would like to ask the distinguished gentleman from Illinois, who is a member of the committee, if it is not a fact that under this bill, the administrator and the committees are charged with the consideration of several items in fixing the wage?

Mr. KELLER. Oh, yes.

Mr. HOBBS. And if they should, after investigation, find an employer who is paying 40 cents or less per hour, they could order him to reduce the wage he was then paying, could they not?

Mr. KELLER. Oh, no; they could not; they could not reduce the wages under this bill. That is certain.

The CHAIRMAN. The time of the gentleman from Illinois has expired. The question is on agreeing to the amendment offered by the gentleman from Indiana.

The amendment was rejected.

The CHAIRMAN. Does the gentleman from Connecticut [Mr. CITRON] desire to offer an amendment?

Mr. CITRON. No.

The CHAIRMAN. Are there any perfecting amendments to section 10?

Mr. RAMSPECK. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: On page 26, line 4, strike out all of section 10 and insert in lieu thereof the following:

"SEC. 10. A labor-standard order shall be made, modified, extended, or rescinded only after a hearing held pursuant to this section. Such hearing shall be held at a point as near the principal place of business of the employer involved as is practicable and at such time as the Administrator may prescribe, and reasonable notice must be given to those involved by registered mail or by personal service. Such hearings shall be held only after a complaint is filed with the Administrator by any labor organization, any competing employer, or any employee or other person having a bona fide interest (as defined by the Administrator), and such complaint shall allege that the employer complained of, because of the wages paid or the hours required of his employees, is securing an advantage over competitors. Such hearings shall be public and may be held before the Administrator or any officer or employee of the wage and hour division designated by him. Appropriate records of such hearings shall be kept. The Administrator shall not be bound by any technical rules of evidence or procedure."

Mr. RAMSPECK. Mr. Chairman, this proposed amendment makes certain changes in the proceedings under section 10. In the committee amendment now before the body there is no provision for notice to the people who may be affected by the hearings. There is no designation as to where the hearing shall be heard, but I presume it would be in Washington. My amendment makes a further limitation, and limits this act in its application to cases where it would be alleged that because of low wages or long hours, or both, the employer was getting an advantage over others in his industry, which means chiseling. I know everyone is tired and I do not want to go into any long argument, but I do feel that it is unfair to require people to be subject to an act and to be bound by hearings for which no provision is made for notice. A man might be put under a wage and hour order under this section without ever having had any notice whatsoever that he is being affected by it or that his business was under consideration.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. Yes.

Mr. HOBBS. I have high regard for the gentleman's opinion. Does he think for one minute that the administrator or the board, such as he wished, would pay any attention to anything that any employer said?

Mr. RAMSPECK. I would prefer an impartial and independent board, but I cannot go as far as the gentleman does in saying I think the President would appoint an administrator who would not pay any attention to business. I presume that he will appoint a man who will pay attention to business, but I think we ought to write into the law proper safeguards for business, the right of notice, so that a man can appear and have his case heard. I believe that the power of Congress to fix wages and hours is limited, because we have only the power to protect interstate commerce. I do not believe we have any power to fix hours and wages as such for the purpose of raising the purchasing power of the people. I think we have that power only by virtue of our right to protect interstate commerce from unfair competition, and, therefore, I desire to limit this proposition to the chiseler, to the man who is out of line in his own industry, and that will be as big a job as any administrator will ever be able to do in this country.

Mr. CITRON. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I cannot yield.

Mr. O'CONNOR of New York. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from New York.

Mr. O'CONNOR of New York. Does this require personal notice to each one of the industries affected?

Mr. RAMSPECK. It would require notice by registered mail or personal notice.

Mr. O'CONNOR of New York. How is the Administrator or this committee going to find out everybody who is affected? Would not a public notice be better? It seems to me rather difficult to find everybody in an industry, even in a certain territory, who might be affected.

Mr. RAMSPECK. Of course, it would be a difficult matter if you undertake to take in a whole industry at one time, which I think is utterly impossible from a practical standpoint. I think he is going to have to take this thing up by communities or sections. I do not believe any man ought to be subjected to a law that has penalties such as this law has without actual notice of the fact.

Mr. O'CONNOR of New York. Even in a community he might by chance overlook somebody who had two or three or four employees in a certain industry.

Mr. RAMSPECK. Of course, that is possible. At the same time I think that a man before he is made subject to criminal penalties ought to have notice of the fact that he is going to be put under a law so that he will not be taken into court and tried for an offense that he did not know anything about.

Mr. CASEY of Massachusetts. Is not the matter of notice a matter of regulation and procedure to be adopted by the Administrator, and would it not be taken care of if in line 7 you add the words "as the Administrator shall prescribe, after reasonable notice"?

Mr. RAMSPECK. I am afraid to risk that.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mrs. NORTON. Mr. Chairman, I rise in opposition to the amendment. I do not intend to take 5 minutes. I just want to say to the Committee that the orders of the Administrator do not relate to individual employers. The orders relate to industries and occupations, and it would be absolutely impossible to hold hearings at the place of business of every employer in an occupation.

Mr. Chairman, I sincerely hope this amendment will be voted down.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Georgia [Mr. RAMSPECK].

The amendment was rejected.

The CHAIRMAN. Are there any perfecting amendments to section 11?

Mr. RANDOLPH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RANDOLPH: Page 27, line 15, after the word "before", insert "a wage and hour committee"; and, in line 17, strike out the words "the Administrator" and insert "a wage and hour committee, the Administrator or any officer or employee designated by him."

Mr. RANDOLPH. Mr. Chairman, I have no desire to debate the amendment. It comes from the committee. It is simply a perfecting amendment, to include a wage and hour committee as well as the Administrator, any officer or employee thereof.

The CHAIRMAN. Without objection, the committee amendment will be agreed to.

There was no objection.

Mr. GRISWOLD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GRISWOLD: Page 27, line 6, after the period, insert "the information obtained by such investigation and examination shall be confidential and not be divulged by the Administrator, his officers, agents, or employees, except in a proceeding in a court of law."

Mr. GRISWOLD. Mr. Chairman, because of the fact that the language of this section provides that they may investigate when a man is about to violate a law, I have made this amendment, which makes the information obtained confidential. The chairman of the committee has agreed to accept it. It simply makes it conform to all other Federal laws where they obtain information.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Indiana [Mr. GRISWOLD].

The amendment was agreed to.

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment, and I ask unanimous consent that section 11 be read. It is the most important and the most vicious section in the bill, because it provides for the greatest system of espionage, without a crime ever having been committed, that has been proposed in a free country. It will be a millstone not only around the neck of the Democratic Party but the administration. The section should be read.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from South Dakota.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: Page 27, line 1, strike out "or is about to violate."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

The CHAIRMAN. Are there any perfecting amendments to section 12?

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment to section 12.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: Page 29, line 3, strike out "or about to engage"; and in line 4 strike out "or will constitute."

THESE SECTIONS SET UP AN INQUISITION

Mr. CASE of South Dakota. Mr. Chairman, I shall use most of my time not to give my opinions but to read you the language of section 11, which has just been approved without amendment:

SEC. 11. (a) The Administrator, in his discretion, may investigate and gather data regarding the wages, hours, and other conditions and practices of employment in any occupation subject to this act, and may inspect such places and such records (and make such transcripts thereof) and investigate such facts, conditions, practices, or matters as he may deem necessary or appropriate to determine whether any person has violated or is about to violate any provision of this act or any labor-standard order, or to aid in the enforcement of the provisions of this act.

(b) For the purpose of any investigation or any other proceeding under this act, a wage and hour committee, the Administrator, or any officer or employee of the wage and hour division designated by him, is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, or other records of any employer deemed relevant or material to the inquiry.

And in case any person refuses—

the Administrator, or the wage and hour committee, as the case may be, may invoke the aid of any court of the United States in the jurisdiction.

And further under paragraph (d):

(d) No person shall be excused from attending and testifying or from producing books, papers, correspondence, or other records and documents on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture.

If that stands as the law of this country the Bill of Rights is gone. If that becomes the law of this country no man who is subject to the provisions of this bill can refuse to appear on the ground that it will incriminate him, not because he has violated the act, but because in the opinion of the Administrator or the committee he may be about to violate it.

If this be democracy, the Democratic Party had better change its name. If this be democracy, then this country will cease to be a democracy.

Drop section 11. Section 12 continues the same kind of power:

Whenever it shall appear to the Administrator that any person is engaged or about to engage in—

How does the Administrator know? It is only his idea. A committee is set up composed of employers and employees who will be competitors, and under these sections they can compel other competitors, just on suspicion that they might be about to violate the law, they can compel them to bring in their records and if they do not they can bring to bear the power of the Federal court to compel them and then they cannot refuse even on the ground that it might incriminate them. This is the kind of legislation the House is passing under the mood the Members are in at this time. There is only one thing to do now and that is to recommit the bill and rewrite it.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. MICHENER. I call the gentleman's attention to the fact that this provision is in the Black bill, which was presented to the Senate and passed by the Senate under the whip and the lash of this Senator Black who is now on the Supreme Court of the United States.

Mr. CASE of South Dakota. Just a word in conclusion. This bill sets up the greatest system of espionage that has ever been proposed in America. Those of you who vote for this legislation with these sections in it will have to answer to the people. You talk about the middle classes of this country, or the man who is trying to get along and do something; you talk about helping business. You ask employers to take up the slack; you ask them to provide jobs; yet you subject them to this kind of inquisition. It certainly is the most un-American thing that has been proposed in this Congress since I have been a Member. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 1 minute.

The CHAIRMAN. The question is on the motion of the gentlewoman from New Jersey.

The motion was agreed to.

Mr. FULLER rose.

The CHAIRMAN. The gentleman from Arkansas is recognized for 1 minute.

Mr. FULLER. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. The gentleman will have to reduce that motion to writing. The gentleman is recognized for 1 minute.

Mr. FULLER. The Chair recognized me for 1 minute. I shall use that time to write out a motion to strike out the enacting clause, a preferential motion.

The CHAIRMAN. The Chair did not recognize the gentleman for that purpose.

The question is on the amendment offered by the gentleman from South Dakota.

The amendment was rejected.

Mr. FULLER. Mr. Chairman, I move to strike out the enacting clause. This is a preferential motion.

Mr. McFARLANE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. McFARLANE. Mr. Chairman, I make the point of order that a motion to strike out the enacting clause must, under the rules of the House, be in writing.

The CHAIRMAN. The point of order is sustained.

Mr. HOFFMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. Early this afternoon when they were holding a conference or discussion over there, we on this side could not hear much of what was said, but I heard one word, "midnight." Now, do we vote on this Black bill at midnight?

The CHAIRMAN. The gentleman has not submitted a parliamentary inquiry.

Mr. RAMSPECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: Page 30, line 5, after the word "employed," strike out the comma, insert a period, and strike out the remainder of line 5 and all of lines 6 to 21, inclusive.

Mr. RAMSPECK. Mr. Chairman, the language which I am proposing to strike out on page 30, beginning with line 5, after the word "employed" requires every employer who is put under a wage and hour order to post in every room where any employee of his works, a schedule showing the time every employee goes to work and quits work. Further than that, if any employee stays on the premises after his time expires, it is prima facie evidence of a violation of the order for which the employer may be fined $500 or put in jail for 6 months for each employee that remains on his premises. I say it is absolutely absurd to put business under any such regulation as that. It does not add anything to the bill. It certainly would not help to popularize wage and hour legislation with the public in this country. I tried to strike it out in the committee and I am going to try to do it here. I think if the members of this committee will simply read that language they will agree with me that it ought to be taken out and that no business man ought to be put under such a regulation as that which might make him subject to criminal prosecution.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mrs. NORTON. The committee will not oppose that amendment.

Mr. RAMSPECK. I thank the gentlewoman very much.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

The CHAIRMAN. Are there any further perfecting amendments to section 13? If not, are there any perfecting amendments to section 14?

Mr. THOMAS of Texas. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. THOMAS of Texas: Strike out all of subsection (a) of section 14 and insert in lieu thereof the following:

"The Administrator shall utilize the Bureau of Labor Statistics in the Department of Labor for all investigations under section 11 (a)."

Mr. THOMAS of Texas. Mr. Chairman, the chairman of the Labor Committee will not oppose this amendment, so I will not take very much time.

The purpose of the amendment is to simplify the investigating agencies. It will save money and do away with duplications and overlapping of investigating agencies. This amendment puts all the investigations now under the Bureau of Labor Statistics and, in my judgment, that Bureau is now functioning and doing a very fine job. This will save money and will prevent, one, two, or even three investigating agencies calling upon some man and more or less causing him discomfort.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. THOMAS].

The amendment was agreed to.

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SCHNEIDER of Wisconsin: Page 31, line 15, strike out lines 15 to 21, inclusive, section 14 (b), and insert:

"(b) The Chief of the Children's Bureau in the Department of Labor, or any of his authorized representatives, shall make all investigations and inspections under section 11 with respect to the employment of minors, and bring all actions under section 12 to enjoin any act or practice which is unlawful by reason of the existence of oppressive child labor, and to administer all other provisions of the act relating to oppressive child labor."

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, this amendment is a substitute for subsection (b) in section 14. It does not materially change the subsection except to make it conform to the bill so far as the child labor features are concerned. It strikes out in line 15 the words "the administrator shall utilize" and leaves the section then with the Chief of the Children's Bureau to administer, which is in line with the bill in a general way so far as child labor is concerned.

Mrs. NORTON. Will the gentleman yield?

Mr. SCHNEIDER of Wisconsin. I yield to the gentlewoman from New Jersey.

Mrs. NORTON. The Committee on Labor will not oppose the amendment.

Mr. SCHNEIDER of Wisconsin. Mr. Chairman, the Committee on Labor is agreeable to accepting the amendment. For the support by the gentlewoman from New Jersey and members of the Committee on Labor to this and other amendments offered by me, I am deeply appreciative.

Mr. Chairman, we have been discussing individual sections of the wage and hours bill dealing with child labor as we have reached those sections in the course of our consideration of the bill. I believe that the members of the House of Representatives might like to know more of the general purposes of these child-labor provisions.

In general, their object is to define clearly what are oppressive types of child labor in interstate commerce and to provide for their elimination as far as possible through preventing children from ever going to work in forbidden occupations. The bill also provides for prosecution of those who use child labor in defiance of the law. Provisions are set up which tend to make the results of such prosecutions so certain that they act as a general deterrent to others.

Let us take the definition of oppressive child labor, section 2, subsection (a), subsection 10. This definition clearly

stamps the general employment of children under 16 years of age in industry outside of agriculture as a practice which is unnecessary and undesirable as far as the production of products for interstate commerce is concerned. It further brands the employment of youths between 16 and 18 years of age in hazardous occupations as undesirable. This is the dangerous age when venturesome youths are only too apt to experiment with machinery, electricity, and other hazards of industry so that the result is often injury or death. Because of the frequent new inventions and changes in industrial processes, the duty of determining what are hazardous occupations is delegated to the Chief of the Children's Bureau.

In order that the child-labor provisions of the bill should not be too rigid, the Senate Committee on Education and Labor added a clause, page 6, line 2 to line 10, giving the Chief of the Children's Bureau power to exempt minors from the child-labor provisions of the bill if and to the extent that their work does not interfere with schooling, health, or well-being. In the judgment of the House of Representatives this power of exemption, which I believe was unprecedented, was far too broad and for that reason it has been curtailed, through the amendment which I offered, so that it may apply only to children between 14 and 16 who are not engaged in mining or manufacturing.

Certain other loopholes in the bill through which children might be exposed to the evils of labor abuses have been corrected by other amendments. Two offered by myself and approved by the House refer to clauses in the bill which would have exempted from the child-labor provisions any children employed by a parent or a person standing in the place of a parent. While the intent of these clauses, page 5, lines 13, 14, 17, and 18, was undoubtedly to exempt children engaged in the ordinary occupations of home they would unfortunately have permitted continuance of the employment of children in such grossly improper occupations as tiff mining in Missouri and other types of piecework in which children can be used, no matter how dangerous or undesirable. The House of Representatives has wisely eliminated this possibility.

The gentleman from Missouri [Mr. WOOD] also introduced an amendment which the House has adopted which closes certain loopholes in the bill as passed by the Senate. In writing in certain exemptions which are obviously intended by the Senate to apply to wage and hour provisions for adults, child labor in forestry, in commercialized fishing, and in turpentine work, where very serious abuses occur, were all excluded from protection.

It should be noted also that the gentleman from California [Mr. KRAMER] presented an amendment which was adopted exempting young children engaged in professional acting in the production of motion pictures from the age and hour limits of the bill.

Another amendment, which was presented by the gentleman from North Carolina [Mr. BULWINKLE] and adopted, added under the definition of "substandard labor condition" (p. 6, line 15) the employment of minors between midnight and 6 o'clock a. m., thus putting such employment under the general prohibitory clauses of the bill.

One of the most significant clauses with reference to child labor in the whole bill, is that, page 5, line 22 to page 6, line 2, which provides for an age certificate as a test of a minor's legal employment. The effect of this provision, coupled with another section of which I shall speak in a moment, which greatly simplifies prosecutions, is that the vast majority of employers insist upon work certificates for all minors applying for work. The outstanding advantage of such a plan is that under it State and local labor and work certificate agencies, in cooperation with the Children's Bureau, as provided in section 3, subsection (b), page 9, see that children do not obtain age certificates for illegal work. Thus child labor is prevented. The experience under the 1916 child-labor law proved conclusively that this arrangement is the most satisfactory, effective, and economical one. Not only are children prevented from going to work, but the supervision of this is in the hands of State and local authorities whose prestige and authority in the protection of their own children is strengthened. The supervision required of the Federal Government is reduced to a minimum. Only 17 Federal inspectors were required for administration of the 1916 child-labor law for the entire country. The total cost of this enforcement to the Federal Government was $125,000 a year, and the total number of Federal employees required was 51.

CONTRAST WITH WHEELER-JOHNSON PROVISIONS

This is in sharp contrast to the provisions of the Wheeler-Johnson bill which have been proposed as a substitute for the child-labor provisions of the Black-Connery bill. That bill depends upon prosecutions after children have been illegally employed. Its provisions for the labeling of goods, as a supposed aid to prosecution, are complicated and it has been shown, in testimony before the Interstate Commerce Committee of the Senate, that they would be ineffective.

I have already spoken of the wise provision of the wage-hour bill now before you, page 9, lines 10 to 17, that the Chief of the Children's Bureau may develop plans of cooperation with State and local agencies charged with the administration of labor laws. It would be difficult to point to a more striking example of sound cooperative relationship between the Federal and local governments than that which was developed in the administration of the 1916 Federal child-labor law. It was most effective in preventing child labor with a maximum of home rule consistent with effective enforcement of the act, and a remarkably small Federal inspection force of 17. This is in sharp contrast to the procedure which would be necessary under the Wheeler-Johnson bill. The enforcement of the provisions of that bill would depend upon prosecutions by Federal agents and the number of such agents which would be required to watch the products of many thousands of factories in the United States and to prosecute violations of the law is painful to consider.

Another extremely important child-labor provision of the wage-hour bill now before you is the clause, page 41, section 22, subsection (e), making illegal the shipment of goods from a factory within which oppressive child labor has been employed within 30 days prior to the removal of such goods. This is a key provision upon which the effectiveness of the regulation of child labor largely turns. It sweeps aside the subterfuges and evasions which would be multiplied indefinitely if it were incumbent upon the Government to prove that a child worked on a particular piece of goods which is being shipped, as would be required by the Wheeler-Johnson bill. Proof of this would require the stationing of inspectors in the various factories and other establishments of the country which might use child labor, to watch the actual processes on which children work. Under the 1916 child labor law, which included the sound principles of the wage-hour bill, now before you, enforcement was relatively simple and, because of this, honest employers insisted upon age certificates for minors who worked in their factories, thus reenforcing the whole trend of this legislation which was to prevent children from going to work rather than to depend primarily upon prosecuting employers after the harm had been done.

The Wheeler-Johnson bill makes a futile gesture in the direction of making enforcement easy through a provision that the employment of children in a factory is prima facie evidence that they have worked on any goods shipped from that factory. Those who are familiar with the administration of such laws know well that the unscrupulous sweatshop type of employers who use child labor in the face of such a law would inevitably have someone beholden to them who would testify that no child worked on the particular goods in question. The Government would then be forced to produce original evidence that the child did work on such goods or articles, perhaps at a much earlier time than the prosecution and in some distant State. Under these circumstances evasion would be so easy as to invite a general disrespect for the law. The House, therefore, has been very wise in restoring the direct and simple provision for the securing of evidence, which I have described and which made the 1916

law so readily enforceable, and in writing out the Wheeler-Johnson substitutes which would make such enforcement complex and extremely difficult, if not impossible.

SUPREME COURT HAS IN EFFECT REVERSED ITSELF

Mr. Chairman, the question has been raised whether the House in restoring the principle of the 1916 child-labor law in the wage and hour bill has not made a mistake because of the fact that the Supreme Court declared that law unconstitutional in the famous Hammer-Dagenhart decision. I for one, and I know that many agree with me, will heartily welcome the presentation of exactly the issues of the 1916 child labor law to the Supreme Court again. I would do so in the belief that the Supreme Court would reverse itself even though I had no specific opinion of the Court to confirm my belief. As a matter of fact, however, we have in the opinions of the Court itself ample evidence that it would so reverse itself. In the Kentucky Whip and Collar case the Court definitely removed the contention that the fact that the usefulness and harmlessness of goods being shipped need have anything to do with the validity of an act forbidding their transportation in interstate commerce. In the Jones and Laughlin and Friedman-Harry Marks cases the Supreme Court removed the contention that because the production of goods was a local matter the regulation of the interstate shipment of those goods was beyond the power of Congress. It is clear, therefore, as the Court itself pointed out, that the effect upon interstate commerce of the labor practice involved in the production of such goods is the controlling factor. The effect of the use of child labor upon interstate commerce is now generally conceded by all, and abundant evidence could be presented to prove it. We may rest assured, therefore, that the reenactment of the principles of the 1916 child-labor law, as proposed in the wage-hour bill now before you, would be sustained by our highest court.

In a clarifying and perfecting amendment offered by myself and adopted by the House, the administration of the child-labor provisions of the wage-hour bill have been placed in the hands of the Chief of the Children's Bureau. This is consistent with the whole course of the Senate and the House with reference to the child-labor provisions of this bill. It has been clearly the thought of Congress that procedures intended to eliminate child labor, whose existence can be determined with promptness and exactness, should not be delayed or confused by being made dependent upon procedures for dealing with wages and hours and correlative matters of collective bargaining which are of necessity far more complicated. The wording of section 14, subsection (b), page 31, as now amended, eliminates questions of overlapping and divided jurisdiction which would have made the enforcement of the child-labor provisions complicated and difficult. The responsibility of the Children's Bureau is made more clear and specific for those procedures which involve continuance of the same sort of cooperative relationships, with various State and local work certificate offices and agencies for the enforcement of child-labor laws, in which the Bureau has already established such an enviable record.

Finally, Mr. Chairman, may I congratulate the Members of the House on the highly intelligent and thoughtful consideration given to the elimination of child labor in these various provisions of the wage-hour bill which I have discussed. Taken together they establish an excellent system of control of child labor in interstate commerce through cooperative relationship between Federal and State Governments. They follow tested procedures which we know will work successfully because they have already done so under the 1916 child-labor law. Under these provisions, if finally adopted by the House, we may be sure of rapid progress in the elimination of child labor from interstate commerce such as has been long overdue in this country.

May I remind you and the Members of the House, however, that according to the best estimates, the child labor that is used in the production of articles for interstate commerce constitutes only 25 percent of nonagricultural child labor that exists today. We must not flatter ourselves that we have completed the job if such legislation as this is put on the statute books. We will have done our duty so far as we can go under the Constitution as it stands today. To eliminate the remaining 75 percent of nonagricultural child labor will require ratification of the Federal child-labor amendment.

Mr. FULLER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not know very much about the pending amendment, but I do know something about an amendment adopted here a while ago, which absolutely kills this bill as far as Americanism is concerned. Nothing like it has ever occurred in the history of this country.

Mr. WOOD. Mr. Chairman, I make the point of order that the gentleman is not talking about the pending amendment.

The CHAIRMAN. The Chair is confident that the gentleman from Arkansas will proceed in order.

Mr. FULLER. The gentleman from Arkansas will proceed in order and he knows how to proceed. I will not be called off my feet but proceed in order, and I will not yield the floor.

Mr. Chairman, as I stated, the amendment adopted a little while ago is against everything that America or American people have ever stood for.

Mr. WOOD. Mr. Chairman, I desire to make a point of order.

The CHAIRMAN. The Chair understands that section 14 is under consideration.

Mr. FULLER. Yes; and I have the right to compare that with other amendments that have been adopted.

The CHAIRMAN. Section 14 is the section under consideration. The gentleman from Wisconsin has offered an amendment which relates to subsection (b). The Chair notes that section (b) covers a rather broad territory and any Member who is recognized would be warranted in going into a rather broad field of debate if he so desires.

Mr FULLER. Mr. Chairman, this is an amendment that is the same as turned down a little while ago.

The common law of England is the prevailing law today in the United States where statutes have not changed it, and that prevents you from going into a man's castle, or into his home, or into his place of business to search, investigate, and take charge of his private papers. A little while ago you adopted an amendment which is in contradistinction of the fourth amendment of the Constitution.

Mr. WOOD. Mr. Chairman, a point of order.

Mr. FULLER. I fear the gentleman does not realize what point I am discussing.

The CHAIRMAN. Does the gentleman from Missouri raise a point of order?

Mr. WOOD. I wonder if it is possible for the gentleman to talk in order?

Mr. FULLER. Not from your viewpoint, at least.

The CHAIRMAN. Does the Chair understand the gentleman is making a point of order?

Mr. WOOD. Mr. Chairman, the gentleman is not talking to this amendment but to an amendment to another section that has been disposed of.

The CHAIRMAN. So far as the Chair can observe from a very cursory examination, the former amendment has relationship to the present matter under consideration. The gentleman will proceed in order.

Mr. FULLER. To show the fallacy of this bill, when you want us to adopt this amendment you show just how little knowledge you have of history and how little knowledge you have of Americanism and of what ought to be placed upon the statute books of this country.

Under the amendment you have just adopted you not only allow detectives to come in your front door in the morning and in your side door in the afternoon, but under the cover of darkness you allow special investigators to come in and not only investigate your books but take certified copies of

them back to Washington to see whether you may have violated the law, or whether the evidence might be valuable in framing future legislation.

This bill you are seeking to place upon the statute books, and which we of the South consider an insult and attack upon our industry, is a bill originated in Pennsylvania, the last State in the Union to come into the Democratic fold and probably the first to go out of it. The men who drew this bill did not care anything about the Constitution. They did not know what the Constitution was. The law was drawn by "brain trusters," who hope the Supreme Court of the United States will forget our organic law, or repudiate it, and forget there ever was a constitutional provision such as the fourth amendment. Here we find the committee trading and accepting amendments in order to get votes. But when the roll is called you will find this bill recommitted to the committee where it should sleep for always.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHNEIDER].

The question was taken, and on a division (demanded by Mr. SCHNEIDER of Wisconsin) there were—ayes 92, noes 0.

So the amendment was agreed to.

The CHAIRMAN. Are there any perfecting amendments to section 15?

If not, are there any perfecting amendments to section 16?

If not, are there any perfecting amendments to section 17?

If not, are there any perfecting amendments to section 18?

Mr. BLAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: On page 36, line 6, insert a new paragraph to read as follows:

"Nothing in this act shall apply to any labor engaged in manufacturing or producing any commodity which is in competition with any similar commodity which is on the free list when imported from any foreign country, or which is in competition with any similar commodity on which there is an excise tax when imported from any foreign country."

Mrs. NORTON. Mr. Chairman, I make the point of order against the amendment that it is not germane to the section to which it is offered. The section referred to was stricken out.

Mr. BLAND. Mr. Chairman, if there is any question about the point of order, I want to be heard.

The CHAIRMAN. The Chair will be pleased to hear the gentleman from Virginia.

Mr. BLAND. Mr. Chairman, the point of order, as I understand, is based on the fact that the tariff section has been stricken out. This amendment is not directed to the tariff section but to a section which is entitled "Relation to other laws," and the paragraph which is in the bill deals with other laws. The amendment which I am offering also deals with other laws, and I submit it is germane. If there is any question whether the amendment is germane to this section, I am perfectly willing to offer it as a new section, but I wanted to avoid the possibility of a point of order being made, because I had failed to offer the amendment at this point.

The CHAIRMAN. The Chair would like to hear the gentleman from Virginia on the point of order.

Mr. BLAND. I thought I had addressed the Chair on the point of order.

The CHAIRMAN. The Chair thought the gentleman from Virginia might desire to be heard further.

Mr. BLAND. If the objection is to offering the amendment to this particular section, I have no objection to offering it as a new section, but I offer it here to prevent a point of order being made for failure to offer it at this point.

The CHAIRMAN. Does the gentlewoman from New Jersey desire to be heard?

Mrs. NORTON. I do not, Mr. Chairman.

The CHAIRMAN. The gentleman from Virginia has indicated the amendment would be offered as a separate section, so the Chair will consider the point of order from that angle.

The amendment of the gentleman from Virginia confines itself to labor engaged in manufacturing or producing any commodity in the United States—while "in the United States" is not in the amendment, that is what the effect of the amendment would be—which is in competition with any similar commodity which is on the free list when imported from any foreign country or which is in competition with any similar commodity on which there is an excise tax when imported from any foreign country. The amendment confines itself to the domestic market.

This bill relates to interstate commerce, and as the amendment is framed and drafted as a separate section the Chair considers the amendment to be in order, and, therefore, overrules the point of order.

Mr. BLAND. Mr. Chairman, I offer the amendment as a new section.

The Clerk read as follows:

Amendment offered by Mr. BLAND: On page 36, line 6, insert a new section to read as follows:

"Nothing in this act shall apply to any labor engaged in manufacturing or producing any commodity which is in competition with any similar commodity which is on the free list when imported from any foreign country, or which is in competition with any similar commodity on which there is an excise tax when imported from any foreign country."

Mr. BLAND. Mr. Chairman, it is astounding to me that when the point of order was sustained, and properly sustained, striking out provisions which had been placed in this bill for the protection of American industry, a motion was not then made by some member of the Committee on Labor to send this bill back to that committee for further consideration.

This bill might be termed very properly "A bill to favor the importation of foreign goods into the American market, and a bill to destroy the tariff provisions that now obtain for the American farmer and American industry." [Applause.]

The strongest argument I could make comes in the language of the committee itself. The provisions which were stricken out on a point of order are as follows:

(c) The United States Tariff Commission upon request of the President or upon resolution of either or both Houses of Congress or if imports are substantial and increasing in ratio to domestic production and if in the judgment of the Commission there is good and sufficient reason therefor, then, upon its own motion or upon the request of the Administrator or upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article resulting from the operation of this act, and shall recommend to the President such an increase (within the limits of section 336 of the Tariff Act of 1930) in the duty upon imports of the said foreign article, or such a limitation in the total quantity permitted entry, or entry without increase in duty, as it may find necessary to equalize the said differences in cost and to maintain the standards established pursuant to this act. In the case of an article on the free list in the Tariff Act of 1930, it shall recommend, if required for the purposes of this section, a limitation on the total quantity permitted entry.

This is a confessed admission that the result of this bill without the protection they sought to afford would be to protect the foreign market and to enable foreign goods to flood the American market including the goods from the cheap-labor nations of the world, like Japan. This would be the effect of the bill without the protecting clauses.

Mr. Chairman, my amendment only goes to those things that are on the free list. I could not apply it to all industry, yet it applies to industry in every respect; and whether you accept this amendment or not, it demonstrates the fact that this bill should be recommitted and not passed. [Applause.]

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. BLAND. Mr. Chairman I make a point of order against that motion. The rules of the House prescribe for 10 minutes of debate—5 minutes for and 5 minutes against.

Mr. DOWELL. Mr. Chairman, the rules of the House provide that after there has been 5 minutes of debate a motion to close debate can be made.

The CHAIRMAN. The Chair will state that the Chair's understanding of the rule is that after 5 minutes has been

consumed in debate, a motion to close debate is in order and the Chair therefore overrules the point of order.

The question is on the motion of the gentlewoman from New Jersey that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. BLAND].

The question was taken; and on a division (demanded by Mr. MCMILLAN and Mr. DONDERO) there were—ayes 74, noes 82.

So the amendment was rejected.

The CHAIRMAN. Are there any perfecting amendments to section 19?

Mr. VOORHIS. Mr. Chairman, I move to strike out the last word.

I just want to say a few simple things. So far as I am personally concerned and so far as my section of the country is concerned, the kind of bill we would have liked best was a bill fixing flat standards. That kind of bill, however, when you are trying to do a new thing for the whole Nation and to take a new step in social progress is far more difficult to pass than a flexible bill, such as we have before us. It would be more difficult to enforce and obviously would bring about greater adjustments in certain sections of the Nation.

It seems to me we have here an illustration of how difficult it is to take even a short step forward in the direction of social progress and the protection of the poor. We are trying to do a big thing here today, big in its principle, but how small in its application. We have exempted from the hours provisions of the bill the processing of perishable agricultural products and from all provisions their preparation for market in the raw state. We are setting up machinery which can raise the wages of labor in other industries affecting interstate commerce to 40 cents an hour, a wage which gives an annual income of only $800 a year, and we are setting up machinery which can reduce the hours of labor to no fewer than 40 hours a week—what a bare minimum standard that it—and yet every possible obstacle or objection is put in its way.

The excellent child-labor provisions are alone enough to make every person who sincerely does not want to see little children laboring and undercutting their own fathers' chance to work vote for this bill and against recommittal.

For my part, I would vote for tariff protection for industries that were harmed by low-wage foreign competition; but, obviously, we cannot do that in this bill. This has to be done somewhere else, and it can be done somewhere else.

The people who are sincerely opposed to this bill on the ground that they believe in unlimited individual liberty and think the average workman without property can protect himself against all the power of wealth and all the blind economic forces, I understand; but if anyone wants to do something, not for organized labor, but for the poorest people in this Nation, he will not vote against this bill.

This is a step, a step that none of us believes is 100-percent perfect, but it is a step in the right direction. As a matter of fact, the method of carrying out the purpose of this bill, as provided here, is eminently democratic. Substantially, in spite of all the oratory to the contrary, wage and hour standards are to be fixed by committees representing employers, labor, and the public. I have heard a lot about Americanism. I always believed Americanism meant a square deal for the little fellow. I have always believed it meant that the little fellow had a government in Washington that sought to the best of its ability to give him protection, and I have always believed that Americanism meant affording equality of opportunity. I still believe it, and it seems to me that if this Congress can take a step in the direction of protecting the rights of these people by establishing these minimum standards, it will have done a good thing.

About the present recession in business, it has, as is customary, been blamed again today on the progressive legislation of this administration. I am for fair taxes. I am for making such modifications in our taxes as ought to be made, but let me tell you that the manufacturing and mining industries of this country spent only $3,400,000,000 on new capital goods in 1935 before those taxes were levied, while they spent $5,400,000,000 on new capital goods in the calendar year after the taxes were levied. Does that sound like taxes are the basic trouble? The trouble today is that, whereas a year ago the Government was putting into the stream of purchasing power in the form of wages to the unemployed people, and in other ways, $300,000,000 a month, last spring we quit doing that, and we quit doing it too soon. We quit before we had brought about an increased production of wealth and balanced our Budget up instead of balancing it down at the expense of our people and our consumer demand and our business. And now the quicker we open up public works to these unemployed workers the shorter our present difficulties will be.

Now, Mr. Chairman, we have big problems ahead of us. Let us keep big things in mind and not let little things get too much in the way. [Applause].

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. Are there any perfecting amendments to section 20?

Mr. HOBBS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOBBS: Page 37, lines 4 to 8, after the word "part", strike out the remainder of line 4 and all of lines 5, 6, 7, and 8 down through the word "capricious."

Mr. HOBBS. Mr. Chairman, at this late hour it would be the height of presumption to address this distinguished group of men and women unless there was good reason for it. There is good reason for me to do so, and I ask your attention.

This amendment seeks to strike out the iniquitous provision which takes away from the court of law, to which this bill says appeal may be made, the right to pass on questions of fact. Questions of fact are the only questions of any importance which could conceivably be involved in any appealed case. This provision is a fraud upon its face. It purports to give the right of appeal and review in the courts and does absolutely nothing of the kind. Read what it says:

And findings of fact by the Administrator when supported by evidence—

How much evidence? What kind of evidence?—

shall be conclusive unless it shall appear that the findings of the Administrator are arbitrary or capricious.

Of course, there is no one intelligent enough to occupy a position of this kind, who would be such a fool as to be unable to clothe his deliverances with some semblance of seriousness and plausibility. He could easily fix them so that they would pass muster under that definition. How shall it appear that the findings are arbitrary or capricious? Obviously the answer is, From the record prepared by the Administrator himself. Therefore, I ask you, not as partisans, but as Members of this House and on your honor as such, to rise above partisanship and do justice. No matter how you vote on the bill as a whole, do not go to the country with a provision like that in it. It is fraudulent, unfair, unjust, unconstitutional, and every Member of this House who will read it impartially must agree with those statements. I hope the Committee will accept this amendment, but whether it does or not I beg of you to vote it "up." [Applause.]

Mr. O'MALLEY. Mr. Chairman, I rise in opposition to the amendment. During the last 3 days nearly everyone in the House has discussed the bill and I rise mainly for the purpose of outlining my position upon the principle of wage and hour legislation.

The language in the bill, which the amendment of the gentleman from Alabama seeks to strike out, ends most appropriately upon the word "capricious" which seems to be

particularly characteristic of the procedure on this legislation during its consideration here. Amendment after amendment has been offered to the bill, most of them designed to exempt from its provisions certain industries or to please certain groups or factions, so that tonight I, like so many others in the House, find myself in the position of the old man in the famous Aesop's fable, who with his three sons was the proud owner of a jackass. As the old man led the animal along with the three boys astride its back, passers-by and neighbors questioned his kindness to the animal with such a heavy burden, until finally each son in turn dismounted. Even that treatment of the jackass did not please all the bystanders until, in his effort to appease all commentators, the old man finally found himself carrying the jackass upon his shoulders. As the party crossed the bridge the animal kicked, fell from the old fellow's shoulders into the stream below, and drowned. Gazing sadly upon the carcass of his possession as it floated down the stream the old man turned to his sons and said, "You see, in trying to please everybody I have pleased nobody and have lost my jackass in the bargain." [Laughter and applause.]

That is largely the position the original sponsors find themselves in at this late hour. The Democratic platforms and the Democratic Party have for years promised the underpaid wage earners of the Nation a bill to provide for decent living standards through a minimum wage and maximum work hour bill. As we have proceeded here we have tried to please everybody and we are now at the point where I doubt if we have pleased anyone.

I frankly do not like many of the provisions of the bill which we shall finally, under parliamentary procedure, have to vote upon. But because I firmly believe that the principle of minimum wages and maximum hours should become a part of the basic law of the United States and that such principle, when adopted, will give evidence that the American Government does not condone either starvation wages or sweatshop working conditions, I propose to vote for the bill when we reach that point. My vote, to my mind, will be not so much a vote for a particular piece of legislation which has been amended right and left until certain portions of it are very controversial, but will give evidence of my keeping faith with the majority of my district, who have unmistakably time and again indicated their approval of legislation enacting minimum-wage and maximum-hour standards.

I prefer to vote for the Senate bill as it came to the House, but a vote of this kind is not possible under our present procedure. Many Members are under the impression that separate votes on the amendments adopted in Committee may be obtained in the House, but that will not be the case. The only vote, as I understand the situation from the Parliamentarian, will be as to whether we shall accept the Norton substitute as amended here in the Committee of the Whole or take the Senate bill as it came from the other body.

When that question arises I shall vote for the Senate bill because it provides for the administration of the law by a board, and it is my personal opinion that the administration of what will undoubtedly be a highly controversial statute can be better accomplished by the combined minds of five persons than of one. At least where the board is concerned, when disputes arise, we Members of Congress who are often called upon by our constituents to intervene or intercede will, I feel, stand a much better chance of fair treatment from five men than from one man, and our chances of getting at least one of five persons on the telephone in an executive department would probably be just five times greater than the possibility of locating one administrator, if previous experience is any indication of the conduct of a governmental department.

In closing I will say that while it is contemplated that a straight motion to recommit will be offered, everyone knows that a bill recommitted to a committee is usually dead and embalmed, and a vote for a motion to recommit is nothing but a vote to kill wage and hour legislation for all time. I cannot vote for such a motion because I believe that we should enact, in keeping with the platform promises of our party, wage and hour legislation here and now and not dodge the issue by putting it off to some far-distant future. I plead with you who claim you are friends of labor not to follow a discredited and reactionary Republican leadership whom the people of the United States for more than 5 years have refused to follow, and whom we as Democrats cannot follow without betraying nearly every word spoken by us and other Democratic elected officials only 1 short year ago.

As a candidate for Congress in five elections in my city over a period of 10 years, I have advocated a national standard of living wages for the workers with the power of the Federal Government behind the maintenance of such a uniform Nation-wide standard. In campaign after campaign I have pledged myself to exert every effort to try to better the living conditions of the overworked and underprivileged.

I have never seen a perfect bill come before this House during my service, and I never expect to see a perfect piece of legislation. I have never been able to vote for a bill that pleased me in every word, line, or paragraph, but when a piece of legislation embodies a great basic principle to which I and my party are committed I could not vote against such legislation without betraying not only my own words but the hopes, desires, ambitions, and faith of the majority of my district who have made possible my service in this House. The workers and the wage earners of the United States are not concerned with details or mechanics. They do want to know whether their Government and their Representatives believe in decent living standards and humane working hours, and the Member of Congress who votes to send this bill back to committee to molder in the dust of a committee pigeonhole demonstrates that he believes the hours of work a man must do and the pay he should receive should be no concern of the Government that the worker votes for and looks to for protection. This philosophy of disregard for the workers' rights is the philosophy of fuedalism and exploitation that a good Democrat cannot follow and only a bad Democrat and friend of selfish minorities will admit he favors.

Whether I remain here a short time or a long time, when the roll call comes on any legislation, I propose to continue to stand upon the side of my kind of people, those who toil for their daily bread, who work in the shops, factories, stores, and mills and on the transportation systems and in productive fields of American industry. They are the kind of people that send me here, the kind of people who have no one to defend them from ruthless exploitation but those public officials who they elect and must depend upon for defense and fair treatment. These people have no high-paid lawyers to voice their sentiments in the lobbys of the Congress. They have no great slush funds obtained through unjust profiteering and stock and bond gambling to load the mail of Congressmen and Senators with costly literature and expensive letterheads to plead their cause; no funds left over from family needs to pour down a deluge of telegrams upon the Legislature. Their only hope, these workers and toilers, for better conditions and a fuller life that the Democratic Party claims to stand for, is in the Members of Congress who vote upon the legislation that may help to improve their conditions. These people, the toiling masses whose votes will be eagerly sought again next year, will know by the RECORD who their friends are tonight and who the others are who plead friendship while wielding the knife of the money changers against their interests as exemplified in this bill to make the basic principle of fair wages and decent hours as a part of the American code of law.

Mrs. NORTON. Mr. Chairman, I move that all debate upon this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. HARLAN and Mr. EBERHARTER rose.

The CHAIRMAN. If there is no objection, the Chair will recognize the gentleman from Ohio for 2½ minutes and the gentleman from Pennsylvania for 2½ minutes.

There was no objection.

Mr. HARLAN. Mr. Chairman, the provision to which the motion applies on page 37 specifies that on all questions of fact unless the Administrator has shown his decision to be capricious or willful, the court shall not reverse the decision.

It is very similar to provisions in laws to which all lawyers are accustomed. It amounts to the fact that in reviewing these cases the upper court shall proceed in error instead of appeal. Now, that is not an unconstitutional provision. It deprives no one of any rights. It is a similar provision to the one contained in the act controlling radio. That act contained this exact wording. It went to the Supreme Court for test and the Supreme Court in the case of *Federal Radio Commission* v. *Nelson Brothers Bond & Mortgage Co.* (289 U. S. 266), held that provision constitutional, fitting, and proper for this kind of legislation.

I am not more interested in depriving anybody of any rights than the gentleman who proposed the amendment. I would not be in favor of that. But there are certain conditions under which a reviewing court ought to be limited to the law in the case and not to the facts. We have that in ordinary civil proceedings, and there is no reason why we ought not follow the former precedents of the Congress of the United States in the act that controls radio communication.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Pennsylvania [Mr. EBERHARTER] is recognized for 2½ minutes.

Mr. EBERHARTER. Mr. Chairman, I rise in support of the amendment.

I have personally seen the operation of other acts wherein the words in this section or words to the same effect were in the law. For instance, in the act pertaining to veterans' compensation, the words "arbitrary" and "capricious" are used.

In a case within my personal knowledge, wherein the lower State court had found, after consideration, that a World War veteran was legally dead and had signed an order or decree to that effect, the Assistant Administrator of the United States Veterans' Bureau said that the fact of death was not proved, and denied adjusted compensation to the widow of the veteran. When the matter came up in Federal court, it practically placed the widow in the position of showing, by affirmative proof, that the action of the Administrator was arbitrary or capricious. We all know how difficult it is to prove this.

We must realize that the boards set up in this act will not be composed of men who are legally trained. The evidence on which they base their findings of fact may not be legally sufficient; it may not be morally sufficient; it may be evidence which is entirely irrelevant to the point at issue, or it may be evidence which is unfair, yet if the Administrator makes a finding of fact under the language in this section of the act, the courts would not have the right of review to such an extent that they could set aside the ruling of the Administrator, unless the court found the action of the Administrator was arbitrary or capricious. Arbitrary or capricious—these words "arbitrary" or "capricious"—have a vastly different meaning than sufficiency or relevancy of evidence.

In my opinion, ladies and gentlemen, this would be a step toward bureaucracy. We have been taking away from the courts, little by little, the right to render judgment. I have seen this language in operation in laws heretofore, and I know that it has worked hardships.

In my opinion, it would be a great mistake to pass this act as it is now written, with respect to this particular section. We do not want to take too much power away from the courts. We well know that we are taking a step toward a dictatorship and toward bureaucracy in leaving the law in the hands of administrators and committees who have not had the proper training to sit in judgment in important affairs of this kind.

I ask you to support the amendment offered by the gentleman from Alabama [Mr. HOBBS].

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Alabama [Mr. HOBBS].

The question was taken; and on a division (demanded by Mrs. NORTON) there were ayes 123 and noes 54.

So the amendment was agreed to.

The CHAIRMAN. Are there any further perfecting amendments?

Mr. McREYNOLDS. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. McREYNOLDS: Page 36, line 16, after the word "the", strike out "Circuit Court of Appeals" and insert "District Court"; page 36, line 17, after the word "any", strike out the word "circuit" and insert the word "district."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

The amendment was agreed to.

The CHAIRMAN. Are there any further perfecting amendments to section 20?

Mr. HOBBS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOBBS: On Page 37, beginning in line 24, strike out the words "which, if supported by evidence, shall be conclusive".

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. Are there any perfecting amendments to section 21?

Are there any perfecting amendments to section 22?

Mr. McREYNOLDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McREYNOLDS: On page 39, at the end of line 25, after the word "both", strike out the period, insert a comma and the following words: "*Provided*, the court has no authority to inflict a fine not exceeding $100 for the first offense."

Mr. McREYNOLDS. Mr. Chairman, I merely take this time to bid a last farewell to this bill. [Applause.] It has been thoroughly demonstrated on the floor of this House that even the committee is not in harmony about the bill they are asking you to pass. The last two speakers before the House, who are supporting this bill, said: "We know it is not a good bill, but we want to pass some bill."

I ask you: Do you want the conference committee to write the bill on this great question? I do not believe you do.

Mrs. NORTON. Yes.

Mr. McREYNOLDS. The gentlewoman from New Jersey says "yes." She says "yes" because she is going to be on the conference committee. She is not in harmony with the views of this House; and that is what you will have to contend with.

Mr. Chairman, they have even set up an Administrator who has more authority than the President of the United States, as I see it. His time is not limited and you could not get him out of office unless you passed a bill repealing the act. Not only that, but he has the authority to appoint all officers, all attorneys, and to fix their salaries. Never in this country was a king set up like this bill sets one up. Do you not want to write this bill yourselves?

To my Democratic friends I say that because the rules of the House will not recognize us to make a motion to recommit, I have asked the gentleman from New Jersey [Mr. HARTLEY] to make this motion, as I understand the gentleman who outranks him is for the bill and the gentleman from New Jersey will be recognized under the rules as such—I have asked him to make that motion for us Democrats so they will not charge that it is a Republican motion. They have already been around here trying to tell us it is a Republican motion and I see one of them who did it: "Why, you would be following a Republican," he says. Under the rules of the House, as you well know, the minority is entitled to

preference in recognition. First comes the ranking minority member of the committee, and then the man next to him, which is the gentleman from New Jersey [Mr. HARTLEY]. He has agreed to make the motion for us to recommit the bill; and we can recommit the bill. Later on we can write a bill in the true interests of the laboring men and women of this country, a bill the people really want, and not turn our duty over, as we do in this bill, to some administrator not answerable to the people. [Applause.]

My friends, come now and let us reason together. The quotations on the stock market today are the lowest of any day recently, so I am informed. The people are watching us. They are asking: "What is Congress going to do? Are they going to pass this act and destroy business?" If you refuse to pass this bill I venture to say that you will begin to see business conditions change within 2 days. [Applause.] So I appeal to you Members of the House to recommit this bill when that motion is made.

[Here the gavel fell.]

Mr. RANDOLPH. I rise in opposition to the motion.

Mr. Chairman, as a member of the Committee on Labor of the House for three terms, I take the floor at this late hour as we debate this measure toward conclusion. My sincere desire will be to assist, if I can, the passage of such a bill, which, even though it may not gain favor at this time, will sometime become a part of the law of the land.

I recognize the sincerity of purpose of every Member of this body, no matter whether he be Democrat, Progressive, or Republican. I observe, however—and I state it with no malice toward any Member—that those who have asked you now to recommit this measure are not the individuals who have tried during the progress of this lengthy debate so to perfect the bill that they might vote for it, but they have worked by one method or another to scuttle and defeat the measure. Now, in the last minutes they come in and say: "We are the friends of labor legislation." I say to you, and you know it, that they have not attempted during the consideration of this legislation to try and help those of us who are honestly endeavoring to bring about a flexible and workable bill which can go from the House to the Senate and then to conference to perfect the measure. [Applause.]

I cannot add anything new to this debate, but in the few remaining minutes I shall simply call attention of the members of this Committee to that which has happened during historical debates in this Congress upon the initiation of all experimental legislation. During the administration of President Taft there came up for consideration in the Senate a bill for an increase in the weight limit on fourth-class mail from 4 pounds to 11 pounds, or in other words to create a system of parcel post in the United States Postal Service. The Honorable DAVID LEWIS, of Maryland, the author of the parcel-post law, still a worthy Member of this body, remembers that which I now bring to your attention. A witness said when that bill was being considered before the committee: "I have just returned from Europe. Over there I found things exceedingly bad under their system. They are now having bread riots in England."

The chairman asked, "Due to parcel post?"

The witness replied: "It is due to their system, and parcel post is a part of that system."

Now, I have not brought that up in a light vein, but simply as a historical reference as to what actually happens when new legislative paths are being blazed for the betterment of mankind.

When the Interstate Commerce Commission was established, Senator John H Reagan, of Texas, was the sponsor of that law. I have a high regard for the gentleman from Texas who spoke yesterday [Mr. LANHAM], but I cannot agree with his statements. I would remind him and all those who speak about dictatorships, who speak about alien ideas, who speak about despotism, who speak about the concentration of power, that we have had those same objections raised with regard to every piece of progressive and humanitarian legislation passed in this country.

It was charged at the time the Interstate Commerce Commission was created, a body which today we recognize and take for granted almost as we recognize the Post Office—that all kinds of dire consequences would happen, and that America would be doomed and our system destroyed. Senator Stanford, a great railroad leader, said when that bill was before Congress:

> If this bill shall become law, its consequences will be most disastrous.

Senator Hoar, of Massachusetts, cried out:

> The passage of this bill will create a panic.

Senator Platt, of Connecticut, admonished:

> It is anti-Christian, the old pagan idea, an old despotic idea.

Mr. Chairman, when the income-tax measure was before the Congress in 1893 in the attempt to raise yearly a sum of $30,000,000, it was said, according to the New York Sun, that "never in the history of this country has so effective a measure been proposed for the creation and maintenance of tramps as the income tax."

Fighting the revenue proposal was Senator David B. Hill, who said "it was a discriminating, a sectional, a communistic tax." It was "socialism, communism, and devilism" to Senator Sherman of Ohio.

My fellow Members, in 1913 the Federal Reserve Act was passed, but the same type of opposition was faced. Bank presidents called it unjust and un-American, and dictatorship was hurled at those who aided its passage, while debate raged in Congress prior to its enactment. National banks would have their death knell, it was predicted.

I only wish I might say something just now to open the ears of those in this Chamber who plot the death of this measure. Would that they might hear the heartbeat of humanity, that faltering multitude of underpaid and overworked laborers, who look to us for aid in their hour of need. [Applause.]

In the light of history, remember that experimental and initiative legislation must be written here tonight by those who believe in progress and in developing democracy. [Applause.]

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. MCREYNOLDS].

The amendment was rejected.

Mr. ENGEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. ENGEL: Page 40, line 1, strike out lines 1, 2, 3, and all of line 4 to and including the word "offense."

Mr. ENGEL. Mr. Chairman, section 22 is the section which provides for penalties, and reads in part as follows:

> Any person who willfully performs or aids or abets in the performance of any act declared to be unlawful by any provision of this act or who willfully fails or omits to perform any act, duty, or obligation required by this act to be performed by him shall be guilty of a misdemeanor and upon conviction shall be fined not more than $500 or imprisoned for not more than 6 months, or both.

Then the section goes on and reads as follows:

> Where the employment of an employee in violation of any provision of this act or of a labor-standard order is unlawful, each employee so employed in violation of such provision shall constitute a separate offense.

Mr. Chairman, there are 80,000 employees on the River Rouge pay roll of the Ford Motor Co. If this section remains in the bill, Mr. Ford, the Ford Motor Co., and every employee who aids or abets in the failure to perform a duty or who omits to perform any act, duty, or obligation, is subject to imprisonment for a term of 40,000 years and to a fine of $40,000,000.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. ENGEL].

The question was taken; and there were on a division (demanded by Mr. MOTT)—ayes 123, noes 97.

Mr. O'MALLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mrs. NORTON and Mr. ENGEL to act as tellers.

The Committee again divided; and the tellers reported—ayes 132, noes 121.

So the amendment was agreed to.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado: On page 41, line 9, strike out, beginning with line 9, down to and including the word "employed", in line 14, and insert:

"(e) It shall be unlawful for any person who—

"(a) has produced goods, wares, or merchandise in any State or Territory, wholly or in part through the use of child labor, on or after January 1, 1938; or

"(b) has taken delivery of such goods, wares, or merchandise in any State or Territory with notice of their character whether by purchase or on consignment, as commission merchant, agent for forwarding or other purposes, or otherwise—

to transport or cause to be transported, in any manner or by any means whatsoever, or aid or assist in obtaining transportation for or in transporting such goods, wares, or merchandise in interstate or foreign commerce or to sell such goods, wares, or merchandise for shipment in interstate or foreign commerce or with knowledge that shipment thereof in interstate or foreign commerce is intended."

Mr. MARTIN of Colorado. Mr. Chairman, it would have been utterly incredible to my mind until the last 3 days that the House of Representatives would adopt any such flimsy skeletal thing as the five-line paragraph I have moved to strike from this bill, for the purpose of abolishing child labor in these United States. The House is not even willing to consider the legislation, and without analysis and without explanation it swallows the whole thing as brought in by the House committee blindly. You have heard about the mountain laboring to bring forth a mouse, but so far as the foundation of this child-labor legislation as contained in these five lines is concerned, the mountain is laboring to bring forth a gnat.

The five lines I have moved to strike from the bill constitute the whole formula and foundation of the child-labor law, and the foundation is as full of holes as a Swiss cheese; and when it crumples, as it will if it gets on the statute books, it will bring down the whole superstructure with it.

This House Labor Committee amendment simply prevents manufacturers, producers, or dealers from shipping goods manufactured by child labor in interstate commerce. It leaves out whole categories of persons—brokers, factors, commission merchants, and other agents, and aids and assistants—who can take these goods over under this act and ship them in interstate commerce, with nothing in the law to prevent it. It is permissible to sell child-labor goods for interstate shipment and to sell with knowledge that the goods are intended for such shipment. The manufacturers and their sweatshop lawyers will have no trouble at all in finding in these five lines holes big enough to drive a 10-ton truck through. As the substantive law of child labor it is not worth the paper it is written on.

On the other hand, the language which you have heard read in the form of my amendment, which is the Senate amendment—the Wheeler-Johnson amendment—prohibiting goods manufactured by child labor from moving in interstate commerce, is a thoroughly worked out, comprehensive piece of legislation which takes in not only producers, dealers, and manufacturers but commission merchants, brokers, sellers, aids, assistants, and any other persons who may handle these goods in any way. It prohibits the sale of these goods, knowing they were produced by child labor, or as intended to be shipped in interstate commerce.

[Here the gavel fell.]

Mr. MARTIN of Colorado. Yes; here the gavel fell; and ended the allotment of 2½ minutes in which to present a substitute child-labor amendment to the wage-hour bill in lieu of the provisions inserted in the bill by the House Committee on Labor. Perhaps, instead of crabbing about the allotment of time as niggardly in view of the fact that the legislation would affect 12,000,000 children, a Member ought to be thankful to the Labor Committee for not moving to cut off debate entirely on proffered amendments, which would have carried hands down, such was the mood of the House.

When the wage-hour bill passed the Senate I analyzed it carefully and it impressed me as a good piece of legislation. I could have voted for it just as it came from the Senate.

I was impressed with its flexible wage and hour standards.

I was impressed with its differentials, permitting its adaptation to the differing natural and economic conditions throughout the country.

I was impressed with its administrative set-up of a five-man board to exercise the great powers conferred by the act.

I was impressed with the three-way approach of the Wheeler-Johnson amendment to the suppression of child labor instead of one way as in the House bill.

On the whole, I thought it, and still think it, a reasonable, moderate, practicable approach, and a very great step toward the solution of the greatest problem confronting the country, the great army, the millions of overworked, underpaid, and unemployed workers.

But the House Committee on Labor thought otherwise and reported the bill with 159 amendments. On the floor came amendments from the committee and from individual members of the committee, so many that by the time committee members had exhausted their rights of priority in offering amendments and in debate the committee chairman and the House were impatient to take up the next section of the bill. Hence the 2½-minute allotment of time to the mine run of Members.

Still, I had secured the floor several times, ranging all the way from 2½ minutes to 11 minutes by the timekeeper's watch. On each of these occasions I analyzed and criticized the House Labor Committee child-labor provisions. I shall content myself by saying here that I pointed out, or thought I pointed out, that the House definition of "oppressive child labor" was an unconstitutional delegation of power to a bureau chief, and that the substantive law proposed against child labor was not worth the paper it is written on. The Labor Committee said it was perfect, too perfect to be either debated or amended, except the half dozen amendments a committee member got into the definition of oppressive child labor on the floor at the last minute.

Somebody is very wrong. Somebody is dead wrong. I propose to devote some time to finding out before the reappearance of the bill in the House. If I find out I am wrong, the House provisions will have no stronger supporter next time.

Meantime I shall set down here for the benefit of those who may wish to compare and analyze them, the House and Senate child-labor provisions. The first of these is claimed by its supporters to be the last word in child-labor legislation, and the second is represented by them to be hopelessly bad. The first is supposed to prevent child labor, the second is supposed only to punish after the fact. Study them for yourself.

THE HOUSE LABOR COMMITTEE AMENDMENT

No producer, manufacturer, or dealer shall ship or deliver for shipment in interstate commerce any goods produced in an establishment situated in the United States in or about which within 30 days prior to the removal of such goods therefrom any oppressive child labor has been employed.

THE WHEELER-JOHNSON AMENDMENT

It shall be unlawful for any person who—

(a) has produced goods, wares, or merchandise in any State or Territory, wholly or in part through the use of child labor, on or after January 1, 1938; or

(b) has taken delivery of such goods, wares, or merchandise in any State of Territory with notice of their character, whether by purchase or on consignment, as commission merchant, agent for forwarding, or other purposes, or otherwise, to transport or cause to be transported, in any manner or by any means whatsoever, or aid or assist in obtaining transportation for or in transporting such goods, wares, or merchandise in interstate or foreign commerce, or to sell such goods, wares, or merchandise for shipment in interstate or foreign commerce or with knowledge that shipment thereof in interstate or foreign commerce is intended.

WHO KILLED COCK ROBIN?

The newspapers attributed the defeat of the wage-hour bill in the House to a coalition between the Republicans and southern Democrats.

It is true that only 9 Republicans were among the 218 signers of the petition taking the bill from the Rules Committee and placing it on the calendar. It is true that only 6 of the 198 votes cast against recommitting the bill, which meant its death, were cast by Republicans. It is true that all but a dozen or so of the southern Democrats voted to recommit.

But this coalition did not kill the bill. It was killed by the labor split. Yet, very significantly, the labor split did not cost the bill a single genuine wage-hour vote in the House. I have checked and rechecked the roll call. The Farmer-Labor and Progressive Members, 13 in number, voted against the motion to recommit. Of the Democrats who voted for recommittal, I find only 4 of the 133 Democrats who were rated as being in favor of wage-hour regulation, and they voted to recommit for other reasons.

What the labor split did was to furnish an alibi, an escapement, for many Members not favorable to such legislation, but who would not have dared to vote against it on the final roll call. They can now go back to their districts and, availing themselves of the Green letters and telegrams, say they were for a "real" wage-hour bill, but not the "abortion" before the House, and get away with it. There will be few political casualties growing out of the death of the wage-hour bill, and perhaps as many among its friends as among its enemies. Such is the game.

WAGE-HOUR LEGISLATION IS NOT DEAD

The issue is not dead, or even sleeping. There will be no more sleep for the opponents of such legislation. Imperative and fixed conditions have placed it on the calendar to stay. Not even the prosperity of 1929 will solve unemployment. It must be solved.

The trouble with Congress is not a lack of honesty. It is not a lack of any good qualities. The main trouble with Congress is a lack of social consciousness. It is a lack of realization of what has happened, what is happening, what will continue to happen in the industrial and economic processes of the country. They do not know that a door has closed behind us, never to reopen. They are deeply troubled. They look longingly back at the old familiar road, hoping that by some hap, somehow, we will again find ourselves upon it. Nevermore. The industrial age has swallowed up their world. Henceforth it is the machine, and evermore the machine, and forty million, fifty million workers running it. Mankind mechanized, farmers as well as laborers. Production already socialized in private hands, and to meet the challenge, distribution socializing in public hands.

The political-minded statesman is obsolete. He is rooted in the dead past. He is passing from the picture. The machine will get him. He must go. The social-minded statesman is coming in. He is an effect, not a cause. He is a product of change. He will live and think and act in the terms of the environment and the conditions which produced him.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. MARTIN].

The amendment was rejected.

The CHAIRMAN. Are there any perfecting amendments to section 23?

If not, are there any perfecting amendments to section 24?

Mr. KITCHENS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KITCHENS: On page 42, lines 20 and 21, after the word "until" in line 20, strike out the words "the one-hundred-and", and in line 21 the words "twentieth day" and insert "12 months."

Mr. KITCHENS. Mr. Chairman, this amendment gives the business of America and the labor of America time to adjust themselves to meet the conditions under which they will have to operate if this bill be passed. There are more than 225,000 separate industrial plants in America. There are more than 40,000,000 employees in America and about 12,000,000 of these are unemployed. I submit no board, no committee, no administrator can investigate and reach any sort of just conclusion as to the proper wages and hours of labor of these concerns in 120 days. If they considered 1,000 per day, it would take them 225 days to investigate these plants and conditions. I believe in a more reasonable time within which to put this bill into operation.

A great majority of the American people have made heavy sacrifices for certain sections and its industry and labor. A great majority of the American people have been paying a tariff for the benefit of industry in certain sections of the country, and for the benefit of its labor. The American people have had forced upon them the importation of foreign labor, aliens from Europe by the millions, whose labor has been exploited by industry in certain sections of the country. Now they cannot exploit this kind of labor any more and therefore seek to prevent or curtail industry in my section.

Further, the freight rates of the country grievously penalize my section by being higher than in any other sections. But that is not all, Mr. Chairman. I am against the bill. This bill is a new governmental adventure in economics. I do not oppose it on that basis. Its ostensible objectives are praiseworthy and humanitarian. I am for those objectives, but they should be achieved justly with an equal opportunity for all labor and not a few at the expense of the many. There are lurking and concealed objectives in this bill which to me appear selfish, sectional, discriminatory, and destructive to small industrial plants and their labor to the great advantage of the large monopolistic plants.

Let it be understood that this bill does not fix 40 cents per hour or 40 hours per week for any labor, and the rate may be fixed at any number of cents per hour below 40 cents. Furthermore, the bill affects only labor engaged in interstate commerce and does not give any protection to labor in intrastate commerce. Those engaged in intrastate labor, including all farmers, will have to bear the burdens of the increased cost of labor in interstate commerce.

I shall not be misled by the loud clamor of those who publicly profess their love for the laboring man. Neither shall I be deceived by those motivated by sectionalism and for the advantage and immense benefit of the large units of industry. Nor can I forget that some of those, who now lift their faces to high heaven and raise their hands in holy horror, proclaiming their humanitarianism and love for the laboring man, do not stop to recall that for years and years the larger units of industry sponsored the importation of aliens from foreign countries, exploited their cheap labor, and thereby gained and centralized the wealth and industry of the Nation, and, in great part, inflicted upon us many of our present evils and labor troubles. Nor am I able to forget that these large industries and their labor in certain sections have been fostered and protected by tariffs and cheaper freight rates at the expense of all other labor, farmers, and other consumers, and thereby have been given special privileges and financial favors not enjoyed by others. This bill, as I see it, will operate to create and foster further centralization and monopoly rather than decentralization of industry.

The American laborer has become quite ingenious. He now builds powerful land machines by the millions that dash up and down our streets and highways at a rate faster than a horse can travel. He builds seagoing machines that travel faster under the water than the denizens of the sea. He constructs other machines that rise into the air and fly faster than birds. Likewise, he invents and constructs machines that magnify his voice a million times, and other machines that transmit his voice around the world more rapidly than he can think. He builds machines that enable him to see through wood, iron, and steel, and machines that progressively destroy need for his own labor. Yea, we have become so industrious, ingenious, and efficient that we grow and manufacture more than we can buy or consume under our monetary system. In fact, we produce so much we are gravely and financially burdened with surpluses of everything and are unable to control same while one-third of our population suffers from the want of the very things we grow and produce in such great abundance. This is certainly an anomaly and unprecedented in human affairs.

There must be a more fundamental cause for this situation than the one that now attracts our attention. We are more concerned with the effect than the cause. In my humble opinion those who control the emission and circulation of our coin and currency and regulate credit and flow of money in this country must bear, in large part, the responsibility for this condition. The undue contraction or expansion of our currency or credit can in a day destroy the value of wages as well as of property. I for one feel that the time has come when we should do something about money. In order to do so the power over same should be restored to the people and their representatives, as provided by the Constitution of this country, so the purchasing power of the dollar more nearly may be stabilized.

At times our dollar is worth 150 cents to 200 cents of labor or property. At other times the same dollar is worth 50 cents or less of labor or property. This bill does not provide for such contingencies. So any wage you may legislate and fix today may be lowered tomorrow by those who now control our medium of exchange, whether actual money or credit pyramided loans.

Another cause of our periodical depressions and sufferings and low wages of labor is the imperfect and inadequate control of those who speculate in our commodities, both actual and fictitious, and in the equities, both actual and fictitious, of business institutions of the Nation. The fictitious sale and purchase of nonexistent commodities and equities of nonexistent stocks in our business institutions in such great volume make insignificant the real value of actual commodities or stock. Industry is unduly affected, and the wages of labor are diminished and destroyed in many instances. I mention this as another most fundamental cause of our labor troubles, but this also, as we are taught, is such a mysterious institution in its operation that many dare not interfere with it. For my part, knowing the evils, I am willing and anxious to learn and correct them for the protection of labor and for the general welfare.

In America today there is a great movement for the development of water power, generation of cheap electricity for the use of people in their homes, their farms, and in the little factories now existing, or which may be constructed, in various sections of the country. Likewise, we have gas in unlimited quantities now being conveyed and easily distributed to most sections of the Nation. We have also oil and coal available for all needs of the people of this country. Are we going to use them to bring about a decentralization of industry, or are we going to allow them to be monopolized by large units of centralized industry? I am one of those who believe that decentralization rather than centralization of wealth, industry, or government is for the best interest of the people.

As I look at this bill from a practical standpoint I find that the shoes we wear, clothes on our backs, gloves on our hands, knives in our pockets, watches that keep our time and chains that hold them, belts around our bodies, pencils and fountain pens we carry, ties around our necks, and hats on our heads are all manufactured in a territory covering about 5 percent of the country.

As I go into my apartment or my home and find a rug, carpet, clock on the wall, bed in the corner, trunk, refrigerator, radio, electric-light fixtures, cooking utensils, plate and tableware, gun in the rack, shells in the pouch, then I know that those articles, including about 95 percent of all others, have been manufactured in a section of the country other than mine.

As I go into the retail department stores and wholesale houses in any part of the country I find nothing there that was manufactured by any of my people.

When I look at statistics on manufacturers, find that the whole South has only 17 percent of the industry of America and produces only 12 percent of the total output, I feel that this condition exists not only in the South, but in the West, Middle West, and other sections of the North. Yet, there are those who would penalize the labor in those sections and destroy their means of employment and livelihood because, forsooth, the employees of such plants do not produce 17 percent of the manufactured products but only 12 percent. Then you will force labor in certain sections to produce as much as labor in other sections, or you will force small industrial plants to pay the same wage as larger plants, or be destroyed. All of this will redound to the benefit of centralized and monopolistic industry and its labor to the great harm of labor in the other sections of the country. Walls will be erected against small industries and its labor over great sections of our country.

When I inquire as to the freight rates, I find that the South and other sections are discriminated against in favor of territory where industry is centralized. I find that freight rates in my section of the country are nearly twice the rate in other sections of the country. Who bears this increased cost of freight? Certainly it is taken from labor's wages, paid by him and by consumers of the products. Industries in favored sections do not have to pay this excess freight. Therefore, that labor does not have to absorb these higher freight rates. We must not forget that the farmers, laborers, and other consumers bear the cost and burdens of all industry.

In my State there is produced this year 1,800,000 bales of cotton. Not over 5,000 bales of that cotton will be manufactured into cloth in my State. This is true notwithstanding we have some of the most wonderful water power in America. We are obtaining cheap electricity, we have untold quantities of oil, gas, and coal, and as fine labor as there be in the world. We lack capital, factories, and an opportunity for our labor. By reason of the unjust discriminations mentioned and now existing, and lack of factories, our cotton is shipped far away to other sections, and to Europe and Japan, where labor is given employment to the great loss and injury of our own people. The South is just beginning to obtain a little industry, in spite of the handicaps, and I do not care to stop it.

This bill has for its purpose the fixation of wages and hours of millions who have no wages and very little opportunity to earn wages and, instead of creating jobs with which to earn wages, will curtail, if not destroy, opportunity to do so, so far as interstate business is concerned.

This bill, if enacted, will bring about an emigration of labor from the smaller industrialized sections to the more centralized sections of industry, and thereby create greater and more serious problems than you have today. I wish it thoroughly understood that I have no sympathy or consideration for an industrialist, be he small or great, who chisels or robs those employed by him. He should be shunned and scorned by all decent people. But you cannot, by law, compel payment of a certain wage if the wage cannot be earned or paid any more than you can force, by law, a cow, capable of giving 2 gallons of milk per day, to give 3 gallons per day. Certain owners, managers, and workmen, for various reasons, are unequal in capacity to others, and no law can make them equal.

I hear some on this floor openly state that small industrial plants, regardless of conditions, if unable to compete with the larger plants, and pay same or comparable wages, should perish, and allow the labor of such plants to be ignored, disregarded, and permitted to starve. This would be the result, and I cannot agree to any such philosophy.

I have statistics from Fifteenth United States Census Report of Manufactures, volume 1, which show that in 1929 there were 69,423 small establishments not producing over $20,000 worth of products per year. Each man working in those establishments produced an average value in products of $3,083. There were 46,618 slightly larger establishments producing from $20,000 to $50,000 of products per year. The value of the products per man in those establishments was $4,739. There were 28,617 establishments producing from $50,000 to $100,000 of products. Each man in those establishments produced products of value of $5,544. There were 28,704 establishments producing from $100,000 to $250,000 of products. Each man therein produced products of the value of $5,765. At the same time, there were

15,449 establishments producing from $250,000 to $500,000 of products. Each man in those establishments produced products of the value of $6,102. There were 10,395 establishments producing from $500,000 to $1,000,000 of products. The value of the products per man in those establishments was $6,504. There were 7,430 establishments producing from one million to two million dollars in products. The value of products for each man in those establishments was $7,089. There were 2,479 establishments producing from two and one-half to five million dollars of products. The value of the products for each man therein was $7,801. There were 1,854 establishments which produced $5,000,000 and over of products per year. Value of products per man in those establishments was $11,789.

It thus will be seen that the large factories, through use of machinery, better facilities, more capital, more scientific organization, coordination, and operation, better trained labor, with a larger volume of products, can produce per man $12,000 worth of products for the owner of the factory, while the man in the smaller establishment can produce only $3,000 of products, or one-fourth of man-product in the larger establishments. The earning power of plant or man under this bill will not be considered, and it is clear to me that the result will be the destruction of all small industrial plants and the further creation and protection of the larger ones.

In 1925 the man-product of the smaller establishments was one-half of larger establishments, according to statistics of Fifteenth United States Census on Manufactures. Prior to that time the man-product of smaller establishments was about equal to the man-product of larger establishments. This shows that machinery is fast supplanting the labor of man, and under this bill factories will be progressively enlarged, mechanized, and centralized. I believe that those of you who advocate and vote for the centralization of industry and a further creation of monopolies to crush out small plants with their wage earners will live to regret the day.

You offer no relief to the small industrial plants, nor to the labor of such plants, if they cannot operate or work and compete with the larger plants. You say, "Down with them and let them perish." Under this bill you are going to destroy the means of livelihood of many today who are supporting themselves and their families.

I cannot vote for a bill which I sincerely believe will mean the elimination of small industrial plants, prevention of building of others, and thereby destroy the livelihood of millions of people and bring about a further centralization and monopolization of industry. I cannot vote for a bill which will mean, in my humble judgment, elimination of four men who now work in small plants in order to bring about an increase of only one man in the larger plants. I cannot vote for this bill when I consider that today we have and can have in every home and on every farm in the land, in every village and small city of this country, the enormous privileges of power, electricity, oil, gas, and coal, and the resulting advantages of industry.

I shall not discuss the impossibility, as I see it, of administration by a bureau, board, administrator, or committee here in Washington of more than 200,000 industrial plants constituting all the business of America. I shall not discuss the possibilities and dangers, as I see it, of regimentation and control of all labor of America. For lack of time, I cannot discuss the effect this bill will have upon our form of government. My considered opinion is that the proposal is unworkable, un-American, impractical, and dangerous to our institutions. I oppose government by orders, decrees, and fiats, rather than by law.

Under this bill the orders, decrees, decisions and proclamations, classifications, groups and zones will be so numerous, complex, contradictory, and contentious, that the bill cannot be effective or its provisions enforced. This bill, carried to its logical conclusion, will destroy State sovereignty, State rights, local self-government, and individual liberty. It will mean that the Government will take charge of labor and supplant all the present organizations for the protection of labor, but the Government will not pay labor.

Mr. William Green, head of the American Federation of Labor, in his analysis of this bill, conclusively shows that it is un-American, unworkable, and delegates too much power to an individual or individuals. Referring to the provision regarding the administrator under this bill, Mr. Green stated:

He, therefore, would have in his control the power to destroy entirely industrial organizations, communities, labor unions, collective bargaining agencies, and determine the conditions under which these respective communities, organizations, and agencies shall function or shall live.

I submit that any bill, carrying such powers and possibilities for dangerous and unwise action, should be defeated.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I move that debate on this section and all amendments thereto do now close.

The CHAIRMAN. The gentlewoman from New Jersey moves that debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The amendment was rejected.

The CHAIRMAN. Are there any further perfecting amendments to section 24?

Are there any other amendments?

Mr. O'CONNELL of Montana. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNELL of Montana: On page 42, lines 20 and 21, after the word "the" strike out "one-hundred-and-twentieth" and insert "ninetieth."

The amendment was rejected.

The CHAIRMAN. Are there any further perfecting amendments to section 24?

Are there any other amendments to the committee amendment?

Mr. STARNES. Mr. Chairman, I offer a substitute amendment to the amendment offered by the gentlewoman from New Jersey [Mrs. NORTON.]

The CHAIRMAN. The Chair may inquire of the gentleman from Alabama if this is the same substitute amendment as the one offered by the gentleman from Indiana [Mr. GRISWOLD], the so-called American Federation of Labor plan, with the exception of the fact the provisions regarding minimum wages are stricken out?

Mr. STARNES. All reference to wages has been stricken from the amendment. This is an hours bill.

The CHAIRMAN. The Clerk will report the substitute amendment.

The Clerk read as follows:

Mr. STARNES offers the following amendment as a substitute in lieu of the matter proposed by the pending amendment:

"SECTION 1. (a) As used in this act, unless the context otherwise requires—

"(1) 'Person' includes an individual, partnership, association, corporation, business trust, receiver, trustee, trustee in bankruptcy, or liquidating or reorganizing agent.

"(2) 'Interstate commerce' means trade, commerce, transportation, transmission, or communication among the several States, or into, or from any State to any place outside thereof.

"(3) 'State' means any State of the United States or the District of Columbia or any Territory or possession of the United States.

"(4) 'Occupation' means an occupation, industry, trade, or business, or branch thereof, or class of work or craft therein in which persons are gainfully employed.

"(5) 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee, but shall not include the United States or any State or political subdivision thereof, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization.

"(6) 'Employee' includes any individual employed or suffered or permitted to work by an employer, but shall not include any person employed in a bona fide executive, administrative, professional, or local retailing capacity as outside salesmen nor shall 'employees' include any person employed as a seaman, or any railroad employee subject to the provisions of the Hours of Service Act (U. S. C., title 45, ch. 3); or any employee of any common carrier by motor vehicle subject to the qualifications and maximum hours of service provisions of the Motor Carrier Act, 1935 (U. S. C., title

49, ch. 8); or any air-transport employee subject to the provisions of title II of the Railway Labor Act, approved April 10, 1936, or any person employed in the taking of fish, sea foods, or sponges; or any person employed in agriculture. As used in this act, the term 'agriculture' includes farming in all its branches, and among other things, includes the cultivation and tillage of the soil, dairying, forestry, horticulture, market gardening, and the cultivation and growing of fruits, vegetables, nuts, nursery products, ferns, flowers, bulbs, livestock, bees, and poultry, and further includes the definition contained in subdivision (g) of section 15 of the Agricultural Marketing Act, approved June 15, 1929, as amended, or any other agricultural or horticultural commodity, and any practices performed by a farmer or on a farm as an incident to such farming operations, including delivery to market. Independent contractors and their employees engaged in transporting farm products from farm to market are not persons employed in agriculture. The term 'person employed in agriculture', as used in this act, insofar as it shall refer to fresh fruits or vegetables, shall include persons employed within the area of production engaged in preparing, packing, or storing such fresh fruits or vegetables in their raw or natural state: *Provided, however,* That nothing in this section shall exclude from the operation of section II of this act persons employed in forestry or in the taking of fish, sea food, or sponges or in the tapping or chipping of pine trees for crude gum or the collection or handling of gum spirits of turpentine or gum rosin.

"(7) 'Emergency work' means any work necessary for the protection or preservation of life or health, for the prevention of damage to property, or for maintenance or repair of property or equipment, or made necessary in the due course and conduct of production and to avoid undue disruption of business.

"SEC. 2. It shall be unlawful to employ any person in any employment affecting interstate or foreign commerce at work in excess of 8 hours per day or more than 44 hours in any one week, or to employ any person under the age of 16 years for hire: *Provided,* That in case of emergency the provisions of this act shall not apply during the period of such emergency; provided such employer affected filed with the State labor commissioner or other proper State official designated by law a sworn statement as to the necessity for such action: *Provided further,* That such employer shall pay to his workers during such emergency wages of not less than time and one-half for work in excess of 8 hours per day or 44 hours in any one week.

"SEC. 3. Any person in any State or Territory of possession of the United States or the District of Columbia guilty of violations of any of the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction shall be fined not less than $100 for each offense. The employment of each employee for hours longer than those fixed in this act, unless excepted as provided in section 3, shall constitute a separate offense.

"SEC. 4. The district courts of the United States and possessions shall have jurisdiction of the violations of this act. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation or any element thereof occurred. The Attorney General of the United States may petition in district court having jurisdiction to issue, upon proper showing, a permanent injunction prohibiting further violations of this act by any defendant in any criminal proceeding. Any district court in the district wherein the defendant is an inhabitant or transacts business or where the violation of the act occurred has jurisdiction of said suits in equity. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Act as amended (U. S. C., title 28, secs. 225 and 347, and D. C. Act, title 18, sec. 26). It shall be the duty of each United States district attorney to whom satisfactory evidence of any violation of this act has been presented, to cause appropriate proceedings to be commenced and prosecuted in the proper court in the United States for the enforcement of the foregoing penalties or any of them.

"SEC. 5. It shall be unlawful for any person to transport, offer to transport, or offer for transport in interstate commerce any goods in the production or processing of which any person so employed for longer hours per week or under the age of 16 for hire as provided in section 2 hereof when applicable.

"SEC. 6. It shall be unlawful for any person to transport, offer to transport, or offer for transport, in interstate commerce, any goods in the production or processing of which convict, prison, forced, or indentured labor has entered.

"SEC. 7. The provisions of this act shall not supersede any State law or municipal ordinance establishing maximum hours shorter than those established by this act.

"SEC. 8. Any employer under a collective bargaining contract with the union of his employees affiliated with a recognized, bona fide national labor organization providing for shorter maximum hours shall be exempted from the provisions of this act as to the employees covered by such agreement and insofar as the agreement covers hours.

"SEC. 9. All laws or parts of laws in conflict herewith are hereby repealed. Should any provision of this act be held unconstitutional by the Supreme Court of the United States, the other provisions shall not be affected by such decision.

"SEC. 10. This act shall become effective 90 days after the enactment thereof."

Mr. COFFEE of Washington (interrupting the reading of the substitute amendment). Mr. Chairman, I ask unanimous consent that the further reading of the substitute amendment may be dispensed with.

Mr. PEARSON. I object, Mr. Chairman.

The clerk resumed the reading of the substitute amendment.

Mr. HILL of Washington (interrupting the reading of the substitute amendment). Mr. Chairman, I ask unanimous consent that the further reading of the substitute amendment may be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. STARNES. Mr. Chairman, the amendment which I have offered as a substitute to the so-called Norton amendment is identical with the American Federation of Labor bill, except for the elimination of the wage provisions. This amendment is a straight "hours" bill, providing for 44 hours per week. It provides for a workweek of 5½ days of 8 hours per day, and is offered in good faith as a sensible and workable approach to the solution to our vexing labor problems.

The hours of work per day and week affect the health and the happiness of our people. The hours provided in this amendment are reasonable. They will not work undue fatigue or injury to our industrial workers, neither will they upset our economic balance.

Under the terms of my amendment, the persons concerned and the term "interstate commerce" are clearly and explicitly defined. The exemptions of farmers, railway employees, and others are stated in the bill. No bureau or costly administrative set-up is provided for under the terms of the amendment.

The enforcement of the terms of the amendment and the punishment for violations thereof are provided for by the use of the courts of this country, where both the employer and the employee may fairly set forth their respective positions and have their rights impartially determined by a judicial tribunal.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. STARNES. I cannot yield, and I will not yield. I am very sorry.

It is true that courts are administered by human beings, and therefore are subject to the frailties and imperfections of humanity, but for 150 years the nearest approach to even-handed justice in America under our democratic form of government has been the judiciary system provided for under the Constitution.

No reference was made in this amendment to wages. This is a matter left to collective or individual bargaining between the employer and the employee, taking into consideration working conditions, living conditions, transportation, and other conditions which may affect the living standards of the people in any respective area.

Under my amendment there is no delegation of power to an administrator or a board to fix wages and hours. There is no attempt to strait jacket employer and employee. There is no opportunity for discriminations to be practiced at the whims, fancies, and economic predilections of another bureaucracy such as are provided for under the Norton amendment.

We need at this hour a closer cooperation between capital, labor, and our Government. Our problems should be calmly and sanely considered. We, the Congress, can provide reasonable regulation for capital and labor, but we cannot establish and maintain prosperity by legislative fiat alone. It will take understanding and teamwork between capital and labor to maintain employment, produce wealth, and leaven our economic life.

I know each Member of Congress is approaching this problem in a sincere effort to solve it, to make progress in bringing about a better distribution of wealth among those who produce the wealth of this Nation. I am not afraid of a

single dictatorship, Mr. Chairman. I fear more the enmeshing rules and regulations of a mushroom and an ever-growing bureaucracy which stifles individual initiative, strikes down the hand of genius, and stills the tongue of liberty. I had rather raise my right hand to strike down another bureaucracy in its inception than to water with blood and tears the flowers which will blossom upon the grave of our democracy laid to rest in a shroud of enmeshing rules of an ever-growing system of boards and bureaucracies. [Applause.]

I plead with all my heart for serious consideration of this amendment and I plead for its adoption, because I believe it is a sensible and a workable approach to a solution of this problem. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman I move that all debate on the substitute amendment of the gentleman from Alabama [Mr. STARNES], and all amendments thereto, and on the committee amendment, and all amendments thereto, close in 5 minutes.

The motion was agreed to.

Mr. RAYBURN. Mr. Chairman, I ask recognition for 2½ minutes. [Applause.]

Mr. Chairman and my friends of the House of Representatives on both sides of the aisle, this debate has been rather long and to a great many rather tiresome, but I have enjoyed every minute of it.

The substitute offered by my friend from Alabama is a defeat of wage and hour legislation. A vote this evening for the motion to recommit the bill, if it is recommitted, is the death of wage and hour legislation. I therefore trust that we, it matters not what our personal opinions may be about a small amendment or about some sections of the bill, will vote down the motion to recommit, vote to pass the bill and send it to conference, and let us see then how we desire to vote when the measure comes back from conference. [Applause.] That will be the crucial vote, and that will be when we know what is in wage and hour legislation and therefore I ask my colleagues to let us send this bill to conference and see if we cannot stop this great fight and bring about peace in labor and industry. [Applause.]

Mr. O'CONNOR of New York rose.

The CHAIRMAN. The gentleman from New York [Mr. O'CONNOR] is recognized for 2½ minutes. [Applause.]

Mr. O'CONNOR of New York. Mr. Chairman, this has been a great debate in the House of Representatives. If it has any deficiency, it is in the effort to amend a bill on the floor of the House.

If I know anything, I do know that the rank and file of the working people of America are interested in the Democratic Party carrying out the specific pledge in its platform to do something about minimum wages and maximum hours in America. [Applause.]

You cannot expect the Republicans, who are playing politics on this bill, who gave no such pledge to the electorate, to have any interest or sympathy with this venture, this progressive step toward solving the fundamental problems of America in taking care of the people who are underpaid and who are compelled to work unconscionable hours. This is our Democratic pledge, which I, for one, accept as a covenant.

A motion to recommit this bill is a deliberate stab at the bill, because I have never known any bill that was recommitted ever to see the light of day. So I do not believe anybody can rest safely on the alibi that he voted to recommit for further study, because nothing will ever come of any such further study. When you vote to recommit this bill, you give the bill an indirect stab in the back. You sound its death knell.

This is the gruesome fact, and no one can gainsay it.

Our people want a step taken or a start made toward providing a living wage, reasonable hours, and the elimination of child labor. The method by which we reach that goal is relatively unimportant. If we pass this bill, it will be, undoubtedly, amended and improved every year for 10 or 20 years to come. [Applause.] The working people of the country want their conditions improved as to hours and wages. They want child labor abolished.

Now is our opportunity to carry out the solemn pledge in our Democratic platform adopted at Philadelphia in the summer of 1936. Let us at least make a start in the direction of doing something about wages and hours by voting down a motion to recommit and then vote for the passage of this bill. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired. The question is on the substitute offered by the gentleman from Alabama, Mr. STARNES.

The amendment in the nature of a substitute was rejected.

The CHAIRMAN. The question recurs now on the committee substitute for the Senate bill.

The committee substitute was agreed to.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent to strike out the remaining sections of the Senate bill.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. Under the rule the Committee will rise.

Accordingly, the Committee rose, and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill, S. 2475, and that, pursuant to House Resolution 312, he reported the bill back to the House with two amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered. Is a separate vote demanded on any amendment?

Mr. HOOK. Mr. Speaker, I demand a separate vote upon the amendment that exempts packers and processors, commonly known as the Coffee amendment.

The SPEAKER. The Chair is advised that under the proceedings had in the Committee of the Whole that is a perfecting amendment, and it is not in order for the gentleman from Michigan to request a separate vote on a perfecting amendment to the committee amendment.

Mr. MAPES rose.

The SPEAKER. For what purpose does the gentleman from Michigan rise?

Mr. MAPES. Mr. Chairman, I would ask for a division of the question. I did not know that there was more than a committee substitute in the nature of an amendment. The chairman announced that there are two amendments.

The SPEAKER. The Chair is advised that there are only two amendments that must be voted on. One is the substitute adopted in the Committee of the Whole and the other is an amendment to strike out sections 2, 3, 4, 5, and so forth, of the Senate bill.

The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. HARTLEY. Mr. Speaker, I offer the following motion to recommit which I send to the Clerk's desk.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. HARTLEY. I am.

The SPEAKER. Is the gentleman a member of the minority of the Committee on Labor of the House?

Mr. HARTLEY. I am.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. HARTLEY moves to recommit S. 2475 to the Committee on Labor.

The SPEAKER. The question is on the motion to recommit.

The question was taken.

Mr. HARTLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 216, nays 198, not voting 17, as follows:

[Roll No. 20]

YEAS—216

Allen, Ill.	Dondero	Lambeth	Rich
Allen, La.	Doughton	Lamneck	Robertson
Anderson, Mo.	Douglas	Lanham	Robsion, Ky.
Andresen, Minn.	Doxey	Lea	Rockefeller
Andrews	Drewry, Va.	Lewis, Colo.	Rogers, Mass.
Arends	Driver	Lord	Rogers, Okla.
Ashbrook	Eaton	Lucas	Romjue
Atkinson	Elliott	Luce	Rutherford
Bacon	Engel	Luckey, Nebr.	Sanders
Barden	Englebright	McClellan	Satterfield
Barton	Farley	McGehee	Schuetz
Bates	Fernandez	McGroarty	Seger
Biermann	Ford, Miss.	McLaughlin	Shafer, Mich.
Bland	Fuller	McLean	Sheppard
Boehne	Fulmer	McMillan	Short
Boren	Gamble, N. Y.	McReynolds	Simpson
Boykin	Garrett	Maas	Smith, Maine
Brewster	Gasque	Mahon, S. C.	Smith, Va.
Brown	Gearhart	Mahon, Tex.	Smith, W. Va.
Buck	Gilchrist	Maloney	Snell
Burch	Green	Mansfield	South
Caldwell	Griffith	Mapes	Sparkman
Cannon, Mo.	Guyer	Martin, Mass.	Stack
Carlson	Gwynne	Mason	Starnes
Carter	Halleck	Michener	Steagall
Cartwright	Hamilton	Millis	Stefan
Case, S. Dak.	Hancock, N. Y.	Mitchell, Tenn.	Sumners, Tex.
Champion	Hancock, N. C.	Mosier, Ohio	Taber
Chandler	Harrington	Mott	Tarver
Chapman	Hart	Mouton	Taylor, S. C.
Church	Hartley	Nelson	Taylor, Tenn.
Clark, Idaho	Hendricks	Nichols	Terry
Clark, N. C.	Hobbs	Oliver	Thomas, N. J.
Clason	Hoffman	O'Neal, Ky.	Thurston
Cluett	Holmes	O'Neill, N. J.	Tinkham
Coffee, Nebr.	Hope	Owen	Tobey
Cole, N. Y.	Houston	Pace	Towey
Colmer	Hunter	Patman	Treadway
Connery	Jarman	Patrick	Turner
Cooley	Jarrett	Patton	Vinson, Ga.
Cooper	Jenckes, Ind.	Pearson	Wadsworth
Cox	Jenkins, Ohio	Peterson, Fla.	Warren
Cravens	Jenks, N. H.	Peterson, Ga.	West
Crawford	Johnson, Luther A.	Pettengill	White, Idaho
Crowther	Johnson, Okla.	Pierce	White, Ohio
Culkin	Kenney	Plumley	Whittington
Cummings	Kerr	Poage	Wigglesworth
Deen	Kinzer	Polk	Wilcox
Dempsey	Kitchens	Powers	Williams
DeRouen	Kniffin	Rankin	Wolcott
Dies	Knutson	Reece, Tenn.	Wolfenden
Dirksen	Kocialkowski	Reed, Ill.	Woodruff
Disney	Kramer	Reed, N. Y.	Woodrum
Ditter	Lambertson	Rees, Kans.	Zimmerman

NAYS—198

Aleshire	Dickstein	Gregory	Ludlow
Allen, Del.	Dingell	Griswold	Luecke, Mich.
Allen, Pa.	Dixon	Haines	McAndrews
Amlie	Dockweiler	Harlan	McCormack
Arnold	Dorsey	Harter	McFarlane
Barry	Dowell	Havenner	McGranery
Beam	Drew, Pa.	Healey	McGrath
Beiter	Duncan	Hildebrandt	McKeough
Bell	Dunn	Hill, Ala.	McSweeney
Bernard	Eberharter	Hill, Wash.	Magnuson
Bigelow	Eckert	Honeyman	Martin, Colo.
Bloom	Edmiston	Hook	Massingale
Bolleau	Eicher	Hull	Maverick
Boland, Pa.	Ellenbogen	Imhoff	May
Boyer	Evans	Isac	Mead
Bradley	Faddis	Jacobsen	Meeks
Buckler, Minn.	Ferguson	Johnson, Lyndon	Merritt
Bulwinkle	Fitzgerald	Johnson, Minn.	Mitchell, Ill.
Burdick	Fitzpatrick	Johnson, W. Va.	Moser, Pa.
Byrne	Flannagan	Jones	Murdock, Ariz.
Cannon, Wis.	Flannery	Kee	Murdock, Utah
Casey, Mass.	Fleger	Keller	Norton
Celler	Fletcher	Kelly, Ill.	O'Brien, Ill.
Citron	Forand	Kelly, N. Y.	O'Brien, Mich.
Claypool	Ford, Calif.	Kennedy, Md.	O'Connell, Mont.
Cochran	Frey, Pa.	Kennedy, N. Y.	O'Connell, R. I.
Coffee, Wash.	Fries, Ill.	Keogh	O'Connor, Mont.
Colden	Gambrill, Md.	Kirwan	O'Connor, N. Y.
Creal	Gavagan	Kopplemann	O'Day
Crosby	Gehrmann	Kvale	O'Leary
Crosser	Gifford	Lanzetta	O'Malley
Crowe	Gildea	Larrabee	O'Toole
Cullen	Gingery	Leavy	Palmisano
Curley	Goldsborough	Lemke	Parsons
Daly	Gray, Ind.	Lesinski	Patterson
Delaney	Gray, Pa.	Lewis, Md.	Pfeifer
DeMuth	Greenwood	Long	Phillips
Quinn	Schaefer, Ill.	Spence	Vinson, Fred M.
Rabaut	Schneider, Wis.	Sullivan	Voorhis
Ramsay	Schulte	Sweeney	Wallgren
Ramspeck	Scott	Swope	Walter
Randolph	Scrugham	Teigan	Wearin
Rayburn	Secrest	Thom	Welch
Richards	Shanley	Thomas, Tex.	Wene
Bigney	Shannon	Thomason, Tex.	Withrow
Robinson, Utah	Sirovich	Thompson, Ill.	Wolverton
Sabath	Smith, Conn.	Tolan	Wood
Sacks	Smith, Wash.	Transue	The Speaker
Sadowski	Snyder, Pa.	Umstead	
Sauthoff	Somers, N. Y.	Vincent, B. M.	

NOT VOTING—17

Binderup	Collins	Kleberg	Weaver
Boylan, N. Y.	Costello	Reilly	Whelchel
Brooks	Fish	Ryan	
Buckley, N. Y.	Greever	Sutphin	
Cole, Md.	Hennings	Taylor, Colo.	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. BANKHEAD, and he answered "No."

So the motion to recommit was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Collins (for) with Mr. Boylan of New York (against).
Mr. Fish (for) with Mr. Buckley of New York (against).
Mr. Kleberg (for) with Mr. Greever (against).
Mr. Whelchel (for) with Mr. Sutphin (against).

General pairs:

Mr. Reilly with Mr. Costello.
Mr. Hennings with Mr. Brooks.
Mr. Weaver with Mr. Binderup.
Mr. Cole of Maryland with Mr. Ryan.

The result of the vote was announced as above recorded.

Mr. WARREN. Mr. Speaker, I move to reconsider the vote and lay that motion on the table.

The motion was agreed to.

Mr. HENNINGS. Mr. Speaker, I qualify and vote "aye."

ORDER OF BUSINESS

Mr. DINGELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DINGELL. I want to know if the farm bill is coming back to the House before adjournment of this special session, and if so, when?

The SPEAKER. The Chair has received no official notice of the passage of the farm bill by the Senate.

HOUR OF MEETING TOMORROW

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Speaker, the Committee on Banking and Currency has reported the so-called housing bill. The Rules Committee has reported a rule to make it in order. If we can dispose of that bill tomorrow, we will have completed all of the legislation in the extra session that we can take up. I therefore ask unanimous consent, in order that we may complete that bill tomorrow, that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, the rule provides for 4 hours of general debate. I understand there is a movement on to rush the housing bill through to conclusion tomorrow night. I think it only fair to the majority leader to say that it is expected that there will be at the very least 20 amendments. There will probably be a minimum of 10 minutes of debate on each of the amendments, in addition to the general debate. There will be at least one motion to recommit, and undoubtedly an attempt will be made to get a roll call on the passage of the bill. Personally I do not feel it is possible to dispose of the housing bill tomorrow, even though we convene at 11 o'clock, because we will spend at least 8 hours in actual debate.

Mr. RAYBURN. I may say to the gentleman that I have talked with the chairman of the Committee on Banking and Currency, who will control the 2 hours of general debate. He

feels certain that most of that time will not be taken in general debate. I am making this request for this reason: I am going to be here Monday and Tuesday and probably Wednesday; but if we can complete that bill tomorrow night and allow the membership to know that there will be no legislation, they may go home and be at home with their families before Christmas. That is the only reason I am asking for that extra hour—in order that we may complete it tomorrow evening.

Mr. WOLCOTT. I want the gentleman to thoroughly understand the position of the minority with respect to this bill. You place us in the very embarrassing position of being responsible if the membership has to stay over until Monday. I do not expect to object to convening the House tomorrow at 11 o'clock, because I do not want to do anything to delay a vote upon the passage of this bill. If we cannot convince the House that it is an unsound bill, of course, that is our responsibility. I have no desire to delay consideration of the bill. I simply wanted to voice the sentiment that we do not want to be put in the position of having to consider this bill on the floor as we have had to consider it in the committee—under pressure. I am fearful that if we set a goal that we are to pass this bill tomorrow night we will be working constantly under pressure, with the membership wanting to get out tomorrow night, and we will not have ample opportunity to develop our side of the argument.

Mr. RAYBURN. My thought is to meet at 11 o'clock. If the general debate should be cut down there would be liberal time under the 5-minute rule.

Mr. KNUTSON. Why not meet at 10 o'clock?

Mr. RAYBURN. Eleven o'clock is all right.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and it is so ordered.

Under the special order of the House heretofore made, the gentleman from Oklahoma [Mr. MASSINGALE] is entitled to be recognized for 30 minutes.

Mr. MASSINGALE. Mr. Speaker, I shall not take my time this evening, but ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

COST OF PRODUCTION FOR FARM PRODUCTS

Mr. MASSINGALE. Mr. Speaker, on last Friday I offered on the floor of the House an amendment to substitute H. R. 8522, which is the cost-of-production bill, for H. R. 8505, which is the committee bill that was that day carried to final passage in the House. I discuss the cost-of-production bill now because of the following facts: After the debate on H. R. 8505 had run 2 or 3 days, I had a talk with the distinguished chairman of the Agriculture Committee of the House [Mr. JONES] and advised him that I had in mind to offer the cost-of-production bill as a substitute for the committee bill. The chairman and I both discussed the fact that under the rules the cost-of-production bill would not be germane to the committee bill, but the chairman stated to me that if I should offer the cost-of-production bill as a substitute for the committee bill, he would endeavor to get the House to give liberal time and agreed upon 2 hours for discussion of the substitute amendment, and that he would reserve any point of order and assist in getting a vote of the House on the sustitute amendment. He said he was inclined to take that position because of the widespread national interest in the cost-of-production plan, and he thought that would be the only method by which the friends of cost of production could get an expression from the House on their bill.

After this agreement had been reached with the chairman, radio announcement of such was made over the country, and announcements in many newspapers were also made, advising the people that advocates of cost of production would be accorded a hearing on their bill through the courtesy of Chairman JONES. The people naturally expected that the cost of production bill would get an expression from the Members of Congress. After the amendment had been offered on the floor, a Member of the House (not, however, a member of the Agriculture Committee) raised the point of order, as he had a right to do, and insisted that the chairman of the committee rule upon his point of order that the substitute amendment was not germane to the bill under consideration. Of course, the Chairman of the Committee of the Whole House on the state of the Union was compelled under well-established precedents to hold the substitute not germane to the committee bill, and by reason thereof, the chairman of the Agriculture Committee was unable to carry out his desire that there be a vote of the House on the cost of production bill.

In this connection, I wish to state that after announcement of the disposition of the chairman to give consideration to cost of production had been made known, many people over the country do not understand why the cost-of-production substitute was not voted upon as the chairman had agreed it should be, and it is a great pleasure to me to advise the friends of cost of production that it was through no fault whatever of the chairman of the Committee on Agriculture that his agreement was not carried out. I do not know, of course, what would have been the result of a vote on the substitute amendment, but the mere fact that the bill itself only missed recommitment by nine votes, would make it appear probable that had the vote been given on the substitute as the chairman of the Committee on Agriculture had agreed, the substitute might have been adopted.

Because of the fact that the House committee bill, or any bill that the Senate may pass, cannot be sent to conference before this date, I have asked for time to discuss the cost of production now, hoping that the principles of cost of production may yet possibly be incorporated in the conference report. I voted to recommit the committee bill, and I also voted against the passage of the committee bill, and I did so for the reason that I am persuaded, in view of my construction of the philosophy of the committee bill, it may be now or never for the American farmer. Later on in this address, I hope to have time to discuss the philosophy underlying the committee bill, and to point out the dangers to the well-being of the farmer that lurk in that philosophy. First, I want to talk about the cost-of-production plan.

The President of the United States, as the head of the Nation, should be listened to with respect to the policy of the Government, and he stated that the sound public policy in enacting farm legislation requires fair prices to farmers in years of plenty as well as in years of failure.

The President also said that any farm program would have to be financed within the budgetary limitations.

Personally I am sure we are all agreed that any sound and essentially important policy regarding any kind of legislation necessarily means a policy that will come within the powers of Congress to enact.

Perhaps the best argument that can be made in favor of the cost-of-production plan is that it will not cost the Government of the United States one dime to operate, while the best feature of the committee bill that I am able to discover is that the committee bill cannot become operative for another full year after this year. The cost-of-production bill drives at compliance with sound public policy. It is to be operated within the limitations of the Budget and provides an orderly way for determining cost of production by the use of a definite, accepted, scientific formula commonly practiced in American business. The formula prescribed for use in determining cost of production removes this method from the criticism or constitutional objection that the bill does not comply with the holdings of the courts in regard to capricious or haphazard methods of ascertaining a fact. There is no money required under this bill to be appropriated by Congress or to be taken from the Treasury in the way of subsidies to be paid to the farmer, and it will not require a horde of enforcing officers to operate it.

The cost-of-production plan is supported by the economically sound philosophy that the farmer ought to be compensated for the loss he must inevitably sustain by selling on the

world market what he produces and buying on a protected market what he consumes. The plan is generally understood by the people, and it has for a number of years been the subject of discussion by great business organizations of the country, by practically all civic organizations, by educational groups, and by leaders of economic thought throughout the Nation. These groups and organizations have with general unanimity given approval of the thought and the philosophy of cost of production as a plan by which the farmer can be helped to a plane of living above the lowest economic plane of any group in the United States. The farmers understand you when you talk cost of production to them. They know it is a fact easy of ascertainment and they feel that the term "parity price" is not clear enough—it is rather a nebulous thing that they cannot see through; but they can readily understand cost of production. It is my belief that the people of the great industrial and business centers of the country already understand cost of production and that they will not be willing to eat and wear the indispensable products that the farmers prepare for their use at a less-than-cost price and then compel those same farmers to pay to industry a profit on its merely dispensable products. The food and wearing-apparel products of the farm cannot be dispensed with for a single day without suffering to the people, but such products as automobiles, refrigerators, radios, and the like may be dispensed with without any suffering other than perhaps mental suffering occasioned by delay in delivery. The producers of such dispensable articles get a profit when they sell them to the people, but the farmer for his indispensable products is compelled to sell at less than what they cost to produce. People of the cities have been much propagandized by the high cost of living, and usually the authors of the pamphlets are very unfair. They charge the farmer with responsibility for all that is added to delivery or retail prices of bread and meat and do not inform the people that the farmer has no control over the added charges for transportation, processing, and other distribution costs. The average distribution charges on farm products are between two and three times the price at which the farmer sells the product, and in some instances it runs as high as 10 times the price which the farmer can get for producing it. These excessive and uncontrolled costs of distribution may be chargeable to Congress, but by no rule of fairness can they be charged to the farmer.

The cost-of-production bill requires no loan nor subsidy payment of any kind, nor the levying of any process or other tax for the farmer's benefit. It merely requires the people of America on and off the farm to pay to the American farmer what it costs him on an average to produce the food and fiber required as an essential to a standard of living where neither hunger nor cold shall be an accompaniment. It provides that when the cost of production is ascertained, according to the formula prescribed in H. R. 8522, public announcement shall be made of the cost of producing each farm product and the percentage thereof estimated to meet the demands of domestic consumption, as well as the percentage estimated for the export trade. Where there is found an exportable percentage in any farm product, the percentage thereof required for domestic use shall be sold at no less than the promulgated price. The exportable portion of any such product shall be delivered to the Secretary of Agriculture to dispose of in the world market at world prices. The bill further provides that, in order to protect the consumer, when it is found that the domestic production is less than the estimated domestic consumption, the Secretary of the Treasury shall permit importation of such commodities under such terms as the law will permit; if, on the contrary, the domestic production of any commodity is in excess of the estimated domestic consumption, then the Secretary of the Treasury shall prohibit importation of any such commodity until a proper balance between domestic consumption and production is established. The bill thus endeavors to protect not only the rights of the producer to a fair price, but also to protect the rights of the consumer against excessive prices.

Other lines of industry have for a century and a half enjoyed the same protection that the farmer will receive if the cost of production plan is put into operation. The manufacturer gets his protection from the tariff, and the utilities as a rule get their protection through the Interstate Commerce Commission. The chairman of the committee, in discussing the bill, stated on the floor the history of the origin of the tariff laws of the United States, and in this statement, he quoted from Alexander Hamilton who said that he knew that a tariff imposed for the growth and development of the manufacturing industries of the country would be unpopular among the farming class, but that it would be the plain duty of Congress to equalize the unfairness of the tariff law to the farmer by granting of subsidies or like legislation in the days to come. Unfortunately, Congress only took that portion of Alexander Hamilton's recommendation that suggested the tariff to protect the manufacturer. For 150 years, it has neglected the farmer, except in some legislation of the last few years in which benefits have been given to the farmer through the A. A. A. and the Soil Conservation Act.

The farmer is seeking no form of favoritism unknown to the other producers in the country. Surely he is as much a producer as those who own the factories or the utilities. To be national in scope and to operate with fairness, the existing conditions should be changed to meet the views of Alexander Hamilton, at least, for no one will contend that Congress has not had the time in all these 150 years to do what Hamilton said it was the plain duty of Congress to do. Surely no one will be found now who would contest the right of the farmer to legislation of the same character long enacted for the benefit of the capitalists. It seems to me that this would have to be conceded a just demand on the part of the farmer, unless it is overruled on the theory that the ancientness of the practice of legislating in the interest of a few is too sacred for modern legislators to profane by attempting to depart from the rule.

If legislation intended to raise the price for farm products is radical, it is so, not because of any new principle employed, but simply because it seeks to invite a new class of our people into an old established and exclusive party of privileged Americans. It means merely to open the doors of the national church to every producer alike.

Jacking up farm prices for a time is but little help to the farmer and is no security at all to farm life. There must be a permanent long-range farm program if the farm is expected to fulfill its mission of absorbing the rural young folks of America. Millions of them are idle today, and they cannot find work, for there are no industries in the farm area. These young folks will not be attracted to the farm without some assurance of being able to live on farms in decency, to rear and educate their children by the farm work, and to surround their farm homes with such cultural attractions as they may find in urban centers. They know that such is impossible now, and from every roadside they see deserted farm sites which in their memories fairly supported a family. They know, for they have witnessed the exodus of their former playmates and friends from the farm to some place where they could go with the hope of earning enough to live on. They also know that soil erosion, drought, and pests were by no means the only reasons for this exodus. They know that a cruel and wicked farm economy program has meant more to them than erosion, drought, and pests combined. If the farmer had been able these years to share in Government protection as people in the other industries, the incomes from their farms would have paid the tax collector, paid enough to stave off foreclosure, kept down erosion, and made enough repairs to keep the farm buildings tenantable. Instead of having to be completely rehabilitated as is the case now, the farmer would be in a position to carry on and escape the dole. The American market has been made secure for the American manufacturer, but the farmer has never had an American market; and now it appears that he may not even have a world market. He has had to sell his products on the world market and from the proceeds pay the American

manufacturer a protected price for what goods he was compelled to buy. A mere casual consideration of the facts faced by the farmer denotes bankruptcy for him. When he is a bankrupt fewer American goods are manufactured, for he is the largest class consumer in the land. It is said that the farmer consumes about 60 percent of the heavy goods manufactured and 40 percent of all textiles made in America. Obviously, he cannot buy these goods without money. He cannot get money except from crops and crops sold for less than it costs him to produce them not only impoverish him, but stagnate about 50 percent of the Nation's annual business. If the farmer has cost of production, he will be spared the enormous exactions occasioned by price fluctuations or gamblers' profits. He is right now having to take 6 cents for cotton, the price for which is pegged at 12 cents. If the price were fixed at 12 cents by law, he would get 12 cents regardless of the gamblers.

The farmer wants a law that is understandable to him. He believes that it is near idiocy to attempt to balance consumption with production at his expense. He would rather be in a position to eat more and better foods and wear more and better clothing than to eat and wear less simply because some professor recommends it. The farmer has been held down economically for so long a time by laws that operate in favor of others and against him that he feels afraid he may be accused of attempting to subvert the Constitution of the United States if he asks for a little cut-in for himself. He realizes that as the law now operates, all the machinery and farm equipment that he is compelled to buy is made at home under the protection of a tariff and is sold outside the United States for use of farmers of other countries for a price far below that which he has to pay to his next-door neighbor, the manufacturer. It is a pretty difficult thing to convince the farmer that he should remain passive when he knows that a binder will cost him twice as much as the same binder made in his own country and shipped across the continent and across the ocean will cost the foreign farmer.

Mr. Speaker, what is true as to the binder the farmer uses at harvest-time applies in general to all other farm equipment he has to use. The price for such equipment continuously rises from year to year, and the farmer pays more and more for it. It makes no difference to what depths the prices for farm products may drop, he must pay the price asked by these tariff-protected manufacturers of farm implements. Of course, the same argument may be used in regard to all other manufactured products that the farmer has to purchase.

Someone stated in this House a few days ago that the main trouble with Congress is it is too much prone to regard volumes of spoken words as worth something to the people of the country. Measured by that saying, the present committee bill and the Senate bill dealing with agriculture are worthy of consideration, but measured by the meaning and effect of the language employed in the bills, I am unable to see where the farming class of people would get any benefit at all. The farmer needs help now, and when I say help I mean that he needs a farm law that will help him to pull himself up from the miserable standard of living that generally obtains in the farming areas to a plane of decent living. It would only take a few days to determine upon this farm program if the Members of the House of Representatives were required to go through the great farm section of the Central West and see and observe what the conditions are. I believe that any man who has observed the farmer of the Midwest during the last 40 years will agree with me in the statement that the condition of the farmer in that region has grown progressively worse during that time.

Every person will concede that the farmer is seriously hurt when corn drops from $1.45 per bushel to 55 cents per bushel in a few days' time. We paid the Argentine farmer about $1.40 or $1.45 per bushel for his corn just before our corn matured, and when our corn was brought upon the market the American farmer's corn brought nearly $1 per bushel less than he had to pay the farmer of Argentina. We have the spectacle of having pegged the price of cotton at 12 cents per pound, and now we are getting 5 and 6 cents per pound for it. The farmer belongs to that exclusive American class for whom the stock-market gambler fixes prices for all he produces for sale. You never see John Deere plows, International harvesting machinery, tubs, troughs, wagons, trucks, hats, shoes, radios, refrigerators, automobiles, and so forth listed by the exchanges as you see cotton, corn, and wheat. All the above, except farm products, are secure in their prices by reason of a tariff. The farmer has no such security. He depends on the ticker tape of the gambler, who uses only world prices as his top. The coolie laborer of the world has a standard of living high enough for the farmer, these gamblers think, and it appears that Congress has been in agreement with the gamblers since the days of Jefferson and Hamilton.

In my section of the country the heavy percentage of foreclosures that have taken place within recent years has enabled a few men to gain possession of large blocks of land and to farm that land by the use of modern methods, with the result that many persons that have heretofore lived as tenants and sharecroppers and day laborers on that land have had to move. A large percent of the houses and other buildings on farms have been moved away to towns in the vicinity in order to reduce the taxes on the farm. Only yesterday I received a letter from a banker friend of mine. This man lives in just about the center of the congressional district I represent. He has spent many years there, and he knows the farm problems. I quote just a little from his letter:

> I recently received a letter from Washington to report on what I was doing about collecting farmers' paper and urging me to collect it. I wrote them that the country was full of cotton and that fully 70 percent of all farmers are tenants and that after the rent of the landlord and the picking and ginning were deducted, plus just enough to buy some groceries, there was nothing left to pay notes with. I told the Department at Washington that our section is overrun with a wonderful feed crop, but that due to successive failures the farmer has been forced to sell his cattle, hogs, and cows in order to live, and that he has left on his farm in the way of livestock only a few horses and mules. There is such an abundance of feed there is no market for it, and there is no stock to consume it. If this bank were allowed to purchase 5 milk cows and 10 yearling heifers for one of these farmers with plenty of feed, the increase of the calf crop and weight of the yearlings would make that farmer's note 100 percent good, and we could stock our banking territory in 3 weeks, for you know five cows will make a farmer and his family a living; but every note we make of this kind meets with severe criticism from the Banking Department.

The man who wrote me the above letter has stood the vicissitudes of the farming people of Oklahoma for about 40 years. He knows what the farmer is up against and, as he expresses it, "I think the matter has reached a point almost beyond help. This, Sam, is a blue letter. To realize the conditions here, you must live with them." In the text of his letter, considerable is said about the attitude of the people toward Congress for its failure to accomplish anything along the line of farm legislation. And, of course, the entire responsibility for the failure of accomplishment up to this time is laid upon the doorstep of Congress. This banker friend further states that there is so much muttering among the people about the delay in Congress and the attitude of the Federal Reserve bank on farm security and the like, as to give an uncomfortable feeling or a feeling of insecurity or uncertainty to a person. There is no need for this kind of sentiment to be forming in the country, and in my judgment it will not amount to anything if Congress will even now do something that the Nation will regard as fair and right in an effort to get rid of legislative inequalities among our people.

The substitute which I offered for the committee bill is not claimed to be a cure-all, but it does provide for a policy which, if followed, will gain for the farmer a foothold on a plane above that which he lives on now, and he has to have a higher plane of living. By the consideration of the Department of Agriculture and the farmers themselves, a definite policy is laid out for the purpose of finding the minimum farm income upon which a man can live in keeping with the standards of the average American family, and is a simple and direct and easily understood program which

will protect the American farmer in our own market and will enable him to compete in world markets for the sale of exportable farm surpluses and aid perhaps in recapturing our foreign trade.

If the theory of cost of production should become a law, it would in no way interfere with the Soil Conservation Act which we now have, and will have until 1942, but it will enable the farmer, by reason of getting the cost of production for his farm products between now and January 1942, to have a sufficient income that the Government, perhaps, will be able to repeal all soil-conservation laws that involve the expenditure of public money for the farmer. This substitute bill in its operation puts the entire administrative cost on the proceeds of the surplus crops which are to be sold abroad; and in addition to that, there is a provision in the substitute which is sensible and humane, and practically offers a form of insurance to the farm population by making provision for the use of the proceeds of the sale of these surplus crops to take care of the losses the farmer sustains annually in different sections of the country due to flood, crop failure, and pestilence. Until such things are taken care of the proceeds from the sale of such surpluses for any one year shall not be prorated to the contributors to the surplus fund. This seems a burden upon the farmer when first considered, but I believe I know the farm temper well enough to say that if you will give the farmer an even break with other classes of producers in the United States, he would cheerfully contribute his portion of the surplus crops to relieve any distress occasioned by a catastrophe of any kind among his own people. The farmer is simply making an offer to take care of and adjust his own misfortunes occasioned by flood, drought, and so forth, if you will give him the opportunity to do so.

THE PHILOSOPHY OF THE COMMITTEE BILL

The joint resolution adopted during the closing days of the first session of the Seventy-fifth Congress sets forth the five cardinal points upon which farm legislation should be predicated. Section 3 of the resolution says that if the ever-normal granary is provided to protect the consumer, then the farmer should be allowed a loan on his contribution to the ever-normal granary. Section 4 provides for control of the surplus above the ever-normal granary in order to safeguard the Government and make sure that the Government will keep the price of farm products at such a point that it will not suffer a financial loss. In order to safeguard the security the Government gets by reason of its chattel mortgages on the ever-normal-granary supply of crops, the resolution says that the prime purpose of control is to make the Government secure on its chattel mortgages. The theory is that if a farmer has given the Government a chattel mortgage on some wheat or cotton in the warehouse, or ever-normal granary, to permit such farmer to produce more wheat or cotton might cheapen the price and thereby render the chattel mortgage security of less value to the Government, hence the farmer is restricted further because of the chattel mortgage. It has been my general understanding that the primary purpose of crop control or reduction of acreage has been based upon the theory that this control or restriction in production would at least favorably affect, if not wholly control, the value of farm products throughout the world. Now, if the language of the joint resolution means anything, there has been a complete change in the philosophy of crop control. It is designed now not for the purpose of jacking up the price of farm products here and abroad, but mainly to secure the Government of the United States in the chattel mortgages that it shall take from the farmers.

The passage of the resolution has given rise to many theories of what the objective is among the men who had the Joseph concept in mind. Joseph, of course, made an overwhelming success, in one sense, of his ever-normal granary in Egypt. He was a keen Hebrew boy, and Pharaoh had sense enough to appreciate him and make him business manager of his kingdom. When Pharaoh's dreams were interpreted by Joseph as meaning that there would be 7 years of plenty followed by 7 years of failures in crops, Pharaoh asked Joseph to take care of the financial end of the situation for him. Of course, Joseph monopolized all the corn that was grown in Egypt during the 7 years of plenty, and when the lean years set in, the people knew that Joseph had collected all this corn for Pharaoh, and they began to come into Egypt with money to buy corn so they might have bread. They soon spent all the money, and then they brought their livestock, and by selling their livestock, they got more corn. In the course of time the livestock was all sold to Joseph for Pharaoh, and then the people came for more corn, and they told Joseph that they would be compelled to deed their lands to him in order to get bread. Joseph took the deeds and let them have more corn for bread. Then they came and said they had spent all their money and had given up all their livestock and had given him all their lands, and now all they had left to trade for corn was their bodies which they wished to sell into slavery in order that they might have bread. Joseph made this deal with them, and then Pharaoh passed a law, presumably at Joseph's suggestion, creating the first farm tenancy act known to history. That law provided that no one should work the rich lands of Egypt except upon condition that he pay one-fifth of the crops raised on that land to Pharaoh. That rent of 20 percent of the income of the land may have seemed high and rather harsh to the people of that region, but were not those people only chattel slaves, made so by hunger for bread, and was that not only the beginning of the tenant system?

This committee bill goes far beyond anything that Joseph had the nerve to exact of already destitute farmers, for the tenant nowadays under this program is paying one-fourth, one-third, or one-half of what he raises on the farm, and, in addition, on many farms, he pays a cash bonus equal to at least as much as the amount of his share of the Government benefits allotted to that land. With the knowledge of what took place down in Egypt, it seems that the committee bill must have been conceived by someone that aims to make farm tenancy the goal for the farmer. Let us see how the program of the farm bill operates.

First. The Government makes a loan to the farmers on the stored or reserved surpluses, and, in order to see that the Government loses no money on the loans, there is to be enacted a law reducing or restricting production in the future. Now, the farmer's interest in this surplus is all mortgaged. He has no control over it and is the servant of the Department of Agriculture. If he should desire to grow a large crop of exportable variety, believing that world conditions would justify a higher price, the Secretary of Agriculture could say to him, "No; you cannot experiment. I have a mortgage on all you have now, and you will not be allowed to grow any additional crops, for, if you do, the penalty of foreclosure will be invoked, and, in addition, all benefits you may be entitled to receive under the Soil Conservation Act will be denied you."

The chattel-mortgage feature and the additional leverage given to the administrators of the proposed committee bill will wipe out whatever independence of action the farmer may have left to him now. Restricted production has made heavy inroad on the farmer's ability ever to come out of the hole, and, if you impose the chattel-mortgage feature that this joint resolution prescribes, there is no earthly escape for the farmer.

Joseph administered a pretty severe lesson in finance by exacting a tribute of 20 percent at the beginning of farm tenancy, but he seemed to be incapable of devising any scheme that would give such complete control of the farmer as this committee bill would give. In my opinion, this bill reduces the American farmer to a complete state of vassalage from which he can never escape. Of course, I do not know in whose brain the suggestion originated, but whoever originated it out-Josephed Joseph. What little leniency Joseph showed to the unfortunate kindergarten class in farm tenancy was probably due to the fact that he and his kind were favored by the Lord. I have never heard any charge that the Lord had anything to do with the preparation of

the committee bill, and with nobody to intercede, Pharaoh will be left unrestrained with complete dominion over the land, over the crops, over the families, over all engaged in agricultural pursuits in America. I do not know that the program would include financial benefits to some Pharaoh, or whether it is designed to build up some political Pharaoh. I believe the philosophy is so dangerous that it would enable a designing person to lay the foundation for a powerful political set-up at the expense of the farmer. I would not say that the face of the Pharaoh could be found in the picture, but I believe it would be most interesting to look for him. The farmer is not wanting to be taken for a ride to Egypt, and he is not in quest of any Pharaoh. The farmer wants to remain in America and to live on the farm in an American way. He does not want anyone to lay off his rows for him. He wants Congress to give him a cost-of-production plan that he can understand. He wants Congress to perform that plain duty which Hamilton advocated when the tariff law was first enacted 150 years ago. It seems passing strange to me that the tariff wall has been built higher and higher by successive Congresses, and that such Congresses have either neglected or refused to do that plain duty which Hamilton said devolved upon Congress.

Figuring the annual income of the average farmer at $173—and this is the correct estimate—one Member of Congress is entitled to receive 57 times as much of the national income as one farmer. This committee bill places a low estimate on the farmer, and he will soon find himself regarded as "a brother of the ox" if, indeed, he has not already sensed it. If the Congressman believes he is entitled to an income 57 times as great as the average farmer, it must be admitted that the farmer is entitled to put his estimate on the Congressman. I suspect that when the farmer appraises this committee bill and looks for anything beyond regimentation and restriction, other than some amendments to soil conservation, instead of admitting that the Congressman should receive as much in 1 year as the farmer receives in 57 years, he would be justified in reversing the Congressman's estimate and logically contending that, measured by contribution to the good of society, there would be doubt if the Congressman's income should even be as much as one fifty-seventh the farmer's income.

It should be to the everlasting shame of this supposedly great legislative body to now embark on a farm program that no farmer and no Member of Congress can understand. The farmer should have had the opportunity of at least a hearing on a program that may prove fateful to him. This he was denied, and I sincerely trust that the conferees of the Senate and the House will hear him and will incorporate in their report a request that the two legislative branches again consider a farm bill for farmers. Any real farm bill will enable the farmer to live decently, put him on a higher plane of living, increase his earning power, expand his purchasing power, bolster up his morale, and enable him and his to feel the pride of real American citizenship. If the President has time to read the committee bill, I firmly believe he will not approve it. Both the Senate and House bills regiment and restrict the farmer. He wants done with both.

Mr. ELLIOTT. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that on Monday next, after the disposition of business on the Speaker's table and the legislative program for the day and special orders heretofore made, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

EXTENSION OF REMARKS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter in relation to the legislation just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech made by Senator BARKLEY last Sunday in New York City at the Yeshiva College, Amsterdam Avenue and One Hundred and Eighty-seventh Street.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. O'TOOLE asked and was given permission to revise and extend his remarks.

Mr. BIGELOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. WELCH asked and was given permission to extend his own remarks in the RECORD.

Mr. SCHNEIDER of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today and to include therein some tables on the employment of child labor.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the special session.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today on the wage-hour bill.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. O'CONNELL of Montana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a short editorial.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. EICHER and Mr. DICKSTEIN asked and were given permission to extend their own remarks.

Mr. AMLIE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short speech made by myself.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 22 minutes p. m.) the House, in accordance with its previous order, adjourned until tomorrow, Saturday, December 18, 1937, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Tuesday, December 21, 1937, at 10 a. m.

COMMITTEE ON THE JUDICIARY

The Special Bankruptcy Subcommittee of the Committee on the Judiciary will continue public hearings on the Frazier-Lemke bill (S. 2215), to amend section 75 of the Bankruptcy Act, in the Judiciary Committee room at 346, House Office Building, on Saturday, December 18, 1937, at 10 a. m.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. CROSSER's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Saturday, December 18, 1937. Business to be considered: Hearing on House Joint Resolution 389, distribution and sale of motor vehicles; room 1501, House Office Building.

There will be a meeting of Mr. MARTIN's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday January 4, 1938. Business to be considered: Hearing on sales-tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, train-lengths bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

895. A letter from the Chairman, Public Utilities Commission of the District of Columbia, transmitting the Twenty-fourth Annual Report of the Public Utilities Commission of the District of Columbia; to the Committee on the District of Columbia.

896. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated November 29, 1937, submitting a report, together with accompanying papers and illustration, on an examination of and review of reports on Connecticut River, Mass., N. H., Vt., and Conn.; Passumpsic River, Vt.; and West River, Vt., between Weston and Brattleboro, authorized by the Flood Control Act approved June 22, 1936, act of Congress approved June 13, 1934, and requested by resolution of the Committee on Flood Control, House of Representatives, adopted March 27, 1936 (H. Doc. No. 455); to the Committee on Flood Control and ordered to be printed, with illustration.

897. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated November 26, 1937, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Houston Ship Channel and Buffalo Bayou, Tex., submitted in Committee on Rivers and Harbors Document 58, Seventy-fourth Congress, first session, United States House of Representatives, and requested by resolution of the Committee on Commerce of the United States Senate approved February 20, 1936, and the Flood Control Act approved June 22, 1936 (H. Doc. No. 456); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. O'CONNOR of New York: Committee on Rules. H. Res. 384. Resolution providing for the consideration of H. R. 8730; without amendment (Rept. No. 1656). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. EBERHARTER: A bill (H. R. 8749) to amend the United States Housing Act of 1937; to the Committee on Banking and Currency.

By Mr. MOTT: A bill (H. R. 8750) to aid in providing a permanent mooring for the battleship *Oregon;* to the Committee on Military Affairs.

By Mr. KOPPLEMANN: A bill (H. R. 8751) to authorize the construction of levees, dikes, and related works for the protection of cities in the Connecticut River Basin from floodwaters; to the Committee on Flood Control.

Also, a bill (H. R. 8752) to authorize the construction of levees, dikes, and related works for the protection of the cities of Hartford and East Hartford, Conn., from floodwaters; to the Committee on Flood Control.

By Mr. TEIGAN: Joint resolution (H. J. Res. 539) requesting the President of the United States to establish a 5-day workweek for all Federal employees; to the Committee on the Civil Service.

By Mr. ALLEN of Illinois: Joint resolution (H. J. Res. 540) authorizing an appropriation for expenditure under the direction of the Secretary of State to pay expenses of return from China to the United States of citizens financially unable to pay their return expenses; to the Committee on Foreign Affairs.

By Mr. DITTER: Joint resolution (H. J. Res. 541) authorizing the impounding of funds from appropriations for the fiscal year ending June 30, 1938, set up as reserves pursuant to the Executive order of the President of the United States promulgated June 23, 1937; to the Committee on Appropriations.

By Mr. O'MALLEY: Joint resolution (H. J. Res. 542) to provide for the immediate and complete independence of the Philippine Islands, and for other purposes; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOREN: A bill (H. R. 8753) for the relief of the Choctaw Cotton Oil Co. of Ada, Okla.; to the Committee on Claims.

By Mr. CASEY of Massachusetts: A bill (H. R. 8754) for the relief of Thomas H. Eckfeldt; to the Committee on Claims.

By Mr. DOWELL: A bill (H. R. 8755) granting an increase of pension to Maggie A. Foster; to the Committee on Invalid Pensions.

By Mr. FLETCHER: A bill (H. R. 8756) granting a pension to Winnifred Slick; to the Committee on Invalid Pensions.

By Mr. HANCOCK of New York: A bill (H. R. 8757) for the relief of the crew of the U. S. S. *Panay;* to the Committee on Naval Affairs.

By Mr. HILDEBRANDT: A bill (H. R. 8758) for the relief of Harold Dukelow; to the Committee on Claims.

By Mr. KINZER: A bill (H. R. 8759) granting an increase of pension to Elmira Diffenderfer; to the Committee on Invalid Pensions.

By Mr. WEST: A bill (H. R. 8760) for the relief of James A. Simpson; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3648. By Mr. TEIGAN: Petition of the County Commissioners of Marshall County, Minn., objecting to the diversion of funds collected from the tax on gasoline and other petroleum products for purposes other than road improvement, and urging Minnesota's Senators and Representatives to do everything in their power to continue the Federal aid for road-building purposes; to the Committee on Ways and Means.

3649. By Mr. LESINSKI: Resolution of the Michigan Good Roads Federation, memoralizing the Congress of the United States of America to reject any efforts to curtail Federal appropriations for highway development; to the Committee on Appropriations.

3650. By Mr. DELANEY: Petition of John D. Masso, executive chairman, American Labor Party, fourteenth assembly district, Brooklyn, N. Y., urging the continuance and expansion of Works Progress Administration educational projects; to the Committee on Appropriations.

3651. By Mr. COFFEE of Washington: Resolution of the Committee for Industrial Organization Atlantic City conference of October 1937, pointing out that the temporary and limited nature of the Federal arts program threatens its existence and that its benefits may be lost and that it is

important for democracies to encourage culture and enlightenment for all, and therefore resolving that the Committee for Industrial Organization, meeting in conference at Atlantic City, does endorse the pending measure (H. R. 8239) introduced by Mr. COFFEE of Washington, and urging its prompt enactment by the Congress of the United States; to the Committee on Education.

3652. By Mr. HOLMES: Petition of the citizens and businessmen of Worcester, Mass., favoring repeal of the undistributed-profits tax and capital-gains tax; that emergency expenditures be confined to essentials for relief; that the Government stop its competition with private business, etc.; to the Committee on Ways and Means.

3653. By Mr. CULKIN: Petition of the American Hotel Association in convention at Pittsburgh, Pa., November 10, 1937, opposing enactment of the Black-Connery wage and hour bill; to the Committee on Labor.

3654. Also, petition of the Copenhagen Grange, No. 90, Copenhagen, N. Y., opposing enactment of the Black-Connery wage and hour bill; to the Committee on Labor.

3655. Also, petition of the Cornell Study Club, of Boonville, N. Y., opposing enactment of farm legislation restricting production of farm crops or any form of crop control; to the Committee on Agriculture.

3656. By Mr. GILDEA: Resolution of the Lycoming Automobile Club, of Pennsylvania, protesting against further reduction in Federal aid to highways because of attendant increase in highway accidents that will ensue through curtailing highway improvement, as the toll taken by accident and death on Pennsylvania highways during 1937 to date has resulted in 2,428 deaths and 54,976 persons injured; to the Committee on Appropriations.

3657. By Mr. DELANEY: Petition of Local 250, United Neckwear Makers Union, of New York City, urging the immediate passage of the Black-Connery wage-hour bill; to the Committee on Labor.

3658. By Mr. KENNEDY of New York: Petition of the New York Board of Trade, Inc., New York City, concerning balancing Federal Budget, repeal of the undistributed-profits tax, revision of laws on labor relations, economically sound system of transportation and communications, sound American foreign trade, and sound agricultural policy; to the Committee on Ways and Means.

3659. By Mr. QUINN: Petition of the Home Owners Association of Pennsylvania, endorsing the housing program of President Roosevelt; to the Committee on Appropriations.

3660. By Mr. CURLEY: Petition of the United States Immigration and Naturalization Service Field Employees' Association, endorsing House bills 8431 and 8428; to the Committee on the Civil Service.

3661. Also, petition of the Army Base Local 43, United Federal Workers of America, protesting against the dismissal of Civilian Conservation Corps workers at the Army Base, Brooklyn, N. Y.; to the Committee on Appropriations.

HOUSE OF REPRESENTATIVES

SATURDAY, DECEMBER 18, 1937

The House met at 11 o'clock a. m.

The Reverend James Shera Montgomery, D. D., offered the following prayer:

Almighty God, whose temple is all space, the Lord and breath of things unseen, we praise Thee for life's daily round with its repeated joys and familiar duties. Bless us all with the courage to pray: "Let the words of my mouth and the meditations of my heart be acceptable in Thy sight, O Lord, my strength and my Redeemer." How blessed it is, our Father, to be faithful to our trusts, gifts, and opportunities. May we never let a day pass but we pray God to bless our flag. Grant that we may be right, judged by those supreme sentiments of the soul—faith, hope, and love; then our country shall listen and approve. Speak peace to every heart, strengthen the wavering, inspire any who may be discouraged. O Love Divine, bring forth light in every household where there is darkness and joy where there is sorrow. We pray in the adorable name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

PERMISSION TO ADDRESS THE HOUSE

Mr. ALLEN of Pennsylvania. Mr. Speaker, I ask unanimous consent to proceed for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ALLEN of Pennsylvania. Mr. Speaker, I have here a copy of the Washington Post of this date. I am listed on page 7 as having voted for recommittal of the wage and hour bill, which is an error. I make this statement now so that it will be emphasized in the RECORD. I did not vote to recommit that bill.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief letter from Mr. Kile.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANDERSON of Missouri asked and was given permission to extend his own remarks in the RECORD.

AMENDMENT OF THE FEDERAL HOUSING ACT

Mr. O'CONNOR of New York. Mr. Speaker, I call up House Resolution 384, and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 384

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8730, a bill to amend the National Housing Act, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR of New York. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. Speaker, this is a rule for the consideration of the housing bill. It is an open rule providing for 4 hours of general debate.

The housing bill is a most important piece of legislation, and I trust it will not only pass the House but will pass another body, and if it goes to conference I hope it may be completed before the next session of this Congress begins.

Mr. Speaker, we in the cities are especially interested in the housing problem. The locality from which I come, the Borough of Manhattan in New York City, has been very much interested in this matter. There have been bills passed for slum clearance and low-cost housing. The housing which we have obtained through Government aid in my territory has been very disappointing. On two occasions we placed in the Housing Act a provision which authorized the insurance of mortgages on property for repairs and alterations up to $50,000. In New York City we have some 60,000 condemned tenements or flats, two, three, and four stories high, which could easily be remodeled and made modern for a comparatively small sum. A 25-foot standard dwelling could be remodeled for seven or eight thousand dollars and the rent would only be five or six dollars a month per room; but for some reason or other the Federal Housing Administration has never put that provision of the law into effect to any extent.

These great big slum-clearance projects, which include 20-story elevator apartments, are not going to do that part of New York any good. The people who have lived all of their lives in these two-, three-, and four-story tenements

or flats want to stay there; and they can stay there if the Federal Housing authorities will cooperate to insure loans for the remodeling of those dwellings, which will rent for five or six dollars a month per room, with all modern conveniences, instead of moving the people into skyscraper elevator apartments, which it is proposed to build now at a rental of from $10 to $11 per month per room. That is the problem we in Manhattan face.

Mr. Speaker, Manhattan has been neglected in all this contribution which this Government has made toward low-cost housing. They built one big skyscraper, Knickerbocker Village, way down near the river out of reach of habitation. The people for whom housing was intended will not live there. The people who live in Knickerbocker Village are the higher-salaried, white-collar class, not the people who have been born and brought up, and their people before them, in tenements on the East Side.

Mr. Speaker, in my district we have made a thorough survey, and we submitted voluminous figures which showed that we could take a square block of three-story buildings, improve and modernize them, to rent for five or six dollars a room. We could put a big playground in the center of the block and make it an ideal housing project. But we cannot, for some reason or other, get the housing authorities to think of anything but two things—the big slum-clearance project and the individual home.

I am for the individual home, but individual homes cannot be built in what you and I know as New York City. The land value is too high. Of course, this bill does not meet the situation we have in Manhattan except in one particular. I believe it is an improvement. When the housing bill was here last I tried to have a similar provision incorporated into the measure.

The SPEAKER. Will the gentleman from New York yield to receive a message from the Senate?

Mr. O'CONNOR of New York. I yield for that purpose, Mr. Speaker.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Crockett, its Chief Clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 8505. An act to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. SMITH, Mr. McGILL, Mr. POPE, Mr. BANKHEAD, Mr. HATCH, Mr. FRAZIER, and Mr. CAPPER to be the conferees on the part of the Senate.

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, with a Senate amendment, disagree to the Senate amendment, and agree to the conference asked by the Senate.

Mr. O'CONNOR of New York. Reserving the right to object, Mr. Speaker, has the gentleman from Texas in mind providing that the conferees may sit between the adjournment of this session and the opening of the next session?

Mr. JONES. We shall not be able to meet before the 28th or 29th of this month, and I take it we probably could not finish before the opening of the new session.

Mr. O'CONNOR of New York. The gentleman might save some time if he got such permission.

Mr. JONES. I will ask the permission anyway, and I thank the gentleman for his suggestion.

Mr. SNELL. Reserving the right to object, Mr. Speaker, may I ask the chairman of the committee a question? I have not had time to examine the bill as it passed the other body, but as I understand the situation, the amendment which was offered in the House by the gentleman from Wisconsin [Mr. BOILEAU]—and I believe a similar amendment was offered in the Senate by Senator McNARY—is in the Senate bill.

Mr. JONES. It is a very similar amendment. I do not know whether or not it is identical, but it is nearly so, if it is not.

Mr. SNELL. If the amendments are practically the same, that amendment could not be taken out of the bill in conference without a vote of the House?

Mr. JONES. I would not want to answer that question categorically. I take it we would have to have an amendment along somewhat similar lines. However, I have not had a chance to go over the Senate bill.

Mr. SNELL. Will the gentleman agree that this amendment will not go out of the bill without coming back to the House for a vote?

Mr. JONES. I think we would have to come back to the House if it is identical or in similar form, or have a special rule, one of the two.

Mr. SNELL. If it is identical, of course, it is not within the range of conference.

Mr. JONES. No; it would not be within the range of conference if the amendments are identical in their provisions.

Mr. SNELL. I wish the gentleman would promise he would not allow the amendment to be materially changed in any way without bringing it back to the House and submitting it to a vote of the House.

Mr. JONES. I may say to the gentleman I do not like to make committals until I have had a chance to see the text of the bill. Numerous amendments have been adopted. The bills are so widely different that I do not like to make a committal at this time. I will try to be fair about the proposition. I believe some provision should be worked out on that proposition, regardless.

Mr. SNELL. I trust the gentleman will see that the provision remains practically the same as it passed the House.

Mr. JONES. I will endeavor to take care of that.

Mr. BOILEAU. Reserving the right to object, Mr. Speaker, may I say to the gentleman the Senate provision and the House provision are identical insofar as it is possible to have them conform to the philosophies of the respective bills. The purport of the amendments is exactly the same. In the Senate a motion was made to reconsider and the motion was defeated, showing clearly that the Senate wants the provision in the bill. The House has also shown it wants the provision in the bill.

Mr. JONES. I have not had a chance to see the Senate bill, but the two bills are widely different. The amendment is at a different place in the Senate bill, and, I understand, is somewhat different. I may say to the gentleman I realize the attitude taken by the two bodies, and it is not my purpose, as far as I am personally concerned, to try to eliminate the provision. However, I do believe we should make it as practical as we can under the limitations we will have. It is not my purpose to try to violate any of the rights of the gentleman.

Mr. BOILEAU. I appreciate that. However, I believe the chairman should be willing to state to the House that the matter will not be disposed of in conference without a separate vote being permitted in the House.

Mr. JONES. I hope the gentleman will not insist on that. I may say to the gentleman I will check with him on what changes we have if there are any. I do not like to go to conference with my hands tied. The bill as passed is an entirely different bill.

Mr. BOILEAU. I may say to the gentleman that if the matter were entirely in his hands, without pressure being brought by a certain department of the Government, I would be perfectly willing to leave it entirely in his hands; but with the pressure I know is being brought by the department, and that has been brought during the consideration of the bill, together with the misinformation which has been given by the department with reference to the bill, and all of that, I believe we should protect ourselves in every respect, and I very respectfully request the gentleman to give the House such an assurance.

Mr. JONES. I may say to the gentleman that as far as I am concerned, and I think I may speak for the other conferees, we expect to make our own decisions in the conference. I am not under pressure from anyone.

Mr. BOILEAU. I appreciate that.

Mr. SNELL. In view of the statement of the gentleman from Texas that he understands the feeling of the Members of the House, I really believe he will protect our interests. I have that much confidence in him, even though he did not agree with me at the time the amendment was put in the bill.

Mr. BOILEAU. The gentleman from New York puts me in a very embarrassing position. I would not want the gentleman from New York or the gentleman from Texas or the House to think my objection was due to any lack of confidence in our distinguished chairman, because I do not hold that attitude. I shall yield my position rather than be put in the false position of having any lack of confidence in the gentleman from Texas. Therefore, Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. JONES, Mr. FULMER, Mr. DOXEY, Mr. HOPE, and Mr. KINZER.

AMENDMENT OF THE FEDERAL HOUSING ACT

Mr. SNELL. Mr. Speaker, will the gentleman from New York yield for a question?

Mr. O'CONNOR of New York. I yield to the gentleman from New York.

Mr. SNELL. As I understand the gentleman's statement this morning, he is not of the opinion that the money which has been spent so far under the nominal head of slum clearance has been of special benefit to the real slums in which the gentleman and some other people who live in city areas have been definitely interested.

Mr. O'CONNOR of New York. Of course, I am talking only of New York City.

Mr. SNELL. I mean in reference to New York City.

Mr. O'CONNOR of New York. That is my personal opinion.

Mr. SNELL. It has always been my feeling that they never accomplished any real good for the people who are living in the cheap tenements down on the East Side of New York City, and I have always believed they ought to do something that would benefit the people in the lower wage class.

Mr. O'CONNOR of New York. There is such a provision in this bill for the first time.

Mr. SNELL. And the gentleman believes the provision will reach them?

Mr. O'CONNOR of New York. They will to some extent reach that type of housing under this bill.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. REED of New York. Does the gentleman think it will help in the New York City area where the limitation is $6,000?

Mr. O'CONNOR of New York. No; I am talking about another provision.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. RICH. The gentleman spoke about the Federal Housing Administration wanting to build individual homes, and the gentleman referred to the fact that the ground is too expensive to build them in New York City. Does the gentleman believe it is best to build apartments in New York City on such expensive ground rather than go out in the country from New York where they can build individual homes?

Mr. O'CONNOR of New York. Oh, you have got to have homes in New York City and you will always have them. There are people who do not want to live anywhere else. They want to live where they were born and brought up, as well as their people before them, and be near the schools they went to and near the churches they have been attending all of their lives, and be with their old friends and neighbors. People do move out into the country sometimes from New York and many times, after a few years, they come back to their old environment.

I am not criticizing the work of the Federal Housing Administration generally. I think they have done a fine job, but we have not been able to sell the Government the idea of taking care of this particular class of people.

Mr. RICH. If the gentleman will permit one further question: If they build on these expensive sites in New York City, will not the cost to the Federal Government be greater than the cost would be if they built the individual homes I have referred to?

Mr. O'CONNOR of New York. Of course, when we are referring to the Federal Housing Administration, there is no cost to the Federal Government. They do not lend any money or expend any money. All they do is to insure the mortgages up to a certain percentage. Private capital furnishes the money.

Mr. RICH. Does not the gentleman believe the Federal Government eventually is going to have to assume some of these expenses?

Mr. O'CONNOR of New York. Not under this form of housing.

Mr. RICH. It seems to me it is ridiculous to assume otherwise.

Mr. O'CONNOR of New York. The gentleman is talking about the Housing Authority, and I am not discussing that now.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. TARVER. It was called to my attention on yesterday by the evidence of the Assistant Attorney General having charge of the Claims Division of the Department of Justice that the Government has sustained a loss of over $50,000,000 in the loans made for modernization and repair under the Federal Housing Act, and it is a part of this gentleman's duty to undertake such reimbursement as he can secure for these losses.

Mr. O'CONNOR of New York. The gentleman refers to title I?

Mr. TARVER. That is right; and as I understand it that is out of $600,000,000 in loans, so that the percentage of loss is almost 10 percent.

Mr. O'CONNOR of New York. I am not familiar with that phase of the matter and I have never heard that discussed. I am surprised to hear the figure mentioned by the gentleman.

Mr. RICH. If I may ask the gentleman one further question. As I understand it from the laws we passed with respect to Federal housing, the Federal Government pays the taxes in constructing these properties in New York City, and there is going to be an additional burden to the Federal Government if we construct the apartment houses the gentleman refers to?

Mr. O'CONNOR of New York. The Federal Housing Administration does not lend any money or spend any money or contribute any money. It is all furnished by private capital. They insure the mortgage which enables private capital to go ahead with the venture.

Now, in this bill for the first time there is a provision which permits the Federal Housing Administration to insure mortgages up to 80 percent on multiple dwellings of 25 or more units. This means that in New York City, or in Manhattan, at least private capital can build what we call "walk up" apartments, three or four or as much as six stories high, somewhat similar to the existing dwellings in the neighborhood. This is going to help Manhattan if the Federal Housing Administration is favorable to it and will go ahead with it. Of course, they have never been favorable to the $50,000 alteration and repair provision. I trust they will be more favorable to the new provision.

Another feature of this bill to which I would like to call attention is this: In the outlying sections of New York City, where we do have individual homes, the cost of the land is so high that you cannot build a house within the $6,000 limit. This bill contains a provision, which I sincerely hope stays in the measure, that mortgages on homes costing as high as $10,000 can be insured by the Federal Housing Administration up to 90 percent on the first $6,000 and 80 percent on the remaining $4,000. My distinguished colleague from New York [Mr. BARRY] deserves great credit for prevailing upon the Banking and Currency Committee to incorporate this amendment in the bill.

The increase from 80 percent to 90 percent on homes costing up to $6,000 is one of the finest provisions in this legislation. This provision is going to be bitterly attacked. It is going to be attacked from the banker's standpoint; it is going to be attacked from the building and loan association's standpoint; but what we want to do is to get our people to invest in their own homes. Some of the best people cannot put up 20 percent, as they have to do today, but can put up 10 percent. Most of the people, after these years of depression, have not the 20 percent, although they are good risks, and they are investigated before the loan is insured by the Federal Housing Administration.

I want also to express my sympathy with a reduction in the rate of interest to 5¼ percent.

While the Federal Housing Administration has done a good job under the existing act, I think there are three or four improvements in this bill which are creditable advances; that is, the securing of loans up to $2,500 for repairs of buildings; the increase made to 90 percent in the amount insurable on houses up to $6,000; the provision for insuring the mortgages on "walk up" tenements; and the creation of the National Mortgage Associations. Those four amendments constitute a vast improvement over the existing law and should appeal to anyone who wants the Nation to catch up the slump in home building in the last 7 years and put our people to work. The fundamental reason for a housing program is to furnish employment. Building furnishes more employment than any other industry.

For that reason I hope the bill will pass.

Mr. O'CONNOR of Montana. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. O'CONNOR of Montana. Under the provisions of section 203 (B) is there not a limitation placed upon any one obligation, whether it be an apartment house or what not, at $16,000?

Mr. O'CONNOR of New York. Oh, no; that is the existing law and that pertains to single dwellings. The mortgage cannot be insured on any dwelling appraised at more than $16,000. That limit has been increased as to multiple dwellings, to $250,000. Sixteen thousand dollars still holds as the individual loan.

Mr. O'CONNOR of Montana. But not as to apartment houses?

Mr. O'CONNOR of New York. That is correct.

Mr. SAUTHOFF. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. Yes.

Mr. SAUTHOFF. The gentleman spoke of the fact that these loans are thoroughly investigated beforehand. I read the other day in one of the newspaper accounts that I think the National City Bank had made several hundred of these loans without any investigation whatever, and that there had been fraud uncovered in connection with that.

Mr. O'CONNOR of New York. Those were loans under title I, up to $2,000 for alterations, repairs, and equipment, not the loans on the construction of homes. Those minor loans were known as character loans, and there was very little investigation done in connection with them. All that was left to the lending bank or other institution.

Mr. SAUTHOFF. Here is the point. If the administration would make the investigation, then I think we would be safe with our money, but if it is to be made by the bank that is going to be insured anyway, then their only interest is in making the loan, and they will not care whether they lose it or not, because their money is insured.

Mr. O'CONNOR of New York. That may have been true as to those loans that were left entirely to the bank, but as to the loans for the construction of houses, I know of my own knowledge that the prospective purchaser, the home owner, is investigated. He must have a good job, and the insurance of stable employment. I have seen the investigation conducted.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. Yes.

Mr. RICH. How far is Brooklyn from New York?

Mr. O'CONNOR of New York. It is just across the East River, I suppose the distance of 1 mile at most.

Mr. RICH. How far is Jamaica, Long Island, from New York?

Mr. O'CONNOR of New York. Ten miles.

Mr. RICH. Here is a concern which says that they build homes in Jamaica, Long Island, for $4,490, and they have the land assessed at $100 per lot, and that they have tried to sell homes at that price and ask for only $350 down payment, and cannot sell them.

Mr. O'CONNOR of New York. That may be. I do not know anything about it.

Mr. RICH. If that is the case, what is this bill going to do to encourage building?

Mr. O'CONNOR of New York. I do not know as to that particular concern. I know that a number of builders around New York are selling hundreds of homes.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. Yes; I yield to the distinguished gentleman from New York, whose interest in this measure is not surpassed by that of any Member.

Mr. BARRY. Mr. Speaker, I happen to live in Jamaica, Long Island, it is in my district, and a majority of the homes there cost more than $6,000. I do not know the specific houses the gentleman from Pennsylvania refers to, but they cannot amount to very much in that community.

Mr. RICH. If the gentleman would permit, I would like to insert this letter in the RECORD at this point, to show where you can buy homes for $4,490 in Jamaica, Long Island. It comes from the T. H. Fraser Mortgage Co.

Mr. BARRY. That is a Brooklyn organization. So far as I am concerned I have no objection, but I live in Jamaica and I happen to be acquainted with the buildings in that community and I know that that is an exceptional case.

Mr. RICH. Mr. Speaker, I ask unanimous consent to insert this letter in the RECORD at this point.

The SPEAKER. Is there objection?

Mr. RABAUT. Mr. Speaker, I object.

Mr. O'CONNOR of New York. Mr. Speaker, just one word in connection with what the gentleman says. Of course, you cannot build homes around New York City as cheaply as you can build them elsewhere, because in addition to the high cost of land we have very strict building laws, including fireproofing in many places. We have to build our houses differently than in other localities, so the construction cost is much more. While one should be able to build a home anywhere in this country for under $5,000—and that is what the Nation needs and wants—you cannot do that in the big cities, because of the strict fire regulations and other conditions and requirements. Unfortunately vacant land which, by itself, has no real value, is held at high prices, sold, not by the acre, but by the square foot.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. Yes.

Mr. JENKINS of Ohio. I notice in the report it is said that it is well known there is a lot of shortage of buildings and homes in the country. I assume that may be true, if you have in mind the metropolitan areas. What does the gentleman know from his experience, having heard the discussion on the bill, as to whether or not there is any real

shortage of homes in what you might call the rural or the semirural sections of the country?

Mr. O'CONNOR of New York. Of course, I do not know as to the rural sections.

Mr. JENKINS of Ohio. In my section of the country I do not think there is any shortage. Assuming there is no shortage in a great portion of the United States, I mean territorially, as in my section, more or less rural, is it safe to say that this bill is built up so that it would not apply much to that, and that the people in those sections of the country cannot get much benefit from it?

Mr. O'CONNOR of New York. I do not know in just what particular localities the shortage is. I have read a number of statements from people supposed to know, especially Mr. Stewart McDonald, Administrator of the Federal Housing Administration, and Mr. John H. Fahey, Chairman of the Home Owners' Loan Corporation. These gentlemen have studied the subject abroad as well as in our country, and join with other authorities in stating that we have a shortage of millions of homes in the United States because of the lack of building in recent years.

Mr. JENKINS of Ohio. My position about it is this: I do not think I should vote for this bill if it were good just for the people of my own section because I do not think it will reach us, but if the gentleman thinks it does reach the great metropolitan areas, I think we should come forward and assist.

Mr. O'CONNOR of New York. I have been voting for the gentleman's section for a great many years.

Mr. JENKINS of Ohio. Does the gentleman think that this bill will help his people?

Mr. O'CONNOR of New York. Oh, yes; indeed, I do.

Mr. Speaker, I reserve the balance of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, the minority is not opposed to this rule. The legislation will be considered under the general rules of the House and there is adequate opportunity for debate.

The legislation is one in which there is wide interest and great hope. I appreciate the splendid purpose back of the legislation. We would all like to have people own their own homes. A nation of home owners is highly desirable. It would build for national stability. It is hoped it will aid business and create jobs. We would all like to aid business. That should be the great problem before Congress today, to do something which would aid business and stop us from suffering a long and disastrous depression. I am afraid this legislation will accomplish very little, if anything. If we would devote our time to giving relief from unjust and stifling taxes; if we would bring greater economy into our Government; if we would demand that the bureaus and departments of the Government make honest retrenchment in their expenditures; if we would give small business more of an opportunity than we have, we would accomplish a great deal more to put people to work and give more jobs than we will with the pending legislation.

I realize this is a gesture in the right direction. For that reason it is entitled to our serious consideration. I hope, however, the majority will not forget the American people are looking for more than this mild "shot" to aid business. I repeat, our great problem today is to create jobs in private enterprise. Let us give the business of this country some real hope. Let us give them at this precarious hour some confidence. If we do, we may avert the serious depression which is predicted.

Mr. RICH. Mr. Speaker, will the gentleman yield for a question?

Mr. MARTIN of Massachusetts. I yield.

Mr. RICH. Does the gentleman believe that by the Federal Government guaranteeing these loans to banks and permitting only 10-percent down payment at this time, that it will create any inspiration in the American people to go out and obligate themselves for a home at this time?

Mr. MARTIN of Massachusetts. That is something I would prefer that the gentleman ask of the gentleman from Michigan [Mr. WOLCOTT] when he addresses the House. He has studied the bill with great care and can give you any information you seek.

Mr. RICH. I would hope it would, and I would be glad to see that accomplished, but I question very much whether this would do what we anticipate it will do.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield such time as he may desire to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Speaker, I ask unanimous consent to proceed out of order for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. TAYLOR of Tennessee. Mr. Speaker, the "roll has been called," and the House of Representatives has again, thank God, asserted its role and responsibility under the Constitution.

The action of the House last night in recommitting an anonymous and most mischievous offspring of the so-called Black-Connery bill, in the face of White House heat and notwithstanding administration pressure, was the most auspicious and heartening omen that has appeared on the Nation's horizon during the past 5 years. This action clearly shows that the House of Representatives has recovered its constitutional equilibrium and will no longer allow itself to be used as a "rubber stamp." [Applause.] The vote last night signifies the preservation of the freedom of labor in the United States, the saving of southern industry, and the complete exoneration and vindication of the Rules Committee.

Mr. RABAUT. Mr. Speaker, I suggest the absence of a quorum.

The SPEAKER. The gentleman from Michigan makes the point of order that there is not a quorum present. The Chair will count. [After counting.] One hundred and fifty-six Members are present, not a quorum.

Mr. RABAUT. Mr. Speaker, I will withdraw the motion.

Mr. SNELL. Mr. Speaker, a point of order. The Speaker has announced that a quorum is not present. The gentleman from Michigan cannot withdraw the point of order. The Speaker has announced that there is no quorum present. Business cannot be conducted after the Speaker has announced there is no quorum present.

The SPEAKER. The Chair will hold that a point of order having been made that there was no quorum present, and the Chair having counted and announced that there was no quorum present, a constitutional question is raised. No quorum is present, as was announced by the Chair.

Mr. STEAGALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 21]

Atkinson	Disney	Keller	Smith, Maine
Biermann	Douglas	Kleberg	Smith, Va.
Boylan, N. Y.	Englebright	Kniffin	Taylor, Colo.
Brooks	Fish	Lea	Thurston
Buckler, Minn.	Flannery	Lewis, Md.	Tinkham
Caldwell	Gasque	Long	Tobey
Carter	Gray, Pa.	McGroarty	Towey
Clark, N. C.	Hancock, N. Y.	Palmisano	Wearin
Cole, Md.	Hartley	Phillips	Weaver
Collins	Healey	Powers	Whelchel
Costello	Hildebrandt	Reilly	White, Ohio
Cravens	Jarrett	Scrugham	Withrow
Dingell	Kee	Seger	Wolfenden

The SPEAKER. On this roll call 378 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mrs. HONEYMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an address delivered by Hon. James A. Farley in Portland, Oreg.

The SPEAKER. Is there objection to the request of the gentlewoman from Oregon?

There was no objection.

COMMITTEE ON RIVERS AND HARBORS

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent that the Committee on Rivers and Harbors may have permission to sit during the session of the House today on the bill H. R. 7365.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

DISCHARGE PETITIONS

Mr. PETTENGILL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. PETTENGILL. Directing the Chair's attention to the Ludlow petition which now may be called up on the second Monday of next month, if it fails to be called up on that day, would it retain its privileged status on a subsequent second or fourth Monday?

The SPEAKER. The status of the matter is that it is on the calendar of motions to discharge committees. If not called up on the first date on which it would be entitled to be called up, it remains on the calendar subject to further call on the second or fourth Mondays of a month.

Mr. PETTENGILL. A further parliamentary inquiry, if the Chair will permit.

The SPEAKER. The gentleman will state it.

Mr. PETTENGILL. Assuming that the gentleman from Indiana, or some other signer of the petition, were to call it up, would a motion to postpone to a day certain, being a second or fourth Monday, be in order?

The SPEAKER. Under the rules, it would not. The Chair directs the attention of the gentleman from Indiana to the discharge rule which clearly sets out that no intervening motion may take place except one motion to adjourn.

Mr. PETTENGILL. I raised the point, Mr. Speaker, because it seemed to me that it would be very unfortunate both to the country and to the friends of the measure to have it called up at this time.

EXTENSION OF REMARKS

Mr. O'NEILL of New Jersey. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio speech of my own.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. VOORHIS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address delivered by myself.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ELLENBOGEN asked and was given permission to revise and extend his own remarks.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a resolution of the Common Council of New Bedford, Mass., asking that everything possible be done to secure the passage of a resolution that I introduced regarding the cost of production at home and abroad.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

The SPEAKER. The gentleman from Tennessee [Mr. TAYLOR] has 2 minutes remaining of the 3 minutes granted him to speak out of order.

Mr. TAYLOR of Tennessee. Mr. Speaker, resuming where I left off when abruptly interrupted, if the Labor Committee will now bring in a wage and hour bill possessing some elements of soundness and sanity, evidencing some study and research into the ramifications of this vital and far-flung subject, the Congress will enact a wage and hour bill. But the vote last night clearly indicates that Congress is in no temper for half-baked and crackpot legislation.

Think of it, Mr. Speaker, when this bill came up for action under the discharge petition last Monday, to the consternation of the House, it was discovered that the measure had not yet been printed, and it was necessary, therefore, to postpone consideration until the following day. No one had the hardihood to admit its authorship. Emerging from the cave of the winds, this piece of legislative hybridism had no pride of paternity and no hope of posterity. These facts combined to naturally throw an atmosphere of suspicion around the bill and was largely responsible for the treatment it received at the hands of the Congress last night. Even Representative LAWRENCE J. CONNERY, successor and brother to the late illustrious William P. Connery, who was co-author of the original measure, voted to recommit the substitute for his brother's bill. [Applause.]

Mr. Speaker, the thing that doomed the substitute for the Black-Connery bill was the scheme which it provided to erect a huge bureaucratic Frankenstein to hamstring and strait jacket both labor and industry in this country. The workingman and his employer in the United States of America are not yet ready to bow down and chain themselves to this fascistic "body of death" imported from foreign lands.

This sad experience ought to be a lesson to the brain trusters that there is a limit to their arrogance and ambition to foist their socialistic dreams and panaceas on Congress with impunity and carte blanche nonchalance. I do not construe what happened last night as a partisan victory for the Republicans, but, rather, a victory for constitutional government itself. [Applause.]

Mr. SIROVICH. Mr. Speaker, will the gentleman yield for a question?

Mr. TAYLOR of Tennessee. I yield.

Mr. SIROVICH. I want my distinguished friend from Tennessee, for whom I have a personal affection, to realize that the battle for the emancipation of the inarticulate workingman who is being exploited through starvation wages has just begun. We will pass this humane and constructive legislation for minimum wages and maximum hours when the new session of Congress convenes in January. [Applause.]

Mr. TAYLOR of Tennessee. I shall be glad to join my distinguished friend from New York in support of any sane, sensible, and sound wage and hour legislation. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 15 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, under date of November 27 the President sent a special message to the House which dealt with the question of housing. From that message I read this short excerpt:

> It is estimated that an average of 6,000 to 8,000 dwelling units ought to be built annually over the next 5 years to overcome the accumulated shortage and to meet the normal growth in number of families; in other words, we could build over the next 5 years three or four million housing units which, at a moderate estimate of $4,000 per unit, would mean spending from $12,000,000,000 to $16,000,000,000 without creating a surplus of housing accommodations and consequently without impairing the value of existing housing that is fit for decent human occupancy.

Mr. Speaker, therefore, in order to get the background of the meaning of these amendments to the Federal Housing Act which are now before us, we have to grasp the thought of the President wherein he suggests the building of some 4,000,000 plus homes in this country. When you consider the financing, insuring, and underwriting phases of this legislation, it may seem far afield, but it takes me to the underwriting duty which we have imposed upon the Federal Deposit Insurance Corporation wherein we carry insurance on

the deposits of some 16,800 banks throughout the country for the benefit of our people. In carrying this insurance and these deposits we must have in mind that the chairman of the Federal Deposit Insurance Corporation, in fact, insures the portfolios of those banks; that is, the bonds and other securities which are retained in the possession of the bank and which are purchased with the deposits which the people made in those banks.

This bill has to do with the type of securities which the banks hold, it has to do with mortgages, it has to do with debentures that may be issued by the national mortgage associations authorized to be set up under the provisions of this bill.

As I try to gather a concept of the fundamental meaning of this legislation it takes me into the realm of what might be termed monetary reform, or monetary legislation. In looking over a statement which was presented a few days ago by Mr. Szymczak, a member of the Board of Governors of the Federal Reserve System, he made this observation. He said:

As you know, there has long been a tendency to overemphasize the effect of monetary and credit factors on business. The more one surveys monetary history the clearer it becomes that what can be accomplished through monetary and credit measures by themselves is strictly limited. * * *

And then he proceeds to define some of the limitations which are imposed upon the Federal Reserve Board and he finally makes a conclusion in these words which to me are very significant in studying this measure.

He says:

But, of course, when the banks are superabundantly supplied with reserve funds from an outside source and therefore have little, if any, occasion to seek additional funds from the Federal Reserve banks, the discount rate and open-market operations as a means of credit regulation cease to be effective.

Prior to making this statement, one of the members of the Federal Reserve Board speaks of the three powers under which the Federal Reserve Board acts. That is, increase or decrease reserve requirements, participate in open-market operations or increase or decrease the rediscount rates. He says that the power to increase or decrease reserve requirements is very, very limited and we must recall that between September 1936 and June 1937 the reserve requirements of the member banks were increased some 100 percent. We also must bear in mind that within recent months the Board has participated in open-market operations. We must also bear in mind that the Board has maintained what we call easy-money rates, or easy money or easy credit, and that all ties into this picture which is now before us.

The Governor of the Federal Reserve Board, Mr. Eccles, in making a presentation under date of December 14, and referring specifically to the housing problem, had this to say. He had previously discussed what, in his opinion, had led up to the present business recession. He had gone into the matter of increasing or decreasing the Federal Reserve requirements, open-market operations, and rediscount activities. He had told about the inflationary spirit that gripped the people not only in this country but throughout the world, caused by several different steps that had been taken, one, heavy Government expenditures; two, bonus payments; three, the organizing campaign of labor calling for higher wages and shorter hours; and, fourth, the rearmament program throughout the world. That led to a sellers' market. Then followed the economic consequences, or what we might term the "secondary reaction" of our people to legislation such as the capital-gains tax, the social-security tax, and matters which have developed around the undistributed-surplus-tax application.

Then he goes on to tell about the fear that began to grip our people and sums it up by giving his conclusions, as I have stated, as to what has contributed mostly to the present recession. He stated:

An important factor in the arrested growth of buying by consumers was the failure of building activity to expand. There was every reason to expect residential building of substantial proportions this year. The national income was running considerably above 1936. Rents were rising, and the accumulated housing shortage was growing more acute. As has frequently been pointed out we should be building an average of some 800,000 units a year for 5 years to make up for the shortages, to offset demolition, and to provide for the normal growth in the number of families.

This takes you directly back to the previous quotation from the President's special message to the Congress. Then the Governor has this to say:

Yet instead of increasing residential building it actually turned down in May and it is doubtful whether the number of units this year will much exceed 280,000.

In other words, instead of 800,000 we are building around 280,000.

The only explanation that can be offered to account for this disappointing showing—

Mind you, the Governor says "the only explanation"—

is the sharp advance in construction cost last spring while rents did not advance as rapidly, so that it became less profitable to build.

What does he mean when he says "less profitable to build"? Based on my short experience in life, I come to the conclusion he meant, first, if you occupy a home for which you pay rent and the rent is less than the carrying cost of that home—made up of taxes, repairs, depreciation, and the natural hazard of ownership—you prefer to pay rent rather than own a home. It also means that if you have savings in the bank and at the same time own a home and you do not desire to build one for the use of some other person, that desire is not forthcoming because you do not feel you can secure an economic rent that would pay you to make the investment.

I repeat, he says the situation was such "that it became less profitable to build." That brings me down to this question: Do you believe, or do you find any record where a building boom has ever been caused by easy money or by a shortage of houses or by any reason on earth other than being profitable to build in order to escape paying high rents or in order to receive a fair return on your money from people to whom you rent after the building is completed?

Mr. Speaker, the position I take is that this bill will not stimulate a building boom until the economic situation comes to the point where it will be profitable for you to build in order to escape high rent or in order to be able to rent the completed home at a fair return for your money.

When Mr. Jones appeared before our committee during the hearings on this bill, I interrogated him in this manner:

Mr. Jones, you made two very brief observations which have been touched upon by Mr. Wolcott. One was that few applications had been made under the old housing procedure, "because of the hazards in the real estate realm."

Mr. Jones replied, "Yes."

I said, "I do not know whether you would like to elaborate on that a little bit," and he replied, "Mortgage bonds." I asked, "You have reference to mortgage bonds?" and he said, "Yes."

Then I asked him what he had in mind if this proposition did not work and lead to the stimulation of building, and he replied in substance that if this did not work, it was just as far as the Government could go. You will find this testimony on pages 51 and 52 of the hearings. In other words, he impressed me with the thought that he felt this was the point beyond which there was no use of the Government attempting to stimulate a building boom.

When Mr. Eccles, Chairman of the Board of Governors of the Federal Reserve Board, appeared before the committee I asked him some questions with reference to the monetary phases of this bill, because I was concerned and am concerned with how banks may use their excess reserves. When you go back to the statements of the gentlemen I have previously quoted you will find they take the position the power of the Federal Reserve Board becomes practically impotent when the banks have large excess reserves, because the member banks are then about as independent of the Reserve banks as you would be independent of a local bank if you had $15,000 or $20,000 in your checking account, with your bills all paid.

I wanted to find out from the Chairman of the Board of Governors of the Federal Reserve Board what the effect of this bill on the excess reserves of the member banks when they go to the national mortgage associations provided for by this bill and purchase debentures from the associations. Therefore, I made the following inquiries of Mr. Eccles:

Mr. CRAWFORD. This moves in a direction which does better enable the Board to control the flow of money somewhat, does it not?

Mr. ECCLES. No, no. This adds no mechanism whatever to the Board's control.

Mr. CRAWFORD. I should not say the Board's control, but when the banks take their present deposits and other banks take their present deposits and buy these debentures, it is equivalent directly or indirectly to the bank's making a loan to borrowers?

Mr. ECCLES. That is right, it would put new money into circulation.

Mr. CRAWFORD. That puts new money into circulation?

Mr. ECCLES. Yes; that is right.

Mr. CRAWFORD. At the same time, to that extent, it does enable the Board in the manner in which there are rules and regulations on the Banking Act, enables the Federal Reserve authority to somewhat control the flow of money into this particular undertaking?

Mr. ECCLES. Well, any member bank, or even nonmember banks, of the system can make these insured loans or can buy debentures. If they do not choose to make loans, they can buy debentures," meaning from the mortgage association.

Mr. CRAWFORD. If the banks proceed, then, to buy these debentures in that way, does it not at the same time put into operation a great amount of present excess reserves?

Mr. ECCLES. Well, some of it.

Mr. CRAWFORD. It would result in that?

Mr. ECCLES. That is right; it would tend to.

Then he gives these interesting figures: "For every $500,000,000 of loans that were made"—keep in mind we are talking about building $16,000,000,000 worth of houses—"they would use $100,000,000 of the excess reserve out of $1,000,000,000"; meaning that there are a billion dollars of excess reserves, in round figures, at the present time.

On that basis, if this program worked out in accordance with the way it is set up here, it would be only a very short time until all of the excess reserves would be utterly exhausted, and this calculation is based on the statements of the Chairman of the Board of Governors of the Federal Reserve Board. Then you would have to bring into operation another monetary reform of one kind or another to offset what developed under the operation of this bill, provided we erected the 800,000 homes per annum for a period of 4 or 5 years.

Mr. TRANSUE. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Michigan [Mr. TRANSUE].

Mr. TRANSUE. When the gentleman was speaking about what Chairman Eccles testified, did he include any reference to the fact that our economy might be out of balance because of low wages paid to unorganized labor as well as because of high wages paid to organized labor?

Mr. CRAWFORD. If the gentleman from Michigan will secure a copy of the December 14 statement which Mr. Eccles delivered before the annual meeting of the American Farm Bureau Federation in Chicago, I think he will find a complete answer to that question. I have tried to assimilate this address, and it seems to me he takes the position that unless prices are brought down, as far as concerns the cost of both direct labor and of material—and the cost of material, after all, is made up almost entirely of labor—there is no possible way to escape further recession. This is the only conclusion I could reach. When you further take the statement made by Mr. Davis, another member of the Federal Reserve Board, and analyze it, you reach conclusions along the line of what the President stated to us in his message on this subject when he said, "Housing must be produced at prices, rates, and rents that the mass of our people can afford to pay."

In other words, take this bill as it is here presented with amendments, go out into the field and secure blue prints and quotations on the material necessary to build a house, and find out what you can do with reference to the cost of a house of five rooms with no basement, and all under the situation which exists today. Here is a concrete illustration of a case in my own home town, and it will illustrate to you how this bill will work out to some extent.

Mr. TRANSUE. Mr. Speaker, will the gentleman yield further?

Mr. CRAWFORD. I am sorry, my time is almost up.

A modern five-room bungalow can be built in the city of Saginaw today for approximately $3,800. This gives good construction, good materials, and insulation. It, of course, can be built for less or for more, according to construction specifications. This house would probably be built on a lot whose value would be approximately $500, making a total investment of $4,300. On the basis of a 90-percent loan, the lender would advance $3,870 and the owner would have to have an equity of $430. Under the laws of the State of Michigan, if this man were to move into his home and never pay a penny, he could live there approximately 20 months before he could be dispossessed. In view of the fact that he would have to pay at least $40 a month rent for such property at this time, he would receive, in 20 months, rent equivalent of $800. In other words, he would make an immediate profit of the difference between the $800 rent benefit of the property and the $430 he put into it, or a net profit of $370, and he sells a lot to the Federal Government in the deal.

As the debate develops you will see how this will apply in many other ways.

Mr. REED of New York. Mr. Speaker, will the gentleman yield for a question?

Mr. CRAWFORD. Yes; I yield to the gentleman from New York.

Mr. REED of New York. Has the gentleman the index figures of the cost of material and labor in 1932 as compared with the present time?

Mr. CRAWFORD. I do not happen to have such figures where I can refer to them instantly.

Mr. SAUTHOFF. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Wisconsin.

Mr. SAUTHOFF. In the example which the gentleman just gave, the gentleman referred to a lot worth $500 and a bungalow erected at a cost of $3,800, making a total of $4,300.

Mr. CRAWFORD. That is correct.

Mr. SAUTHOFF. But there has to be a down payment, or he has to have the lot paid for.

Mr. CRAWFORD. You can borrow up to 90 percent, and as to the down payment, I gave the figures about that. I said he puts into the proposition 10 percent or $430, but he lives in the house for 20 months and secures the equivalent of $800 in rent. So he receives net $370 over the period of 20 months and in addition to that has sold a $500 lot to the Government.

Mr. FORD of California. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from California.

Mr. FORD of California. Are we to assume that the gentleman is assuming that every man who wants to build a home is going to try to sell his lot to the Government and become a swindler?

Mr. CRAWFORD. Well, I am assuming that when you get into this phase of the question; in other words, go back and consider the houses built in this country from 1925 up to 1937, over a 12-year period and apply this housing law to that data on the basis of 80 percent first and then take the set-up on the basis of 90 percent and you will find the erratic fluctuations in the value of real estate in this country will completely wash out the equity of a 10 percent or even up to a 20-percent contribution by the borrowers.

Mr. Speaker, in no way would I attempt to indicate there will be an effort made to swindle. On the other hand, I recognize how utterly impossible it is to pay dollars for goods far beyond the income of those who are loaded with the obligation. This bill will encourage people—if it ever

swings into operation sufficiently to cause any real employment—to plunge in far beyond their ability to pay. It is just as disastrous to speculate on a marginal account which involves the purchase of a lot and building as it is to purchase and speculate on a small margin those stocks and bonds listed on the exchanges of the country. We are here providing the machinery through which the high-pressure salesman can do his dirty and destructive work and at the same time load the Federal Government with a burden of great magnitude when another real-estate crash comes. Who can furnish proof that "stabilized economy" has arrived?

It is reasonable to assume that if this mechanism provided for in this bill actually functions it will result in the depreciation of the market value of millions of homes throughout this country. The passage of this bill should serve notice on those who now own homes and who have their savings invested in life-insurance policies that more trouble, like that referred to by Chairman Jones, of the Reconstruction Finance Corporation, lies ahead in the real-estate market and mortgage field. There is every reason to believe the Federal Government will have serious trouble in disposing of the homes now being foreclosed on and taken over by the Home Owners' Loan Corporation. This type of financing will cause many people to go far beyond their means in building priced homes their income will not permit them to maintain. It is just as bad as unsound automobile financing. There is not a sufficient amount of money in the pay check with which to carry out the obligations on payment for a home and payment for the automobile. For every new home owner this type of legislation helps it is reasonable to assume from 5 to 10 present home owners will be greatly harmed. We are acting too quickly in the passage of this bill. The people who are to suffer its consequences have not had the necessary time to consider the far-reaching influences of the bill once they begin to operate.

Mr. O'CONNOR of New York. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8730) to amend the National Housing Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8730, with Mr. CELLER in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. STEAGALL. Mr. Chairman, it is the purpose of the majority members of the committee, and I am sure the purpose is shared by the minority membership of the committee, not to use the entire time allotted to us for general debate. We understand that Members are anxious to finish the consideration of this bill as soon as may be done. We appreciate the conditions that exist at the moment, and it is our purpose to undertake to accommodate the convenience of Members of the House by foregoing a portion of our time for general debate.

Mr. Chairman, this is the administration's housing bill. It should not be understood from this statement, however, that it is new legislation. The bill simply undertakes to clarify, liberalize, and extend the provisions of existing law and to enlarge the service and the benefits to be derived from that legislation.

There has recently been made an extensive study of the housing problem in the United States, and a report was made by a special committee, headed by Robert L. Davidson, director of housing research for the John B. Pierce Foundation, as chairman, and Peter A. Stone, Chief of Construction Statistics of the W. P. A., as director.

In their survey they analyzed housing needs on a regional basis and estimated that the country had fallen behind 1930 standards by 2,036,588 dwelling units, allowing 485,574 new units a year for normal replacements and population growth. It would be necessary to build at the rate of 1,503,853 units a year for the next 2 years to overcome the shortage by the end of 1939, according to this report.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield for a question there?

Mr. STEAGALL. I wish the gentleman would permit me to adhere to the purpose I indicated in order to save time, but I will yield for a brief question.

Mr. SIROVICH. I simply want to find out whether those figures apply to single homes or multiple homes or tenements or a combination of them.

Mr. STEAGALL. It applies to units.

The volume of residential construction dropped from an average of 3,504,000,000 a year between 1925 and 1930 to 1,202,000,000 in 1936, and an estimated 1,250,000,000 in 1937.

Thus while industrial production as a whole is over 90 percent of the 1925 to 1930 average, residential construction is only 34 percent of the 1925 to 1930 average, according to this report.

Mr. HOLMES. Mr. Chairman, will the gentleman yield for a question on that point?

Mr. STEAGALL. I am sorry, but if the gentleman will permit, I would like to make a further statement before submitting to inquiries.

Mr. HOLMES. I am wondering whether in the hearings there was any evidence brought out as to the reason for this reduction in view of the fact that industrial production was high.

Mr. STEAGALL. Of course, there are many things that enter into that consideration.

Mr. O'CONNOR of Montana. Mr. Chairman, will the gentleman yield ?

Mr. STEAGALL. Yes.

Mr. O'CONNOR of Montana. I simply want the gentleman's opinion upon this question. I got a letter from Billings that contains this paragraph:

> With reference to the above-proposed legislation, will say it has come to our attention that under this program work will be laid down on a large scale, permitting contractors to buy large volumes of material at wholesale prices. If this is done we are wondering what is going to happen to the retail lumber dealers. It seems to us it would completely put us out of the picture.

Mr. STEAGALL. I do not know how to answer a gentleman who thinks it will hurt the lumber business to embark upon the building program outlined in this proposed legislation. I cannot see any reason for such an opinion.

Mr. O'CONNOR of Montana. I am referring to the retail dealers.

Mr. STEAGALL. And, of course, lumber people appearing before the Committee on Banking and Currency favored the legislation.

Now, Mr. Chairman, I want to proceed briefly without interruption if I may.

There are various purposes underlying this legislation. One is to stimulate trade in the very industries just discussed and in other industries that have to do with supplying materials for building construction. It looks toward an increase in employment. It is designed to assist the general economic situation, and to aid in arresting recent unfavorable developments in our economic affairs.

In addition to that, Mr. Chairman, there is the social side of the matter, and to me the most important of all is the purpose to increase the construction of homes, and as far as the ownership of homes may be promoted and stimulated by legislation of the Federal Government, to undertake to revive home ownership, and to promote individual initiative and sacrifice of citizens in the effort to become home owners. Nothing can mean more to the stability of our institutions and to wholesome social conditions in this Nation than to enlarge independent home ownership for the

families of the land. A great orator once said that the man who kindles a fire upon a free and independent hearthstone burns the best incense to liberty. It is in that spirit that this legislation is brought before the House, and it is the accomplishment of those ends that we contemplate by this proposed measure.

Mr. Chairman, under the original National Housing Act, title I provided for the insurance of loans for alterations, repairs, and improvements to homes and real property. The act was amended to allow insurance of loans for the installation of equipment and machinery. Loans for repairs originally were limited to $2,000 face amount in order to be insurable, and provision was made for loans for construction through additions to improved real property. Later the bill was amended so as to permit the insurance of loans for the purpose of financing alterations, repairs, and additions on real property already improved by apartments, multifamily houses, hotels, office, business, and other commercial buildings, schools, hospitals, churches, and manufacturing or industrial plants up to the amount of $50,000. The authority to insure under this title expired on April 1, 1937. The present bill revives title I to permit insurance of loans not in excess of $10,000 for alterations, repairs, and improvements upon urban or rural property, eliminates the eligibility for insurance of loans covering equipment and machinery. Loans for construction of new homes and other new structures are eligible for insurance if the amount of the loan does not exceed $2,500. Under this title of the bill approximately $560,000,000 of loans were insured.

One hundred and fifty million dollars, approximately, of those loans have been repaid. The total liability of the Federal Housing Administration for the insurance on such loan was fixed at a maximum of $200,000,000. That maximum was later reduced to $100,000,000, which is the maximum provided under the present bill. That, in brief, covers title I of the bill.

Title II of the original act provided for the insurance of mortgages on real property with a dwelling for not more than four families, with obligations not in excess of $16,000, and upon a basis of 80 percent of the value of the property covered by the mortgage. The rate of interest on all insured mortgages is fixed at 5 percent by the Housing Administration. Under title II a service charge was permitted and an insurance fee not to be in any case in excess of 1 percent nor less than one-half of 1 percent.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Not now. Under the present bill, homes and multifamily dwellings are eligible for insurance to 80 percent of the value of the property, and an assessment of one-half of 1 percent insurance fee. Under section 203 of title II the bill is amended so as to promote insurance of single family residences to the extent of 90 percent of the value of the property covered by the mortgage.

The assessment fee is reduced, and a rate of one-quarter of 1 percent for the insurance premium charges added to the 5-percent interest rate fixed, makes the interest rate five and a quarter percent on the smaller homes. This 90-percent provision applies to loans up to $5,400. For instance, a borrower wants to build a $6,000 home. He pays down 10 percent and gives a mortgage for $5,400, and the insurance on that mortgage will cover 90 percent of the appraised value of the property, and the premium charge will be one-quarter of 1 percent. A further amendment to that section provides that on a property in excess of $6,000 in value, and not in excess of $10,000 in value, the first $6,000 is dealt with as if $6,000 were the total limit of cost, but between the $6,000 and the amount, whatever it may be, between that and $10,000, and not exceeding $10,000 is characterized as a larger loan, and the insurance fee is made one-half of 1 percent, and the amount of the loan insurable for the excess is on an 80-percent basis, which means that on a $10,000 home under this provision the insurance would be to the amount of $8,600.

Mr. MOTT. Mr. Chairman, does the gentleman desire to yield for questions at any point in his discussion?

Mr. STEAGALL. Mr. Chairman, if the gentleman will permit, I want first to finish my brief statement and then I shall be glad to yield a little later. Under the original act, in section 207, provision was made for the insurance of mortgages on low-cost housing projects or property of Federal, State, or municipal housing authorities, or limited dividend corporations, the amount of insurance on any such property being limited to $10,000,000. The insurance granted on the basis of 80 percent of the cost, and with a rate of one-half of 1 percent for the insurance premium. That section is amended by this bill so as to reduce the maximum amount of the insurance to $5,000,000 on any one property or project, and the premium and the 80-percent basis are the same as indicated with existing law.

This amendment of section 207 permits the insurance of construction loans and in lieu of the indefinite standard that such corporations or instrumentalities must have been formed for the purpose of providing housing for "persons of low income" the amendment substitutes a limitation on the amount of the mortgage, which is fixed at $1,200 per room for that part of the construction attributable to dwelling use. The section is broadened to include associations or trusts as eligible mortgagors, provided they be restricted in like manner as corporations. The insurance of mortgages under this section is separated from the insurance of mortgages on small homes under section 203, and for such purpose there is created a separate fund known as the housing fund in the sum of $1,000,000, which is transferred to create such fund from appraisal fees collected by the Administrator. Debentures may be issued upon the assignment of the mortgage after default rather than requiring the mortgagee to foreclose the mortgage and convey the property to the Administrator as a condition precedent to receiving debentures, as is the case with respect to small home mortgages. Tax exemption privileges are granted to debentures issued against said housing fund to the same extent as those issued against the mutual mortgage insurance fund.

This amendment is not restricted to limited-dividend corporations or to public-housing authorities as in existing law, but extends insurance benefits to other associations and trusts holding such properties. Another amendment authorizes the Administrator to insure mortgages, including advances thereon during construction, covering property upon which there is to be constructed one or more multifamily dwellings or a group of not less than 25 single-family dwellings, provided that the property must be approved for mortgage insurance prior to the beginning of construction. Mortgages under this section must be in excess of $16,000 but not in excess of $250,000, shall not exceed 80 percent of the Administrator's estimate of the value of the property when completed, and are limited to $1,000 per room. Debentures in payment of insurance contracts issued under this section are liabilities of the housing fund but are to be issued only upon foreclosure of the property and conveyance to the Administrator in the same manner as provided with respect to individual home mortgages.

Title III of the original act sought to establish national mortgage associations. Under the act a national mortgage association was required to have a capital of $5,000,000, privately subscribed. Later that provision was amended so as to authorize the organization of such associations with a minimum capital of $2,000,000. No such associations were organized. To meet the situation, the bill before us provides that the Reconstruction Finance Corporation may subscribe to the capital stock of national mortgage associations to the extent of $50,000,000. An association may be organized with a minimum capital of 25 percent paid in, but it cannot issue any debentures until the entire capital stock is paid in full. Those associations would be permitted to expand their capital 20 times the amount of original capital and surplus, by issuing debentures and obligations, but in no event would the

debentures be issued except against mortgages held by the national association and insured by the Federal Housing Administration. The debentures of the Federal Housing Administration that are employed for meeting delinquencies on insured mortgages are tax exempt. The debentures and capital of national mortgage associations are exempt. Real property of such association is taxable to the same extent as other real propery.

Statements have been made to the effect that this measure would cover a $16,000,000,000 program. I wish to call the attention of the membership of the House to the fact that $2,000,000,000 is the limit of insurance that may be extended under this act, except as to title I, and that is limited now to $100,000,000, the greater part of which has been exhausted.

This bill is not offered as a panacea or a cure-all, but it is offered upon the best possible advices from various interests experienced in business of the type involved in the legislation, and verified by the experience of the Federal Housing Administration, gained during the time of their operation under the existing law. We do believe that this is the cheapest and most practical method by which the Federal Government can stimulate private investment in home construction in the United States. I believe that great and substantial benefits will result from this legislation, if administered as we have every right to assume it will continue to be administered—intelligently and constructively.

Mr. Chairman, I reserve the balance of my time.

Mr. BEITER. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman for a question.

Mr. BEITER. I have carefully read the bill and the report of the committee. The chairman has very clearly explained the bill and has cleared up a great many points, but I fail to find any place in the bill or in the committee report where the mortgage tax and cost of running down a search of title is provided for. In my district the average is about $150 to run down a search of title and take care of the mortgage tax and the incidental expenses in connection with the transfer of a title. That $150 spread is just what will prevent a man from closing a deal in a great many instances, as it has in the past.

Mr. STEAGALL. Of course, you understand that it is not possible by any Federal act to deal with the conditions in the 48 States of the Union, and regulatory laws touching matters suggested in the gentleman's inquiry, such as interest rates and other charges. But we clothe the Federal Housing Administration with power and the duty to look into all these matters and apply a common-sense test for every mortgage insured and every institution insured, but those charges are incidents in the mortgage field. They have always been and will be one of the burdens that borrowers have to bear.

Mr. BEITER. This is what I have in mind: If a man has a house costing in the neighborhood of $6,000, the Government insures it up to 90 percent. Now, there is just that difference in spread, probably in that 90 percent, that will prohibit him from building or constructing his own home.

Mr. STEAGALL. Yes. There will be many people who want to build houses who cannot do it under this law, but I do not think anybody has thought yet that the Government should undertake to see that every man in the Nation should be able to purchase a home. We have gone a long way, when we insure up to 90 percent, and when we fix the interest rate on those mortgages at 5 percent. We hope it will bring substantial increase in construction and individual home ownership.

Mr. LANZETTA. I am deeply interested in the construction of multiple-dwelling houses in cities. Will the gentleman from Alabama, the chairman of the committee, explain how the limitation of $1,000 per room will affect the construction of multiple-dwelling houses?

Mr. STEAGALL. In one instance we placed it at $1,200. The original language under section 207 of the Housing Act was intended to insure "the low-cost rental" character of the structure; but that language was so vague and indefinite that the Administration asked that we change it, which we did and fixed the limit at $1,200 per room. Under the other provisions for large-plan construction, with loans insurable up to $5,000,000,000, a $1,000 limitation is placed on the cost of each room. This is an arbitrary figure; some have one view and some another. The limit set seemed to be the best that could be done.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield further?

Mr. STEAGALL. Certainly.

Mr. LANZETTA. Does not the gentleman think that the $1,000 limitation should be removed so as not to hamper the construction of multiple-dwelling houses in the cities? I see no reason for placing a $1,000 or $1,200 limitation in the bill, inasmuch as the builders themselves would be interested in keeping the cost per room as low as possible.

Mr. STEAGALL. The purpose of the bill is to try to build houses for and to take care of those citizens in the country who are not equipped to take care of themselves as are more fortunate citizens. If you take off all limit, you defeat the purpose of the legislation.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SIROVICH. I appreciate the splendid work the gentleman from Alabama, chairman of the Committee on Banking and Currency, has been doing in trying to provide low-cost homes through this bill. Will the bill as it now stands enable the building in the city of New York and other cities of homes for about $4,000 or $5,000 for the undernourished, the underprivileged, who cannot pay more? Will it provide for the building of new tenements to replace the slums in New York City?

Mr. STEAGALL. Undoubtedly it will.

Mr. DEMUTH. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. DEMUTH. The bill provides certain charges. In Pittsburgh the charges in the matter of real estate and building are pretty well standardized, but the pending bill introduces others, and I do not like to see such ideas put into the heads of the bankers. For instance, under the rules of the Housing Administration they have a great deal of latitude, and there is a service charge of 1 percent. The bill provides an additional one-half percent.

Mr. STEAGALL. What we are talking about is insurance.

Mr. DEMUTH. This 1-percent service charge will not be eliminated. They also initiated the new practice of compelling the mortgagor to pay 1 year's taxes in advance. This is considerable of a detriment to new home owners.

Mr. STEAGALL. There is no 1-percent service charge in this bill.

Mr. DEMUTH. Not in this bill; but the Administrator puts it on under rules and regulations, and the buyer has to pay it.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MOTT. Will this bill authorize the insurance of mortgages on homes built in the country—not necessarily farm homes but country houses?

Mr. STEAGALL. Yes; it does.

Mr. MOTT. Would the gentleman point out the language in the bill that provides that, aside from title II, which deals with loans for improvements?

Mr. STEAGALL. There is nothing to keep a farmer from having a loan that can be insured under this bill any more than there is any man living in any city in the country. It is a question of the property, its uses. Other things, of course, enter into the question of eligibility, but it is not limited to the city dweller. In title I of the bill where we provide for the insurance of loans on small houses, thousands and thousands of homes have been built throughout the rural sections of the country and insured under the provisions of the bill.

Mr. MOTT. Will the gentleman yield further?

Mr. STEAGALL. Certainly.

Mr. MOTT. Many people have made inquiries of me and I would like to be able to answer them. I understand from the language of title II on page 6 of the report that a loan if made on urban property or for the alteration and repair of property would be eligible; but I am not able to find any place in the bill, any sections or provisions, which makes eligible a mortgage for the complete building of a new house in the country. I have had some inquiries about that from people who want to build houses in the country and I want to be able to tell them the answer. I call the chairman's attention to the fact that in the original bill, the one which this amends and supersedes, a mortgage upon rural property was not eligible for insurance, and the Administrator so ruled.

Mr. STEAGALL. Generally speaking, there is no such restriction in this bill.

Mr. MOTT. There is not?

Mr. STEAGALL. No.

Mr. O'CONNOR of Montana. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. O'CONNOR of Montana. I have had the same sort of inquiries as the gentleman from Oregon has just recited.

Mr. STEAGALL. There is no such restriction in the bill.

Mr. O'CONNOR of Montana. I am satisfied with the gentleman's answer provided there is no restriction against the farmer.

Mr. STEAGALL. Not a bit; but, understand, under this act you cannot go out and insure a plantation of 10,000 acres, 5,000 acres, or 1,000 acres or any farm as such.

Mr. O'CONNOR of Montana. We want to insure only the mortgage on the building, not the land used in agriculture.

Mr. STEAGALL. There is nothing in this bill that prohibits insuring the mortgage on a building.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. LEAVY. I am wondering what effect this bill will have on savings banks and savings and loans societies; will it be an aid to them in lending their moneys or would it be a detriment?

Mr. STEAGALL. It would undoubtedly be helpful.

Mr. LEAVY. In my district they are generally protesting this legislation.

Mr. STEAGALL. Some are and some are not.

Mr. MASSINGALE. I would like to be advised by the chairman of the Committee on Banking and Currency if there is a minimum limit on loans on buildings to be constructed in rural areas. That is, do you have to have a house costing so much?

Mr. STEAGALL. There is not any minimum in this bill. The only limit is on the maximum.

Mr. MASSINGALE. Then if a farmer wants to build a house costing $2,500 he would be eligible?

Mr. STEAGALL. Yes; and he is not limited to $2,500 except under title I, which contemplates small loans. That is dealt with in a different category and involves a 5-year maturity plan separate and apart. The average loans made under that title are comparatively small, which puts them in a different category.

Mr. MASSINGALE. May I ask one more question? The gentleman stated a moment ago this program would eventually involve the Government to the extent of $16,000,000,000.

Mr. STEAGALL. Oh, the gentleman is entirely mistaken. I was attempting to correct the impression that this bill involves a $16,000,000,000 program. I undertook to say that that idea was erroneous. The limit on all that may be done is $2,000,000,000.

Mr. MASSINGALE. I apprecite the gentleman's statement.

Mr. SMITH of Connecticut. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Connecticut.

Mr. SMITH of Connecticut. The debentures issued under title II of the original act were exempted from taxation only to the extent that the mortgages were exempt. I notice they are now made exempt from taxation without regard to whether the mortgages are exempt.

Mr. STEAGALL. That is right.

Mr. SMITH of Connecticut. Since those are debentures which will be guaranteed by the Government——

Mr. STEAGALL. That is the reason for the exemption.

Mr. SMITH of Connecticut. They are not sold on the market. They are issued and exchanged for defaulted mortgages.

Mr. STEAGALL. But not limited to that.

Mr. SMITH of Connecticut. The debentures under title II are.

Mr. STEAGALL. Anybody may own them. They are issued to discharge insurance liability, but anybody may own one of them.

Mr. SMITH of Connecticut. They may be sold?

Mr. STEAGALL. Certainly.

Mr. SMITH of Connecticut. Why should they be exempted from taxation?

Mr. STEAGALL. For the simple reason they are guaranteed by the Treasury of the United States. That revives the whole question of tax-exempt securities on which I have some very definite views, but I do not feel that question should be discussed at length in connection with this legislation. All the talk that is heard here about terminating the issuance of tax-exempt securities by the Federal Government comes from people who evidently have not thought the subject out properly, or, possibly it may be somebody who is talking for political effect.

The Federal Government will never be foolish enough to hamper itself in the right to borrow money or to issue its securities. The Federal Government will never be foolish enough to take money out of one pocket and put it in the other, especially in view of the fact there will be lost motion in the transaction that involves losses to the Government.

Mr. SIROVICH. Is there any limit to which any individual may purchase debentures?

Mr. STEAGALL. Not at all. Mr. Chairman, I reserve the balance of my time.

Mr. WOLCOTT. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, there probably has not been any more important legislation brought before this House in the last two sessions of Congress than the pending bill. This bill is ever so much more important to the country than the farm bill and is ever so much more important than the wage and hour bill. In view of the interest shown in the farm bill and in the wage and hour bill, I realize that is a rather broad statement to make; but, after all, the wage and hour bill did not involve a fundamental question which affected our entire economy. The farm bill did not involve an economic question which affected our entire economy.

The housing bill which we are considering today is fundamental in that its passage will dry up the source of credit which is necessary to bring the country out of a depression and is probably the single influence which could do that if we approached the subject intelligently.

I gather from the President's message that he is somewhat concerned about the present depressed condition. I understand also that he has seen the need for giving encouragement to business in order to provide credit to substantiate a new prosperity. He says in his message as follows:

> The proposals which I am presenting for your consideration now are an important part of the program for increasing general business activity and employment during the coming year.

This bill might not be considered the panacea, but it has unfortunately been hailed throughout this country as the one bill which would bring the country out of the doldrums and create a credit for home construction, intended to create a boom in building which would cause a business boom. Now, building booms, according to all the economists and leading financiers and people who have studied this question very closely, do not cause business booms. They follow and

are incidental to business booms because the elements which are influential in causing people to build homes are existent when we have business booms and they are not apparent in periods of depression.

Those elements may be summed up somewhat as follows: First, the desire of the individual to build. Second, that the rents of rented property are forced up to a point where it is economically feasible for a man to build his own home.

The third influence is that there is some reasonable assurance of a more or less constant income by which the home purchaser or the home builder may meet his amortization payments.

Accompanying every business boom there is an impelling desire to spend and convert cash into commodities, whether such commodities are in the form of homes or automobiles or furniture. In periods of depression these influences are not apparent, and for this reason building booms do not cause business booms, but business booms cause building booms. We start out on that premise in the consideration of this bill in opposition to the philosophy and the economy announced by the President.

The President is absolutely right when he states that encouragement must be given to the creation of private credit. I hope to show those of you who have taken the trouble to come here this afternoon that this bill is the direct antithesis of what the President hopes to accomplish. I know this bill has been heralded throughout the United States as something which is going to be helpful to business, because it will promote the construction of homes, and helpful to employment in the building trades. I believe I can prove to you before I get through that instead of being helpful to business it is the most harmful influence we can possibly consider. Further, this bill, if enacted, will do more to cause unemployment in the building trades than any other single influence we have to consider on the floor of the House.

In the face of such potentialities there is a bare majority in this Committee today to give consideration to this bill. I doubt whether the 100 who are necessary to constitute a quorum in the Committee of the Whole House on the state of the Union could be found on the floor today. I have been talking for 2 weeks to the members of the Committee on Banking and Currency, yet if we deduct from the gathering here this afternoon the members of the Committee on Banking and Currency, who have already heard this story, we would, perhaps, have a bare 35 or 40 other Members of Congress here.

Further, I am given to understand that all of 30 Members of Congress have left for their homes for the holidays and have left pairs with the pair clerk, indicating their desire to be recorded in favor of this bill, without knowing or realizing what they are doing. I believe if they realized this bill was actually drying up the reservoir of credit which is essential to home construction, and if they realized this bill was designed, although perhaps not primarily, to set up a Government agency, or perhaps I should say a semi-Government agency, which would come in direct competition with private lending—a paradox in view of the announced wishes of the President—they would insist upon being here and would take as much pleasure in defeating this most pernicious piece of legislation as they did on last evening in defeating the wage and hour bill. I say this because I am firmly convinced this bill is of tremendously greater importance to this country than the wage and hour bill or the farm bill.

Mr. O'CONNOR of Montana. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Let me proceed, and I will yield later.

The President states in his message:

> From the viewpoint of widespread and sustained economic recovery, housing constitutes the most promising single field of private enterprise.

If housing does constitute the largest and most promising single field of enterprise, then we, of course, should give encouragement to the investment of private capital in that enterprise which probably has more effect upon our prosperity than any other single influence.

We have established under the Federal Housing Administration an economy which presupposes the lending of money by private enterprise. Whether such private enterprise or private lending institution be a bank, a trust company, an industrial bank, a building and loan association, a savings bank, or a credit union, the success or failure of any housing plan depends entirely upon the reaction of the lending institutions to such a plan, and it depends upon how attractive we make investments in real-estate loans. I say this with the full knowledge that many of you are going to say, "Well, the gentleman is speaking for and on behalf of the banks of the Nation." I do not have to speak for the banks of the Nation, as they are capable of speaking for themselves. I am addressing myself to the merits of this bill. You have already set up the machinery for this bill. You have already created the condition which makes the success of this plan contingent upon whether the banks will or will not lend the money. In considering this bill we must not lose sight of the fact that the Government makes no loans. The banks make the loans, and when I say "the banks" I mean all of these financial institutions. The Government merely insures the loans. Therefore, if the banks will not lend the money, we dry up the source of credit which is now available and can be made permanently available for home construction.

Let us go to the source, then, and find out what is the reaction toward this bill of the people on whom we are depending for its successful operation, the banks. As representative of that class, I believe we can start with those who speak on behalf of the administration, Mr. Jesse Jones, Chairman of the Reconstruction Finance Corporation, and Mr. Marriner Eccles, Chairman of the Board of Governors of the Federal Reserve System.

Have in mind that these mortgages yield to the banks a gross of 5 percent. Have in mind that good, long-term Government securities, the better class of municipal securities, and most all first-class industrial securities, have a gross yield on the average of about 3 percent. The baby bonds we are now selling will yield 2.9 percent. The long-term bonds and the long-term obligations of the Federal Government will yield an average of about 1 point less than 3 percent. Therefore, we have a spread of 2 percent between the yield to the banks on Government or F. H. A. insured mortgages and the yield on Government obligations.

You say that such a spread should be an encouragement to the banks to lend, as the loan is insured. It is insured, but before this assurance may attach, before benefits may accrue to the banks, and before the banks may be paid the debentures of the F. H. A. bearing 3 percent, they must foreclose the mortgage, they must administer the mortgage, they must make their own appraisals before the mortgage is granted, they must take a certain amount of depreciation on the property during the period which the mortgage is in operation, they must keep records, they must segregate the amount of the amortization, they must make the interest charges, they must supervise the fire and tornado insurance, they must supervise the payment of taxes, and they must inspect the property periodically for waste or unnatural depreciation. Further, they have bookkeeping expense, the possible expense of collection, and the foreclosure expense over and above $75, as we will write the provision into this bill. They must assume the title risk. They have only this 2-percent spread upon which to work on all of these things. None of these things needs to be done when a bank puts into its portfolio a Government bond bearing 3 percent in place of an insured mortgage paying 5 percent.

Is this spread sufficient to induce them to take the risk? Mr. Eccles says, with respect to decreasing the interest amount lower than 5 percent, and I quote from the hearings:

> I think that would defeat the program completely. I think you would find no institution willing to make a loan. They would much prefer to go out and buy these readily marketable securities

that yield 3½ percent—and some are very good that yield 4 percent. That involves no onus of foreclosure, no trouble of monthly payment plan, no expense of absorption of foreclosure. Even with the 5½ percent the F. H. A. has had there have been far less than possibly half of the lending agencies that could qualify that have qualified.

This is from the Chairman of the Board of Governors of the Federal Reserve System. He appreciates that the banks are approaching such a narrowing of the differential between what they can buy a good government for and an insured mortgage that they will shy away from the mortgage market.

Now, Mr. Eccles says further:

Mr. WOLCOTT. But does not the success of this bill depend largely on whether the banks are attracted to this form of investment?

Mr. ECCLES. Whether the lending institutions are attracted.

Mr. WOLCOTT. When I say "banks," I mean all institutions which invest in F. H. A. mortgages.

Mr. ECCLES. Yes; you have the national banks and the State commercial banks, the mutual savings banks, life-insurance companies, and the building and loan companies, and those are the line of institutions that are engaged in the business or can make real-estate mortgages on homes.

Mr. WOLCOTT. How much of a spread must there be between the interest paid on Government obligations and interest paid on real-estate loans in making these loans attractive for investment by bankers?

Mr. ECCLES. Well, of course, they are not in competition only with Government obligations. You have many other forms of investments.

Mr. WOLCOTT. Industrial and municipal?

Mr. ECCLES. Yes.

Mr. WOLCOTT. I had in mind this: Allowing for carrying charges, administrative costs, depreciation, and foreclosure costs, what would the spread have to be to make this kind of investment equally as attractive as a Government obligation or obligation insured by the Government?

Mr. ECCLES. I think that the 5 percent is pressing it right down to the limit at the present time.

Now, Mr. Chairman, we are not only pressing it down to the limit at the present time in this bill, but we are letting this 5 percent carry the load. The service charges are cut out of this bill. The banks realize that. At the same time we increase the obligation we reduce the interest rate making this class of investment that much less attractive to the banks upon whom we are directly dependent for the success of this plan.

Mr. PETTENGILL. What is the interest rate?

Mr. WOLCOTT. Five percent. A quarter of 1 percent is the premium. The premium at the present time on these buildings of less than a valuation of $6,000 is one-half of 1 percent; and this is perhaps incidental, but it is an influence on the attitude which the banks take toward these loans. We have in the mutual mortgage insurance fund, according to the testimony given by Mr. McDonald, before the Appropriations Committee as late as yesterday, the following amounts:

In the mutual mortgage insurance fund $225,573.13;

In the general reinsurance account, with which I am not familiar, $15,017,806.04;

In the group accounts, with which I am not familiar, $6,557,844.17.

A total in the fund against all of the contingent liability amounting to $1,329,000,000, the amount of $21,801,223.34.

In other words, against a contingent liability of over $1,329,000,000 they have a reserve to pay losses and to carry that contingent liability of only $21,801,000, and it has cost the taxpayers of this country up to the present time over $51,000,000 to administer this mutual mortgage insurance fund.

You increase the risk that the mutual mortgage fund has to pay, but at the same time you reduce the premium rate. I am not an insurance man, but I have bought some insurance, and I know that a man 20 years of age can get life insurance cheaper than a man 80 years of age, because the risk on the man of 80 years of age is greater than on the man 20 years of age, but we are increasing the risk from 80 percent to 90 percent and at the same time reducing the amount of the mutual mortgage fund, which gives the banks the jitters, for this reason: They sense the fact that they cannot rely even now upon the mutual mortgage fund to pay any losses which they may have. They see an increase in risk and a decrease in premium rates in the face of this situation.

Mr. Chairman, it is a perfectly asinine economy, and it is one of the influences which is causing banks to shy away from this class of paper and defeating the very purposes of this bill.

I asked Mr. Eccles, again, on page 84:

Mr. WOLCOTT. The purpose of this bill is to produce home construction by reducing the down payment.

Mr. ECCLES. Yes.

Mr. WOLCOTT. And the success of that depends on whether it is attractive to the banks.

Mr. ECCLES. Attractive to lending institutions, and as I said a moment ago, a great many will not be interested. They have not been up to date. The mortgage association, however, will tend to cause agencies to be set up, mortgage companies of various kinds, that will loan money and sell the debentures of the mortgage association. I think that in turn will tend to bring the lending institutions in the community to the point where in order to get business they will buy it against competition that will induce them to make these loans where otherwise they would not.

Mr. Fleming, the president of the Riggs National Bank of Washington, and lately president of the American Bankers Association, upon the members of which we are relying for the success of this plan, has this to say, reading from page 144 of the hearings:

This type of loan is quite different in its cost of servicing than a pure commercial loan, even an individual loan, or a collateral loan. To begin with, in many cases the individual who wants a Federal housing loan is not a customer of the bank, or, if so, he has never applied for credit before, and, to begin with, you have to make a pretty thorough credit examination. Then of course there is the interview with them, which takes a good deal longer time than does an agreement on a commercial loan or on a collateral loan. In addition to that, you must make your settlement, usually through a title company. That means drafting instructions to the title company, figuring out the schedule, and advising the borrower as to what that schedule may be. Now after all that is done you come down to these monthly payments which require a good deal of accounting in your own institution, because of the required segregation of the various items included in the payment. For instance, the principal payment must be separated from the interest payment; the insurance must be separated and credited to an account which is paid over monthly to the Federal Housing Administration. Taxes must be separated, and also fire and windstorm insurance must be paid. In addition to that, where there has been a change in the tax rate, or where there has been a change in the valuation of the property, there must be a readjustment of the schedule, and again readjustment of your books, as well as advices to your borrowers so that they in turn may make their payments accordingly.

He goes on further to say:

I failed to mention, when I was describing the costs of the loan, that, of course, most institutions that handle any volume of this business also have to make, and do make, their own appraisals, which is no reflection on the Federal Housing Administration but is a desirable thing for any sound institution to do. It is doubly checked. That, of course, again adds to the expenses and time of taking and making this type of mortgage.

I bring these matters up from these people because they are the people upon whom we must rely for the success of the plan. On page 154 Mr. Fleming goes on to say in response to questions:

I think it would be the quickest way, even at the expense of reiteration, if you will tell us if there will be any additional inducement on the part of banks to make loans, if this bill is passed.

Mr. FLEMING. No; you are correct in the last question, sir, that I do not believe it is an additional inducement.

On page 155 he says further, in answer to questions:

Mr. WOLCOTT. If I may inject a thought there, you advise caution on that interest rate because you think we are approaching perhaps a twilight zone?

Mr. FLEMING. That is right.

Mr. WOLCOTT. In which we would possibly dry up this credit that is furnished by the loaning institutions for this purpose—the purpose of the act?

Mr. FLEMING. I think there is danger in doing that.

On page 155 Mr. Fleming goes on further to say:

In my judgment, as I stated some little time ago, I do not believe that if this act were passed tomorrow it would immediately start a resumption of building or of desire for home ownership. I think that has got to wait; but in answer to your question as to whether

there is any provision in here that would be a betterment from the standpoint of a home owner—and I believe it is mainly in the lower-income groups that you have got to find your field here——

Mr. WOLCOTT (interposing). I was not speaking particularly with reference to betterment to the home owner. I realize, of course, the home builder is going to benefit by having to pay in only 10 percent, although there is some question but that the increase in the monthly amortization costs will not offset that in that manner, but that I want to be careful about in this act is that in our zeal to benefit the home constructor we do not dry up——

Mr. FLEMING (interposing). The flow of money.

Mr. WOLCOTT (continuing). The source of credit which makes it possible for him to build.

Mr. FLEMING. That is right.

Further, on page 157, in response to a question of what the effect would be when we increased the obligation at the same time we decreased the interest rate:

I think there is a retarding influence in the reduction of the rate. I think there might be in the change of rate some retarding influence, but I think if the volume started we would take care of it.

There is just one more thing that I want to call attention to and then that will be all. I refer now to page 162 of the hearings. Mr. Frank C. Ferguson represented the New Jersey banks before the hearings. I quote from the testimony:

The CHAIRMAN. Do you think the change suggested by the Administration will operate to deter bankers from entering that field of investment?

Mr. FRANK C. FERGUSON. That is our thought; yes, sir.

Mr. Chairman, these are excerpts from testimony of men on whom we are depending to put this plan through. Mr. Ferguson, on page 170, goes on further to say in answer to questions:

Mr. WOLCOTT. Maybe I have misunderstood your statement, then. You said that the 10 percent was less attractive than 20 percent. You would hesitate to make loans on 10 percent?

Mr. FRANK C. FERGUSON. No; you misunderstood me. Are you talking about the act as it is exactly now written?

Mr. WOLCOTT. No; as proposed.

Mr. FRANK C. FERGUSON. Oh, then my answer was wrong to you.

Mr. WOLCOTT. I assumed that you were in opposition to raising the amount of the obligation and reducing these interest rates.

Mr. FRANK C. FERGUSON. That is right.

Mr. WOLCOTT. The reason your bank would hesitate to make these loans?

Mr. FRANK C. FERGUSON. That is right.

So the banks of New Jersey will hesitate to make the loans if this bill is passed. Dr. Hughes, president of the Washington Irving Trust Co., of Tarrytown, N. Y., which has invested in five and a half million dollars of F. H. A. paper, as contrasted to two and a quarter million dollars which the Riggs National Bank of Washington has, has this to say as to the effect of this bill on the attitude of the banks:

It has also been our experience that it is much more difficult to sell mortgages on houses under $6,000 than on those over $6,000.

I firmly believe that if the risk is increased and the rate of return lowered this market will dry up. The return that these investors will receive in comparison to tax-exempt bonds will not be sufficiently attractive to offset the risk involved in the additional bookkeeping.

It has been our observation that houses in this community sold well until business started to drop off. Lack of confidence in the future and the high cost of labor and materials slowed up building rather than the cost of finance or down payment.

I believe that the interest rate in comparison to tax-exempt bonds is not sufficiently attractive, if you reduce it any more, because of the additional risk and the additional amount of bookkeeping required on F. H. A. mortgages.

My files are literally full of letters from bankers, from building and loan associations—building and loan associations, Mr. Chairman, which have financed the construction of 60 percent of the building in this United States, and they were not given any more consideration before the committee in presenting their side of the picture than I was in trying to get recognition to discuss my points.

Mr. GOLDSBOROUGH. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I would rather proceed if I may. I expect that will be answered in due time.

Mr. GOLDSBOROUGH. I was going to ask the gentleman a question.

Mr. WOLCOTT. I yield to the gentleman.

Mr. GOLDSBOROUGH. Mr. Bodfish, representing the building and loan associations, took more time than any two people who appeared before the committee. He was before the committee, I think, about 2½ hours. Is that not correct?

Mr. WOLCOTT. I was not speaking of the time. I was speaking of the consideration which was given to his testimony. I might say further that it is commonly known, and a well-known fact in the committee, and I do not think I am divulging any confidence when I say it, that one of the Bodfish amendments was voted down because it was a Bodfish amendment, and it was so announced. Yet Mr. Bodfish represents the people who have financed 60 percent of the home building in this United States.

Mr. GOLDSBOROUGH. Mr. Chairman, will the gentleman yield further?

Mr. WOLCOTT. I yield.

Mr. GOLDSBOROUGH. The gentleman does not take the position, does he, that the Committee on Banking and Currency is bound to adopt an amendment which it does not approve simply because Mr. Bodfish presented it?

Mr. WOLCOTT. Of course not; but I do deplore the fact that a motion was voted down simply because some individual wanted us to consider it.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. JENKINS of Ohio. What was the purport of Mr. Bodfish's testimony, briefly, as to whether he favored this or not?

Mr. WOLCOTT. I would prefer that you ask the gentleman from Massachusetts [Mr. LUCE] about that, because there are several amendments along that line, and he is very well qualified, because of the study he has made over a period of years, to answer that.

Mr. O'CONNOR of Montana. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. O'CONNOR of Montana. I am always impressed with what the gentleman from Michigan says because he is always well informed, but I cannot go along with the gentleman when he says this will not stimulate credit. My experience with banks has been that they will not make a loan for the building of a home or the construction of a building without double security, and when they object to this bill, it is my opinion that what they fear is that it will afford an outlet for the private individual, instead of depositing his money in the banks at 1 percent, to get ample security for the money which he has on deposit in those banks.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WOLCOTT] has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 5 additional minutes.

Under the law as it is now there undoubtedly is some justification for the position taken by the gentleman from Montana, but regardless of what we might think about it or how much we may want to help the home builder, if the banks and financial institutions of this country will not furnish the credit, because of the risk which the Government puts upon them, then just as sure as we are standing here today we are going to dry up this reservoir of credit which always has been and always should be made available for home construction. We are completely at the mercy of the banks, if you want to put it that way.

Mr. O'CONNOR of Montana. Suppose I am getting 1 percent from a bank, and I have an opportunity to buy one of these loans that we are now speaking about, created by reason of this law, I would be senseless, would I not, if I did not take that money out of that bank and invest it in a loan such as we are talking about now?

Mr. WOLCOTT. I do not quite understand the gentleman's question, but let me develop one more thought which I think is all important before I sit down.

I am going to be somewhat superlative in my remarks in order that they may be more effective.

This bill will result in a most complete demoralization of the real-estate market. It will do it for the following reasons: It will destroy the market for resales. Who is going to buy an old piece of property when they can buy a brand-new $6,000 home for $600 and live in it in some instances for 20 months without paying a cent of rent and thereby drive real estate out of the field of desirable investments?

Second. It will destroy the market for properties sold under foreclosure and thereby drive private capital out of the real-estate market, because if you cannot sell your property on foreclosure people are not going to invest in real estate.

Third. You will make necessary the immediate foreclosure of defaulted mortgages, because of this jittery condition of real-estate investments. You are going to set up a lower standard of earnings on the capital invested. Financial institutions will find it advisable to shy away from investments in real estate, and force them to go to long-term Governments, municipals, and industrials and utilities, because of which a fear psychology is engendered with respect to real-estate investments by individuals in homes, resulting in forced unemployment in building trades and increased shortage of desirable homes.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from New York.

Mr. SIROVICH. I would like to ask my colleague this question: Since he states that credit is likely to be dried up, how is it possible when you can have these debentures, which are given to anybody for any amount, tax-exempt, and guaranteed by the Government 80 to 90 percent?

Mr. WOLCOTT. One hundred percent.

Mr. SIROVICH. Guaranteed in full, I understand.

Mr. WOLCOTT. Yes; 100 percent.

Mr. SIROVICH. How will they dry it up?

Mr. WOLCOTT. The gentleman understands that the banks do not get these 100-percent guaranteed tax-exempt debentures until they have foreclosed the property and can give the F. H. A. a good title.

Mr. SIROVICH. Is that what the banks are afraid of?

Mr. WOLCOTT. Absolutely, the attending additional cost and risk which makes this paper so little attractive in comparison to investments in 3-percent Government obligations.

Mr. LEAVY. Mr. Chairman, will the gentleman from Michigan yield?

Mr. WOLCOTT. I yield.

Mr. LEAVY. The gentleman from New York has partly asked the question I had in mind. The gentleman expressed the fear that savings and loan societies would be prejudiced through this type of legislation and thus thrift in the country would be deterred. Would the average individual invest his money in the national mortgage associations that are created and set up here, would he put his savings there rather than in the savings and loan societies?

Mr. WOLCOTT. If he were one of five individuals who could get together $500,000 he could do it; but I could not be one of them.

Mr. LEAVY. I am in the gentleman's class, too.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. ANDRESEN of Minnesota. This act will be administered by the Federal Housing Administration or some similar agency. Just what success has the Federal Housing Administration had with its program of reviving the building of homes in the country?

Mr. WOLCOTT. As I said in the beginning, they have spent $51,000,000 up to the present time. That is incidental to the fact that they have insured $1,329,000,000 of loans. The significant part of that is that the loans which they have insured are only 20 percent of the total mortgages recorded throughout the country during the period of time the F. H. A. has been in existence. Only 20 percent of the mortgages recorded since 1934 have been F. H. A. insured mortgages. Of the $1,329,000,000 lent by the F. H. A., 67 percent of the mortgages were handled through banks, which makes it material that we at least do not dry up that source of credit. But here is the interesting part of it: The distribution of the $1,329,000,000 of insured mortgages were 60 percent for refinancing of old property and only 40 percent for new construction. The refinancing of old property does not aid employment in the building industry. Only 40 percent of this $1,329,000,000, or approximately $531,000,000 was insured for new construction.

Mr. ANDRESEN of Minnesota. What is the value of the property upon which they have had foreclosure proceedings?

Mr. WOLCOTT. I could not tell the gentleman exactly, but it might be figured roughly by assuming that this amount is 80 percent of the value of the property.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield myself 3 additional minutes.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. REED of New York. Is the object of the bill to furnish homes within the means of the ordinary man, or is the real objective of the bill to furnish employment to help us out of the depression; which is it?

Mr. WOLCOTT. It was announced to be both, to allow the man of small means to own his home and to help us out of the depression by increasing employment in the building trades. My conviction is that the act itself nullifies the possibility of any progress being made in that respect, because we actually dry up the source of credit to which this small-home owner has to go under this bill to get financial help to build a home at all.

Mr. REED of New York. If the purpose is to stimulate business, if that be the real objective of the bill, how is this going to affect the materialmen in the various localities? Is this construction going to be done en masse by some big firm in Chicago or New York and the little fellow ignored? If it is, I cannot see where it is going to help the local communities.

Mr. WOLCOTT. I may say that many members of the committee were very apprehensive about what would happen by the establishment of the Federal mortgage associations, because it was anticipated that the Federal mortgage associations with a capitalization of $2,000,000 could issue $1,000,000,000 worth of debentures and could go into Dallas, Tex., for instance, and might do just what the gentleman suggests—let a big contract for the erection of 100 homes in the district, or in my district, and that they would import the labor and material to the prejudice of the local labor and materialmen.

Mr. REED of New York. What is the gentleman's idea about it?

Mr. WOLCOTT. I am greatly bothered by it. I deplore the fact that we set up national mortgage associations which may lend in any State of the Union from a central office in Washington or New York.

This bill is the entering wedge for a high centralization of the control of credit.

The bill does one further thing which is peculiarly obnoxious and which should be given careful study and consideration before the bill is passed, and that is this: You would not think of insuring an industrial loan up to $250,000, you have refused to insure business loans up to $250,000, but I dare say that before this day is over you are going to insure the investment which some capitalist has in a large apartment house up to $250,000, and you are going to like it, because you are not giving proper consideration to the bill.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN. Mr. Chairman, I am very anxious to help the home owner in the urban and rural sections of our country. It is, therefore, necessary to revive title I, and the present bill seeks to revive a part of title I in order to provide for constructing homes costing not more than $2,500.

Mr. GOLDSBOROUGH. Mr. Chairman, will the gentleman yield?

Mr. BROWN. I yield.

Mr. GOLDSBOROUGH. I think it but fair to say that the gentleman from Georgia introduced an amendment to that effect in the committee, which was adopted by the committee.

Mr. BROWN. Yes. The bill provides for repairs not to exceed $10,000. Formerly in title I, I think the figure, perhaps for repairs, was in an amount not more than $50,000.

People all over the country are very much interested in building the homes I have described. The retailer can sell and furnish the materials. I desire to quote in part from letters addressed by retail lumber dealers from all sections of the country to Frank Carnahan, secretary of the National Retail Lumber Dealers' Association.

Carl Blackstock, of the Blackstock Lumber Co., Seattle, Wash., states:

Dealers in Oregon and Washington will guarantee construction of three- and four-room lumber houses to the extent of 5,000, if permitted to do so under title I.

S. L. Forrest, president of the Lumbermen's Association of Texas, states:

I think I am safe in saying that outside of the cities the renewal of title I permitting new structures would create more building than anything else they might do at this time.

J. W. Deal, vice president, Pickering Lumber Co., Kansas City, Mo., writes that his company built 42 houses under title I.

Bailey Lumber Co., Bluefield, W. Va., writes:

Built approximately 87 small houses under title I for individuals, mostly in coal fields.

Lampert Lumber Co., St. Paul, Minn., writes:

It is very evident that the interest of the local financing institutions can only be revived in a broad way with the renewal of title I. Feel that the program should cover all types of repair and new construction.

Baldwin Lumber Junction Milling, Jersey City, N. J., wires:

Furnished material for 150 small houses under title I.

Wilbur Lumber Co., West Allis, Wis., states:

In this territory demand is from individuals who want to move out in the outskirts and build a small house costing from $2,000 to $3,000 on their own property. There is an almost unlimited demand for homes of this type.

Dower Lumber Co., Tacoma, Wash., writes:

If provision was made for the building of small homes costing up to, say, $2,500, under the same conditions as existed under title I before, it would greatly help the building of that class of homes.

This firm built many houses under title I.

Another company, the Conrad Lumber Co., Deland, Fla., writes:

Our company handled more than $30,000 worth of paper and we believe that not one single loan has ever fallen by the wayside.

The Superior Lumber Co., Eldorado, Ark., writes:

It has been our experience, since title I was withdrawn, that the agencies with whom we were making these title I loans have all increased their interest rate.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. BROWN. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. Is it the gentleman's opinion, if this bill is passed, that in these small communities to which the gentleman referred the local lumber dealers will have a chance to furnish the lumber and material?

Mr. BROWN. Absolutely.

Mr. JENKINS of Ohio. Or will some big outside corporation come in and furnish it?

Mr. BROWN. I think not. The builders will obtain their funds from local lending institutions. The Government does not make the loans.

The committee adopted this amendment I have suggested, which revives part of title I.

This bill makes no changes in section 1 of title I of the National Housing Act, as amended. All changes proposed in the present bill occur in (a) and (b) of section 2 of title I and not elsewhere. The following are the changes which are proposed by the bill as introduced:

Section 2 (a) in general revives and extends from the date of the enactment of the proposed amendment until July 1, 1939, the Administrator's authority to insure loans made to owners or lessees under a lease extending at least 6 months beyond the maturity of the loan in accordance with such interest and maturity and other terms, conditions, and restrictions as he shall prescribe in order that credit may be made available for the purpose of financing alterations, repairs, and improvements upon urban or rural real property.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. BROWN. I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. On all loans made under title I, as suggested by the gentleman from Georgia, who would fix the interest charge?

Mr. BROWN. Well, of course, the interest charge would be fixed by the lending institution.

Mr. HANCOCK of North Carolina. I just understood my friend to say that the loans would be made under terms prescribed by the Administrator; is that correct?

Mr. BROWN. They could not go beyond a certain amount. The local lending institutions cannot charge more than 5-percent discount.

Mr. HANCOCK of North Carolina. Five-percent discount means about 10-percent interest, does it not?

Mr. BROWN. It certainly does not, because most of these loans are made on the basis of 12 to 18 months and it could not possibly be anything like that.

Mr. HANCOCK of North Carolina. Is it not a fact the officials of the Federal Housing Administration testified before the committee that the average interest rate charged on loans under title I amounted to 9.7 per year?

Mr. BROWN. I do not recall that. I favor the lowest possible interest rate.

Mr. HANCOCK of North Carolina. Would the gentleman agree to an amendment limiting the rate of interest to 5 percent and striking out the 5 percent discount?

Mr. BROWN. I certainly favor the lowest possible rate of interest to make the act workable.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 additional minutes to the gentleman from Georgia.

Mr. BROWN. Title II does not apply to home owners outside the cities and this is the reason we desire to revive title I in order to help people in the urban and rural sections.

Mr. LORD. Mr. Chairman, will the gentleman yield briefly for a question?

Mr. BROWN. I yield to the gentleman from New York.

Mr. LORD. I have in my district a farmer who wrote me a few days ago that he wanted to get a loan from some Government agency in order to build a new barn. Under this bill would he be able to borrow the money to build his barn?

Mr. BROWN. No; I believe not.

The important changes which are made in the proposed amendment are as follows:

Prior to April 1, 1937, section 2 (a) provided that the purposes for which loans could be made in order to be eligible

for insurance were restricted to alterations, repairs, and additions upon improved real property, whereas the present proposal does not require that the property to be improved, altered, or repaired shall be already improved by an existing structure prior to the granting of the loan.

Whereas section 2 (a) of the statute in force prior to April 1, 1937, authorized the insurance of loans for the purpose of financing the purchase and installation of equipment and machinery upon improved real property, the present proposal eliminates loans for such purposes and restricts the eligibility of such loans to those which are for the purpose of financing actual structural improvements to real estate.

Under the terms of the proposed amendment, therefore, only such installations as can be considered improvements, alterations, or repairs to real property will be eligible to be financed with the proceeds of an insured loan. Heating systems, including stokers, built-in oil burners, and other furnaces which are a part of such a system; wiring systems, including permanent fixtures; plumbing systems; and built-in air-conditioning systems and fire-control systems will be deemed eligible for such financing. On the other hand, such equipment as refrigerators, washers, ironers, cooking stoves, scales, counters, showcases, and so forth, will not be eligible.

In this connection, it must be noted that the Administrator's authority to insure, as contained in section 2 (a), is likewise subject to the restrictions contained in section 2 (b), which limits the total amount of an insurable loan under this title to a maximum of $10,000 and provides that such loans may only be insurable if they are made to finance repairs, alterations, and improvements upon existing structures and loans to finance the building of new structures will be insurable only if they do not exceed $2,500.

Section 2 (a) of title I of the act as in force between April 1, 1936, and April 1, 1937, provided for the insurance of loans, advances of credit, or purchases of loans and advances of credit not in excess of $50,000 for the purpose of financing repairs, alterations, and improvements and the installation of equipment and machinery upon real property already improved by apartment or multiple-family houses, schools, office, business, or other commercial buildings, hotels, hospitals, orphanages, and churches, or improved by some other structure to be converted into a structure of the type above enumerated. Loans of this special type, formerly referred to in the regulations of the Administrator as class A, are eliminated. As stated above, loans for the purpose of financing the purchase of equipment and machinery will not be eligible, and H. R. 8730 places all insurable loans in the same category with the limitation of $10,000, except that new construction may be financed if the loan does not exceed $2,500.

Under section 2 (a) of the act as previously in force, the Administrator was authorized to grant insurance in a total sum not exceeding in the aggregate $100,000,000, with the limitation that the insurance so granted might not exceed 10 percent of the total amount of all loans made under section 2 (a) as then in force. The proposed bill seeks to convert the limitation contained in the original act into a revolving fund, by which it is meant that the total liability of the Administrator must not exceed $100,000,000 in connection with loans to be made pursuant to the proposed amendment, plus the outstanding liability incurred under previous legislation from June 27, 1934, to July 1, 1939. Thus, if loans reported for insurance under previous legislation are paid in full by the borrowers without claim for reimbursement being made upon the Administrator, his outstanding liability is to be reduced in such amounts, and the total amount of loans which he may insure increases in a like amount. However, if claims are paid in respect of insurance heretofore or hereafter granted, the amount of insurance which he may grant is decreased in the amount of the claims so paid. The Administrator's authority to grant insurance will still be limited to 10 percent of the total amount of loans, advances of credit, and purchases made under this section. This feature of the amendment is to avoid the necessity of requiring authorization for a further appropriation. [Applause.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, I am heartily in favor of the broad objectives in this bill. There is a shortage of houses at the present time, conservatively estimated at 2,500,000 homes. Only one in five farmhouses is in accord with the American standard. I do not believe any of us can overestimate the effect of the home on the future stability of our Nation. The home is the very pillar of the Republic. The things we do for the home not ony make for a happy and contented people but they make for the future safety of this Nation. No wild theories of government are born in the American home. I believe in perpetuating our institutions as they have been founded by the fathers of our Government.

The philosophy of this bill is not to go into competition with private enterprise but to stimulate private enterprise and stimulate by insurance the activity of the lending institutions. I believe this is the only practical and sensible way we can stimulate such lending institutions at the present time. We cannot condemn the banks and other lending institutions. They have had rather a hard time. A good many of their real-estate loans were made before 1929. The crash came, and the banks and building associations sustained serious losses. If you insure loans it may induce the banks and other financial institutions to go back into this field of endeavor, and may induce them to give to the American people the accommodation which they would gladly accept and which they greatly need.

There has been a good deal of talk about the insurance under this bill. The insurance under title II is 100-percent insurance on the amount of the loan, and the percentages you have heard spoken of are the percentages of the appraised value of the buildings and the land. The 90-percent loan will be insured in full, just as the 80-percent loan was insured in full.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Missouri.

Mr. SHORT. Does the gentleman believe it is sound financing to advance loans up to the extent of 90 percent of the appraised value of property of any kind? Does the gentleman know of a private institution in this country which would make loans to that degree?

Mr. SPENCE. I have had no extensive personal experience along that line. I have subordinated my views to the views of the people who have appeared before the committee. They state they believe such a loan would be a safe loan under ordinary circumstances. After all, what is the foundation of a loan? I have served in banks and building associations, and I would place more importance upon the character of the borrower than upon the security. Character is the real foundation of credit. If a man of good character should apply for a 90-percent loan, I would rather accommodate him than lend money to a man in whom I did not have confidence upon a 50-percent loan.

Mr. SHORT. Will not the gentleman agree that one of the chief factors contributing to the depression was the abuse of their credit by the American people? Does the gentleman from his own experience or observation honestly believe we are helping people when we encourage them to go into debt?

Mr. SPENCE. I believe a man would be more apt to abuse his credit in buying something other than a home. Men do not often abuse their credit in buying homes.

Mr. SHORT. I may say to the gentleman the fear I entertain is that this legislation will end by Uncle Sam owning many small homes and shacks over the United States, and the occupants of such homes will be thrown out on the streets through foreclosure, losing the little equity they have in their homes.

Mr. SPENCE. That would be a very unhappy result, and I hope it will not happen.

Mr. SHORT. This has been happening under the H. O. L. C., which has foreclosed thousands of home owners.

Mr. SPENCE. I realize that. It will always happen to some extent.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from New York.

Mr. FITZPATRICK. As I understand, the borrower under these loan provisions will pay a certain amount each month, and this payment will be about equal to what he would pay for rent. Over a period of years, if he were paying rent he would not have anything left, but if he were paying on a home he would own the home. It is the object of this housing measure to aid especially the small-home owner.

Mr. SHORT. If the gentleman will yield, that is all nice in theory, but there are many States where a man could fail to make his payments for a period of 20 months before he could be dispossessed.

Mr. SPENCE. I decline to yield further at the present time. I want to continue and touch on the point about which I rose to speak.

I voted to report this bill, with reservations. This bill, I hope, will stimulate private enterprise and private lending, and I am heartily in favor of its purposes.

I do not want to see any Government agency go into competition with local institutions, particularly in competition with the institutions that have done so much for American thrift as building and loan associations. [Applause.] They have built up my section of the country and the men who have devoted their time and their services to the promotion of these institutions have done so unselfishly and without reward. I do not want to see any competition by the Government with these local institutions.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. Yes.

Mr. FISH. Does the gentleman propose to offer some amendments?

Mr. SPENCE. I do.

I greatly fear that the national mortgage associations as set up under this bill may be empowered to go into the local communities and compete with the building associations.

I have no objection to the national mortgage associations purchasing the paper or even making loans under section 207, where there are great slum-clearance projects that may involve as much as $5,000,000 each. I do not believe I have very great objection to them going in under section 210, which provides for multiple dwellings and housing groups of not less than 25 houses, because not many of the building and loan associations would want to go into this field, but I do object to them coming in under section 203, which provides for loans up to $6,000 at 90 percent of the value of the property, and to all loans under $16,000, because I believe if they do this, with the advantages that have been given them by the National Government, they will destroy the building and loan associations of our land.

Mr. McGRANERY. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. Yes.

Mr. McGRANERY. Is it not true the only advantage that might be obtained over what the gentleman calls these local community thrift societies, would be in the matter of the rate of interest?

Mr. SPENCE. No.

Mr. McGRANERY. Wherein is there any other advantage obtained?

Mr. SPENCE. Let us see how they are going to be organized. The language is that any number of natural persons, not less than five, may apply to the Administrator for authority to establish a national mortgage association. It does not say where they shall reside. There is no provision in this bill that the affairs shall be conducted by a board of directors. There is no provision in the bill that the directors shall be at all interested in the purchase of stock or in the ownership of any interest in the national mortgage association. They may have four or five dummy directors in Washington.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. SPENCE. The Reconstruction Finance Corporation can furnish them with the funds they need. They will not be organized at less than $2,000,000 in capital and they can issue debentures against capital stock of 20 times the amount of the capital stock tax free. They have the power to go into the various localities and buy any character of paper, insured or uninsured, and I say when they can do that, they can compete directly with the local building and loan associations or with the local thrift associations, and I would like to see them limited in that respect. I am not opposed to their organization, but I would like to see them limited to purchasing mortgages and paper under section 207 and section 210 of this bill.

Mr. McGRANERY. Mr. Chairman, will the gentleman yield further?

Mr. SPENCE. Yes.

Mr. McGRANERY. Is there any advantage that the national mortgage association would have in the matter of the interest rate over any other institution?

Mr. SPENCE. Absolutely.

Mr. McGRANERY. I cannot see that, sir.

Mr. SPENCE. It is authorized to issue tax-free debentures bearing 3-percent interest, which would be readily salable, guaranteed as to principal and interest by the Government of the United States. Certainly no local building and loan association has any privileges of that kind and no local building and loan association can compete with them.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. REED of New York. In view of the history of the loan associations of this country—and I am thinking of those that have rendered such wonderful service in my own State—can the gentleman think of anything more disastrous to the instrumentalities that have built up, and can build up, the housing of this country, than to pass a bill that would authorize the Government to go into competition with them and destroy their effectiveness?

Mr. SPENCE. I am heartily opposed to that and I am afraid if we do that we will be acting somewhat like the dog in Aesop's fable—we will have jumped at the shadow and lost the substance.

Mr. FARLEY. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. FARLEY. I wish the gentleman would make it quite clear why the Reconstruction Finance Corporation is going into this business of setting up such organizations. Is it not a fact that the building and loan organizations have failed to carry out the work they should have carried on and home building has languished to the danger point, because they could not do the thing they were set up to do, and will not the gentleman also make it clear that the reason the R. F. C. is going into this proposition and building up these national mortgage associations is to make available money to put this thing over, and is not this the only way we can finance a proposition as large as this?

Mr. SPENCE. I am heartily in favor of having money to lend the home owners, but if you go into competition with the local lending institutions, this means the ultimate destruction of the local lending institutions, and there will come a time when a man in order to get a loan upon his home will have to come to Washington, and that will be an evil day for America.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. GREEN. I regret to disturb the gentleman, because he is making a very informative speech, but there is one point I would like to have cleared up about this bill. I have

had considerable correspondence with constituents of mine, particularly Mr. Mounds, of Tampa, Fla., who is interested in knowing whether or not there is a provision in the bill whereby persons on farms can obtain loans to build homes or to improve homes in the rural area.

Mr. SPENCE. There is no discrimination against any home owner in America, and any home owner in America can secure a mortgage under the plan of this bill.

Mr. GREEN. So the farmer would be included the same as any other person?

Mr. SPENCE. Yes.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I propose to support this bill Using words that are somewhat abused in the Congress, I do so because it is a step in the right direction, or will be eventually. But from the point of view of the present depression it is a false alarm; it is a fraud; it is a hoax—a gigantic hoax—because it will not accomplish anything at all except to give the administration and its great propaganda machine an opportunity to tell the public that this bill is the way out of the depression. It is claimed by the administration that this legislation will solve the depression by starting the heavy industries going and put a million people back to work to build 5,000,000 houses at a cost of $16,000,000,000. I realize that my voice is stacked against the entire propaganda machine of the administration, but nevertheless I want to go on record as saying that such statements or assumptions are frauds on the people. It will accomplish almost nothing at all while we are in a severe economic depression. The President says that the depression is a myth, in spite of the fact that a million American citizens are unemployed who were not unemployed a few months ago. I read in the newspaper today that Mr. Lewis said that out of 560,000 members of his organization in the steel mills all but 15 percent are on part time. How in the world are people going to build if they have not got any money? You must have a little nest egg to start with under this bill.

I believe the bill will work out very well when we get back to normal times, when the wage earners have some money put aside in the bank; but if a wage earner today has $500 in bank, and is on part time or has lost his job, he is not going to venture that $500 to build a house. I may have more than $500 in the bank, and I might like to build a house, as some of you would, but neither you nor I would build a house today. We have no confidence. We do not know what is going to happen within the next 6 months or a year, and that is even to a greater extent influencing the wage earner, because he may need that $500 or $600 to feed his family with. In good times this bill ought to work out and do exactly what we want it to do. I would rather see this bill put into effect with certain amendments to protect the legitimate interests of the building and loan associations than any single bill that has come up in the Congress in recent years, because I believe it will be helpful eventually when people get jobs and are employed on a permanent basis and have money to build with. I would rather promote home owning than anything I could do by my vote in Congress. I know you cannot do it in a depression, but if we can put 5,000,000 people into their own houses—that is the figure claimed when times are better—you will do more to combat radicalism, socialism, and communism than anything that can be done by the Congress of the United States. That must be self-evident; that is why I propose to vote for this bill, even if we have to wait and do not build more than a million homes in the next 4 years.

Mr. CURLEY. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. CURLEY. The gentleman knows that it is estimated that about 1,000,000 craftsmen who are normally engaged in the building industry have been unable to work since the depression started; but if this bill becomes a law, these million men would go back to work, along with three or four million more workers indirectly affected.

Mr. FISH. My answer is that if this bill goes into effect it will not put anybody back to work in the midst of the present depression, it will not accomplish anything at all during a depression. In the gentleman's district and in my district there is a lack of confidence; the wage earners are fearful they are going to lose their jobs. Does the gentleman think the workman will take his money out of the bank and put it into building when he may need the money to feed and clothe his family?

Mr. CURLEY. With the guaranty of the Government, yes.

Mr. FISH. But that money is not guaranteed at all. The man who puts it up loses it; he loses every cent that he puts up, whether 10 percent or 20 percent, in case he cannot continue to pay his taxes, his interest on the mortgage, and so forth. The President claims that 16 billions of dollars will be spent in the next 4 years. I do not believe it will put $160,000,000 to work. I do not believe it will put $16,000,000 to work the first year if this depression continues. I know there is one word that must not be spoken in this House, that the minority must not use the word "depression." There is a regular hush, hush campaign against it, and the moment we use the word "depression" a statement comes out from the White House that the depression is a myth and an assumption. It is almost lese majeste to mention the word "depression." The depression is here, because there is a lack of confidence as a result of fear and uncertainty because of unsound economic policies.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes; if it has nothing to do with the silver issue. The price of silver does not come into this discussion at all.

Mr. WHITE of Idaho. The gentleman speaks of confidence. Does not the gentleman know that if we could bring about a fair price level in the cost of building materials, it would go far to start the building program.

Mr. FISH. It is always if, if, if something might happen. Let us get at the facts. Why is it the wage earner will not build? The first and prime reason is that he is fearful and has no confidence in the immediate future.

Mr. WHITE of Idaho. Let me answer the gentleman.

Mr. FISH. No. Please sit down and let me continue.

Mr. WHITE of Idaho. I want to answer the gentleman's question.

Mr. FISH. Just sit down a moment and I will answer it for you. I can give you a better answer. First, there is fear and uncertainty throughout the land. That is the prime reason people are not going to put up money under such circumstances. The second reason is excessive taxes. The third reason is the high cost of labor. The fourth reason is the high cost of building material. The fifth reason is that this bill does not go far enough to reduce the rate of interest so that it really holds out any appeal to the wage earner to build a house.

This bill provides for 5-percent interest on mortgages. Do you think that is going to be attractive? Is that going to attract anyone to build a house? You can go to a bank now and get 4-percent interest on your mortgages. You can get 4-percent interest on mortgages right in New York City today. Under the 5-minute rule I will put in the RECORD a list of any number of mortgages in the city of New York, where they are getting 4 percent, and where the loans are for 90 percent of the value of the property. So you are not doing a great deal in this bill. I do not think it goes far enough, but even if it went further, due to the economic situation, the bill would not accomplish anything in such a severe depression.

Mr. MAGNUSON. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. MAGNUSON. The gentleman states that one of the reasons for this not becoming operative would be the cost of building material and the cost of wages of members of the

building trades. Does the gentleman advocate the lowering of wages and the lowering of the cost of building material as a cure for this?

Mr. FISH. I will let the gentleman answer that. What does the gentleman think about it?

Mr. MAGNUSON. I do not think they should be lowered.

Mr. FISH. Well, what does the President think about it?

Mr. MAGNUSON. I am not speaking for the President.

Mr. FISH. I would like to find someone who does speak for the President.

Mr. MAGNUSON. The gentleman has been here a long time, and he can answer the question.

Mr. FISH. I would like to find someone who does speak for the President; I would like to find someone who has a desire to speak for the President.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. FISH. If the gentleman will answer the question, I yield. I am going to ask you a question. You are the spokesman for the President now.

Mr. SIROVICH. Go ahead. I'll answer any question you ask.

Mr. FISH. We have been in session for 6 weeks. We have had a depression for 3 months or more. The President has not submitted one single plan, one single program, one single policy to get us out of the depression. That is the only thing the American people want to know.

Mr. SIROVICH. Is the gentleman propounding a speech to me or is he asking me a question?

Mr. FISH. Will you tell the House what the President's program is, what his policy is, what he actually proposes to do to get us out of the depression?

Mr. SIROVICH. I will gladly answer the questions.

Mr. FISH. That is all I want. I want the Republicans to listen to this, because we have been waiting for this for a long time.

Mr. SIROVICH. Because the distinguished gentleman from New York has been the Representative of the President's district, he has maligned and vilified him time after time and the principles he represents. The first thing the President wanted in this special session was to help the farmers of this country, to help them to put agriculture on a parity with industry; and when your party was in power you never voted for the measure known as the McNary-Haugen bill, with the principle of debentures and equalization that would have put agriculture upon a parity with industry. You and your Republican Presidents who vetoed the McNary-Haugen bill are responsible for the frightful condition that 40,000,000 farmers find themselves in today.

Mr. FISH. Now——

Mr. SIROVICH. Now, wait a minute. I have the floor. You challenged me to answer your questions, and I propose to do so.

Mr. FISH. But you have not.

Mr. SIROVICH. You gave me the floor to answer your questions. Permit me to continue.

Mr. FISH. Not what I voted for, but what the President has to offer to get us out of the depression he has gotten us into.

Mr. SIROVICH. Mr. Chairman, I demand to be protected against this interruption. He has asked me several questions and I am going to answer them.

Second, we brought out, through the President yesterday, a bill that would have prevented the exploitation of the lowest underpaid people in this country and would have given them what is their privilege, an opportunity to have saving wages or living wages. The gentleman's party on the other side of the aisle, with many Members on this side, voted against that measure, which would have enabled the working people to earn enough to build the houses which you say they have no opportunity to build today. You were not even here to vote. You were paired.

Mr. FISH. Now, Mr. Chairman, I cannot yield any further.

Mr. SIROVICH. Now wait. You have given me the time. I propose to continue. [Laughter.]

Mr. FISH. I do not yield further, Mr. Chairman.

Mr. SIROVICH. Mr. Chairman, I have the floor.

The CHAIRMAN. The gentleman from New York has the floor.

Mr. SIROVICH. I have the floor. I am going ahead.

The CHAIRMAN. The gentleman from New York [Mr. FISH] has the floor.

Mr. SIROVICH. The gentleman yielded to me to answer him.

The CHAIRMAN. The gentleman from New York [Mr. FISH] has the floor.

Mr. SIROVICH. I am sorry the gentleman did not permit me to answer his questions further.

Mr. FISH. I yielded to the gentleman to speak for the President. Instead of that he informed the House of my views and my policies, and I am not responsible for the present depression.

Mr. SIROVICH. I am speaking for the President, telling what he would say if he were here.

Mr. FISH. I have criticized the President, and I propose to continue to criticize him. I believe that is the right of the minority. After all, it is about the only function left the minority except yesterday when the Democrats left their own party and joined us to rebuke their own President—the most astounding rebuke ever administered any President, particularly one with a 4-to-1 majority in Congress. I believe the only right of the minority is that of criticism and expressing their views on the floor of this House. I go back in memory to the campaign put on against Republican Presidents from Harding down to Hoover when they were smeared right and left by the Democratic propaganda machine throughout this country. When I have anything to say by way of criticism I say it on the floor of the House where it can be answered.

I have at no time villified the President of the United States. I have criticized him and I have opposed him. I believe he is to blame for this depression. I believe it is a Government-made depression, I believe it is a Roosevelt depression; and I propose to say so.

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Chairman, I yield the gentleman 4 additional minutes.

Mr. SHORT. Mr. Chairman, will the gentleman yield for a question?

Mr. FISH. I yield.

Mr. SHORT. Is there any provision in the bill that will forbid the importation of materials manufactured by substandard labor or by slave labor?

Mr. FISH. No; there is nothing like that in the bill.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. SPENCE. The gentleman made the statement that the interest provided in the bill was 5 percent.

Mr. FISH. Up to 5 percent. They can charge up to 5 percent.

Mr. SPENCE. They could charge more than that in the discretion of the Administrator, in my opinion.

Mr. FISH. I would not like to see them charge more than 5 percent. I think that should be the maximum. I led the fight in the committee to get the rate reduced.

Mr. SPENCE. Is it not a fact that capital has been somewhat afraid that the interest rate is too low? And will not the tendency of this insurance feature be to reassure them in the soundness of the investment?

Mr. FISH. Yes. I believe the insurance feature is proper. I am not afraid to see it go to 90 percent, but some of my Republican colleagues will not agree with me. I have not the slightest fear of the 10-percent contribution. My fear is that few will be willing to pay the 10 percent at the present time.

Mr. SPENCE. Then the bill is not such a hoax, after all.

Mr. FISH. It is absolutely a hoax at the present time; but for the future when industrial activity revives I believe and hope that it will be helpful.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. KENNEY. The gentleman is a severe critic but I have not heard him criticize my lottery bill yet.

Mr. FISH. I will criticize it if the gentleman wants me to. I know the gentleman is sincere. If there is one thing I admire in this House it is sincerity and courage; and the gentleman has both, coupled with ability. But I am absolutely opposed to any such lottery program. It means admitting the bankruptcy of this country; it means that we are following the example of some South American countries with their cheap and dishonest lotteries. It means that we are unable to finance ourselves, that we are bankrupt and insolvent, for lotteries only flourish when a country is practically insolvent and bankrupt. I do not think we are insolvent and bankrupt, even under this administration. I believe the credit of our country is still good. I hope it will continue to be. How long it will continue to be is a question. We have a national debt of $37,000,000,000 and $5,000,000,000 as a contingent debt, or an actual national debt of $42,000,000,000. The country is solvent today, but it will not continue to be solvent unless we balance the Budget and stop our spending spree. I hope to God we have not got so low in this country financially that we have to follow the unfortunate example of some South American countries and have governmental lotteries.

In conclusion, I appeal to all Members of this House to vote for this bill, hoax that it is at the present time, as it will not promote any degree of home building under the present depression but I hope that it will be a means of starting a building boom by private industry when confidence is once more restored, the American people back at work, with money in the banks to put up to take advantage of the provisions of this bill. [Applause.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, after listening to the distinguished gentleman from New York [Mr. FISH] I cannot see how anyone of us can escape the conclusion that he is for the bill because he does not think it will work. That is, of course, an old Republican custom. It seems to me that if any Member of this House should support this bill it should be our Republican brethren who are such ardent defenders of the rights of privilege and capital; because, after all, what does this legislation do in substance? The Government points out to private capital a big field for development in the building industry. There is a situation in our country in which millions of people need homes; there is an opportunity to expand, to stimulate business in the various trades and building material industries. In fact, if building is developed on the scale contemplated by this bill our country may well work itself out of whatever depression we may be in. The Government says to private capital: "Come in, we give you an opportunity to make a reasonable profit."

Beyond that we say to you, "That any losses you may sustain we will make up. If your investment proves to be unsound, the Government of the United States will give you a debenture bearing 3 percent interest. You have everything to gain and nothing to lose."

On the other hand we say to the customers, "With a 10 percent down payment, and a long period of time in which to amortize the mortgage with a fair rate of interest and a minimum of service charges, we invite you to build a home."

Mr. Chairman, I come from Queens County, which is part of New York City. About 20 years ago we had a population of approximately 250,000 or 300,000 people. Today we have a population of 1,250,000 people. Ninety percent of the county consists of one- and two-family homes. Hundreds of thousands of people have moved from the congested areas of New York City during the past 20 years into Queens County and they are now the taxpayers and homeowners of that county.

During the past few years in Queens County there has been more building activity and more homes built which were covered by mortgages insured by the F. H. A. than in any other part of the country. Between January and November of this year we issued over 15,000 building permits for different units. Ever since these hearings have begun I have talked with builders from that part of the country and they tell me that there is a vast market for homes on which people can make a small down payment. This will go a long way toward stimulating business recovery in the metropolitan area of New York and I include in that section New Jersey, Connecticut, and the entire area within 50 miles of New York City.

Mr. SIROVICH. Will the gentleman yield?

Mr. BARRY. I yield to the gentleman from New York.

Mr. SIROVICH. I am glad to note that the distinguished gentleman states building activities will be helped in the Bronx and in Queens County. Will this also assist to clean up the slums in New York City and Brooklyn?

Mr. BARRY. I think so.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield the gentleman from New York [Mr. BARRY] 1 additional minute.

Mr. BARRY. Mr. Chairman, my remarks are confined primarily to one-family houses. In New York City, Queens County, the Bronx, or Brooklyn you cannot build much of a house for $6,000. The average run of houses costs from $7,000 to $10,000. This bill has an amendment sponsored by me which provides that on the first $6,000 you can get a 90-percent mortgage and on the average from six to ten thousand dollars you get the usual 80-percent mortgage. That particular provision makes this bill apply to the great metropolitan areas around New York, Chicago, Pittsburgh, and other large cities where land value is high.

Mr. SIROVICH. How about the tenements?

Mr. BARRY. A provision applies to that situation also. [Applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 30 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, I am grateful that the gentleman from New York [Mr. FISH] spoke before I took the floor, because it enables me to tell the committee that politics play an infinitesimal part in the work of the Committee on Banking and Currency. In the 17 years through which I have been a member of that committee, I can recall almost no occasion when any member of the committee has spoken a word or cast a vote with a partisan purpose. I am going to address you today on fundamentals without regard to partisanship.

I am going to speak for certain groups in this country that are rarely recognized on this floor, the forgotten men. When the President took that phrase from the writings of Professor Sumner he perverted its meaning and application, for whoever reads the book in which the phrase was used will find that Professor Sumner did not concern himself with the lowest stratum of society. That phrase was used to describe the great middle classes of this country. They are the forgotten men. In the long debate on the wage and hour bill through which we have just passed there has been scarcely a reference to the middle class of this country, who, thank God, are our mainstay and our support. No European country has a middle class, but so long as we do have the great majority of our people neither wearers of the purple nor wearers of rags, so long will our institutions survive and our liberties endure. [Applause.]

For whom am I speaking?

I am speaking for 10,000,000 members of the building and loan associations, a group that through this depression has financed two-thirds of all the mortgages that have been made.

I am speaking for the savings-banks depositors of this country, fourteen and a half million of them—3,000,000 of them in my own State—with an average deposit there of $700. They are the working people of the country, the thrifty working people of the country. Mine is an industrial city, but the average of its savings deposits is the same as throughout the State—$700.

I am speaking for 63,000,000 holders of life-insurance policies, 63,000,000 with 120,000,000 policies outstanding—

almost 1 policy for every man, woman, and child in the United States. I am particularly speaking for the holders of 83,000,000 industrial policies, people who are paying 10, 15, or 25 cents a week that they may be protected especially against the needs brought by calamities, sickness, medical care, medicines, funeral expenses.

The fruits of their hard labors are sacrifices taken from their means of livelihood and laid up against the future.

The funds that savers have accumulated are what furnish the capital that makes our country prosperous, little springs out of which flow rivulets, that, joining one after another, become the mighty rivers of capital. These people are not the economic royalists. They are not that scanty number who have great fortunes, but they are the many who finance this country. [Applause.]

In my city there are $300 in savings for every inhabitant. It is an industrial town as I have said. I have the honor to be connected with its savings institution. My father was its president for many years. I have the keenest interest in its welfare.

What other group do I represent? I represent those who have given money to our great educational institutions, the income from whose funds, which amount to more than a billion dollars, supports these institutions and enables them to give higher education to youth.

Do you realize that even a small drop in interest takes millions from the resources of these great institutions, of such inestimable value to our land? Do you realize every drop in interest you foster takes away from the resources that back the life-insurance policies, from the worth of reserves accumulated, from the funds that insure payment of the death benefits, and that it takes away from those who belong to our cooperative banks and our building institutions some part of the money they are saving for the sake of building homes?

All these groups I venture to speak for and venture to appeal today in their behalf.

We hear a great deal in our discussions of late about those who owe money—about the debtors. Every debt implies a credit—every debtor a creditor. The creditors about whom I am speaking to you, nearly 100,000,000 of them all told in this country, certainly have the right to be listened to once in a while. I pity the distressed, I sympathize with the afflicted, and I would do everything I could within the structure of my Government to give them help, but I believe that once in a while a word should be said for those who furnish the money. [Applause.]

It is proposed in this bill to attack the rate of interest, to contribute governmental aid in that attack. Unless I greatly forget, the President himself has suggested it be made. We are proposing here to lessen the money that shall be paid by the debtor to the creditor. We today are preparing to join in the attack that I hear now and then encouraged even on this floor and often in our surroundings, to the end that interest be lowered. I know there was a time when the usurer was in great scorn, when even ecclesiastics exhausted their language in malediction aimed at the usurer. But since those days, interest, which is only another name for usury, as you will find in the dictionary, has become the mainstay of society. The commercial system has grown on that as a foundation. Without it our factories could not run, our railroads could not operate, our mills would be silent, because we have created a system by which the savings of the thrifty many are entrusted to the capable few who may use them for permanent investment in the development of the great productive enterprises, and for swift, continuous delivery of the products of farm and factory.

So I hope it is not now thought I transgress if I say a word for the capitalist. Who is the capitalist? There is no man here who is not a capitalist. Every one of you joins in this contribution which I have described. So I speak in antagonism, hostility, and hatred to any proposal to weaken or destroy the very basis of our industrial and our commercial system.

When I was a boy I learned to put a dollar in the savings bank, allured by the promise that at the end of the year I would get back $1.06. For many years 6 percent was the normal rate in this country. Then it dropped to 5 percent, and has kept on still further until the savings banks in my State now pay only 3 percent, a few under 3, and a few over, but most of them 3 percent. It is expected, I am told, that most of them will have to go down to 2½ percent by reason of the conditions brought about by this depression.

In this bill it is proposed to cut such rates still further. It is proposed because it is alleged there is something damaging to society in paying for the use of money the price determined by the law of supply and demand. On this score I protest against this or any other measure that will threaten the income of the thrifty people of our country, and thereby discourage thrift. [Applause.]

Next I will point out to you another menace contained in this bill, a fundamental menace. The building up of industry and commerce, of which I have spoken, by the lending of money has had for its very foundation good security. What should be good security may be a subject of debate.

Never before have I heard it contended that a 10-percent margin in a real-estate transaction is prudent or safe. A new house is a second-hand house the day after it is occupied. It drops in value more than 10 percent in the first year. The buyer's equity would be wiped out in that time, the lender's security gone. The yearly rent of a house is commonly expected to be 10 percent of its value. If a buyer lost his house at the end of a year, rent having balanced down payment, he would be worse off by only the small amortization payment, assuming he made one. If he took advantage of the length of time foreclosures require in some States, he could then get free rent for many months. What an opportunity for the chiseler!

I disagree with those who, when favoring this bill, see no harm in the entrance of Government into business, in competition with private enterprise. Through the depression we have seen the Government do this on the ground there was an emergency, and that it was necessary, in order to meet the exceptional need, for the Government to create great spending corporations under its complete control, and to make huge appropriations that came in conflict with business enterprise. This course, once entered upon, is hard to stop. There is a familiar quotation from Virgil, "Facilis descensus-Averno, sed revocare gradum hoc opus, hic labor est"—"The descent to hell is easy, but to recall thy steps, this is the task, this the toil." The descent we have been making to hell, governmental hell, in this last 4 years will be found very hard to retrace.

Here comes another proposal that the Government shall engage in competition with its own citizens. For example, it is proposed in this bill to furnish Government backing for the constructon of apartment houses. Anybody who has lived in Washington through the last 6 years must know there is probably no type of investment more risky, more dangerous than investment in apartment houses.

Four trust companies in Boston, one ward of which I represent, went on the rocks awhile ago in part because they financed this type of enterprise, and only within a few days, years after they failed, do I find some of the depositors are going to get back the final distribution of their money, but with a serious loss.

So you may go all through the land and find there is nothing in the way of real estate that has so much menace to our welfare as the apartment-house field. For my own part I look upon the apartment house as a menace not only to the Government and to business, but as a menace to society in its destruction of the family, and if I had my way I would take out of this bill every shred of support of any type of dwelling other than the independent, isolated home, and therein is another reason why I protest in this matter.

We were told that legislation we were enacting was to secure low-cost housing. We enacted a bill early in the year for the purpose, it was said, of low-cost housing. There was not a line in that law, not a word, not a punctuation mark, that had to do with low-cost housing. It was for slum clearance alone and the replacement of poor areas with costlier areas, of miserable, shameful buildings with buildings where

as a matter of fact the poor cannot live, where the humbler folk cannot go, because they cannot afford it.

If you want to know what the Government does in this direction, read the facts about Greenbelt out here, Greenbelt which you have financed, where the Government has invested about $15,000 for every family that will occupy one of its apartments. The extravagance of government in these things is most deplorable, particularly in times when we ought to count every penny and harbor all our resources. Because government does worse than private enterprise in every undertaking in which it engages, because it increases the expense to all concerned, therefore, I protest against its going still further and invading the field, the most interesting and important and useful field of all industry, that of homes for the many.

Competition with private business runs through all of this bill. The men engaged in the handling of houses, those we used to call real-estate men—in modern language, the realtors of the country—are up in arms against this bill. They are sending us letters full of facts showing its dangers. Doubtless affected in some degree by self-interest, nevertheless, their statements based upon personal knowledge of what this law will do to the real-estate market, are to be thrown in the scale.

Turning to one illustration of the uncertainties, shall I call them, of the arguments advanced in behalf of this bill, let me say a word as to the scarcity of houses. I happen to be one of the trustees holding a four-apartment house in the very best location in a city of 100,000 persons. The apartments are in good repair. They provide all the comforts that are necessary for a person of moderate means. What has been my experience in connection with that house? One side of the block has not paid running expenses for 3 years. The other side has made a net profit in 3 years of $78.82. Why, do you ask, has that come about?

In the first place, the tax rate in that city is $44 on the thousand, almost 4½ percent on the assessed valuation of the property in question which I would be delighted to sell for $2,000 less than the assessed valuation. Repairs take one-fourth of the income. A mutual life insurance company with which I am connected has in its possession 132 houses that it has been obliged to take by foreclosure and a report on the subject that I received within 3 weeks, contained the information that 26 percent of the rent, or more than one-fourth, was necessary for repairs. Add up these things and you will find rental property today is far from being a profit-attracting investment. It is a vain hope you see in this bill, the hope that you are going to encourage successful men of money to go into the real-estate field—a vain and idle hope.

Mine is not an exceptional case. A real-estate man in Kansas City wrote me a letter I received yesterday, telling me the same situation exists there. It exists all through the cities of the country.

Mr. SHORT. Thousands of them here.

Mr. LUCE. Everywhere you will find this same situation.

The President's words of appeal to men of affairs are fine, elegant, beautiful, but they do not accomplish results. You can lead a horse to water, but you cannot make him drink. You can lead the financiers of this country to this National Mortgage Association, but you cannot make them buy stock or debentures. I have had some part in this whole housing program from the beginning. When this National Mortgage Association idea was proposed, some enthusiastic young men from the other end of the avenue came down here full of confidence that they had solved the riddles of the universe. They induced us to experiment in this matter. I told the House at that time I would drown my fears in my hopes and go along with the bill. I did not expect it would work. It did not work. Because those to whom the thrifty people have entrusted their savings will not risk them in such an investment, not an association has been formed. Today I indulge in prophecy, a dangerous occupation, to the effect that here, too, there will be failure, and that the hopes of the country encouraged by the President will again be frustrated.

Indeed, Mr. Chairman, in what occasion have his hopes been accomplished? What of all that he has done has led to better conditions? The N. R. A. is dead as a doornail. While it was in existence it did little except to disturb, antagonize, and anger the businessmen of the country. The other proposals that he has made, equally hopeful, have failed in their main accomplishments, and we now find ourselves in a depression nearly as serious as that in which our troubles started. Through these 4 years and more we have made experiment after experiment, each new one conceived to try to make us forget the one it followed, each new one in all probability to be succeeded by some other experiment as long as the present administration is in power, and that is the reason for the recession alarming us today. Its cause is that no businessman dares to proceed, no businessman dares to risk his money.

It would be idle for you to say there is no money for housing. The banks are crowded with money, overflowing with money, but they cannot find any place safely to put it. Morning after morning we read the daily newspaper and wonder what next, O Lord, what next.

Therefore, while I hope that words, so bravely uttered, may encourage people to greater confidence, it is a hope in which I myself place no confidence, for nothing that is suggested, nothing that is presented, allays fear, and the bill before us is no exception.

Countless reasons for depressions have been given. After a Senate investigation in 1893, as I remember it, more than one hundred and twenty-five reasons were recorded by the Senate committee that investigated the matter, and I should say twice as many as that have passed over my desk in the last 5 years. They are symptoms, not reasons.

The real reason may be put into the four letters of the word I have just spoken—f-e-a-r. And all we can do here, and all the President can do, is to try to allay fear. Will you allay fear through a bill like this, which contains error after error, in point of economic principle, which contains a great deal of detail that not even your committee has mastered—a bill simply telling the country that if it will spend, the building industry may prosper. To that end it says, we will help by giving you money—not in direct appropriation, to be sure, not through an evident draft on the taxpayer, but nevertheless given, for you never get money out of the air or pull it off a bush or pick it up from the ground.

Every dollar that is spent comes from somebody's pocket. What is one man's meat is another man's poison, and all the meat you have given to the farmers, and all the meat that you have given in all the big bills you have been passing, and all the meat you propose to give here, is poison to the consumer, and everybody is a consumer.

As long as the cost of building is high and mass income low, you cannot have more housing, to important degree, without huge subsidy. The first thing to do is to restore confidence. Then, and then only, the situation will adjust itself. Meanwhile, stop futile attempts to amend the law of supply and demand. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. DOCKWEILER].

Mr. DOCKWEILER. Mr. Chairman, we are all familiar with the lines—

> Breathes there the man with soul so dead
> Who never to himself hath said,
> This is my own, my native land!

I am afraid that these days in this great land of ours there are such men who, if they do not actually say this might not be their native land, yet in the bitterness of their heart, feel that this is not their country. Mr. Chairman, give me a land that is filled with a people who own their own farms and their own homes, who gather Christmas after Christmas around the fireside and the hearthstone that is their own, and you will give me a land that is filled with peace and contentment and happiness and patriotism. Unfortunately, however, many of the millions of souls in this great country

in the last 5 years have been forced to surrender these prized possessions, their homes. Through the iniquities of high interest rates and iniquities in some States of harsh laws that provide for abrupt foreclosures, that do not provide for a moiety of conscience and consideration of the equities in the case, these men and women have lost their homes. I believe that if this bill does but one thing, if it makes it possible for more of my fellow men in this country to earn or repossess themselves of a home, then we have very little to fear that there will be bred in this country any of the "isms" that have disrupted and destroyed the institutions of other countries equally as great as our own.

I believe if you look back over the pages of history, you will find that when Rome began to fall, or even in the days of ancient Greece, you can note that the seed was planted that spelled destruction for those great peoples, simply and solely by the fact that the homes and farms became untenable to the people of those countries, because they could not pay to keep those things, in the coin of the realm as it then existed.

If in these remarks I send home but one message, let it be this: I know the situation in the counties of my State and you are familiar with the situations of the counties in your States, but speaking only of my own, may I say that 80 percent of the expenditures of Government in my county are wrung from taxes paid by home owners and landowners. That may be the same in yours. Eighty percent of the revenue of my county comes from taxes levied against the home owners and real-property owners. Now, under this bill, suppose one of the plain people of this country should undertake to purchase a $5,000 home at 5-percent interest; it would mean $250 a year. Add to this a tax of $250 and you make it almost impossible for these people to own their own homes. I hope this act will pass; it will help a great deal.

The CHAIRMAN. The time of the gentleman from California [Mr. DOCKWEILER] has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. HOUSTON].

Mr. HOUSTON. Mr. Chairman, most of the speeches made this afternoon on this legislation have been against the bill. They have inferred that we are afraid to go ahead, but want to play safe. It reminds me of a story I heard awhile back of a chap going down through one of the Southern States. He stopped and asked an old Kentucky colonel how his cotton was. He said, "I didn't plant no cotton. I was afraid of the boll weevil." He said, "How about your corn?" He said, "I didn't plant no corn. I was afraid we would not have enough rain." He said, "Well, what did you do—put it into potatoes?" He said, "No; I didn't put it into potatoes. I was afraid of the potato bugs." He said, "Well, what did you plant?" He said, "I didn't plant nothing. I just played her safe." [Laughter.]

I am going to vote for this legislation because I believe there is a little good in it, but I do not believe it will create any business boom. I think we ought to move cautiously. I do not think we should rush anybody into obligations that they cannot meet later on. [Applause.]

The building industry was the first to suffer in the depression as shown by the total of $2,489,553,000 spent for new dwellings in 1929 as compared to $262,942,000 spent in 1933. Progress has been made since 1933, but a large-scale housing program of construction by private industry is essential to recovery.

The amendments now offered to the National Housing Act are designed to encourage private construction of up to $16,000,000,000 of homes by liberalization of the F. H. A. mortgage-insurance plan through lowering down-payment requirements on low-priced homes and reviving F. H. A. insurance for home repairs. It would permit insurance of loans up to $8,600, insuring the first $6,000 at 90 percent and the balance at 80 percent. Interest charges would be scaled down by a change in the former service charge and the insurance rate would be computed on outstanding balances from time to time instead of upon the original face value of the mortgage. The rate may be as low as one-fourth of 1 percent for 90-percent loans and one-half of 1 percent for 80-percent loans.

In addition to providing easy credit for the individual desiring to construct a one-family dwelling, the amendment permits insurance of construction loans over $16,000 and up to $250,000 for multifamily projects; the developer obtaining insurance on 80 percent and the buyer of the individual family unit securing insurance up to 90 percent.

The housing problem throughout the Nation is of paramount importance and it has been estimated that about 750,000 dwellings per year for the next 10 years must be constructed to meet the needs of our growing population. Millions of workers depend directly upon orders for building materials, and it is generally conceded that the stimulation of construction is the quickest means of combating the existing business recession, at the same time provide proper housing facilities for the poverty stricken, and enable those who have heretofore been unable to accumulate a large down payment to enjoy ownership of a home.

This legislation has my support but I feel that I should say that in my opinion one of the greatest deterrents to home ownership is the present tax on real property. We all know that no part of this tax goes to the Federal Government and Federal officials are responsible only indirectly for a part of this tax rate, but the fact remains the local and State tax on real properties is unconscionably high. I maintain that Federal officials are indirectly responsible for part of it, for have we not encouraged the matching of Federal funds and the issuance of bonds to supplement Federal funds for the construction of municipal buildings? I believe it will be found that in most localities the annual tax on homes will amount to approximately one-third of the annual payments on loans under this amendment. The prospective home builder must well consider the taxes to be paid on his home, along with the expense for upkeep and the monthly payments under the housing plan.

We must depend upon the Federal Housing Administration and the lending agencies to acquaint the people with the total amount of their obligations after moving into their home, as it will only lead to grief if people are encouraged to build beyond their ability to pay. Because of the vicissitudes of life, there is always a danger of the investor losing his home, his down payment, and all that he has put into it. I raise this point at this time because I feel the matching of Federal funds by States and subdivisions is dangerous if not held within reasonable bounds, and this must be taken into consideration by Congress when other legislation pertaining to the match-dollar system is before us.

Real property cannot bear an increase of taxes; in fact, it should be relieved of part of the tax it is now paying. Financial institutions have raised objections to this new housing proposal such as the supply and demand of housing, and the effect which it may have on existing property values. Real estate depreciated about 50 cents on the dollar during the depression, but is now slowly coming back into its own. I am firmly convinced that the proposed law will be of benefit, although I doubt if it will in itself result in a $16,000,000,000 increase in private construction; and also I am deeply concerned about the welfare of any home builder who with carefree abandon and boundless optimism plunges too deeply and awakens too late, but I feel we can depend upon Federal Housing Administration officials and lending agencies to work out a sound investment program for each individual.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, I want to take just a few minutes to talk about the Ludlow resolution, and I hope that no point of order will be made.

That resolution may be called up on the second Monday of January. No one knows what will be occurring in the world on the second Monday of January next. I signed the petition about last April. I am one of the 218 Members who did sign the petition. I do not agree with the reso-

lution without amendment, but the cause of preserving peace is one that is entitled to the widest discussion. Nor do I think any harm has come from the Nation-wide discussion of Mr. LUDLOW's resolution. There is, however, as the Good Book says, a time for all things. On the second Monday of January the first signer of the petition, my distinguished colleague from Indiana [Mr. LUDLOW], is entitled to call up that resolution. If he fails to do so, then in the order of their signing, anybody else who signed may call it up, and it then becomes a matter of the highest privilege and not subject to postponement.

In response to a parliamentary inquiry, which I addressed to the Speaker as we assembled this afternoon, the Speaker ruled that, if the matter is not called up on the second Monday of next January, it may then be called up on any other second or fourth Monday of any month as long as the session lasts without losing its present parliamentary status. It seems to me that in fairness to the administration, which is confronted with a very difficult situation today, and in fairness to Mr. LUDLOW's resolution, it ought not be called up on the second Monday of January. It seems to me it would be the part of wise statesmanship and friendliness to the general purposes of the resolution and to Mr. LUDLOW, who has worked so courageously on this matter for the last 2 or 3 years, if all of the 218 who signed the petition leave the matter entirely in Mr. LUDLOW's hands, as to whether it will be called up on the second Monday in January, and if he does not call it up, that no other signer call it up at that time. I think in fairness to the resolution itself it would be very unfortunate to call it up at that time. As I said, I signed the petition months ago, before any of these recent incidents took place. It seems to me that the members of the press and some of the newspaper commentators, in ignorance of the situation, have unintentionally been rather unfair to Mr. LUDLOW.

It has gone out to the country in large part that this resolution was thrown into the situation by the gentleman from Indiana at a critical time with reference to the foreign affairs of this country. The fact, of course, is entirely different and very unfair to Mr. LUDLOW. The gentleman from Indiana has worked on this matter for the last 2 or 3 years to my certain knowledge. He filed the resolution to discharge the committee last March or April when nobody could anticipate the events of the last few weeks or the last few days. It seems to me, therefore, that we would do a good service to our country, and to the supporters of this resolution, and a good service to the President of the United States and to Secretary Hull, who are confronted with a very difficult and delicate matter today, if the 218 signers of that petition, myself included, did not call it up on the second Monday of January but left the matter of calling it up on some subsequent second or fourth Monday entirely in the hands of the gentleman from Indiana [Mr. LUDLOW].

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. PIERCE. I, too, am a signer of that petition, which I regret today very much. Would it not be the better wisdom on our part to bring up the resolution and dispose of it?

Mr. PETTENGILL. No; I do not think so, and for this reason: Any action on the resolution is bound to be interpreted in the light of the circumstances prevailing at the time. We all know what these circumstances are. If the House votes to discharge the committee, that action might be given a dangerously pacifist interpretation. If the House votes not to discharge, that action might be given a dangerously jingoistic interpretation.

Mr. PIERCE. It seems to me that otherwise it hangs dangerously over the State Department. I think it should be disposed of.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield to the gentleman from Ohio [Mr. JENKINS] such time as he may desire.

Mr. JENKINS of Ohio. Mr. Chairman, what I am about to say may not be of any interest to the Democratic membership. I shall indulge a feeble hope that it may interest Republicans, for we must interest ourselves if we are to be ready to assume the great responsibility that shall surely be ours in 1940 and maybe before that time. This irresponsible, mismanaged, and maladministered administration is surely headed for the rocks of national bankruptcy. Our party must be ready to assume the responsibility of restoring our Government or to stand condemned before the world for having failed to save the only remaining free government among the nations of the world.

To do this we must present strong candidates and safe programs. Our men must truly be "of the people," and our programs must be "for the people." When I say "of the peopeople," I mean of the choice of the people. When I say "for the people," I mean for all classes of the people. I hear these statements proved every day in a most practical way. I hear Republicans say that in order for our party to win again we must get the votes of the great rank and file. That means that we must present as candidates, for the consideration of the rank and file, men who are of them in spirit and in viewpoint. And we must present programs that they can understand as being for them in the sense that these programs will guarantee to them and their families a full life, social and political liberty, and a reasonable security against old age, poverty, and other serious vicissitudes of life.

Whether our candidates will be "of the people," and whether our programs will be "for the people" will depend upon who shall select the candidates and who shall write the programs. The nearer we can arrange it for the people to make their own choice of candidates and the nearer we can arrange it for the people to write their own program, the nearer we will be to success. In other words, we must employ Lincoln's accompanying phrase "by the people" in order to have a complete formula for deserving success. We must permit the candidates to be "of the people" and selected "by the people," and we must present programs "for the people" written by the people.

Already I see unmistakable signs that many of the people in our party who were thrown from power last year are again planning to regain their high positions in the councils of the party. They are ignoring the formula that I have already laid down in this address and are not considering whether their activities meet with the approval of the people or will be for the best interest of the people. They are determined to reclaim the power regardless of the wishes of the people.

Such an attitude is fatal to party success. It is poor sportsmanship. It is grossly unethical, and it is morally wrong. People frequently criticize politics and political parties, but they are an essential part of our system of government. Nobody knows this better than the man who has held a powerful position in the party. When he permits his own desire for power to break down his party success he is doing wrong. There is such a thing as "availability" in politics when we consider candidates. Mr. Landon is to be complimented for showing high sense of his duty when he realized that he was no longer an available candidate. Had he persisted when he knew that he should not again be our choice for President and when he knew the people almost unanimously agreed with him he would have done the party an injustice and his own good name an injury.

I am not advocating a complete house cleaning in the national councils of our party nor in the State councils. I am simply laying down the simple formula that if our party is to win we must first win the approval of the rank and file; to do this no man should be permitted to hold himself in positions of power unless he is the most available man for the place. And no man should put his own success ahead of the success of his party. When individuals prepare themselves to control national politics regardless of party success, their conduct is improper. It can only result in the defeat of the Presidential candidate and Senators and Congressmen. Likewise when individuals prepare themselves to control State policies regardless of party success their conduct is improper. It can only result in the loss of positions in the State house and in the county courthouses. Astute national

leadership should see that the best way to elect a President in 1940 is efficient work in electing as many Senators and Congressmen as possible in 1938. They must remember that the people do the electing. Likewise the State leadership should see that the best way to elect a President is for them to fill their courthouses and State houses with Republicans in 1938 and they must remember that the people do the electing. The people will not elect nominees who are not their choice and who are foisted upon them by leaders who are seeking to dominate. When national and State leaders do their own nominating by stifling the most popular candidates and by forcing their own choices without regard to the free choice of the people they are usually repudiated by the people.

It is not the province of the national committeeman for a State to attempt to dictate who the candidate for President should be. Neither is it his province to dictate who the candidate for Senator or Congressman or Governor or other State officials should be. He, above all men, should strive to see to it that the plain people down to the humblest voter has a free choice. Anything that he does to prevent this, strains party harmony and endangers party success. It tends to decrease the membership of his party. And so it is with a State chairman. Many State chairmen usurp their duties and bend their every effort to perpetuate themselves in their position. In all States in which primaries are held the State chairman has no moral right to perpetuate himself. He is not elected State chairman by the people. He is selected by the candidates or the State committee to manage the campaign of those who have been elected by the people. In theory the State chairman is expected only to serve during the campaign. In theory the State is divided up into districts and a State committee is elected by districts and these men are expected to select a chairman, who will be best fitted to conduct a campaign for the Governor and State officers duly nominated. In theory he should be a man in sympathy with their platform. He should be a man in whom they would all have confidence. They should not select a man to manage the campaign of a candidate for Governor against whom he had used all his influence in the primary. Therefore a sitting State chairman should not use his high office toward influencing voters in a primary contest. If he finds it necessary for him to actually espouse the cause of any candidate for any State office in the primary, he should resign from his position as State chairman. When he uses the influence of his high position to effect the nomination of any candidate he is clearly usurping his power. He was selected to manage the election of officials already nominated and not to nominate candidates in the next primary.

Carrying this logic on out the same philosophy applies to county committees. These are elected at the same time as the county candidates. Their principal duty after they are elected is to see to it that the Republican ticket nominated at the primary, from governor to coroner, gets the full Republican vote. After the election their duties are practically over. When their terms are about out they are frequently called upon for endorsements by ambitious candidates before the next primary. Of course, there is no moral wrong about this, but these committeemen can in all right and propriety refrain from giving these endorsements. It is no part of their duty to do so. When they are encouraged to do so by a State chairman or national committeeman or anyone who claims to be above them, they should in the interest of party harmony and success refuse to do so. They should, as the representatives of the voters in their precinct, stand up and resent this interference with their rights and the free choice of the people. In a way the central committeeman is the most important individual in the party organization, for he is about the only one elected by the people. The national committeeman is not elected by the people, and neither is the State chairman.

So I repeat again that, in order for the Republican Party to win, we must win from the bottom up. We must give the people the right to choose. If we fail to do this we deserve to lose. We cannot win from the top down. We cannot win when the State chairman or the national committeeman or a few self-anointed leaders assume to know what the people want better than the people themselves do. This kind of a program is dangerous in many ways. It opens the door for Democrats to help choose the Republican candidates and vice versa. Suppose a Republican chairman and a national committeeman should sit down with a Democrat who is the owner of two or three strong newspapers, and with another Democrat who controls considerable wealth in the State, and they choose the Republican candidate for the Republicans and the Democratic candidate for the Democrats. That would be a fine arrangement for the choosers, but how about the people? The people will resent it, my colleagues, you may be sure, and make no mistake about it.

So I repeat again—and do not lose this one—the only way for the Republican Party to win is to deserve the support of the great rank and file. To do this the rank and file must have a free choice. No dictation from above but encouragement from below.

As the primaries approach let all contestants have a fair chance. The people as a rule know what they want. The county committeemen should be encouraged to see to it that all their voters have a fair chance to choose between candidates. This encourages more people to vote in our primaries and brings new strength into our party. The State chairman should have no connection with the primary, for he has not been elected by anybody. He has simply been chosen to manage the campaign for last year. The national committeeman likewise has no connection with the primary, for he has never been elected by anybody. He was chosen by the Republican delegates from his State at the Republican national convention at Cleveland last year to help manage the Republican national campaign of last year, and to help keep the party together until the next national convention in 1940. This is enough work for him I should think.

My friends, we Republicans must be sensible. We must appreciate that we cannot defeat Roosevelt unless we can get away from him about six million of those who voted for him last year. To get them we must convince them that our candidates are "of the people" and that our program is "for the people." [Applause.]

Mr. WOLCOTT. Mr. Chairman, I yield 20 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I am a member of the Committee on Banking and Currency, have been in the real-estate business for some 40 years, and wish to make a few observations on this bill. It is, of course, regarded as a recovery bill—I presume another attempt at priming of the pump. What a job our President has had juggling with recovery and reform the past 4 or 5 years. As soon as he pays attention to reform, recovery goes out the window, and when we think we are to have a spell of recovery we find reform popping up.

Bridget said she had a hard time watching her husband and the fire both; if she kept her eye on one, the other went out. [Laughter.] And so prosperity and recovery have recently gone out. As the businessman declared, why did we have to lose $27,000,000,000 under managed economy before the new dealers did anything? They froze bank reserves in order to prevent a little boom of prosperity, and when suddenly the new depression arrived the Securities and Exchange Commission was the least disturbed; in fact, apparently the least concerned people in Washington. Only after the $27,000,000,000 in values had been wiped out were rediscount rates liberalized, margin requirements made less, and the other medicine administered which was supposed to be given before the patient was permitted to become seriously ill.

Like the gentleman from New York [Mr. FISH], I have heretofore labeled this "the Roosevelt panic of 1937." It is too true. And now we have another pump-priming proposition. We are to go to the bank, fill out and present the application for a loan. One of the first questions in the application is: "How old are you?" and then most of us are done. [Laughter.]

Amortized over 20 years. Are you going to be here to pay for it? No. [Laughter.] That seems to be about the most important question you have to answer. Talk about an income-tax blank. Have you seen one of these questionnaires you have to answer? Get one. After you tell your life history, every dollar you owe, every dollar you have saved, its whereabouts, everybody's notes you may have endorsed, all your financial secrets, then—if you are not too old—they may listen to you, but all this before they examine the real property. [Laughter.] That is a secondary proposition.

I wish there were a stock market for real estate. I can take securities and at least find a market. And when there is not a panic on our hands we can usually commute them into cash. We can own homes and often wait patiently for many years for a customer. I have read something about the Florida boom in real estate. I was in another one. Of all the dangerous investments on the face of the earth at present real estate is the most dangerous, and I should know what I am talking about. Shrewdness required at times, yes. [Laughter.] But let us see you sell your home at the moment you need or desire to sell it. It usually cannot be done. Foreclosure is the only sure method, and then the deficiency judgment on the mortgage rises up to plague you the rest of your life. In New York City they charge as much as $500 as costs of foreclosure. We have allowed those in this bill up to $75 only, in order to help the situation. I wonder how this exorbitant fee works. The mortgagee had better let the tenant stay, had he not, than foreclose at a cost of $500? I do not know.

Mr. SIROVICH. How much does foreclosure cost in Massachusetts?

Mr. GIFFORD. A very small sum in comparison. But when in spite of long experience we, by legislation, are to guarantee and insure a mortgage to 90 percent of its value, we certainly seem to be going haywire. You know perfectly well that if you were one of the directors of a financial institution you would not do it. But you are to force our Government to do it, whether for the more abundant life or more abundant votes I do not venture to say.

Is this the only recovery measure the administration has, after calling us into special session? Just to open wider the vaults of the Treasury, as was done yesterday in the Senate by making yet another gift of a half billion dollars to the farmers? Is it only by rape of the Treasury that you can offer recovery? Is the Treasury the only resort, when we already have a contingent debt of five and a half billion dollars? Cannot something to allay fear be presented? Why increase fear at such a moment? This will not bring much money out of hiding, anyway. Another speaker has fully explained that we must not fear potato bugs and boll weevils, but plant anyway, no matter if we lose. May I say that a 3-percent investment in United States bonds, without trouble of services as is necessary in mortgages, will be still regarded as better than 5 percent, even in insured, mortgages. This insurance does not cover the foreclosure costs, as you know, except the $75 now permitted in this measure. The banks will think many times before they make an investment of this kind when the mortgagor is involved only 10 percent.

This bill is merely a gesture. Is this the answer of your administration and your President to the country after he has brought us into the unhappy conditions that exist in the country today? Is this actually his only answer? We have been here some 5 weeks. We have passed a bill to pay the pages and our mileage; nothing else. With the business life of the Nation going down and down like a plummet, according to last week's business index, is this all you can offer, with all the vast powers delegated to your administration by recent Congresses?

Oh, we pray that something may be suggested which will bring a little assurance. You send for the power interests of New York and assure them that if they will invest in additions and improvements we promise not to have any T. V. A. up there. That assurance brought results! Why can we not hear other power interests say, "We practically have a promise that the Government will not go into further competition with us? With such assurance we think the public would lend them money and buy their securities. Of course, those companies must be assured there will be no competition backed by Government funds. The public will not buy utility securities, with the threat of Government competition hanging over them. The President could cure this situation in few words, because he is "It." That is all that is needed. Remove the investor's fear of "him."

I like to read from Mr. Moley, who was the President's original most trusted adviser. He was regarded as second in authority to the President, for some little time. He has written recently about this ridiculous story which was current that the businessmen intentionally caused this depression to spite the President of the United States.

Mr. HOUSTON. Will the gentleman yield?

Mr. GIFFORD. To tell me more about boll weevils and potato bugs; yes.

Mr. HOUSTON. I suggest the distinguished gentleman from Massachusetts—and I am always glad to hear him—move away from the Old Guard rail a minute.

Mr. GIFFORD. I moved away from there and away over there for a time on yesterday.

Mr. HOUSTON. The gentleman made a remark a while ago that the Senate yesterday opened the door to the extent of $500,000 to be thrown away. Under the Hoover administration, as I understand it, the doors were thrown wide open and under the Federal Farm Act did they not throw out between four and six million dollars while your Presidents vetoed the McNary-Haugen bill?

Mr. GIFFORD. Oh, if we only had some such men now as President! That would be the answer to the Nation's prayer. We had efficient Presidents, not publicity men.

Mr. HOUSTON. Did the gentleman say "a fish" for President?

Mr. GIFFORD. I have heard there might be a transfer to Hollywood sometime. I want to quote Mr. Moley in his comments that the businessmen, to spite the President, had brought about the depression.

He said that he went out into the West and continually heard this statement and it seemed to be believed by some people. He stated:

> On the score of implausibility it implies that those whose chief characteristic is selfishness, as we have been told during the last 4 years, forgot their own interests to the extent of sacrificing some $30,000,000,000 of their possessions for the sake of embarrassing the President. It supposes men are delighted that industrial output will, by this month, have fallen 25 percent since last March.

In other words, these men would practically ruin themselves just to embarrass your President.

There were two official recognitions of that argument. One was from the Securities and Exchange Commission. Secondly, the President asked the Federal Trade Commission if they would look up and see how much monopolies had to do with bringing about the depression. What alibis!

Mr. SIROVICH. Will the gentleman yield?

Mr. GIFFORD. I shall have to.

Mr. SIROVICH. On March 4, 1933, when Herbert Hoover left the Presidency of the United States, the value of all utilities that the gentleman has been talking about, in bonds, debentures, and common stock, had fallen from $19,500,000,000 to $1,750,000,000. Today it is twice the value it was at that time.

Mr. GIFFORD. I have acknowledged all that, but I also assert that from November 4, 1932, to March 4, 1933, is the period of the real avalanche.

Mr. SIROVICH. But it is still twice as much as it was when the Republican President went out of office.

Mr. GIFFORD. Oh, yes. History will record when the situation is fully understood that that 4-month period of lack of cooperation, when you were in power here, was the real period of the catastrophe, largely because of the uncertainty and fear produced by the result of the election.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Ohio.

Mr. WHITE of Ohio. Is it not true there is a distinction between the 1929 and the 1937 depressions in that the 1929 depression was an economic disturbance of world-wide proportions, whereas the 1937 depression is peculiar to the United States alone?

Mr. GIFFORD. The 1937 depression is "the Roosevelt depression." Everybody knows that, and there can be but little argument to refute it. No one seems even to have tried to do so. We gave him vast powers. He promised that a depression could not happen again, and just before this last one began he gloried in the prosperity and said he planned it that way. Let no one make any mistake about that. Brave words. Let him take the credit for the prosperity, if you wish, but let him also bear the responsibility for this needless depression.

I appreciate the wonderful speech made by the gentleman from Massachusetts [Mr. LUCE]. He told you today who the bankers really are. The depositors, the middle class of the people, are the ones you have been railing at when you say "the bankers."

Let us consider the state of our Treasury. On yesterday I read that the Chairman of the R. F. C. will ask us to mark off his books about $2,500,000,000, so that the Treasury will no longer claim so many recoverables and continue to carry them as assets. Can we not awaken, as Senator Robinson awakened just before his untimely death, to the extremely serious situation we face with regard to our Treasury? You believe the way to turn deficits into surpluses is to spend more. You would probably deem it very bad for individuals and corporations, but you believe it is a sign of health in the Treasury of the United States. Where do you get such reasoning?

Tragic indeed is our situation. This depression was man-made. Your great desire to reform the country has caused havoc in the confidence of thinking people. Millions of people who were sympathetic are now beginning to question the soundness of these many so-called reform measures already passed. They dread what may come in the future. Let us see you coax them to invest, even with a guaranty and insurance by a Treasury that itself may be in jeopardy.

The gentleman from Massachusetts [Mr. LUCE] told you some of the provisions in the bill were the Bodfish amendments, formerly well received but now declared to be wrecking amendments. What are you doing to the building and loan associations? You are forcing them to go Federal all the time; forcing them to come under the umbrella of the Government. Their appeals were totally ignored. The committee would not listen. We would offer an amendment, and immediately were heard the words, "I move to table it." No consideration whatever was given. Their fate is the worry of this bill. The building and loan associations, financed by the middle class of the people, have been very, very successful, yet they are to be perhaps supplanted by institutions with 80- or 90-percent guaranty by the Government. How can they now do business? Those amendments simply seek to have you put them on the same plane and give them an equal chance, but you will not consider them. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield to the gentleman from New York [Mr. BEITER] such time as he may desire.

NATIONAL HOUSING ACT AMENDMENTS

Mr. BEITER. Mr. Chairman, I want to urge approval of the proposed amendments to the National Housing Act. I have received many letters of commendation of the proposals to stimulate construction and to reduce the cost of financing home ownership. I am quoting herewith from a letter received from a prominent banker in my district who indicates general approval of the plan of this act and suggests several changes:

I write you in reference to the proposed new F. H. A. regulations. I have noted in the press that it is contemplated to increase the guaranteed amount on F. H. A. mortgages to 90 percent on values not exceeding $6,000; also, a contemplated reduction in the interest rates to be charged by the loaning institution, as well as a reduction in the rate of insurance by the Government. It would appear that the satisfactory results already evidenced by the Government in their insuring of these mortgages would indicate that the rate of insurance could safely be reduced. However, I question the advisability of reducing the interest rate to be received by the loaning institution. Mortgages, which now bear 5 percent, are becoming quite readily salable at a very slight premium in some instances, and no premium at all, I believe, in most instances; at least, that has been our experience. Should a lower interest rate be provided to the loaning institution, it might tend toward slowing up the flow of money for financing these mortgages, which naturally would tend to thwart the purpose of the new set-up. I take exception also to the $6,000 limit. I believe this should unquestionably be a $7,500 limit.

I convinced my board of directors in the very inception of F. H. A. that these mortgages would make the finest type of investment that any bank could have and we became one of the few banks in our territory who believed and carried out this idea and have, I feel, been well rewarded for our interest in F. H. A. mortgages. Not only did F. H. A. make it possible for us to acquire very fine investments, but it also provided for the disposition of thousands of dollars' worth of ours and our customers' real estate. Ofttimes these customers' finances were in such shape that unless we, as a bank and ourselves as a construction company, put forth a combined effort, their real estate would have become other real estate in our bank's portfolio.

Not only has the F. H. A. plan made the foregoing things possible, but has created thousands of dollars' worth of income for labor and the use of thousands of dollars' worth of materials, which ultimately represents another item of labor.

The past discourse on the benefits of F. H. A. is simply brought to your attention to help you realize what can be done in the future, especially if the terms are modified in the two respects I mention; namely, lowering the insurance cost and loaning up to 90 percent on homes in the $7,500 and under class. The average value of houses we have built and financed under the F. H. A. plan has probably run about $5,500, but you see this includes homes which were built over 2 years ago at a far less cost than they can be reproduced for today and also includes quite a number of low-cost homes. Our average today runs well over $6,000. While you might say that the new act is to help the lower-income bracket, this may all be true, but our experience has shown us that the man who is able to finance a home over $6,000 in this community, is far in excess of the number who are satisfied with a home of less than $6,000.

Inasmuch as your object is to create employment, surely the Government should follow along the line of greater volume, and the greater volume will be reached if the maximum be $7,500 rather than $6,000, and I believe from our past experience with our F. H. A. loans at the bank, I am safe in saying that at the present time it would be a safe practice to insure up to 90 percent on homes valued as much as $7,500.

Of course, I am vitally interested in new legislation that will benefit real estate and occasion employment.

The CHAIRMAN. All time has expired. The Clerk will read.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the reading of the bill be dispensed with, and that the bill be considered as read.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. WOLCOTT. Mr. Chairman, I must object to that.

Mr. SHORT. Mr. Chairman, I object.

Mr. McCORMACK. Mr. Chairman, will the gentlemen reserve their objections? Why would it not be a good idea to have the bill considered as read, but to be considered section by section for amendment?

Mr. STEAGALL. Of course, that was contemplated in my request.

Mr. WOLCOTT. There was so much confusion in the reading of the wage and hour bill last night that we want to keep this proceeding clean.

Mr. SHORT. Mr. Chairman, I object.

Mr. McCORMACK. I may say the waiving of the reading of the bill yesterday came from the Republican side.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted etc., That this act may be cited as the "National Housing Act Amendments of 1937."

SEC. 2. Section 201 of the National Housing Act, as amended, is amended by striking out the words "As used in this title" and inserting in lieu thereof the words "As used in section 203 of this title"; and by amending subsection (a) of such section to read as follows:

"(a) The term 'mortgage' means a first mortgage on real estate in fee simple or on a leasehold (1) under a lease for not less than

99 years which is renewable, or (2) under a lease having a period of not less than 50 years to run from the date the mortgage was executed; and the term 'first mortgage' means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate under the laws of the State, district, or Territory in which the real estate is located, together with the credit instruments, if any, secured thereby."

SEC. 3. Section 201 of such act is further amended by adding at the end thereof a new subsection to read as follows:

"(c) The term 'maturity date' means the date on which the mortgage would mature if paid in accordance with periodic payments provided for therein."

SEC. 4. Section 202 of such act is amended by inserting after the word "title" where it first appears in such section the words "with respect to mortgages insured under section 203."

SEC. 5. Section 203 (a) of such act is amended to read as follows:

"SEC. 203. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Administrator may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That, except with the approval of the President, the aggregate outstanding principal obligation of all mortgages insured under this title shall at no time exceed $2,000,000,000: *And provided further*, That on and after July 1, 1939, no mortgages shall be eligible for insurance under this title except mortgages that cover property which is approved for mortgage insurance prior to the completion of the construction of such property, or cover property the construction of which was commenced after June 27, 1934, and completed before July 1, 1939; except that this proviso shall not apply to any mortgage on property which, at any time, has been covered by a mortgage insured by the Administrator."

Mr. LUCE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Section 5, page 3, line 4, strike out "July 1, 1939" and insert in lieu thereof "January 1, 1938."

Mr. LUCE. Mr. Chairman, I have been associated with the passage of the three great housing bills prior to this one. I introduced the first of these bills for the administration, and shared through months in perfecting it. In that work I found no man gave more help, no more valuable help, than the man who of all residents of the United States is, in my judgment, best informed about these problems—Morton Bodfish.

Mr. Bodfish became interested in the home thrift movement, and presently as an officer of the United States Building and Loan League, was entrusted with laying before the committees of Congress the views of that league. Then he was appointed a member of the first Home Loan Bank Board.

Returning to his work for the league, he became its executive vice president, and as such was authorized to present the views of the league whenever occasion arose. Usefully associated with him in the work of helping Congress know the views of the league have been Mr. I. Friedlander, of Houston, Tex., a past president of the league, and Mr. Henry F. Cellarius, of Cincinnati, now executive secretary of the league. Others helped also, but those I mention were invaluable to the committee when this legislation began.

This year Mr. Bodfish came before the committee and presented at length the views of the league. He suggested 17 changes, and those suggestions, I say with complete confidence, were meant with the purpose of improving the bill and not presented through hostility to the bill. They were amendments out of the depths of his long experience and his wide acquaintance with the subject both in this country and in England.

The rules of the House do not permit me to disclose the treatment of those suggestions in the committee, but inasmuch as my colleague and associate on the committee has without protest seen fit to give a general idea of what went on in the committee, I feel that I do not transgress the rules of the House in saying that every one of those 17 suggestions was brushed aside without consideration. In view of that I have felt warranted in disclosing to the Committee of the Whole how some of us feel about this matter. I do not rise to argue the merit of the suggested amendments to be offered in the course of the reading of the bill; that is unnecessary at least at this point. Perhaps others who feel as I do may comment upon the various suggestions. Here I may say only that we feel the 10,000,000 members of the building and loan associations ought to know how they have been affronted, ought to know that their views have been ignored.

[Here the gavel fell.]

Mr. WHITE of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, one of the great needs in the present economic situation is to stimulate activity in the heavy industries. This need has been apparent ever since the beginning of the depression and has certainly been emphasized by the reversal of business in the last 3 months by the steady increase of unemployment, which is so vitally affected by the condition of the heavy industries of the United States.

I would like to be able to support legislation for a housing plan that is fair to private enterprise and thereby give logical promise of fulfillment of the need of stimulating the heavy industries.

I heartily agree with the pronouncement of the President of the United States in his message to Congress when he expressed the principle which was supposed to be the underlying basis of this legislation. He said, "Private enterprise and private capital must bear the burden of providing the great bulk of new housing." I would like to see this bill corrected so that it would more nearly conform to this principle enunciated by the President of the United States.

The amendment that has been offered by the gentleman from Massachusetts with regard to the date in this bill concentrates upon the need of new construction and new employment. The change is simply this: That under its present terms the legislation provides for the retirement of the F. H. A. from insurance of existing private-mortgage debts on July 1, 1939. With the change proposed in the amendment, the money will not be used to guarantee mortgages now in existence, but, instead, will be applied to the need for new construction and new employment. If this amendment is adopted it will properly concentrate the F. H. A. on guaranties which would encourage and support new construction in greater volume and help the very definite need that exists at the present time for the immediate stimulation of new construction and the revival of employment, which, after all, is the vital purpose of this bill. I hope, therefore, that the amendment will be adopted.

Mr. Chairman, I ask unanimous consent to withdraw my pro forma amendment.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GOLDSBOROUGH. Mr. Chairman, the reason the date is fixed as July 1, 1939, is because at this time in this country there is a great deal of property which is in imminent danger of being foreclosed under mortgages. The committee felt it necessary to stop these foreclosures in order to reestablish confidence and protect this property, much of which is in process of construction. This is the reason the time was fixed at July 1, 1939. The committee considered it very carefully and were unanimous, so far as I know, in fixing the date.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I move that all debate on this amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

The Clerk read as follows:

SEC. 6. Section 203 (b) (1) of such act is amended to read as follows:

"(1) Be held by a mortgagee approved by the Administrator as responsible and able to service the mortgage properly."

SEC. 7. Section 203 (b) (2) of such act is amended to read as follows:

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount—

"(A) not to exceed $16,000 and not to exceed 80 percent of the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling or dwellings designed principally for residential use for not more

than four families in the aggregate, irrespective of whether such dwelling or dwellings have a party wall or are otherwise physically connected with another dwelling or dwellings, or

"(B) not to exceed $5,400 and not to exceed 90 percent of the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling designed principally for a single-family residence the construction of which (i) is begun after the date of enactment of the National Housing Act amendments of 1937 and which is approved for mortgage insurance prior to the beginning of construction, or (ii) the construction of which was begun after January 1, 1937, and before the date of enactment of such act, and which has not been sold or occupied since completion: *Provided*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 percent of the appraised value in cash or its equivalent, or

"(C) (i) not to exceed $8,600 in respect of a property which complies with the conditions set forth in paragraph (B) above except as to the amount of the principal obligation, and which has an appraised value (as of the date the mortgage is accepted for insurance) in excess of $6,000 but not in excess of $10,000, and (ii) not to exceed 90 percent of $6,000 of such value plus 80 percent of the balance of such value."

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Page 4, section 7, in line 7, strike out $5,400 and insert in lieu thereof the words and figures "$4,500 to $7,200, depending on and varying with the size of the town or city and the prevailing cost of providing homes for persons of low or moderate wage income, to be prescribed in rules and regulations by the Administrator."

Mr. LUCE. Mr. Chairman, I make this motion purely in order that the RECORD may show what the suggestion of the building and loan association was in this matter.

Mr. Chairman, I ask unanimous consent to withdraw the amendment. It was in part met by the action of the committee in adopting another amendment, but there is still another consideration.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: On page 5, line 6, after the period, following the word "value", add the following language: "In all cases where mortgage insurance is applied for in an amount in excess of 80 percent of the appraised value of the property the applicant shall submit an agreement in form satisfactory to the Administrator, executed by the building contractor, a building-material dealer, real-estate developer, or any other person, firm, or corporation immediately profiting from such building transaction, effectively binding such person, firm, or corporation to cosign or endorse such loan over and above 75 percent of the original appraised value, and binding such person, firm, or corporation to deposit in cash or securities acceptable to the Administrator and approved by the mortgagee an amount equivalent to 5 percent of such loan with the approved mortgagee to secure such agreement, and final mortgage insurance shall not be granted in such cases until there has been compliance satisfactory to the Administrator."

Mr. CRAWFORD. Mr. Chairman, this section deals with the matter of the advancing of 90 percent of the appraised value in the way of insured loans to the man who wants to build a home. The amendment has been suggested by the League of Building & Loan Associations, and it comes directly from the experience in Great Britain where in their housing acts they require the contractors and the builders to go along and help carry some of this risk.

The crude diagram I have placed on this blackboard illustrates what would have happened the last 12 years on the basis of a $6,600 house, meaning to say a house that could have been built in 1925 for $6,000 would cost you about $6,600 to build today.

You start out with your 90-percent proposition as set forth in this bill over a 20-year period. Paying your loan of $6,000 within the 20 years, this line here [indicating on chart] indicates the diminishing amount of the principal as you make your payments. The shaded area shows the equity which that mortgagor would have in his home as he moved along from time to time. The striped area represents the market value of the house, while this line running up this way represents the price it would cost to replace the property. So, as your market declines, the equity is wiped out, as indicated by the shaded area.

At this point, or roughly in 1929, his equity would have disappeared entirely because the market price of his home dropped to such an extent. When you get over to the period 1934 to 1936, we will stay, his equity comes back into the picture because of the increased market value of real estate and cost of material and labor entering into the building of a home.

What will be the situation under this bill when you advance as much as 90 percent and the owner of the home goes along and pays for 2, 3, or 4 years, then runs into a real-estate depression? He finds his equity is greatly diminished and the market value of his home is way below the amount still owing on the mortgage. There is only one answer and that is that thousands of people operating under this kind of a program will desert their homes and they will then become the property of the Federal Housing Administration. Remember I am talking from Britain's experience after which we have very largely copied our entire Federal housing program.

This chart is prepared by the Real Estate Analist, an absolutely unbiased publication. They are not real-estate operators or owners. They put out only real-estate facts. This illustrates, as I said, what would happen on a 90-percent loan over a 20-year period with your erratic fluctuations in market values and the fluctuations in the cost of replacing homes.

Mr. Chairman, I ask that the amendment be agreed to, and thereby have those who profit most out of this program participate in carrying the great risk until there has been paid on the obligation a sufficient amount to give a reasonably safe margin to the Federal Housing Administration. This is fair and in line with thoroughly sound financing principles as have already been demonstrated by experience in the British Isles. Without this amendment, those who supply and build will be able to take out of the deal 100 percent of their pay, profit and have no risk whatsoever. To permit such a situation is entirely unfair to all other parties concerned and especially the taxpayers of the Nation who make contributions to the Federal Treasury with which to absorb these losses.

Mr. STEAGALL. Mr. Chairman, I do not think any member of the committee would seriously deny that this amendment, if adopted, would destroy the effective operation of the most desirable provisions of this bill, the object of which is the encouragement of the construction of homes at small cost by people of small means.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

The amendment was rejected.

Mr. ELLENBOGEN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. ELLENBOGEN: Page 3, line 18, strike out all of lines 18 to 25, inclusive, all of page 4, and lines 1 to 6, inclusive, page 5.

Mr. STEAGALL. Mr. Chairman, I ask that all debate on this section close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. WOLCOTT. Mr. Chairman, I object.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

Mr. ELLENBOGEN. Mr. Chairman, I do not yield for that purpose.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. ELLENBOGEN] has been recognized for 5 minutes.

STRIKE OUT SECTION 7 AND LIMIT INSURANCE OF MORTGAGES TO 80 PERCENT OF APPRAISED VALUE OF HOME

Mr. ELLENBOGEN. Mr. Chairman, the amendment which I have offered strikes out all of section 7, thereby reinstating the original Federal Housing Act as we passed it in 1934.

Section 7 of this bill provides for insurance of homes up to 90 percent of the appraised value. This, I think, is unsound. Insurance up to 90 percent of the appraised value is an unsound financial transaction. The appraised value of a home depends on the individual opinion of the appraiser and naturally fluctuates from time to time. During the past few years the appraised value has generally exceeded the market value; at any rate, it has exceeded the price which one could receive for the dwelling on the open market.

A MORTGAGE UP TO 90 PERCENT FORCES ALMOST INSTANTANEOUS FORECLOSURE IN CASE OF DEFAULT

If a mortgage up to 90 percent is placed, it means that if the home owner defaults in the payment of only a few monthly installments the mortgagee will be forced to foreclose in order to save his investment, because to the 90-percent mortgage must be added payments for taxes in arrears, insurance, foreclosure costs, and other expenses, which total far more than the remaining 10 percent. This necessarily will result in the acceleration of foreclosures. It will deprive thousands and thousands of home owners of the 10-percent investment, which often constitutes their only savings and which they have put into the transaction.

THE BEST OPINION SUPPORTS ME IN INSISTING THAT WE LIMIT MORTGAGES TO 80 PERCENT OF THE VALUE

Mr. Chairman, I am not alone in my opposition to section 7. I am not alone in insisting that mortgages for more than 80 percent of the value of a home are unsound. Many of the leading industrialists and financiers of this country, men of experience and ability, insist that this is an unsound proposition.

THE HOME OWNER WILL LOSE HIS INVESTMENT; THE SPECULATIVE BUILDER WILL BE PROTECTED BY GOVERNMENT BONDS, AND THE GOVERNMENT WILL HAVE TO STAND THE LOSS

Under the National Housing Act of 1934 the Federal Housing Administration, a Government institution, insures mortgages on homes up to 80 percent of the appraised value. It is proposed in the pending bill to increase this insurance to 90 percent of the appraised value. The pending proposal does not help the prospective home owner. It lures him into building a home when he does not have sufficient resources and when the probability is that he will quickly lose his original investment. It encourages speculative builders to build homes, unload them on innocent victims, and take a Government insured mortgage.

The speculative builder cannot lose in this proposition because he is protected by the Government insurance. If the mortgage is defaulted, he receives 3-percent bonds guaranteed by the Government for his investment. He cannot lose, but the Government can and will lose. The Government will suffer great losses without helping the home owner.

The result of this whole proposal will be that the prospective home owner will invest 10 percent which he will lose, and the speculative builder will receive his profit and his investment in the form of Government bonds. The Government, however, will be left holding the bag and will be forced to take over the property for the Government-guaranteed mortgage which, together with foreclosure and other expenses will exceed the value of the home.

To put this in another way: The financial institution which places the 90 percent mortgage takes no risk, because the Government insures the mortgage. When the mortgage is foreclosed, the Government returns to the private investor or to the financial institution 100 percent of the amount of the mortgage, plus any sum he may have paid out for taxes or insurance on the property.

Section 7 plays the home owner and the Government for suckers. If this section is allowed to remain in the bill, it will cost the Government millions and millions of dollars and will accelerate the foreclosure of thousands and thousands of homes.

I am proposing an amendment in the interest of the home owner and in the interest of sound financing. I plead with you to adopt this amendment.

Mr. CASEY of Massachusetts. If the gentleman will yield, if the amendment of the gentleman is adopted, what percentage will prevail?

Mr. ELLENBOGEN. If this amendment is adopted, the same situation will prevail as now exists, which is insurance up to 80 percent of the value of the home.

In most of the States it takes many months, in some of them more than 18 months, to foreclose. The interest which accumulates on the indebtedness during the process of foreclosure will in most cases far exceed the remaining 10 percent. On any home which has to be foreclosed the Government will have to take a terrific loss.

By placing mortgages up to 90 percent we force speedy foreclosures and deprive people who have little money of their small investment. By passing unsound legislation we take their money and shatter their dream of owning a little home. [Applause.]

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. ELLENBOGEN. I yield to the gentleman from Indiana.

Mr. PETTENGILL. The gentleman's argument is that this provision makes it impossible for a creditor to be lenient to his debtor when the debtor has lost his job?

Mr. ELLENBOGEN. You are absolutely right.

Mr. PETTENGILL. This provision will accelerate reaching the depth of the next depression.

Mr. ELLENBOGEN. Precisely. It compels a creditor, even if he is lenient, to foreclose quickly because there is practically no equity whatever in the home.

[Here the gavel fell.]

Mr. WOLCOTT rose.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this amendment do now close.

The CHAIRMAN. The question is on the motion of the gentleman from Alabama [Mr. STEAGALL].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 66, noes 44.

Mr. WOLCOTT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. STEAGALL and Mr. WOLCOTT.

The Committee again divided; and the tellers reported that there were—ayes 80, noes 40.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from Pennsylvania [Mr. ELLENBOGEN].

Mr. RICH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RICH. Mr. Chairman, when a chairman in charge of a bill tries to close debate in Committee of the Whole, is it not possible for a member of the committee having the bill in charge to have the privilege of the floor?

The CHAIRMAN. A motion was made to close debate, and the motion was in order.

Mr. RICH. I appreciate that, but a member of the Committee on Banking and Currency was trying to address the Chair.

The CHAIRMAN. The Chair may state that a motion of the character made by the chairman of the committee is not debatable.

Mr. RICH. It seems to me the courtesy of the House requires that a member of the committee at least have the privilege of addressing the Chair.

Mr. WOLCOTT. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. WOLCOTT moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. ELLENBOGEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Michigan yield for a parliamentary inquiry?

Mr. WOLCOTT. I do not yield for that purpose, Mr. Chairman.

Mr. ELLENBOGEN. Mr. Chairman, I make the point of order that the Chair had already put my amendment to a vote when the gentleman from Michigan offered his amendment. I believe a vote cannot be interrupted by the offer of a motion.

The CHAIRMAN. The Chair may say to the gentleman from Pennsylvania that the motion offered by the gentleman from Michigan is a preferential motion.

Mr. ELLENBOGEN. Yes; but the Chair had already put the question on my amendment.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes.

Mr. WOLCOTT. Mr. Chairman, this is but a fair example of what happened in the Committee on Banking and Currency during the consideration of this bill. I believe, therefore, that the minority is justified in protecting its stand in all fair and legal parliamentary ways. The only manner in which I could get an opportunity to speak on this amendment was by moving to strike out the enacting clause. I may say to the gentleman from Alabama, the chairman of the committee, and to the other members of the majority, that we have several motions to strike out the enacting clause, and we will offer them, if it becomes necessary, so our side of this question may be thoroughly considered.

I stated in general debate that this particular section was obnoxious because it would dry up credit which might otherwise be available for investment in homes. I am pleased the gentleman from Pennsylvania [Mr. ELLENBOGEN] feels as we do in this respect. The gentleman from Pennsylvania has been before our committee on numerous occasions in the past 3 or 4 years, to my knowledge, and has given deep and conscientious study to the housing question. He is in position to know as well if not better than any member of the Committee on Banking and Currency the effect this particular section will have upon home financing.

I agree with the gentleman because I conscientiously feel that the point taken by the financial institutions that this might result in the drying up of credit is well taken. We have been told repeatedly this is what is going to happen, and it will happen. There is no question about it. It will destroy the market for resales as well and thereby demoralize your entire real-estate market.

Mr. Chairman, it may be expecting too much that we be given an opportunity to present our views as we go through this bill, but I am going to make an honest and conscientious request that you understand the bill and know what you are doing. Please do this. For the sake of the people in your districts that want to build homes, please, for their sake, if not to maintain your own intellectual integrity, understand what you are doing. This bill will not only destroy the market for resales but it will destroy the market for any investment in real estate, because we build up a psychology against real-estate investment which makes it impracticable for any man to invest in real estate, even to the extent of building a home, because if he does not feel he is going to get the money out of his home by the establishment and maintenance of a market for that home by the Federal Government, then he is not going to invest. He is going to continue to rent as long as he finds it economically advisable to rent instead of build.

Mr. STEAGALL. Mr. Chairman, in order that Members who may not have been on the floor at the moment may understand what took place, I may say that the gentleman from Pennsylvania [Mr. ELLENBOGEN] offered an amendment, which he was permitted to discuss under the rules, and upon which I moved a vote without giving anybody an opportunity to answer his argument or to oppose his amendment. This is how unfair we were. If we were unfair, we were unfair to the opponents of that amendment, and the amendment did not come from the minority side, as the Members may have been led to believe by the gentleman who has just taken his seat, and who proceeded to discuss the amendment, upon which debate had been closed by a vote of the Committee.

Mr. Chairman, I move that all debate on the pending amendment——

Mr. MICHENER. Mr. Chairman, I make a point of order against that motion.

The CHAIRMAN. The Chair would rule that the proper procedure is to pass first upon the motion of the gentleman from Michigan [Mr. WOLCOTT] that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. LUCE. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman from Massachusetts rise?

Mr. LUCE. I rise in opposition to the motion.

The CHAIRMAN. The gentleman from Alabama has been recognized for 5 minutes in opposition to the motion.

Mr. LUCE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LUCE. Mr. Chairman, the gentleman from Alabama, upon taking the floor, made no motion. Was the gentleman in order?

The CHAIRMAN. The gentleman from Alabama, the Chair takes it, rose in opposition to the motion of the gentleman from Michigan.

Mr. LUCE. Mr. Chairman, may the Chair make a supposition to that effect?

The CHAIRMAN. The Chair believes the Chair had the right to recognize the gentleman from Alabama for that purpose, and the Chair will state there is only 10 minutes of debate permitted on a motion of this character, 5 minutes for and 5 minutes against.

Mr. LUCE. I am pointing out that, so far as I know, parliamentary law does not permit a Member to address the House unless he has been recognized by the Speaker as a result of some form of motion.

The CHAIRMAN. The question is on the motion offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 29, noes 102.

So the motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

Mr. ELLENBOGEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ELLENBOGEN. Is it not a fact that the amendment now before the Committee would limit the insurance to 80 percent instead of 90 percent?

The CHAIRMAN. The Chair has no knowledge of that.

The question was taken; and on a division (demanded by Mr. ELLENBOGEN) there were—ayes 67, noes 90.

So the amendment was rejected.

Mr. LORD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LORD: Page 4, line 9, after the word "property", insert "including farms", and in line 11, after "residence", insert "or a barn."

Mr. ELLENBOGEN. Mr. Chairman, I make the point of order that that amendment is not germane to the bill.

Mr. LORD. Mr. Chairman, I do not yield to the gentleman. I was recognized before the gentleman made the point of order. I do not yield. During this week I received——

Mr. ELLENBOGEN. Mr. Chairman, I desire to be heard upon the point of order.

Mr. LORD. Mr. Chairman, I do not yield for that purpose.

The CHAIRMAN. The gentleman from New York will suspend. Does the gentleman from Pennsylvania reserve the point of order?

Mr. ELLENBOGEN. I make the point of order that the amendment is not germane to the bill, and therefore is not in order.

Mr. LORD. Mr. Chairman, this is to help the poor people that the gentleman from Pennsylvania is always so solicitous about. I hope he will give me time to speak on this.

Mr. ELLENBOGEN. Mr. Chairman, I reserve the point of order.

Mr. LORD. Mr. Chairman, during the week I received from a farmer in my district notice that his barn had burned, and that they used the insurance money to pay off the mortgage on the farm. He asked me to try to secure from some Government agency funds to build him a new

barn. I went to every Government agency that helps building, but there is none that takes care of the construction of barns.

This bill will provide funds to build homes, but with only a home on a farm and no barn, the farmer cannot make a living. I ask this simple amendment on this bill, that we also include a barn as well as a house.

This special session of Congress was called by the Chief Executive to pass legislation to help the farmer. The farm bill that has been passed will not help, but on the contrary will injure the dairy farmer. Here is a measure that will really help farmers without means, but it receives little or no consideration from the majority party.

The amendment was defeated.

The CHAIRMAN. Does the gentleman from Pennsylvania insist upon his point of order?

Mr. ELLENBOGEN. Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The question is on the amendment of the gentleman from New York.

The question was taken; and on a division (demanded by Mr. LORD) there were—ayes 29, noes 78.

So the amendment was rejected.

Mr. PALMISANO. Mr. Chairman, I move to strike out the last word. I am sorry that the members of the committee have refused to adopt the Ellenbogen amendment. I have had 28 years' experience in building and loan associations, and I say to the Members of this House that if you make a loan of 90 percent, then the Government will buy every home that it will finance to the extent of 90 percent. Take as an illustration a mortgage on a $3,000 home, and an advancement of $300. The foreclosure proceedings will cost more than $300, and the minute a man loses his home, or does not like it for some reason or other, the Government will buy that home. Go into the Home Owners' Loan Corporation, and you will see they have purchased every home they have foreclosed.

Mr. RABAUT. Why does it cost $300 to foreclose such a mortgage as that?

Mr. PALMISANO. Advertising and cost and commission. Take it in Baltimore City. The commission is 9 percent on the first $300, and on the second $300 it is 8 percent, and when you get up to $3,000 it is approximately $165 for the commission. Then you have $50 of court costs, and you have 2½ percent commission for the auctioneer's fees, and then the auditor's report, and it is always $300. I ask any attorney who has had experience in real estate or in foreclosure proceedings to stand and say that the expense of a foreclosure proceeding is not $300 on a $3,000 proposition.

Mr. WILLIAMS. And under this bill who pays that?

Mr. PALMISANO. The Government will eventually pay, because they have to take over the property.

Mr. WILLIAMS. That is where the gentleman is wrong, because the mortgagee has to pay it.

Mr. PALMISANO. How are you going to get anything out of the mortgagee when he has not anything?

Mr. WILLIAMS. The mortgagee is the bank, the insurance company, or the building and loan association.

Mr. PALMISANO. Then you will not have any loans.

Mr. WILLIAMS. The gentleman must admit that under this bill they are the ones that will pay.

Mr. PALMISANO. I say to the gentleman that no bank will sign a mortgage or pay in advance 10 percent if they are responsible.

Mr. WILLIAMS. Then nobody is hurt.

Mr. PALMISANO. And you will not get anywhere.

Mr. McGRANERY. Mr. Chairman, I move to strike out the last word. We have heard a great deal of discussion here with respect to whether or not a 90-percent loan on a $6,000 home is a safe, sound investment, whether or not the banks will take it, whether or not private capital will come in. I say to you that each and every person who testified before the committee, including Mr. Jones, of the R. F. C.; Mr. Eccles, of the Federal Reserve; Mr. Fleming, the president of the American Bankers' Association, and what not, failed to say that this was an unsound and unsafe investment. But, on the contrary, both Governor Eccles and Mr. Jones stated that they considered them sound investments and necessary to carry out the purpose of this bill.

I would like to read for the benefit of the House the testimony of Mr. McClatchy, who is director of the Home Builders' Association of Philadelphia and Suburbs:

> Before reading the statement which we have prepared, which will be very brief, listening to the discussion here the last day or two, I wanted to make in a very brief way a contribution to this discussion, which is the result of a long experience. I have been in this business since 1888. I do not look it, but I have, and I have built as many as 800 or 900 small homes a year. Our business has been exclusively the building of small homes. As a matter of actual experience, I can tell you that up until 1929, with the thousands of homes we built, I do not believe we had 100 foreclosures, and they were all sold on a 10-percent down payment.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. McGRANERY. I yield.

Mr. SHORT. But he is a builder who wants that done. The gentleman cannot name a single individual or a private loan association or a bank in this country that would be willing to advance to the extent of 90 percent of the appraised value, for the construction of any kind of a building.

Mr. McGRANERY. Nearly all of the houses that were built in the twenties were built on a 90-percent basis.

Mr. SHORT. I do not question the gentleman's honesty, but I do question the accuracy of his statement.

Mr. FORD of California. Mr. Chairman, will the gentleman yield?

Mr. McGRANERY. I yield.

Mr. FORD of California. We had that same discussion when the original Federal Housing Administration bill was being considered, and everybody said that nobody would loan 80 percent. Everybody who came before that committee said "no"; and yet we did over a billion dollars worth of business under it.

Mr. STEAGALL. A billion and a half.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. McClatchy is director of the Home Builders Association of Philadelphia and suburbs. He is a builder. Here is the attitude of the president of another building association. The building supply people want to sell building supplies and it is only natural that they want to do everything possible to encourage home building, the same as every member of Congress wants to do everything he can to encourage home building. But all of the building supply people recognize that they cannot sell their supplies unless the person who desires to build a home can get credit from a financial institution. The attitude of the building supply people is expressed pretty well in a statement made by Mr. Vernon M. Hawkins, president of the Hawkins Lumber Co. of Boston, Mass., in which he says:

> I was interested, gentlemen, in hearing what the bankers had to say about their interest. I think that is a secondary consideration.

Of course, the interest which the bankers have is a secondary consideration to a man selling lumber and plaster and cement and other building supplies; but, unfortunately in this set-up, whether that man sells his building supplies depends largely upon the attractiveness of the loan to the banker who is furnishing the money with which to purchase the building supplies. Then he says:

> Then after we put in about 15 or 20 percent of the value of that house, they want us to endorse their note.

Under the F. H. A. I have not heard of any building supply man coming in and offering to put in 15 or 20 percent of the value of any house for which he has sold supplies. If he would do so and endorse the paper until it was paid down to 75 or 80 percent, we would have one of the biggest building booms in this country that you have ever seen.

He says further:

> We do not have to ask them to do that. We can get the money through the F. H. A. without it.

Now, gentlemen, you do not get any money from the F. H. A., and here is a man testifying as an expert, representing the building supply dealers of the New England States or the Boston district, who did not know that the F. H. A. was not a loaning institution. So we cannot get very much enlightenment from such a gentleman as that.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HOOK. Is it not a fact that when the 80-percent loans were made in that act, until the act was sold to the bankers they refused to loan; but after it was sold to them they were very anxious to loan, and there was very, very little, if any, money lost under that proceeding?

Mr. WOLCOTT. The brokers went out and made their market. As I set forth in my argument, they had a terrible time selling some of the banks on taking 80-percent loans. Mr. Eccles says some of them will not take it now. The reason they will not is because of this differential. We are not helping that situation at all by making these loans 90 percent. But the reason they will not is because there is just about as much yield to them in a good Government bond as there is in an insured mortgage when you consider the risk they take. Now, they are bankers. You have provided by law a situation where the man who wants to build a home is completely at their mercy, and now you turn around and dare them, at the same time your President is asking cooperation. To me it is an unfortunate paradox.

Mr. MOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOTT: On page 4, line 9, after the word "property", insert a comma and the words "urban or rural."

Mr. MOTT. Mr. Chairman, although it seems to be the general impression of the committee that mortgages for the construction of new dwellings may be insured on rural as well as on urban property, I am not able to find any language in the bill which provides for it. True, there is no language in the bill which directly prohibits it either, but, if you will recall, the original act, of which this one is amendatory, was also silent upon this matter. The Administrator, under the original National Housing Act, made rules and regulations which excluded rural property from the benefit of this mortgage insurance, although the language of that act did not exclude it.

As we all know, the tendency today is to build dwelling houses in the country instead of in the corporate limits of towns. This custom is becoming more prevalent. Many people like to build their houses in the country on account of the added benefit and pleasure they get from a rural location. They build the same type of dwelling in the country that is built in towns. Rural homes should be specifically made eligible for loans in this bill, and that is the purpose of the amendment.

If it be true, as some gentlemen think, that the bill already allows mortgages to be insured on rural property then the amendment can do no harm. If there is any question about it, and my study of the bill convinces me that there is, then the amendment will do a great deal of good.

I have had a number of inquiries from people who want to build houses in the country. They inquire whether the new bill would give them the right to have their mortgages upon that rural property insured. Unless the bill is amended I tnink it will not give them that right. I feel that the amendment is a meritorious one. It covers a matter that is desired by a great many people. The amendment is necessary if these people are to be given the consideration to which they are entitled, and it should be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon.

The question was taken; and on a division (demanded by Mr. MOTT) there were—ayes 61, noes 58.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 8. Section 203 (b) (3) of such act is amended to read as follows:

"(3) Have a maturity satisfactory to the Administrator, but not to exceed 20 years from the date of the insurance of the mortgage."

SEC. 9. (a) The first sentence of section 203 (c) of title II is amended to read as follows: "The Administrator is authorized to fix a premium charge for the insurance of mortgages under this section which in no case shall be less than an amount equivalent to one-half of 1 percent per annum nor more than an amount equivalent to 1 percent per annum of the amount of the principal obligation outstanding at any time, without taking into account delinquent payments or prepayments, except that as to mortgages described in paragraph (B) of section 203 (b) (2) and accepted for insurance prior to July 1, 1939, the premium charge may be one-fourth of 1 percent per annum on such outstanding principal. Such premiums shall be payable by the mortgagee either in cash or debentures issued by the Administrator under this title, at par plus accrued interest, in such manner as may be prescribed by the Administrator: *Provided*, That the Administrator may require the payment of one or more such premiums at the time the mortgage is insured at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage."

(b) The last sentence of such section is amended to read as follows: "In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date specified in the mortgage, the Administrator is further authorized in his discretion to require the payment by the mortgagee of a premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this section until such maturity date; and in the event that the principal obligation is paid in full as herein set forth and a mortgage on the same property is accepted for insurance at the time of such payment, the Administrator is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned annual mortgage-insurance premium theretofore paid."

Mr. GIFFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GIFFORD: On page 6, after line 25, insert the following new section:

"SEC. 9a. Subsecion (d) of section 203 of title II of the National Housing Act is amended to read as follows:

"'(d) The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this section. Such rules and regulations shall prescribe the interest rate, the insurance rate and the fees or other charges for commission, brokerage, initial service charge, appraisal, title, and any other fee or charge permitted by such rules and regulations to be made against the mortgagor by Federal Housing Administration, the approved mortgagee, or any other person, firm, or corporation. Upon the closing of each insured mortgage or mortgage upon which application for insurance is to be made a full and clear statement of the interest, insurance, service, commission, brokerage, repayment penalty, fees, and any other charges paid or to be paid by the mortgagor shall be prepared and signed by the mortgagee and furnished to the mortgagor, and a signed copy of the same shall be furnished to Federal Housing Administration with the final application for mortgage insurance. 'The interest rate on insured mortgages shall not be published without publication of the total cost to the borrower of such insured mortgage by a statement of the total effective cost of the money to the borrower, including all items, or by a statement of such items.'"

Mr. GIFFORD. Mr. Chairman, in spite of being lengthy this amendment is extremely simple. The Reconstruction Finance Corporation has furnished the Federal Housing Administration about $51,000,000, largely for advertising—ballyhoo, some call it. The insurance fund is only about $6,000,000. We furnish, I think, $5,000,000 from the Treasury and allow them to use $5,000,000 from the insurance fund for their expenses.

All this amendment does is to help the building-and-loan associations meet that sort of advertising, which portrays an interest rate of only 5 percent when the expense is really 6.4 and higher for interest, insurance services, and other expenses. All this amendment seeks is that the borrower be fully informed, which will greatly lessen the competition. It is very simple. I hope you will vote for it.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. WHITE of Ohio. The Government has recently been raising hob with automobile companies because they did not separate the actual cost of interest in their financing of automobiles from the cost of extra service charges. Is not this true?

Mr. GIFFORD. I thank the gentleman for his contribution. Undoubtedly it is true.

Mr. WHITE of Ohio. If it be true that the Government has been raising hob about the financing of automobiles why should the same principle not apply in this instance?

Mr. GIFFORD. It should.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. GIFFORD) there were—ayes 26, noes 78.

So the amendment was rejected.

Mr. CRAWFORD. Mr. Chairman, so as to get the opinion of the chairman of the Committee on Banking and Currency, I ask unanimous consent to return to page 3, line 24, and to page 4, line 25, to see whether or not the two amendments I sent to the desk are necessary as perfecting amendments as a result of the adoption of the amendment offered by the gentleman from Oregon.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. STEAGALL. I do not see the necessity for it.

Mr. CRAWFORD. The gentleman has not heard the amendments read.

Mr. STEAGALL. I cannot conceive of anything that is necessary to meet it.

Mr. CRAWFORD. If it is not necessary, then, Mr. Chairman, I ask unanimous consent to withdraw these amendments for I do not want to delay the consideration of the bill.

The CHAIRMAN. Without objection the amendments will be withdrawn.

There was no objection.

Mr. DEMUTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DEMUTH: On page 5, line 15, after the word "be", strike out the word "less" and insert the word "more"; and strike out on line 17 the words "nor more than an amount equivalent to 1 percent per annum."

Mr. DEMUTH. Mr. Chairman, at this time I wish to evaluate the insurance that the Government is selling now to the mortgagors by charging them one-half of 1 percent and in some cases 1 percent insurance premium.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. DEMUTH. I yield.

Mr. WOLCOTT. I went to correct the gentleman. He said the insurance was sold to the mortgagor. The insurance is sold to the mortgagee.

Mr. DEMUTH. The mortgagor pays the insurance premium to the Government under the terms of the act. If a mortgagor defaults within 1 year the mortgagee is compelled to foreclose on the property on the home. Under the administration of the act the home owner is compelled to keep his taxes paid 1 year in advance. In addition the owner of the property is compelled to keep his fire insurance at all times 3 years in advance by including in each monthly payment a charge for fire insurance.

So in the case of a foreclosure the mortgagee can only suffer the bare cost of the foreclosure, which as has been stated may vary anywhere from two to three hundred dollars, while in turn he has insured the full amount of the mortgage and is paid all interest from the date of the mortgage.

How much can the Government lose? The Government can only lose the amount of the payment of interest for 1 year. For instance, on a $5,000 mortgage the Government would be compelled to pay the bank five times 3 percent, or $150 interest. While paying that $150 interest over a period of 5 years, the Government would charge $1,250 that it would collect from 10 home owners during that period of time and the Government could not lose more than $250 in that time, provided 1 in 10 homes were foreclosed. You can see that the Government is getting plenty of premium for the risk; in fact, it is getting and charging an excessive premium for the risk it is assuming in connection with these homes. This amendment I have offered to give justice to and relieve the small home owner of an excessive premium charge. What the Administration aims to do is to let the insurance fund accumulate as a mutual fund to the credit of the home owner so that during the last 2 or 3 years the mortgagee would not have anything to pay on principal or interest. However, the first 4 or 5 years are the toughest for the man who builds a home because during that time there are various things he has to buy for his home.

The experience of the F. H. A. on their mortgages to date shows a loss of one-tenth of 1 percent ample charge for this insurance premium.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. DEMUTH].

The amendment was rejected.

Mr. WOLCOTT. The Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 5, line 12, strike out all of section 9.

Mr. WOLCOTT. Mr. Chairman, I desire to place particular emphasis on the necessity for striking out this section. This section will have much to do with breaking down the confidence that lending institutions have in the adequacy of the mutual mortgage fund which protects them against loss.

It will be recalled that I cited some figures in general debate which showed that the Federal Housing Administration had insured $1,329,000,000 of loans. About $531,000,000 of these loans were under title I and the balance were under title II. My figures showed further that we had accumulated as a reserve against this contingent liability between six and seven million dollars which, of course, is wholly out of proportion to the contingent liability. In this paragraph after increasing the risk in the preceding section, we decrease the premium charge; an analogy is an 80-year-old man may get life insurance for a lower premium than a 20-year-old man can get insurance on their respective lives, which I think is a foolish philosophy.

I have listened with a great deal of attention to the gentleman from Pennsylvania in reference to his advocacy of whether this mutual mortgage fund is sufficient, and whether the premiums are sufficient to create a sufficiently large reserve against this contingent liability. Unfortunately, I have been unable to obtain the amount of reserves that are required by life insurance companies, I believe they are regulated by State law. Perhaps that is not material, but the point I want to make is that the banks will no longer have confidence in the mutual insurance fund to pay them any losses which may be sustained. Therefore, if we pass this we might as well do away with the fund because we only have $6,000,000 against a contingent liability of $1,329,000,000 and it has cost us $51,000,000 to collect the $6,000,000. This situation cannot long continue, because the $6,000,000 which they now have will in a very short time be eaten up by administration costs. We might as well admit, if we reduce this premium, the Government itself is going to pay the premium into this insurance fund by which the lending institutions may be insured against loss, virtually a subsidy, which I do not think you want to recognize.

[Here the gavel fell.]

Mr. FARLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there has been considerable said up to this time about how careless we were of the interests of some of the members of the committee. I hold in my hand here a copy of the hearings, which consist of approximately 300 pages. Everyone had a good opportunity to be heard. We are going over some of the things today that we went over in committee.

May I call attention to one thing further? Something has been said about how hard it is to make money on this type of business, and how the Government is going to lose money,

and how financial people feel toward this measure. Mr. Fleming, president of the Riggs National Bank in the city of Washington, D. C., stated before the committee that his institution had lent two and one-fourth million dollars on this type of security and, in answer to a question by the chairman of the Banking and Currency Committee, stated they had not had a single default; so it must not be such very bad business or very bad security.

Mr. Chairman, as much as I respect my good friend from Michigan and the other members of the committee who have risen in opposition to some of these proposals, may I say, if we adopt his amendment to strike out section 9, we might as well strike out the enacting clause, because it will ruin the bill. I would like to see the amendment overwhelmingly voted down.

Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 19, noes 82.

So the amendment was rejected.

The Clerk read as follows:

SEC. 10. Section 204 (a) of such act is amended to read as follows:

"SEC. 204. (a) (1) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, have otherwise acquired such property from the mortgagor after default, the mortgagee, upon (A) the prompt conveyance to the Administrator of such title to the property as meets the requirements of rules and regulations of the Administrator in force at the time the mortgage was insured and evidenced in such manner as may be prescribed by such rules and regulations, and (B) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Administrator, shall be entitled to receive the benefit of the insurance as hereinafter provided. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Administrator shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage as hereinafter defined and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the original principal of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or the acquisition of the property otherwise after default, the amount of all payments which have been made by the mortgagee for taxes, special assessments, and water rates which are liens prior to the mortgage, insurance on the property mortgaged and any mortgage insurance premiums paid after the institution of foreclosure proceedings or the acquisition of the property otherwise after default and by deducting from such total any net amount received on account of the mortgage after the institution of foreclosure proceedings or the acquisition of the property otherwise after default and from any source relating to the property on account of rent or other income after deducting reasonable expenses incurred in handling the property between such dates: *Provided*, That with respect to mortgages which are accepted for insurance prior to July 1, 1939, under section 203 (b) (2) (B) of this act, as amended, and which are foreclosed before there shall have been paid on account of the principal a sum equal to 10 percent of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Administrator, on account of foreclosure costs actually paid by the mortgagee and approved by the Administrator, an amount not in excess of 2 percent of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of $75.

"(2) The Administrator may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(3) Debentures issued under this section shall be in such form and denominations in multiples of $50 and subject to such terms and conditions and shall include such provisions for redemption as may be prescribed by the Administrator with the approval of the Secretary of the Treasury and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed $50, shall be adjusted by the payment by the Administrator of cash from the fund as to mortgages insured under section 203 and from the housing fund as to mortgages insured under section 210."

SEC. 11. Section 204 (b) of such act is amended to read as follows:

"(b) The debentures issued under this section to any mortgagee shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor and signed by the Administrator by either his written or engraved signature, and shall be negotiable. They shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Administrator at the time the mortgage was offered for insurance, but not to exceed 3 percent per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature 3 years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued. Such debentures as are issued in exchange for property covered by mortgages insured after the effective date of this amendment shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of the fund which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed as to principal and interest by the United States and such guaranty shall be expressed on the face of the debentures. In the event that the fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Mortgagees of mortgages accepted for insurance prior to this amendment shall be entitled to receive cash adjustments and debentures issued in accordance with this section as hereby amended."

Mr. EBERHARTER (interrupting the reading of the section). Mr. Chairman, I ask unanimous consent that the further reading of section 11 be dispensed with.

Mr. WOLCOTT. I object.

The Clerk concluded the reading of the section.

Mr. LORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LORD: On page 10, line 19, after the word "shall", insert "not." Line 19, after the word "exempted", strike out "both as to principal and interest." Line 20, strike out the word "all." After the word "taxation", strike out the balance of line 20, and in line 21 strike out the word "taxes."

Mr. LORD. Mr. Chairman, the effect of the amendment I am proposing is to cut out the language providing for exempting bonds from taxation. According to this bill, bonds issued in the operation of this bill would be exempt from taxation. We all know the President of the United States has stated many times this is one of the things we should not do. Really the curse of our Nation today is tax-exempt bonds. Men of means, of course, must buy the bonds. They have the money and should pay taxes on this income. The little home owner and the farmer who cannot afford to pay the interest are the ones who really pay the taxes. In my amendment I propose to cut out the word "exempt" and make the holders of these bonds pay interest the same as other individuals should pay.

I also have before the Judiciary Committee a resolution to provide that we may cut out all tax-exempt bonds and discontinue the practice throughout our Nation of exempting bonds from taxation. The people who are able to buy bonds should pay taxes. There will be a large saving to our Government through its being able to tax the income from all bonds.

I know there is little chance of getting this amendment adopted, and there is less of getting a resolution through Congress providing that there be no more exempt securities. However, this should be done and put all on an equal footing. I know that the Government believes they get a better rate of interest by selling securities exempt from taxes, but this is just one more place where the little taxpayer is getting the worst of the deal. If the bonds sell for less, tax free, then the Government is not being fair for the tax is saddled on the little home owner and the farmer.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LORD].

The amendment was rejected.

The Clerk read as follows:

SEC. 12. Section 204 (c) of such act is amended to read as follows:

"(c) The certificate of claim issued by the Administrator to any mortgagee shall be for such an amount as the Administrator determines to be sufficient to equal the difference between the aggregate face value of the debentures issued to the mortgagee plus the cash adjustment provided for in subsection (a) of this section and the amount which the mortgagee would have received if, at the time of the acquisition of the title by the mortgagee in accordance with subsection (a) of this section, all obligations of the mortgagor based on the mortgage indebtedness had been discharged in full, including a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Administrator. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 percent per annum which shall not be compounded. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (d) of this section."

SEC. 13. So much of the sentence as precedes the first colon in the first sentence of section 204 (d) of such act is amended to read as follows: "If the net amount realized from any property conveyed to the Administrator under this section and the claims assigned therewith, after deducting all expenses incurred by the Administrator in handling, dealing with, and disposing of such property and in collecting such claims, exceeds the face amount of the debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows."

SEC. 14. Section 204 (e) of such act is amended to read as follows:

"(e) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Administrator shall have power to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the Administrator shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Administrator as provided in this section: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any purchase or service on account of such property."

SEC. 15. Section 205 (a) of such act is amended to read as follows:

"SEC. 205. (a) Mortgages accepted for insurance under section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Premium charges, appraisal and other fees received for the insurance of any such mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Administrator in connection therewith and all earnings on the assets of the group account shall be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for property conveyed to the Administrator under section 204 in connection with mortgages insured under section 203, payments made or to be made to the mortgagee and the mortgagor as provided in said section, and expenses incurred in the handling of the property covered by the mortgage and in the collection of claims assigned to the Administrator in connection therewith, shall be charged to the account of the group to which such mortgage is assigned."

SEC. 16. The second sentence of section 205 (b) of such act is amended by inserting after the word "title" in such sentence the words "with respect to mortgages insured under section 203".

SEC. 17. Section 205 (c) of such act is amended to read as follows:

"(c) The Administrator shall terminate the insurance as to any group of mortgages (1) when he shall determine that the amounts to be distributed as hereinafter set forth to each mortgagee under an outstanding mortgage assigned to such group are sufficient to pay off the unpaid principal of each such mortgage, or (2) when all the outstanding mortgages in any group have been paid. Upon such termination the Administrator shall charge the group account with the estimated losses arising from transactions relating to that group, shall transfer to the general reinsurance account an amount equal to 10 percent of the total premium charges theretofore credited to such group account, and shall distribute to the mortgagees for the benefit and account of the mortgagors of the mortgages assigned to such group the balance remaining in such group in such proportions as may be equitable as among such mortgages and in accordance with sound actuarial and accounting practice."

SEC. 18. Section 205 (d) of such act is hereby repealed.

SEC. 19. Section 205 (e) of such act is amended to read as follows:

"(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account, or be subject to any liability arising out of the mutuality of the fund, and the determination of the Administrator as to the amount to be paid by him to any mortgagee or mortgagor shall be final and conclusive."

SEC. 20. Section 205 (f) of such act is amended to read as follows:

"(e) In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the Administrator in accordance with section 204, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof and the Administrator is given due notice of such payment, the obligation to pay the annual premium charge for insurance shall cease and all rights of the mortgagee and the mortgagor under section 204 shall terminate. Upon such termination the mortgagor shall be entitled to receive a share of the credit balance allocated to such mortgage under section 205 (a) in such amount as the Administrator shall determine to be equitable and not inconsistent with the solvency of the group account and of the fund."

Mr. CRAWFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: On page 16, line 15, after the period following the word "fund", add the following language: "Upon the joint request of the mortgagor and the mortgagee made to the Administrator in writing the mortgage insurance with respect to such mortgagee and such mortgagor shall terminate and the obligation to pay the annual insurance premium charge shall cease and all rights of the mortgagor and the mortgagee under sections 204 and 205 shall terminate."

Mr. CRAWFORD. Mr. Chairman, the purpose of this amendment is to enable the mortgagor and the mortgagee, when they desire to do so, to withdraw from participation in the payment of premiums insuring the loans. In other words, this bill sets up an insurance plan for the benefit of the mortgagee and the mortgagor, so that if a loss occurs the mortgagee will be protected. If both parties to the transaction desire to withdraw entirely from participation in the Federal program and not continue to pay insurance premiums, because there will be no further liability on the part of the Government, this amendment, if adopted, will enable them to take such risk entirely out of the hands of the Government and go along in their own way. When the Government is relieved of the risk the mortgagor should not have to make further insurance premium payments.

If you have insurance with an insurance company and desire to cancel the policy, at the time you relieve the insurance company of the risk you can always get a cancelation on a pro rata or a short-term basis, one or the other. When the risk of the Government ceases to run, the mortgagor should not be further burdened with insurance premiums, which he must contribute as long as the risk of the Government continues.

Mr. Chairman, I believe everyone understands the amendment, and I ask that it be adopted. Some may argue that the parties to the contract will enjoy the protection while the risk is great or the mortgage large. But I would remind you that the insurance premium is being paid from the very beginning. Such an argument, if it be made, is unsound because if the Government through the Federal Housing is collecting a sufficiently large premium in the first place, then if one withdraws from the transaction by leaving intact all premiums paid and at the same time relieves the Government of all risk, then a withdrawal in fact strengthens the Government's position instead of weakening it. It is manifestly unfair to force the mortgagor to pay the insurance premiums after he withdraws all chance of risk on the part of the Federal Housing Administration's insurance fund. Again, for the Federal Government to refuse to permit people to go about their own business, carrying their own risks, and acting entirely independent in such affairs of Government supervision and participation, is also unfair and certainly smacks of further dictation by the Federal agency. To reject this amendment is to serve notice on the interested parties that the Federal Housing Administration and its supporters are unwilling to go along on a program which permits a fair degree of freedom on the part of those who would prefer to carry their own financial burdens.

Mr. STEAGALL. Mr. Chairman, the effect of this amendment would be to allow any mortgagor whose property has

enhanced in value enough to enable him to obtain a larger loan or sell it to advantage to withdraw from the fund. Under this amendment he could get out at any time. This would leave the less desirable paper in the hands of the lending authority.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

The amendment was rejected.

The Clerk read as follows:

SEC. 21. Section 206 of such act is amended to read as follows:

"SEC. 206. Moneys in the fund not needed for the current operations of the Federal Housing Administration shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or guaranteed as to principal and interest by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued, and the several group accounts to which such debentures have been charged shall be charged with the amounts used in making such purchases."

SEC. 22. Section 207 of such act is amended to read as follows:

"RENTAL HOUSING INSURANCE

"SEC. 207. (a) As used in this section—

"(1) The term 'mortgage' means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than 99 years which is renewable or (B) under a lease having a period of not less than 50 years to run from the date the mortgage was executed, upon which there is located or upon which there is to be constructed a building or buildings designed principally for residential use; and the term 'first mortgage' means such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on or the unpaid purchase price of real estate under the laws of the State, District, or Territory in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments.

"(2) The term 'mortgagee' means the original lender under a mortgage, and its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.

"(3) The term 'mortgagor' means the original borrower under a mortgage and its successors and assigns.

"(4) The term 'maturity date' means the date on which the mortgage would mature if paid in accordance with the periodic payments provided for therein.

"(5) The term 'slum or blighted area' means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light, or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

"(6) The term 'rental housing' means housing the occupancy of which is permitted by the owner thereof in consideration of the payment of agreed charges, whether or not, by the terms of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises.

"(b) In addition to mortgages insured under section 203 the Administrator is authorized to insure mortgages as defined in this section, which shall include advances thereon during construction, which shall cover property held by—

"(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited-dividend corporations formed under and restricted by Federal or State housing laws as to rents, charges, capital structure, rate of return, or methods of operation; or

"(2) private corporations, associations, or trusts formed or created for the purpose of (A) rehabilitating slum or blighted areas, or (B) providing housing for rent or sale, and possessing powers necessary therefor and incidental thereto, and which corporations, associations, or trusts, until the termination of all obligations of the Administrator under such insurance, are regulated or restricted by the Administrator as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to protect the housing fund hereinafter created. The Administrator may make such contracts with, and acquire for not to exceed $100 such stock in any such corporation, association, or trust as he may deem necessary to render effective such restriction or regulation. Such stock shall be paid for out of such housing fund, and shall be redeemed by the corporation, association, or trust at par upon the termination of all obligations of the Administrator under the insurance.

"To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation not to exceed $5,000,000 and not to exceed 80 percent of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, and such part thereof as may be attributable to dwelling use shall not exceed $1,200 per room, and the mortgage shall provide for complete amortization by periodic payments within such term as the Administrator shall prescribe. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. No mortgage shall be accepted for insurance under this section unless the Administrator finds that the relation of the property or project to its immediate environment and to the entire community in which it is to be located; suitability of the site; suitability of the site plan and building plans; the relation between the principal amount of the mortgage and the value of the property or project; the relation between debt requirements and estimated earning capacity of the property or project; and the sufficiency and character of the proposed equity are such that the property or project, with respect to which the mortgage is executed, is economically sound.

"(c) The Administrator shall collect a premium charge for the insurance of mortgages under this section which shall be payable annually in advance by the mortgagee in cash or in debentures issued by the Administrator under this title at par plus accrued interest and which premium charge shall be in such an amount as the Administrator shall prescribe. In addition to the premium charge herein provided for, the Administrator is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project during construction: *Provided*, That such charges for appraisal and inspection shall not aggregate more than one-half of 1 percent of the original principal face amount of the mortgage.

"(d) In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date specified in the mortgage, the Administrator is authorized in his discretion to require the payment by the mortgagee of a premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date.

"(e) There is hereby created a Housing Insurance Fund (herein referred to as the 'Housing Fund') which shall be used by the Administrator as a revolving fund for carrying out the provisions of this section and section 210 as herein and in said section 210 provided, and the Administrator is hereby directed to transfer immediately to such Housing Fund the sum of $1,000,000 from the fund now held by him arising from appraisal fees heretofore collected by him. General expenses of operations of the Federal Housing Administration under this section and section 210 may be charged to the Housing Fund.

"(f) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of such mortgage shall be considered a default under such mortgage and, if such default continues for a period of 30 days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Administrator, within a period and in accordance with rules and regulations to be prescribed by the Administrator of (1) all rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Administrator shall, subject to the adjustment provided for in subsection (h), issue to the mortgagee debentures having a total face value equal to the original principal face amount of the mortgage plus such amount as the mortgagee may have paid for (1) taxes, special assessments, and water rates, which are liens prior to the mortgage; (2) insurance on the property; and (3) reasonable expenses for the preservation of the property, less such principal amount as has been repaid by the mortgagor and any net income received by the mortgagee from the property as of the date of such assignment, transfer, and delivery.

"(g) Debentures issued under this section shall be executed in the name of the Housing Fund as obligor and signed by the Administrator, by either his written or engraved signature, and shall be negotiable. They shall bear interest at a rate determined by the Administrator at the time the mortgage was insured, but not to exceed 3 percent per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature 3 years after the 1st day of July following the maturity date of the mortgage in exchange for which the debentures were issued. Such debentures as are issued in exchange for mortgages insured after the effective date of this amendment shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Housing Fund, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures.

In the event the Housing Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Mortgagees of mortgages accepted for insurance prior to this amendment shall be entitled to receive cash adjustments and debentures issued in accordance with this section 207 as hereby amended.

"(h) Debentures issued under this section shall be in such form and denominations in multiples of $50 and subject to such terms and conditions and shall include such provision for redemption as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section and the aggregate face value of the debentures issued, not to exceed $50, shall be adjusted by the payment by the Administrator of cash from the Housing Fund.

"(i) The Administrator is hereby authorized either to (1) acquire possession of and title to any property, covered by a mortgage insured under this section and assigned to him, by voluntary conveyance in extinguishment of the mortgage indebtedness, or (2) institute proceedings for the foreclosure of such a mortgage and prosecute such proceedings to conclusion. The Administrator shall so acquire possession of and title to the property by voluntary conveyance or institute foreclosure proceedings as provided in this section within 1 year from the date on which any such mortgage becomes in default under its terms or under the regulations prescribed by the Administrator: *Provided*, That the foregoing shall not be construed in any manner to limit the power of the Administrator to foreclose after the expiration of such period, or the right of the mortgagor to reinstate the mortgage by the payment, prior to the expiration of such period, of all delinquencies thereunder. The Administrator at any sale under foreclosure may, in his discretion, for the protection of the Housing Fund, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses, and may become the purchaser of the property at such sale. The Administrator is authorized to pay from the Housing Fund such sums as may be necessary to defray such taxes, insurance, costs, fees, and other expenses in connection with the acquisition or foreclosure of property under this section. Pending such acquisition by voluntary conveyance or by foreclosure, the Administrator is authorized, with respect to any mortgage assigned to him under the provisions of subsection (f), to exercise all the rights of a mortgagee under such mortgage and to take any action and advance such sums as may be necessary to preserve or protect the lien of such mortgage.

"(j) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Administrator shall also have power, for the protection of the interests of the Housing Fund, to pay out of the Housing Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease, in his discretion, any property acquired by him under this section; and notwithstanding any other provision of law, the Administrator shall also have power to pursue to final collection by way of compromise or otherwise all claims assigned and transferred to him in connection with the assignment, transfer, and/or delivery provided for in this section, and at any time, upon default, to foreclose any mortgage assigned and transferred to or held by him: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any purchase or service on account of such property.

"(k) Premium charges, appraisal and other fees, received for the insurance of any mortgage insured under this section or section 210, the receipts derived from any such mortgage or claim assigned to the Administrator and from any property acquired by the Administrator and all earnings on the assets of the Housing Fund shall be credited to the Housing Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this section or section 210, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Administrator shall be charged to the Housing Fund.

"(l) In the event that a mortgage insured under this section becomes in default through failure of the mortgagor to make any payment due under or provided to be paid by the terms of the mortgage and such mortgage continues in default for a period of 30 days, but the mortgagee does not assign and transfer such mortgage, and the credit instrument secured thereby, to the Administrator in accordance with subsection (f), or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof and written notice thereof is given to the Administrator, the obligation to pay the annual mortgage insurance premium shall cease, and all rights of the mortgagee under this section shall likewise terminate.

"(m) Moneys in the Housing Fund not needed for current operations of this section and section 210 shall be deposited with the Treasurer of the United States to the credit of the Housing Fund, or invested in bonds or other obligations of, or guaranteed as to principal and interest by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase, in the open market, debentures issued under this section and section 210. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this subsection. Debentures so purchased shall be canceled and not reissued.

"(n) The Administrator, with the consent of the mortgagee and the mortgagor of a mortgage insured under section 207 of the National Housing Act prior to the date of enactment of the National Housing Act amendments of 1937, shall be empowered to reissue such mortgage insurance in accordance with the provisions of this section as amended by such act, and any such insurance not so reissued shall not be affected by the enactment of such act.

"(o) The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this section."

Mr. McGRANERY (interrupting the reading of the section). Mr. Chairman, I ask unanimous consent that the further reading of section 22 may be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Strike out all of section 22.

Mr. WOLCOTT. Mr. Chairman, there is no limitation whatever in this section upon the liability of the Federal Government. I call attention to the fact that subsection (a) of section 207 reads as follows:

The term "mortgage" means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than 99 years which is renewable or (B) under a lease having a period of not less than 50 years to run from the date the mortgage was executed, upon which there is located, or upon which there is to be constructed, a building or buildings designed principally for residential use.

This is not supplemental but in direct conflict with the slum-clearance plan set up in the National Housing Act we passed at the last session of Congress. The definitions in this bill in many particulars are different from the definitions in the act we passed last year. We should at least be consistent as regards slum clearance. In this instance we insure the loans, and the contingent liability of the Federal Government is enhanced by the failure of the managers of the property to collect rents and retire the obligations. I believe it is an exceptionally bad practice for the United States Government to insure loans of this character, as surely as large a risk is involved as in insuring any other business loan.

We have denied to industry the right to have its loans insured. We have denied to a person who may want to invest money in a business which will give permanent employment to perhaps several hundred individuals the right to get the money from a bank and have the loan insured by the Federal Government. Now we are going into the business insurance field by the back door under the terms of this particular part of the bill.

I do not expect my amendment will prevail, but I merely want you to understand what you are doing if you adopt this provision and write it into the bill. For that reason, I ask that this section of the bill be stricken out.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment of the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 12, noes 78.

So the amendment was rejected.

Mr. PETTENGILL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the adoption of the 90-percent clause was a great mistake, but I want to be recorded in favor of the bill. I shall probably not be here when the measure comes to a final vote.

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: On page 17, line 18, after the word "buildings", insert "containing not more than four apartments."

Mr. LUCE. Mr. Chairman, in the preparation of the preceding housing bills there was much discussion as to whether we should confine Government help to single dwellings or two-family dwellings. Finally, on the floor of the House, we brought it up to four apartments. We did not bring in the big apartment houses. At that time there was strong opinion in the House against even including four-apartment houses, but in view of the "three deckers," as we call them, in some places, that are prevalent in our neighborhood today, and sometimes the four-apartment houses, the House was finally persuaded to make it four apartments.

We did not believe then, and for one I do not believe now, it is a wise thing for the Government to finance, directly or indirectly, big apartment houses. As I said earlier in the day, when many of the gentlemen now present were not here, there is no more risky real-estate investment today than that of the apartment house. In the last 6 years the experience of anybody who has observed things in Washington must have taught him the danger of this type of investment. There were four State banks in Boston that went on the rocks a few years ago, largely by reason of promoting this type of investment.

It does not seem to me, sir, it would be a prudent thing for the Government to engage in financing that concerns this type of structure, notoriously unsafe for investors.

Mr. O'CONNOR of Montana. Mr. Chairman, will the gentleman yield for a question?

Mr. LUCE. Yes.

Mr. O'CONNOR of Montana. Is it not a fact that such apartment houses become out of date very rapidly owing to the changes in air-conditioning and heating and all that sort of thing, and then new apartment houses are constructed and your old ones furnish practically no security?

Mr. LUCE. That is most certainly true. They become out of date, and I fancy there is not an apartment house in Washington that inside of 5 years will not be compelled to introduce air-conditioning or go broke. If it does not introduce air-conditioning, it is going to be on the market to be sold for anything it will bring.

Mr. O'CONNOR of Montana. And, as a matter of fact, as security they are regarded a poor grade of security for the banks to lend any money on.

Mr. LUCE. I understand, sir, they are the poorest security upon which banks are asked to lend money.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. LUCE) there were—ayes 12, noes 58.

So the amendment was rejected.

The Clerk read as follows:

SEC. 23. Section 208 of such act is amended by striking out the word "subsidivision" and inserting in lieu thereof the word "subdivision."

SEC. 24. The last sentence of section 209 of such act is amended to read as follows: "Expenses of such studies and surveys, and expenses of publication and distribution of results of such studies and surveys, shall be charged as a general expense of the fund and the housing fund in such proportion as the Administrator shall determine."

SEC. 25. Title II of such act is amended by adding at the end thereof a new section to read as follows:

"SEC. 210. (a) In addition to mortgages insured under sections 203 and 207, the Administrator is authorized to insure mortgages as defined in section 207 (a), as amended, including advances thereon during construction, covering property upon which there is to be constructed one or more multifamily dwellings or a group of not less than 25 single-family dwellings: *Provided*, That the property shall have been approved for mortgage insurance prior to the beginning of construction.

"(b) To be eligible for insurance under this section a mortgage must—

"(1) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees, as the Administrator shall approve) in an amount in excess of $16,000 but not in excess of $250,000, not in excess of 80 percent of the amount which the Administrator estimates will be the value of the property when the proposed improvements are completed, and such part thereof as may be attributable to dwelling use shall not exceed $1,000 per room.

"(2) Have a maturity satisfactory to the Administrator, but not to exceed 21 years and contain complete amortization provisions satisfactory to the Administrator.

"(3) Contain such terms, conditions, and provisions with respect to interest, advances during construction, assurance of completion, recognition of equitable rights of contract purchasers in good standing, release of part of the mortgage premises from the lien of the mortgage, insurance, repairs, alterations, payment of taxes, default and management reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Administrator may in his discretion prescribe.

"(c) The Administrator shall collect a premium charge for the insurance of mortgages under this section which shall be payable annually in advance by the mortgagee in cash or in debentures issued by the Administrator under this title at par plus accrued interest, and which premium charge shall be in such an amount as the Administrator shall prescribe. In addition to the premium charge herein provided for, the Administrator is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project during construction, provided that such charges for appraisal and inspection shall not aggregate more than one-half of 1 percent of the original face amount of the mortgage. The provisions of the last sentence of section 203 (c), as amended, shall be applicable to mortgages insured under this section. No mortgage shall be accepted for insurance under this section unless the Administrator finds that the relation of the project to its immediate environment and to the entire community in which it is located, the suitability of the site, and the site and building plans, the relation between the debt-service requirements and the estimated earning capacity of the project, the relation between the principal amount of the mortgage and the value of the property, and the sufficiency and character of the proposed equity, are such as to make the project economically sound.

"(d) The provisions of section 204 shall be applicable to mortgages insured under this section, except that the debentures issued hereunder shall be the primary liability of the housing fund created under section 207 (e), and shall be paid out of said housing fund. They shall be guaranteed by the United States as provided in section 204. The provisions of section 205 shall not be applicable to such mortgages.

"(e) In the event that any mortgagee under a mortgage insured under this section forecloses on the mortgaged property but does not convey such property to the Administrator in accordance with section 204, or in the event the mortgagor pays the obligation under the mortgage in full prior to maturity thereof and the Administrator is given due notice of such payment, the obligation to pay the annual premium charge for insurance shall cease and all rights of the mortgagee and the mortgagor under section 204 shall terminate.

"(f) The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this section."

Mr. STEAGALL (interrupting the reading of the section). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with and that the remainder of the bill be considered as read and open to amendment.

Mr. WOLCOTT. Mr. Chairman, this is a very complicated bill and we are taking advantage of the time the Clerk is engaged in reading the bill to prepare amendments in an effort to put it in proper shape, and for that reason I object.

The Clerk resumed the reading of the section.

Mr. McGRANERY (interrupting the reading of the section). Mr. Chairman, I ask unanimous consent that the further reading of section 25 be dispensed with.

Mr. WOLCOTT. I object, Mr. Chairman.

The Clerk resumed and concluded the reading of the section.

Mr. LANZETTA. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LANZETTA: Page 31, line 2, after the word "exceed", strike out "$1,000" and insert in lieu thereof "$1,500."

Mr. LANZETTA. Mr. Chairman, my amendment is directed at section 210, subdivision (b) 1, which amends title II of the Federal Housing Act. This subdivision limits the mortgages that may be insured by the Federal Housing Administration to those mortgages which cover property where the cost per room does not exceed $1,000.

Mr. Chairman, we all know that there are thousands of multiple-dwelling houses throughout the United States that are not fit for human habitation. We also know that most

of these houses should be torn down and rebuilt. Why, in my own congressional district, more than 75 percent of the houses are so dilapidated and run down that they endanger the life and the health of the tenants. These houses cannot be demolished and rebuilt as long as the limitation of $1,000 per room remains in the bill because it is impossible, with the cost of labor, materials, and land being what they are, to build them for that price.

I think that limiting the insurability of mortgages to those mortgages on property where the cost per room does not exceed $1,000 will practically stifle the construction of multiple dwelling houses in cities. When this legislation was first contemplated, I understood that one of the chief purposes was to create work by stimulating the construction and erection of new houses. If you in any way restrict new building in the cities then you will be defeating the very purposes for which the bill was intended, since it is in the cities where the majority of the building-trade workers reside, that we find the greatest need for new houses.

I therefore ask those of you who are really interested in stimulating construction and in creating employment to support my amendment and increase the cost per room to $1,500. Those of you who know the conditions in the large cities know that houses cannot be built at a cost of $1,000 per room. I am sure that if the committee had taken testimony on this point they would have found this fact to be true in most large cities, and especially so in New York City.

While I am deeply interested in modern and sanitary housing, I am also greatly interested in getting the millions of men in the building industry back to work, but if the cost of construction is limited to $1,000 per room, I am afraid that the majority of the people of this country will derive very little benefit from this legislation. I ask that the amendment be agreed to.

Mr. FORD of California. Mr. Chairman, I rise in opposition to the amendment. We went over the matter of room cost when we were discussing the housing bill in respect to slum clearances, and the consensus of opinion was that probably $1,200 a room was the minimum. This situation is entirely different. When we say $1,000 a room, that means that the rooms in the building cost $1,200, and we insure up to 80 percent, which is $960.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. FORD of California. Not now. As to that particular section, that is the section that the President pins his greatest hopes on for the stimulation of building in the United States, and this is the reason. Under that section a series of multiple dwellings can be constructed, and after they are built and occupied they can be sold in units to the individuals who want to buy them, and when the project is sold out the whole of the released money invested may start out again in the construction of another group of units. Thereby employment and the building industry will be stimulated to the extent that a great many operations are carried on.

Mr. LANZETTA. Is it not a fact that the way the bill reads now property where the room cost is more than $1,000 does not come within the provisions of the bill?

Mr. FORD of California. That is not true. We loan up to 80 percent.

Mr. WOLCOTT. Mr. Chairman, I call the gentleman's attention to page 20 of the bill where, under section 207, provision is made that that shall be attributable to dwelling houses and the cost shall not exceed $1,200. I never could see the consistency of restricting this to $1,000 when we already have provided for a cost of $1,200 in another place in the bill.

Mr. FORD of California. The gentleman knows there is a distinction. One of them is for apartments that may be rented up to $75 to $100 a month. The other is limited to smaller units, where the rentals are kept down by reason of the fact that this organization is a limited profit organization, and that the F. H. A. is permitted to control the rents and therefore keep them down to a reasonable amount. It also makes it possible to build on a wholesale basis and get better prices on everything.

Mr. LORD. Mr. Chairman, I rise in opposition to the amendment offered by my friend from New York. In the first place, so far as a house that costs more than $1,000 a room is concerned, no poor person can afford to rent it, and, in the second place, according to the letters that I get from Greater New York, there is no shortage of houses there.

I have here a letter stating that the man who commenced building in Jamaica, Long Island, constructed houses to sell for $4,490. The builder in question required the payment of $850 down. He was not able to sell those houses. He finally reduced that to $350 down payment, and he could only make a few sales then. He finally had to resort to renting the houses, and he still has two of the houses that are unoccupied. These are houses that cost less than $5,000. This is the condition throughout the city. He says, with regard to the more expensive houses, that he has $15,000 houses that he is willing to sell on the basis of a $500 down payment. Yet there is no buyer. Does it sound reasonable that any builder would build thousands of houses when he cannot find buyers?

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. LORD. I yield.

Mr. LANZETTA. I want to make this observation with respect to the statement of the gentleman from New York, that there is not a shortage of houses in New York City. While, literally speaking, there is no shortage, actually there is a lack of habitable houses; houses which are fit for human beings to live in.

Mr. LORD. Well, this is from a big mortgage corporation in Brooklyn. These houses I am speaking of are new houses. Some of these houses have never been occupied. They are ready to build new houses as soon as they can find people who will occupy the ones already constructed.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. LORD. I yield.

Mr. KELLER. How much do they rent for?

Mr. LORD. Forty-five dollars a month.

Mr. KELLER. Whereabouts are they?

Mr. LORD. Jamaica, Long Island; 5-cent carfare.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LANZETTA.]

The question was taken; and on a division (demanded by Mr. LANZETTA) there were—ayes 13, noes 56.

So the amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 30, beginning in line 5, strike out all of section 25.

The CHAIRMAN (Mr. CHANDLER). The gentleman from Michigan [Mr. WOLCOTT] is recognized for 5 minutes.

Mr. WOLCOTT. Mr. Chairman, this section has to do with the construction of one or more multiple-family dwellings or a group of not less than 25 single-family dwellings. If I understand that correctly it means the building of apartment houses or a group of single houses of not less than 25 family dwellings. So it is not confined to group dwellings.

There is not any more reason why we should confine the cost of the construction in this particular case to $1,000 a room than under section 307 on page 20, where we insure loans for multiple-family dwellings and restrict the cost to $1,200 per room, but you voted it down and I presume you are just about as consistent in that as you are in the adoption of the other provisions of the act. But I want to call your particular attention to the fact that for the first time in the history of the United States we are adopting an entirely novel economic philosophy. We insure business loans up to $250,000, while the administration only asked for $200,000, and a very gracious Banking and Currency Committee increased that amount to $250,000. So I might say to you, if any of you are in a bargaining attitude at the present time, you might have an amendment introduced here to raise it to $500,000.

I am just tipping off some of you from the urban areas that the committee at least might take the same attitude toward an amendment to increase this to $300,000 or $500,000, as they did when they increased it from $200,000 to $250,000. This in face of the fact that the administration only asked for $200,000. But we are embarking upon a new philosophy that the Federal Government should insure business loans. Can you tell me any particular difference between the insurance of an investment in an apartment house costing more than $250,000 and the insurance of an investment which any individual might have in a canning factory, in a furniture factory, in the stocks of any industry or the bonds of any industry or utility? When you invest $250,000 in the building of apartment houses you are not distinguishing that investment from any other investment in industry and business that I can see, except that at this particular time we want to give encouragement to employment in the building trades.

I say it is absolutely more logical to insure an industrial loan which will perhaps put several hundred men to work permanently than it is to insure a loan of doubtful efficacy in an apartment house, which may be completely dissipated if the people who live in that apartment house cannot find a job to pay the rent by which the owner might retire the indebtedness.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 13, noes 58.

So the amendment was rejected.

Mr. DEMUTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DEMUTH: On page 30, line 12, after the word "or", strike out the words "a group of", and after the word "than", strike out "25" and insert "4."

Page 30, line 21, strike out "$16,000" and insert "$6,000."

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this section close in 5 minutes.

Mr. LANZETTA. Mr. Chairman, reserving the right to object——

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section close in 5 minutes.

Mr. MICHENER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MICHENER. Mr. Chairman, I make the point of order that there has been no debate on this amendment.

The CHAIRMAN. The point of order is sustained.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Pennsylvania yield to the gentleman from North Carolina?

Mr. DEMUTH. No.

Mr. STEAGALL. Mr. Chairman, the gentleman from Pennsylvania has his 5 minutes; I am not trying to take him off his feet.

Mr. DEMUTH. Mr. Chairman, I do not yield.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. DEMUTH. Mr. Chairman, in designing this piece of machinery to get the building industry under way, I think the committee and the F. H. A. have done a pretty good job except they have forgotten the spark plug. Everybody knows the necessity of a spark plug in the automobile engine. Anybody who knows the building industry realizes that it is the small builder who has built at least 80 percent of the individual homes in this country.

It looks to me as though the bankers have had quite an influence in writing this bill. Already there is criticism in my district that the bankers had too much to say in the F. H. A., because they not only select their own attorney, but their own architect and contractor. What does this provision for 25 houses mean? It means that the banker will select the architect, will select the contractor, will tell the contractor where to buy his bricks, and the contractor will buy his cement from a plant in which the banker is interested, will buy his lumber from a mill in which the banker is interested; and you are going to stop the entire program.

I have seven city wards in my district. I do not think a man would be exercising good business judgment if he attempted to build 25 houses at this time. I would say the man should build not more than three or four in order to feel out the market to see if there is a market for that number of houses.

I believe, therefore, that we are discriminating against the small builder, the man that really has built the majority of the homes in this country, the man who can produce homes and give greater value than the large corporation and who always has, regardless of what some advisers have told President Roosevelt, advisers who did not understand the building industry.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. DEMUTH. I yield.

Mr. EBERHARTER. Then the purpose of the act is to give benefit to the contractor or builder who builds 4 or 5 houses instead of 25?

Mr. DEMUTH. That is the idea; and there are many communities in the United States where it would be ridiculous to build 25 houses, communities with less than 1,000 inhabitants.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section do now close.

The motion was agreed to.

Mr. LANZETTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LANZETTA: On page 31, line 2, after the word "exceed", strike out "$1,000" and insert "$1,200."

Mr. LANZETTA. Mr. Chairman, I ask unanimous consent to proceed for one-half minute.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LANZETTA. Mr. Chairman, I want to call the Committee's attention to the fact that on page 20 the cost per room is limited to $1,200, while on page 31 the cost per room is limited to $1,000. I do not see any reason for this difference, and I offer this amendment for the purpose of changing the limit cost of $1,000, as fixed in section 25, to $1,200, the limit fixed in section 22 of the bill.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. LANZETTA) there were—ayes 10, noes 37.

So the amendment was rejected.

Mr. HANCOCK of North Carolina. Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with.

Mr. WOLCOTT. Mr. Chairman, to that I object.

Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. I want to shorten this up as much as possible. I have a total of five amendments to strike out the next five sections, sections 26, 27, 28, 29, and 30. I do not care to take time as each section is read to debate them. I would prefer to offer the amendments en grosse; and if it is agreeable to the gentleman from North Carolina I will prove to him and to his colleagues on the committee that I want to cooperate to the fullest extent. I ask unanimous consent, therefore, that sections 26, 27, 28, 29, and 30 be considered as read.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read as follows:

SEC. 26. Section 301 (a) of such act is amended to read as follows:

"SEC. 301. (a) The Administrator is further authorized and empowered to provide for the establishment of national mortgage associations as hereinafter provided, which shall be authorized, subject to rules and regulations to be prescribed by the Administrator, (1) to purchase, service, and sell first mortgages and such other first liens as are commonly given under the laws of the State, District, or Territory in which the real estate is located to secure advances on real estate held in fee simple, or under a lease for not less than 99 years which is renewable, or under a lease having a period of not less than 50 years to run from the date the mortgage is executed, together with the credit instruments, if any, secured thereby, such mortgages, except mortgages insured under title II of this act, as amended, not to exceed 60 percent of the appraised value of the property as of the date the mortgage is purchased, and to make loans and advances upon, and to purchase, service, and sell mortgages or partial interests therein which are insured under section 207 of this act; (2) to borrow money for such purposes through the issuance of notes, bonds, debentures, or other such obligations as hereinafter provided."

SEC. 27. The last sentence of section 301 (d) of such act is amended by striking out in such sentence the words "paid in full in cash or Government securities at their par value" and inserting in lieu thereof the following: "that at least 25 percent thereof has been paid in cash or Government securities at their par value or first mortgages, or such other first liens, as are described in section 301 (a) hereof, which mortgages or liens shall be taken at such value as the Administrator may determine not exceeding, except as to mortgages insured under title II of this act, as amended, 60 percent of the appraised value of the property as of the date of subscription, and that the remainder is payable at such time as may be determined by the Administrator: *Provided*, That no association shall issue notes, bonds, debentures, or other such obligations until such time as such subscriptions are paid in full in cash or Government securities at their par value or mortgages or other liens as hereinbefore set forth."

SEC. 28. Section 302 of such act is amended to read as follows:

"SEC. 302. Each national mortgage association is authorized to issue and have outstanding at any time notes, bonds, debentures, or other such obligations in an aggregate amount not to exceed (1) twenty times the amount of its paid-up capital and surplus, and in no event to exceed (2) the current unpaid principal of mortgages held by it and insured under the provisions of title II of this act, plus the amount of its cash on hand and on deposit and the amortized value of its investments in bonds or obligations of, or guaranteed as to principal and interest by, the United States. No national mortgage association shall borrow money otherwise than through the issuance of such notes, bonds, debentures, or other obligations except with the approval of the Administrator and under such rules and regulations as he shall prescribe. An association may, if its bylaws so provide, accept any notes, bonds, debentures, or other obligations issued by it in payment of obligations due it at par plus accrued interest: *Provided*, That such notes, bonds, debentures, or other obligations so accepted shall be canceled and not reissued."

SEC. 29. Section 303 of such act is amended by inserting before the period at the end of such section a comma and the following: "and may purchase in the open market notes, bonds, debentures, or other such obligations issued under section 302."

SEC. 30. Section 307 of such act is amended to read as follows:

"SEC. 307. All notes, bonds, debentures, or other obligations issued by any national mortgage association shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Every national mortgage association, including its franchise, capital, reserves, surplus, mortgage loans, income, and stock, shall be exempt from taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Nothing herein shall be construed to exempt the real property of such association from taxation by any State, county, municipality, or local taxing authority to the same extent according to its value as other real property is taxed."

Mr. WOLCOTT. Mr. Chairman, I offer the following amendment.

Mr. HANCOCK of North Carolina. Mr. Chairman, did I understand the gentleman objected to my unanimous-consent request?

Mr. WOLCOTT. Because it did not go far enough.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Strike out sections 26, 27, 28, 29, and 30.

Mr. WOLCOTT. Mr. Chairman, these sections have to do with the establishment of national mortgage associations. The present law provides that if five individuals desire to do so and can obtain $2,000,000 of capital and pay in that capital in the form of cash or Government securities, they may organize these national mortgage associations. While the original act required that they have $5,000,000 of capital paid in in cash or Government obligations, yet to give encouragement to the organization of national mortgage associations we, a couple of years ago, reduced the capital requirement to $2,000,000; but up to the present time private capital has not been attracted to the extent that any national mortgage association has been created. In this bill we keep the capitalization at $2,000,000, but as a further encouragement to the organization of national mortgage associations we require that only 25 percent of the $2,000,000 capital be paid in.

We provide that this 25 percent or $500,000,000 of capital may be paid in either cash or Government obligations or F. H. A.-insured mortgages. We provide also that they may issue debentures for 20 times the amount of their capitalization, or total debentures after the payment of the capital of $1,000,000,000.

It is apparent to me that although we restrict the operation of the national mortgage association to taking the paper covered by sections 203 and 207, in other words, confining it to multiple-unit dwellings and prohibiting them from discounting or buying the paper under title II—nevertheless, it is felt by many of the Members of the minority, and I think some of the majority, that this is an attempt to set up a credit organization through which the Government will take over the lending of money which is now done by private enterprise. Some of you, I know, think that the Government should create credit, as it has been doing in the last 4 years, and distribute it, but unless we change our economy, unless we change our form of government, from that of a capitalistic state to a socialized state, then we should defeat this bill if for no other reason than to prevent a totalitarian state from controlling the lifeblood of American business and industry.

Mr. TRANSUE. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Michigan.

Mr. TRANSUE. The gentleman is in favor of the R. F. C.?

Mr. WOLCOTT. Inasmuch as the Republicans set up the R. F. C. and inasmuch as it is the only relief agency which is going to return a profit to the Federal Treasury, I would be foolish, in my zeal to protect the interests of my taxpayers, to say I did not favor that institution.

Mr. TRANSUE. Then the gentleman is in favor of that institution?

Mr. WOLCOTT. Yes; I am.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 13, noes 72.

So the amendment was rejected.

Mr. SPENCE. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SPENCE: In section 26, page 23, beginning in line 22, strike out all of subsection 1, lines 22 to 24, inclusive, page 33, and lines 1 to 14, page 34, and insert in lieu thereof the following: "to make purchases and sell mortgages or security authorized to be insured under sections 207 and 210 of this act."

Mr. SPENCE. Mr. Chairman, the fundamental philosophy that underlies this bill is the stimulation of private lending by insurance. Its purpose is to stimulate activities of private financial institutions and give them the assurance that they can safely engage again in the business for which they were incorporated.

It seems to me, Mr. Chairman, it is entirely inconsistent to attempt to stimulate private enterprise and at the same time give it governmental competition. If the national mortgage associations are organized under this act, they will be governmental agencies, they will have peculiar powers of great benefit to themselves, by which they can absolutely

put out of business the private enterprises with which they come in competition.

The purpose of the amendment of my colleague, Mr. HANCOCK of North Carolina, and myself is to confine the activities of the national mortgage associations to the large scale mortgages and keep them out of the smaller mortgage field, in which field the building associations and other home thrift institutions are predominant. I think it would be a great national tragedy if we should do anything to injure the private lending institutions upon which the people have relied for generations, and which have furnished the funds for the building up of our communities.

Mr. MEEKS. Will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Illinois.

Mr. MEEKS. What private agencies does the gentleman have in mind?

Mr. SPENCE. The building and loan associations. It is true the national mortgage associations cannot go into the private field and make loans, and they cannot compete in that sense with the building associations, but they can buy the paper, they can go into that speculative field, and they can in that way engage in competition with the building association.

It seems to me the national mortgage associations ought to be limited in their activities. I voted to bring this bill out of the committee. I am heartily in favor of the general purpose of the bill and I hope it will do the things the most optimistic think it will do, but I do believe we ought to limit the activities of these institutions, otherwise they will become highly competitive and endanger the future usefulness of our building and loan and thrift associations. If you adopt this amendment you will insure the future success of the private institutions upon which the people have relied and which have built up my community and I presume the communities of most of the Members here, by taking them out of this highly dangerous governmental competitive field.

May I say further that under the law as it now exists the national mortgage associations have the power to buy these mortgages. But fortunately none of them have been organized to go in competition with the local institutions.

[Here the gavel fell.]

Mr. WILLIAMS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment, to my mind, is one of the most important things that we have had presented to us. If you confine national mortgage associations that are created by this act to the purchase of insured mortgages alone, and especially to mortgages under sections 207 and 210, which provide for the insurance of mortgages on large construction projects, you are going to defeat one of the main purposes of this legislation. There is no one here but knows the main trouble has been, and was during the depression, that the banks and buildings and loan associations, as well as the mortgage companies and other lending institutions, those that loaned money on mortgage security had no place to go in case of necessity to liquidate their mortgages. They had to have some place to go to dispose of their frozen assets in mortgage securities. This bill furnishes a market, through the national mortgage associations, for real-estate mortgages. This will relieve the log jam in real-estate mortgages and do more good than anything else at this time. This amendment will absolutely kill the real purpose of the bill, in my opinion.

There has been what might be considered a filibuster on the part of the building and loan associations here, and I am their friend. They have done more than any other organization to encourage thrift and the building of homes. They have been generously taken care of by Federal legislation heretofore enacted. We established the Federal Home Loan Bank system and authorized the Treasury Department of the Government to subscribe for $125,000,000 in stock for the benefit of the building and loan associations. We organized the H. O. L. C. to help bail out the building and loan, as well as others; the Federal Deposit Insurance Corporation was provided for with $100,000,000 stock subscribed by the Government; and the Reconstruction Finance Corporation has taken care of the building and loan associations, along with other business and financial institutions. This amendment provides "to make, purchase, and sell mortgages or securities authorized to be insured under sections 207 and 210 of this act." This will prevent the companies from taking any mortgage which is insured under section 203. Those insured under section 203 are the small mortgages, the home owners' mortgages of this country. If you are going to limit it to that, then you have no market for the small mortgages.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Kentucky.

Mr. SPENCE. There are 4,000 loan associations, which own $31,000,000 of stock in the Federal home loan bank, which will take these mortgages. The Federal Reserve will also lend to the member banks on these mortgages.

Mr. WILLIAMS. That is one of the very reasons why this amendment should not be adopted. The building and loan associations can already go to the Federal home loan bank, which was organized for their particular benefit, and discount their mortgages at a rate of 90 percent of the unpaid balances due on the mortgages. That was established for the very purpose of taking care of the building and loan associations, and this is the very reason this amendment should not be adopted. They are already taken care of. Not only that; do not lose sight of the fact that this bill as it is now written takes care of building and loan associations, just the same as any other organization. They can make these loans and can sell their mortgages to the national mortgage associations whether they are insured or not. This amendment should be defeated. [Applause.]

[Here the gavel fell.]

Mr. MAGNUSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I come from a district whose principal industry is lumbering. That industry did not benefit substantially by any business recovery simply because the building of new homes and structures did not keep apace with other industrial revival. It has been aptly said here during the course of the debate that over 5,000,000 new homes are needed in America. We of the lumber industry want to help that enterprise. This bill during the past year has given considerable relief. This further liberalizing of the bill according to the suggestions of the President will, in my opinion, help to a greater degree by allowing and stimulating home financing, so needed by the workingman of America. We, of the Pacific Northwest, endorse this bill. We believe it sound. We are appreciative of Congress for its consideration of it. It will not only help the revival of repairing and home building in America but will also help one of the largest industries in my section employing thousands of people. On their behalf we ask your indulgence on this bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The amendment was rejected.

The Clerk read as follows:

SEC. 31. Section 512 (a) of such act is amended to read as follows:

"SEC. 512. (a) Whoever, for the purpose of obtaining any loan or advance of credit from any person, partnership, association, or corporation with the intent that such loan or advance of credit shall be offered to or accepted by the Federal Housing Administration for insurance, or for the purpose of obtaining any extension or renewal of any loan, advance of credit, or mortgage insured by the said Administration, or the acceptance, release, or substitution of any security on such a loan, advance of credit, or for the purpose of influencing in any way the action of the said Administration under this act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published any statement, knowing the same to be false, or alters, forges, or counterfeits, or causes or procures to be altered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been altered, forged, or counterfeited, or willfully overvalues any security, asset, or income, shall be punished by a fine of not more than $3,000 or by imprisonment for not more than 2 years, or both."

SEC. 32. Section 512 of such act is amended by adding at the end thereof new subsections to read as follows:

"(d) No individual, association, partnership, or corporation shall hereafter, while the Federal Housing Administration exists, use

the words 'Federal Housing' or 'National Housing', or any combination or variation of any of these words, alone or with other words, as the name under which he or it shall do business, which shall have the effect of leading the public to believe that any such individual, association, partnership, or corporation has any connection with, or authorization from, the Federal Housing Administration, the Government of the United States, or any instrumentality thereof, where such connection or authorization does not, in fact, exist. No individual, association, partnership, or corporation shall falsely advertise, or otherwise represent falsely by any device whatsoever, that any project or business in which he or it is engaged, or product which he or it manufactures, deals in, or sells, has been in any way endorsed, authorized, or approved by the Federal Housing Administration, or by the Government of the United States, or by any instrumentality thereof. Every violation of this subsection shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both.

"(e) Whoever, for the purpose of inducing the insurance of the accounts of any institution by the said Corporation, or for the purpose of obtaining any extension or renewal of such insurance by said Corporation, or for the purpose of influencing in any way the action of the said Corporation under this act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published, any statement, knowing the same to be false, or utters, forges, or counterfeits, or causes or procures to be uttered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been uttered, forged, or counterfeited, or willfully overvalues any security, asset, or income, of any institution insured or applying for insurance by said Corporation, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

"(f) Any person who willfully and knowingly makes, circulates, or transmits to another or others any statement, or rumor written, printed, or by word of mouth, which is untrue in fact and is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of the Federal Savings and Loan Insurance Corporation, or who knowingly counsels, aids, procures, or induces another to start, transmit, or circulate any such statement or rumor, is guilty of a misdemeanor punishable by a fine of not more than $1,000 or by imprisonment of not exceeding 1 year, or both."

SEC. 33. Title V of such act is amended by adding after section 513 a new section to read as follows:

"SEC. 514. The provisions of section 10 (a) 1 and 10b of the Federal Home Loan Bank Act, as amended (49 Stats. 294, 295); paragraph seventh of section 5136 of the Revised Statutes, as amended (49 Stat. 709); section 24 of the Federal Reserve Act, as amended (49 Stat. 706); subsection (n) of section 77B of the Bankruptcy Act, as amended (49 Stat. 664); section 5 (c) of the act approved January 31, 1935, continuing and extending the functions of the Reconstruction Finance Corporation (49 Stat. 1); and all other provisions of law establishing rights under mortgages insured in accordance with the provisions of the National Housing Act, shall be held to apply to said National Housing Act as heretofore and hereby amended as fully as if enacted after the date of enactment of such amendments."

SEC. 34. Section 35 of chapter III of the act entitled "An act to regulate the business of life insurance in the District of Columbia," approved June 19, 1934 (48 Stat. 1152), is amended by inserting between paragraph (3) and paragraph (4) of such section a new paragraph to read as follows:

"(3a) Bonds or notes secured by mortgages or deeds of trust insured by the Federal Housing Administrator: The restrictions in paragraph (3) of this section in regard to the ratio of the loan to the value of the property shall not apply to such insured mortgages."

SEC. 35. Paragraph (4) of such section 35 is amended to read as follows:

"(4) Bonds or other evidences of indebtedness of the farm loan banks authorized under the Federal Farm Loan Act or acts amendatory thereof or supplementary thereto, and bonds or other evidences of indebtedness of national mortgage associations."

SEC. 36. Section 2 (a) of the National Housing Act, as amended, is further amended—

(a) By striking out the words "April 1, 1936, and prior to April 1, 1937" in the first sentence of such subsection and inserting in lieu thereof the words "the date of the enactment of the National Housing Act Amendments of 1937 and prior to July 1, 1939";

(b) By striking out from such sentence the words "additions upon improved" and inserting in lieu thereof the words "improvements upon urban or rural";

(c) By striking out from such sentence the words "and the purchase and installation of equipment and machinery upon such real property,";

(d) By striking out the last two sentences of such section and inserting in lieu thereof the following: "In no case shall the insurance granted by the Administrator under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after the date of the enactment of this act exceed 10 percent of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, shall not exceed in the aggregate $100,000,000."

Mr. HANCOCK of New York (interrupting the reading of the section). Mr. Chairman, I ask unanimous consent that the further reading of the section may be dispensed with.

Mr. WOLCOTT. I object, Mr. Chairman.

The Clerk concluded the reading of the section.

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Section 36 is amended by the addition at the end thereof within the quotation marks of the following:

"The Administrator shall provide by regulation for the insurance of loans under this title, made for the repair, modernization and improvement of real estate, repayable on an amortized basis, insured for a period not exceeding 5 years, and on a basis so that such loans may be made by savings and loan associations and similar institutions consistent with the law under which such institutions operate."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The amendment was rejected.

The Clerk read as follows:

SEC. 37. Section 2 (b) of such act, as amended, is further amended to read as follows:

"(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it, if the amount of such loan, advance of credit, or purchase exceeds $10,000 with respect to loans, advances, or purchases for financing repairs, alterations, or improvements upon existing structures, or exceeds $2,500 with respect to loans, advances, or purchases for financing the building of new structures, nor unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title."

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise at this time just to inform the committee, in order that their constituents may be advised, that in addition to insuring loans for equipment for remodeling and equipment incidental to construction under this bill we will insure loans up to $2,500 for new construction of buildings. Therefore, under title I of the act as it is rewritten, an individual may have his loan insured in an amount not to exceed $2,500 for the construction of a house on a lot which he may own. We hope this provision will give impetus to small-home construction, but in that particular it might be well to remind the Committee that the amortization period is 5 years, instead of being 20 years, as is the case with title II, and the interest rate in title I is 9.7 percent, instead of 5¼ percent, as provided in title II, as title II applies to a valuation of not less than $6,000.

So a person who avails himself of the opportunity afforded by the act to construct a home which does not cost in excess of $2,500 must, of course, pay the same rate that a purchaser of equipment must pay, namely, 9.7 percent interest.

There is some question about whether this rate of interest applies to the borrower or to the lender, and in this particular I want to cite the testimony given by Mr. McDonald, the Chief of the Federal Housing Administration, when he was testifying before the committee on February 19, 1937, during the hearings on the extension of insurance by Federal Housing Administration to financial institutions making rehabilitation loans. This had relation only to title I, and the gentleman from Kentucky [Mr. SPENCE] asked Mr. McDonald these questions:

Mr. SPENCE. What is the cost of a loan to the borrower under this bill?
Mr. MCDONALD. Five-percent discount.
Mr. SPENCE. What does he actually pay?
Mr. MCDONALD. He actually pays 9.2 percent.
Mr. SPENCE. I thought it was 9.7 percent.
Mr. MCDONALD. It is 9.7; that is right.

I thought I would cite this to show there will not be any question about the borrower paying the 9.7 percent.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. O'CONNOR of New York. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from New York.

Mr. O'CONNOR or New York. There was some discussion of this matter in the Rules Committee. Nine and seven-tenths percent is outrageous; there is no question about that.

Mr. WOLCOTT. I believe so.

Mr. O'CONNOR of New York. But there is a story around here that in some way the Federal Housing Administration can adjust that. Is there any basis for that statement or is it fixed and positive?

Mr. WOLCOTT. No; they charge a 5-percent carrying charge or service charge and the other 4.7 percent is arrived at by reason of the fact that the service charge and the principal are diminishing each month.

Mr. O'CONNOR of New York. Is there any power to reduce the discount interest or the percentage?

Mr. WOLCOTT. I wish this House could agree upon a limitation on this interest of 5 percent, the same as it is on title II loans, but I do not want to offer it because I am so concerned about it that I would prefer that someone on the other side offer the amendment, so it would have a chance of passage.

Mr. O'CONNOR of New York. It certainly ought not to be over 7 percent.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HANCOCK of North Carolina. The gentleman understands that it is clearly within the power and authority of the Administrator to lower that interest or fix it so it would amount to 9.7.

Mr. WOLCOTT. I think probably the gentleman is right, but because they have not done it, I think it should be written into the law that the interest should not exceed what a man has to pay under title II, or not in excess of 5¼ percent.

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, all the legislation we have passed in reference to housing has been absolutely of no benefit to the man whose income does not exceed $125 or $150 a month.

So far as my district is concerned, the most valuable part of this bill is the section that the gentleman from Michigan was talking about, but the interest is too high. Interest of 9.7 percent exceeds the legal interest permitted under the laws of the State of Missouri.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Missouri.

Mr. WILLIAMS. Does not the gentleman know that Missouri passed an enabling act which permits this rate of interest on loans that are insured by the Federal Housing Administration?

Mr. COCHRAN. Yes, but I was speaking of the legal rate of interest in general in the State of Missouri.

Mr. WILLIAMS. But they can make these loans.

Mr. COCHRAN. I realize that, but I said I was speaking of the general legal rate of interest in our State, and as the gentleman knows, it does not permit the charging of 9.7 percent interest for a loan.

Mr. WILLIAMS. Is the gentleman in favor of section 2, which permits the building of small homes?

Mr. COCHRAN. I am in favor of permitting the building of a home if it can be constructed for $1,000. The lower the cost the more homes you will build.

Mr. WILLIAMS. That is under title I. How are you going to get a loan at less than 5 percent or at a discount of less than 5 percent?

Mr. COCHRAN. I will say to my colleague from Missouri that so far as I am concerned, I would rather have a deed of trust on a home costing not more than $1,500, where the owner of that home receives a salary of $125 a month, than to have one on a home costing $10,000. There will be no foreclosures on homes costing $2,000 and less, if you will provide for a reasonable rate of interest, but charging 9.7 percent you are shutting out the family where the father has a small income. Give the man who wants a home, whose annual income is from $1,800 to $2,500, the same opportunity you give the others who want $5,000 and $10,000 homes and you will build 20 such homes where you build one costing $10,000.

I will tell you why. The people in this country and in Washington and other places who are buying homes today costing $10,000 are merely trying to keep up with the Joneses.

Mr. WILLIAMS. But——

Mr. COCHRAN. I do not yield further. They are living beyond their income, and half of the foreclosures in this country today are due to the fact that people are buying houses and trying to live on a scale far above their income. If you want to do something for the masses of the people in this country, provide some way, some means whereby you can construct a home that a person receiving a salary of $125 or $150 a month can afford to build.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. COCHRAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN: Page 43, line 5, after the word "interest", insert the following: "not to exceed 5¼ percent."

Mr. COCHRAN. Mr. Chairman, I ask for recognition under my amendment. I represent a class of people, many who are mechanics and those who work in factories. My district is entirely within the limits of the city of St. Louis—about one-third of that city. My people work for a living. They support their families by the sweat of their brow. They cannot benefit under this legislation, with such a rate of interest, and each and every one of them is just as anxious to own a home as you or I. We have plenty of vacant ground in desirable localities where such houses as I describe can be constructed.

Mr. McGRANERY. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. Not now.

Mr. SADOWSKI. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. Not now. The gentleman is a member of the committee and he can get time. I have been trying ever since we embarked on this program to do something for the little fellow. I am talking for the little fellow now. I remember when I was a boy, every fireman in my city, every policeman in my city, every letter carrier in my city bought his own home, and we did not pay our policemen or firemen in those days more than $100 a month, and most of them received only $1,000 a year. They paid for those homes. You are not going to help the little fellow when you provide for building a home costing $5,000, and you are not going to help him when you want to charge 9.7 percent interest on a $2,000 home. If you will cut out all this gingerbread that you put in houses and just put up a house with proper sanitary conditions installed, you might get by for $2,000, if the interest is not over 5¼ percent. Then the little fellow will be able to pay for it and live in it and you will not have one foreclosure among that class of people where you have a dozen foreclosures among the other class. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. STEAGALL. Mr. Chairman, I move that all debate upon this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. WILLIAMS. Mr. Chairman, I am sure that my distinguished colleague from Missouri [Mr. COCHRAN] is very sincere in his interest for the small home owner, although he comes from the great metropolis of the West, St. Louis. I come from perhaps the smallest village of any man in this entire Congress. Talk about a small home! Any man who lives in a home down in my country that is worth $2,500 is living in a palace.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I represent the fellows down in the Ozark regions of Missouri, who are glad to have a home that is worth $1,000 or $1,500 and they are the most liberty-loving and God-fearing people in all the world. Their home, humble as it may be, is their castle and their word is their bond. My distinguished friend comes from the city of St. Louis, where the ordinary home is worth not less than $5,000 or $6,000, where they live in marble mansions with gilded fronts, and do not know what the lowly and humble home of the small town or village is, and yet he comes here as an exponent of the small-home owner, whom he does not represent. I am proud to represent the small-home owners and I have always advocated the lowest rate of interest possible for them. The loans cannot and will not be made at the rate suggested in this amendment.

I am very much in earnest about this. If the gentleman wants to kill this bill and prevent the man of small means from owning his own home, all he has to do and all you have to do is to place an interest limit, which he knows and which I know and which everybody else on this floor knows will not bring a dollar to him who wants to build a $1,500 or $2,000 home.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. That is exactly the situation with which we are confronted today. Talk about limiting this interest here to 5¼ percent under this bill! I say this as one who is not any too enthusiastic about title I: that as far as I am concerned, you can wipe it out of this legislation, because there have been substantial losses under this title, but I think it can be operated without loss so far as the building of homes is concerned for those in the low-income group, and I want to help them. But if we are going to have it, by all means let us have it as a means of building homes for the small men, for the individual who has a small income, and let them get the loan and have it insured under the provisions of this act.

Do not kill it by putting a provision in here which would limit these loans to a percent, when everybody knows there would not be a dollar loaned to these men who want to build that kind of a home. [Applause.]

Vote down this amendment.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The question was taken; and on a division (demanded by Mr. SHORT and Mr. WOLCOTT) there were ayes 88 and noes 126.

So the amendment was rejected.

The Clerk read as follows:

SEC. 38. The last sentence of paragraph 7 of section 5136 of the Revised Statutes, as amended, is further amended by inserting before the colon after the words "guaranteed as to principal and interest by the United States" a comma and the following: "or obligations of national mortgage associations."

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: On page 43, after line 14, insert a new sections, as follows:

"SEC. 39. Subsection (6) of section 2 of the Federal Home Loan Bank Act, as amended, is amended to read as follows:

"'(6) The term "home mortgage" means a mortgage upon real estate, in fee simple, or on a leasehold (1) under a lease for not less than 99 years, which is renewable or (2) under a lease having a period of not less than 50 years to run from the date the mortgage was executed, upon which there is located or to be immediately built a dwelling or dwellings for not more than four families, or for more than four as determined by the board, and shall include, in addition to first mortgages, such classes of first liens as are commonly given to secure advances on real estate by institutions authorized under this act to become members, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby. The term 'home mortgage' shall not include farms, ranches, and other property whose value arises principally from its nonresidential use.'"

Mr. MICHENER. Mr. Chairman, this is the first time I have been able to get the floor during consideration of this bill—even for 5 minutes. Ample time was given for the consideration and discussion of the administration farm bill, and after that consideration a change of five votes would have sent the bill back to the committee. Ample time and consideration were given to the administration wage and hour bill, and after that consideration the bill was recommitted. That was at a late hour yesterday afternoon.

At 11 o'clock this morning there was brought before the House this much-publicized housing bill. From the beginning it was evident that proper consideration would not be allowed in this instance. The leadership has advised us that there will be a vote on this bill before an adjournment for the day is permitted, regardless of the hour. Further assurance has been given that no further serious business will be taken up by the Congress before the Christmas vacation. The chairman of the committee has seen fit to make motions to close debate on amendments where only 5 minutes have been allowed to explain amendments. More than that, debate has been closed by motion of the majority when Members were not permitted to even explain the amendments offered. In these circumstances, it is undoubtedly thought that under the whip and the lash this bill will pass the House, and so it will. Many of the 435 Members have already left for their homes. The necessary 100, constituting a quorum in this Committee, has been lacking most of the day, and when the roll is called, there will be a grand shuffle to vote for something that is popular, in name at least.

The propaganda going out through the press has told us that the enactment of this bill will put 1,000,000 men back to work, will build 5,000,000 homes for our people, at a cost of $16,000,000,000. Generally speaking, the bill has been heralded throughout the country as the law that will create a demand for home construction, and that will immediately cause a boom in the building industries.

Now, this bill has only been out of the committee for a few hours, and Members of the House not members of the committee have been in session constantly on the wage and hour bill; and as a result, for my part, about all the information I have concerning the bill comes from careful attention to the debate indulged in largely by members of the Committee on Banking and Currency. The statements made by some of these members are unusual and far from convincing. The chairman of the committee tells us that the principal purpose of the bill is to "clarify existing law." One member of the committee, who undoubtedly appreciates the political aspects of voting for or against any bill which would on its face indicate that it might be going to give assistance to home owners, began his speech as follows; and I quote:

Mr. Chairman, I propose to support this bill. I do so because it is a step in the right direction, or will be eventually. But from the point of view of the present depression it is a false alarm; it is a fraud; it is a hoax—a gigantic hoax.

For my part, if the bill is what this member of the committee says it is, then I certainly cannot vote for it.

Another member of the committee, and one who is familiar with the terms of the bill, said a few minutes ago; and I quote:

Further, this bill if enacted will do more to cause unemployment in the building trades than any other single influence we have to consider on the floor of the House.

Still another member of the committee assured the House that he was speaking for 10,000,000 members of the building and loan associations, which associations were absolutely opposed to this legislation as it now stands. This same member claimed to speak for over 14,500,000 savings-bank depositors and for the 63,000,000 holders of life-insurance policies—with 120,000,000 policies outstanding. This Member assured us

that the enactment of this bill would jeopardize the life savings, the investments, and death benefits of these millions of our people.

It would seem apparent that legislation with such vast possibilities for evil should not be rushed through within a few hours with a few Members present and with those Members not being fully advised. This is one of those cases where we should follow the old rule, and if there is reasonable doubt vote "no." There is more than reasonable doubt in my mind. History and experience have taught us that business booms always create home-building booms, but we have never had the experience of having home building at Government expense create business booms. The home builder necessarily takes into consideration several factors before obligating himself for the purchase of a new home. First, he must have a job or an income that will permit him to purchase and eventually pay for the home. With millions of our people out of employment, and the number being added to daily, the sensible thing for Congress to do would seem to be to enact some legislation that will permit business to expand and develop and furnish jobs and income to these prospective home owners. I am opposed to this proposed artificial unsound legislation to attempt to lure our people into building homes at prices which they cannot meet. There is little home building going forward at this time; and why? We all realize that employment is too limited and uncertain and that the cost of building is too high. The Government is doing an unkindness to the thrifty head of a family in persuading him to purchase a home at an unreasonable cost when sound business must indicate that the purchaser cannot in the end pay for the home at the price contracted. Income for the home owner is essential before the home can be paid for.

This bill contemplates a loan by a private loaning agency of 90 percent of the appraised value of the home. Understand, the Government does not make the loan direct, but insures the loan up to 90 percent on a $6,000 home. No private concern can survive and make loans on any such unsound basis. As has been pointed out by a previous speaker, under this law the head of a family would be required to have to pay but $600 down to purchase a $6,000 home. He could then only be removed for default according to the laws of the State in which he resides. In some instances, the home might be purchased, the family go into possession, and remain for a period of more than 20 months before foreclosure could be made effective. That would be cheap rent in most instances. The Government would of necessity be compelled to repossess many homes. Under the present Housing Act, defaults have been made, but no such liberality is permitted in insuring the original loans. Sound dealing is in the end better for the home owner as well as the Government.

The building and loan associations of the country have been a godsend. They have financed many a home, especially in the medium-sized cities. They should not be destroyed. Their work should be encouraged and carried on. These local organizations are acquainted with the prospective buyer, and as a rule he has no difficulty in getting such credit as his earning power and character warrant. This is another piece of legislation putting the Government in competition with private industry. Just another priming of the pump—if it works at all—where the money may eventually come out of the Treasury. After loans are made and insured, and in case of default, the insurance will not be due for at least a couple of years from now. Again we will be sailing along in a fool's paradise, making ourselves believe that we are prosperous and that recovery is with us, when as a matter of fact it is simply more apparent prosperity to be paid for by the taxpayers in the years that are ahead.

I will go as far as any Member of the House in assisting our people in any sane, sensible, and possible way to acquire homes; but I will not, knowingly, be a party to any deception; and if the member of the committee above quoted is correct, and this bill will not be of any immediate help, then it certainly should not be rushed through in 1 day, and I shall not by my vote approve any such action.

Government tax-free obligations are inconsistent with our system of graduated income taxes. There are those who rant and rave about persons with large incomes investing in such a way as to avoid income taxes. At the same time the Congress continues to authorize the issuance of tax-free securities, and in this way provides the very escape that is so seriously condemned. If this bill becomes a law, millions of additional tax-free securities will be issued and sold to the public in competition with legitimate securities issued by private industry, and which securities are not tax exempt. Surely it cannot be said that this type of legislation is encouraging legitimate private industry. This Congress has become so accustomed to authorizing the issuance of tax-free securities that, as in this case, this particular feature of the bill is apparently passed over as a matter of course and without any particular attention being given to it. It is fundamental if we are to successfully maintain our present system of income taxes, and when this bill goes to the Senate I hope this feature will be given the consideration to which it is entitled.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Page 43, after line 14, add a new section, as follows:

"SEC. 39. The first two sentences of subsection (b) of section 10 of the Federal Home Loan Bank Act, as amended, are amended to read as follows:

"'(b) No home mortgage shall be accepted as collateral security for an advance by a Federal Home Loan Bank if, at the time such advance is made (1) the home mortgage loan secured by it has more than 20 years to run to maturity, or (2) the home mortgage exceeds a figure fixed by regulations of the board, which figure shall not be less than $30,000, or (3) is past due more than 6 months when presented, unless the amount of the debt secured by such home mortgage is less than 50 percent of the value of the real estate with respect to which the home mortgage was given, as such real estate was appraised when the home mortgage was made. For the purposes of subsection (a) the value of real estate shall be as of the time the advance is made and shall be established by such certification by the borrowing institution, in accordance with the regulations of the board.'"

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: After line 14, add a new section, as follows:

"SEC. 39. Subsection (n) of section 4 of the Home Owners' Loan Act of 1933, as amended, is amended by the addition of the following language:

"'Of the total authorized bond issue of the Corporation, $200,000,000, with the approval of the Secretary of the Treasury, shall be available for the purchase of bonds, debentures, or notes issued under section 11 of the Federal Home Loan Bank Act, as amended; and any funds realized by the Corporation from the sale of such investments made under the provisions of this subsection may be reinvested by the Corporation at any time in said bonds, notes, and debentures.'"

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: On page 43, add a new section, as follows:

"SEC. 39. Subsection (c) of section 5 of Home Owners' Loan Act of 1933, as amended, is amended to read as follows:

"'(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within 50 miles of their home office: *Provided*, That not more than $20,000 shall be loaned on the security of a first lien upon any one such property; except that not exceeding 30 percent of the assets of such association may be loaned on improved real estate without regard to said $20,000 limitation, and without regard to said 50-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of, or guaranteed as to principal and interest by, the United States, the stock or obligations issued pursuant to the Federal Home Loan Bank Act, obligations of the Federal Savings and Loan Insurance Corporation, or in other securities approved by the board: *And provided further*, That any such

association which is converted from a State-chartered institution may continue to make loans in the territory in which it made loans while operating under State charter.'"

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: On page 43, after line 14, add a new section, as follows:

"SEC. 39. Section 5 of the Home Owners' Loan Act of 1933, as amended, is hereby amended by inserting after subsection (i) a new subsection to read as follows:

"'(j) Any Federal savings and loan association may convert itself into a State-chartered savings and loan association or mutual savings bank upon a vote of 51 percent or more of the votes cast at a legal meeting called to consider such action; such conversion shall be subject to the laws of the State in which the institution is located and shall be consummated only upon acceptance of the institution by the State under such terms and arrangements as the State statutes and the supervisory authorities of the State prescribe. Upon completion of such conversion, the association shall no longer be subject to the rules and regulations or examination by the Federal Home Loan Bank board, but institutions having Government funds invested in their shares may not convert without the assent of the Federal board.'"

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: On page 43, after line 14, insert a new section, as follows:

"SEC. 39. Section 13 (a) of the Federal Reserve Act, as amended, is further amended by adding the following two paragraphs:

"'Any Federal Reserve bank may, under rules and regulations not inconsistent herewith prescribed by the Board of Governors of the Federal Reserve System, buy debentures or bonds issued pursuant to the provisions of section 11 of the Federal Home Loan Bank Act, as amended.

"'Any Federal Reserve bank may, subject to regulations not inconsistent herewith prescribed by the Board of Governors of the Federal Reserve System, make loans to Federal home-loan banks upon the security of notes or notes secured by mortgage or other real-estate lien taken by such Federal home-loan banks pursuant to the Federal Home Loan Bank Act, as amended, and any Federal Reserve bank is authorized to rediscount such notes and notes secured by mortgage or other lien on real estate with the endorsement of such Federal home-loan banks.'"

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

Mr. CRAWFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: On page 43, add a new section to read as follows:

"SEC. 39. Section 403 of the National Housing Act is hereby amended by adding the following new and additional subsection (e):

"'(e) The Corporation, out of its insurance premiums, shall pay for all regular examinations to which insured institutions are subjected by the Insurance Corporation. This does not apply to examinations prior to insurance or special examinations arising in cases of default, defalcations, and like unusual circumstances.'"

Mr. CRAWFORD. Mr. Chairman, the Members of the House grow impatient; we want to close up and go home. Out through the country, however, there are tens of thousands of businessmen and a great many lending institutions whose books are being audited day in and day out in a duplicating manner by the different agencies of the Federal Government who send their auditors in to inspect the books and to check up on the balance sheets and operating statements. I understand that the Federal Deposit Insurance Corporation pays for its own audits when it goes out and inspects the books of a Federal Deposit Insurance member. I understand the Federal Reserve bank does likewise. I understand the Comptroller of the Currency carries his own auditing expense. What I am asking here is that the Federal Housing Administration be directed to pay, out of its insurance premiums, for all regular examinations to which insured institutions are subjected by the Insurance Corporation. I ask that the amendment be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. CRAWFORD) there were—ayes 29, noes 110.

So the amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: On page 43, after line 14, insert a new section to read as follows:

SEC. 39. Section 404 (a), (b), and (c) of the National Housing Act is hereby amended by striking out the words "one-eighth of 1 percent" and inserting in lieu thereof the words "one-twelfth of 1 percent."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: On page 43, after line 14, insert a new section to read as follows:

"SEC. 39. Subsection (b) of section 405 of the National Housing Act, as amended, is amended to read as follows:

"'(b) In the event of a default by an insured institution the Corporation shall promptly determine the insured members thereof and the amount of each insured account, and shall make available to each of them, after notice by mail at his last-known address as shown by the books of the insured institution and upon surrender and transfer to the Corporation of his insured account free and clear of any lien or other encumbrance, either (1) a new insured account in an insured institution not in default, in an amount equal to the insured account so transferred, or (2) at the option of the insured member, the amount of his account, which is insured under this section, as follows: At least 10 percent in cash; and one-half of the remainder in negotiable debentures of the Corporation payable within 1 year from the date of default, bearing interest from such date at the rate of 2 percent per annum; and the balance in negotiable debentures of the Corporation payable within 3 years from the date of default, bearing interest from such date at the rate of 2 percent per annum. The Corporation shall furnish to each insured institution a certificate stating that the insurance of accounts in such institutions is to be paid in the manner described in this subsection.'"

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: On page 43, line 14, add a new section, as follows:

"SEC. 39. Section 407, subsection (a) of the National Housing Act is hereby amended to read as follows:

"'Any institution which is insured under the provisions of this title may, upon not less than 90 days' written notice to the Corporation, terminate its status as an insured institution upon a majority vote of its shareholders entitled to vote, or upon a majority vote of its board of directors or other similar governing body which is authorized to act for the institution. In the event of such voluntary termination of the insurance of accounts, such insured institution shall pay one additional annual insurance premium as is provided by subsection (a) of section 404 and the insured accounts in such institution, to the extent of the amount paid in and credited thereto upon such date, shall remain insured to the end of the period for which such premium is paid.'"

Mr. LUCE. Mr. Chairman, earlier in the day to a small squad of the faithful I explained the reasons for the objections that some members of the Committee have to the pending bill. Probably four-fifths of those now present did not hear the arguments made at that time; so, very succinctly I would for their benefit sum up the causes of our criticism.

We do not object to any sane and reasonable method of encouraging the building of houses. We do believe that they should be built after the English pattern for those persons of meager circumstances. Our chief objections to this measure are rested upon two things: First, the threat to the interest rate throughout the country which portends damage to the great masses of our people who carry life insurance or who have saved money by the help of the cooperative thrift associations. Secondly, we hold it to be outrageous that any authority for lending money on a 10-percent margin should be set up by legislation of Congress. For these reasons, we would have preferred to go along with the bill, could the amendments offered in behalf of

the building and loan associations by the executive vice president of their national league, Morton Bodfish, have been considered and could time have been allowed for the study that the importance of the measure deserves. We are, however, deprived of what we wish we might do by the situation as it presently exists.

Mr. STEAGALL. Mr. Chairman, let the RECORD show that at least points of order have not been made against these various nongermane amendments because of our deference to the wishes and convenience of the Members who desire to get away.

Mr. LUCE. Mr. Chairman, under leave granted to accompany with a statement extension of my remarks on the national housing bill, I append the suggestions made to the Committee on Banking and Currency for improving the bill by remedying its defects and the amendments to that end which were offered and ignored.

(The United States Building and Loan League is the national trade organization of cooperative thrift and home-financing institutions. These institutions have been active in the United States since 1831 in encouraging thrift and using accumulated savings and investments exclusively to finance the buying, building, and owning of homes by high-percentage, long-term, amortized first mortgages. The league represents over 4,000 individual institutions and 47 State leagues. Its member institutions have 80 percent of the total assets of such institutions in the United States and include savings and loan associations, building and loan associations, cooperative banks, and Federal savings and loan associations in every part of the United States.)

The savings, buildings, and loan associations of the United States are anxious to do everything practical and possible to encourage the buying, building, and owning of homes and the improvement of housing and employment conditions throughout the United States. The thrift and home-financing institutions consider it most appropriate that the President of the United States should ask the Congress to consider this question at this time. We are in favor of general retrenchment in Government activities and expenditures. We believe that house-building activity follows or accompanies general business activity. Much greater building activity would undoubtedly have taken place in recent years had not costs completely outrun rents. High costs and low rents, coupled with vacancies and unabsorbed existing property, inevitably make a slow real estate and new construction market. Frankly, in most cities and towns it has been cheaper to rent or purchase existing properties than to build new homes or apartment buildings. The problem is a serious one and we trust that the committees of the Congress will canvass all available resources and methods which can contribute to the objective properly stated by President Roosevelt in his housing message, namely, "private enterprise and private capital must bear the burden of providing the great bulk of new housing." Today, except for a few areas, our thrift and home-financing institutions are actively financing the repair, buying, building, and owning of homes. In 1936 our institutions loaned nearly a billion dollars and this year we will pass this figure.

The legislation proposed to carry out the objectives in the President's message deals exclusively with amendments to the National Housing Act (F. H. A.). A number of the proposals we feel merit trial and can be supported by our thrift and home-financing institutions. Others need careful scrutiny as to whether they will accomplish in an orderly way better housing and greater home ownership in the United States through private enterprise. Questions of fundamental long-time policies are involved upon which may depend the future course of home financing in this country. For example, should the leadership and Treasury of the Federal Government be thrown behind the building of large apartment dwellings for rent, primarily in large cities? Should the guarantee or insurance of private mortgage debt become permanent policy and be placed on a subsidy basis, with the United States Treasury obligated to repay the commercial banks (which are and will be the principal lenders under the new legislation) in a future depression or real-estate deflation? Is it truly "private enterprise" if Government capital must be used to organize national mortgage associations to make and buy the mortgages insured or guaranteed by the Government through F. H. A.? Is it in the interest of local institutions and private enterprise for the Government to attempt to control interest rates and loan terms, possibly to the point where community thrift institutions, with their billions of funds supplied by savers and investors, the "little lenders" of the United States, cannot successfully operate?

The amendments and suggestions which follow have two purposes—first, to direct the F. H. A. activities toward new construction, repairs, and employment on a fair basis that does not involve undue risk, subsidy, or ultimate loss on the part of the Government; and second, to so modify existing legislation that our thrift and home-financing institutions which are today doing from half to two-thirds of the home financing, can continue to function effectively under the new conditions which may grow out of this legislation. Again, our savings, building and loan associations are anxious to cooperate in every way to serve the general welfare. We believe that our 100 and more years of experience in cooperative activity in practically every community in the United States, through which over 8,000,000 families have been enabled to build or acquire homes, attests our usefulness and objectives.

The amendments, preceded by a brief explanation, follow:

[Words italicized in amendments indicate changes or additions to existing law or proposed bill.]

AMENDMENT I

Section 5, page 3, line 4, of H. R. 8520 and S. 3055 is amended by striking out the words and figures "July 1, 1939" and inserting in lieu thereof the words and figures *"January 1, 1938."*

Section 7, pages 3–4. This section proposes 90-percent loans to owner occupants of newly constructed homes. We are doubtful as to whether trustee institutions can wisely use savers' and investors' funds in making such high-percentage advances unless additional and substantial safeguards are provided. Variations in appraisal judgments, economic conditions, shifting districts, absence of city zoning and planning, taxes as prior liens, foreclosure delays and expenses, depreciation, obsolescence and the like make such loans hazardous for the institutional lender.

Much is said of the experience in Great Britain, where building societies (savings and loan associations) make 90-percent loans. This is true, but the builders and those who immediately profit in the building transaction margin those loans with cash or securities and cosign or endorse their repayment down to a normal 75- or 80-percent advance. This means that those who profit from the building and real-estate operations assume a part of the risks attending such abnormal financing. In the F. H. A. proposal the losses are to be assumed in part by mortgage-lending institutions, but, in the main, by the mutual mortgage fund and the Treasury guaranty of its securities. If it is desirable to give 90-percent financing to the citizen who builds or buys a home for his own occupancy, we suggest that British experience be followed and that other parties to the transaction be required to share the risks and responsibilities of 90-percent advances, rather than realize their profits and step out of the transaction, leaving the owner, the thrift institution, and the Government all the risks of loss. It does not seem unfair to ask those who substantially and immediately profit to leave a modest portion of their profits in the transaction for the protection of the lender and the Government.

Further, there would automatically be a more careful selection of purchasers, an influence for better construction, and a continuing interest on the part of the builder or real-estate operator. We therefore propose that the builder or real-estate operator endorse this paper until it is paid down to 75 percent of the original appraisal and also place in a builders' pool or deposit 5 percent of the original appraised value. Stated briefly, this would achieve the President's objective of a 90-percent loan to the home owner and at the same time a reasonable added protection would be required for the financial institution and the Government in connection with these high-percentage risky advances.

We further feel that the President's message proposes that such loans be made to facilitate the contruction of homes for people of small or moderate incomes, but still above the lowest income group (which is to be assisted through the subsidized and slum-clearance housing under the United States Housing Act of 1937). A $5,400 loan for this medium-income group is higher than necessary in the smaller cities and too low for some of the larger cities.

We therefore propose the following two amendments to section 7:

AMENDMENT II

Section 7, page 4, line 6, of H. R. 8520 and S. 3055 is amended by striking out the figures "$5,400" and inserting in lieu thereof the words and figures *"$4,500 to $7,200, depending on and varying with the size of the town or city and the prevailing cost of providing homes for persons of low or moderate wage income, to be prescribed in rules and regulations by the Administrator."*

AMENDMENT III

Section 7, page 4, line 17, of H. R. 8520 and S. 3055 is amended by adding at the end of said section the following additional language:

"In all cases where mortgage insurance is applied for in an amount in excess of 80 percent of the appraised value of the property the applicant shall submit an agreement in form satisfactory to the Administrator, executed by the building contractor, a building-material dealer, real-estate developer, or any other person, firm, or corporation immediately profiting from such building transaction, effectively binding such person, firm, or corporation, to cosign or endorse such loan over and above 75 percent of the original appraised value, and binding such person, firm, or corporation to deposit in cash or securities acceptable to the Administrator and approved by the mortgagee an amount equivalent to 5 percent of such loan with the approved mortgagee to secure such agreement, and final mortgage insurance shall not be granted in such cases until there has been compliance satisfactory to the Administrator."

Section 9, page 5: No amendment is formally offered to this section. Attention is directed to the fact that the Government will undoubtedly be subsidizing the insurance or guaranty of private mortgage debts through the change in the premium arrangements. The premiums are to be determined on diminishing balances of the mortgage, rather than continuing on the original principal. This will cut by half the premium income of the F. H. A. on guaranteed mortgages. Further, a quarter of 1-percent premium on diminishing balances is proposed, as regards the 90-percent new construction loans, a decrease of 75 percent in premium in-

come to the F. H. A. mutual mortgage fund. It does not seem logical that, if one-half of 1-percent premiums are needed to insure or guarantee 80-percent mortgages, that one quarter of 1 percent will protect the Government on 90-percent risks: It is clear that this adjustment in premiums further puts the insurance on a subsidy basis, as the expenses of the F. H. A. promotion and operation to date have been many times the income from premiums. As near as we can discover from published reports, the premium income and appraisal income under title II is less than $6,000,000, while the F. H. A. has drawn from the R. F. C. over $51,000,000 for its promotion and expenses (including title I, and $10,000,000 originally allocated to the mutual mortgage fund). Of the mortgage volume in the last 2 or 3 years, only approximately 20 percent has been insured or guaranteed under the F. H. A. plan, only a small percentage of the financial institutions have made insured mortgages and, finally, nearly two-thirds of the F. H. A. insured or guaranteed mortgages have been made by commercial banks (both State and National). Many financial institutions have felt that if the mortgage were a sound loan and a good risk that insurance was not needed and if it were a doubtful loan, it should not be made regardless of the partial guaranty.

New Section 9a. Great misunderstanding on the part of the public has surrounded the operations of title II, F. H. A., as regards costs to the borrower. Instead of the much-advertised and publicized 5 percent, the cost to the borrower has run 6.4 percent and up. Financial institutions whose prevailing rates were equal or lower were placed in the difficult position of explaining that the Government-insured mortgages involved costs to the borrower in excess of 5 percent. The full facts were not publicized or understood by the public. Community thrift institutions, such as savings, building and loan associations, must reasonably meet competitive situations and must survive on the basis of their ability to render a fair-priced and a better service than their competitors. We believe that the public interest would be served and fair business practice maintained if appropriate statutory requirements were made providing for the full disclosure and recording of all costs involved in an F. H. A. insured mortgage.

The following amendment proposes procedure for the F. H. A. which will eliminate one of the most discouraging competitive features, as far as insured mortgages are concerned.

AMENDMENT IV

Immediately following Section 9, add the following new and additional section 9a:

"Section 9a. Subsection (d) of Section 203 of title II of the National Housing Act is amended to read as follows:

"(d) The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this section. *Such rules and regulations shall prescribe the interest rate, the insurance rate, and the fees or other charges for commission, brokerage, initial service charge, appraisal, title, and any other fee or charge permitted by such rules and regulations to be made against the mortgagor by Federal Housing Administration, the approved mortgagee, or any other person, firm, or corporation. Upon the closing of each insured mortgage or mortgage upon which application for insurance is to be made a full and clear statement of the interest, insurance, service, commission, brokerage, repayment penalty, fees, and any other charges paid or to be paid by the mortgagor shall be prepared and signed by the mortgagee and furnished to the mortgagor, and a signed copy of the same shall be furnished to Federal Housing Administration with the final application for mortgage insurance. The interest rate on insured mortgages shall not be published without publication of the total cost to the borrower of such insured mortgage by a statement of the total effective cost of the money to the borrower, including all items, or by a statement of such items."*

Section 11, page 9: No formal amendment is offered to this section. It is important because it makes permanent the policy of issuing debentures fully and unconditionally guaranteed as to principal and interest by the United States Government in exchange for defaulted mortgages and the transfer of such real estate to the Government. This proposal would seem to admit that the insurance or guarantee of mortgages cannot succeed as originally proposed unless lenders are assured of Government bonds in exchange for defaulted mortgages.

Section 20, pages 14–15: It would seem desirable to grant as much opportunity as possible to reduce the liability of the Government on these guarantees of private debts. This section provides for the termination of the insurance in case a mortgage loan is repaid or foreclosed (without conveyance to the Government). As the insurance runs primarily for the benefit of the lender, it would seem proper to provide by statute that the mortgagor and the mortgagee might drop the insurance or guarantee of the mortgage if the lender were willing to carry the risk without insurance.

The following amendment is therefore offered:

AMENDMENT V

Section 20, page 15, line 8 of S. 3055 and line 10 of H. R. 8520, is amended by the addition of the following language:

"Upon the joint request of the mortgagor and the mortgagee made to the Administrator in writing the mortgage insurance with respect to such mortgagee and such mortgagor shall terminate and the obligation to pay the annual insurance premium charge shall cease and all rights of the mortgagor and the mortgagee under sections 204 and 205 shall terminate."

Section 22, pages 16–28: No formal amendment is offered to this section. The section completely rewrites the present section 207, which is now by statute confined to housing for "persons of low income." This general restriction is removed from the statute and 80-percent loans are to be insured or guaranteed by the Government on properties with a value not to exceed $1,200 per room, with all matters of rent, sales charge, capital structure and the like, to be determined by the Administrator. (See subsec. (b), (1) and (2).)

In subsection (e), $1,000,000 of funds which have arisen from appraisal fees paid by individual home owners are to be transferred, to be used as a revolving fund for carrying out section 207 in guaranteeing mortgages for the building of apartment and rental properties. If this $1,000,000 fund is not adequate to pay losses, the Secretary of the Treasury is committed to make necessary expenditures.

The theory of the insurance or guaranty is that the Government (F. H. A.) shares or takes part of the risk of the lender. Apparently, under subsection (f), the lender on large-unit projects is not required to risk any of his advance in the case of a default resulting from an unwise building venture or a business recession. The insurance or guaranty of benefits to corporations, etc., building large-unit apartment or rental housing under the pending legislation is more liberal than that made available to individual mortgages on homes. For example, the effect of the section is to cause Government-guaranteed debentures to be issued to the lender almost immediately on default, with the Government, through the Administrator, assuming full responsibility and undertaking the foreclosure action. The debentures issued to the lending institution cover all its loan and outlays. Again, these debentures, as provided in subsection (g) are fully and unconditionally guaranteed as to principal and interest by the United States. It would seem that this strong support of construction of rental and apartment housing by Government might, in the long run, adversely influence the American ideal of home ownership. To a certain extent, it means that Government credit or Government underwriting is being placed extensively behind building ventures designed essentially for private profit and of an ordinary business nature.

It should be noted in subsection (i) that the Administrator not only acquires possession of and title to the property before instituting foreclosure proceedings, but is obligated to refinance the project, even though the original lender has received his Government debentures and is entirely out of the transaction. It should be noted that no minimum insurance premium or maximum interest rates apply to this section as exist in the case of the home mortgages. Coupled with the proposals as regards national mortgage associations, practically direct Government financing on apartment projects is accomplished.

Section 25, page 28: This section likewise is designed to finance the construction of multifamily dwellings or groups of not less than 25 single-family dwellings, which will also give strong Government support to the financing and construction of multifamily or apartment dwellings. The guaranties are supported by debentures to be guaranteed by the United States.

Section 26, page 32: Revises in part title III, which provides for national mortgage associations. No such discount or wholesale associations have been organized under the present legislation, even though the R. F. C. has offered to furnish a portion of the capital. We feel that the organization of one or more national mortgage associations by the Government, using exclusively Government capital, is a direct advance or expansion in Government lending activities. We are opposed to the creation of any such organizations to function in the small-mortgage field now served by savings, building and loan associations, and other private or community thrift institutions. The Federal Home Loan Bank system, in which nearly 4,000 building and loan associations and a limited number of savings banks and insurance companies have invested over $31,000,000 in capital and whose 12 banks have successfully entered the capital market recently to the extent of $75,000,000, represent adequate Government provision in the small-mortgage field. Whether such national associations are needed to make or purchase the large-unit mortgages created under sections 207 and 210 is for the Congress to decide, but we are unqualifiedly opposed to the establishment of these organizations with Government capital to duplicate and intrude upon the activities of the 12 Federal Home Loan Banks.

We therefore suggest the following amendment:

AMENDMENT VI

Section 26, page 32, strike out all of subsection (1), lines 10 to 20 of S. 3055 and lines 12 to 22 of H. R. 8520, and insert in lieu thereof the following: *"(1) to make, purchase, and sell mortgages or securities authorized to be insured under sections 207 and 210 of this act;"*

National mortgage associations are not needed to protect the liquidity of commercial banks making F. H. A. guarantied mortgages, as present statutes permit the Federal Reserve System wide latitude in making advances to members on insured mortgages.

Sections 27, 28, and 29, pages 32–35, S. 3055, and 33–35, H. R. 8520: The significant changes from the present statute are that national mortgage associations can be started by putting up in mortgages, instead of cash or Government securities, 25 percent of the present $2,000,000 minimum capital. Furthermore, it is provided that obligations may be issued to 20 times the amount of capital and

surplus. This is a 5-percent margin on very long time securities, which seems hardly conservative.

These broad provisions are even more significant in light of the sweeping and complete tax exemptions provided for these organizations and the securities which they issue from all State, county, or municipal taxation. It is further proposed that these national mortgage associations and the securities which they issue be exempted from Federal taxation. This would make them very similar in status to the joint-stock land banks which functioned in the farm field. Such tax exemptions seem hardly appropriate for mortgage companies privately managed and operated for private profit. We are most anxious that the activities of national mortgage associations be concentrated in the large unit field, if it is necessary to authorize them at all. Frankly, we would much rather see the R. F. C. purchase some of the large unit obligations guaranteed under 207 and 210, if Government funds are needed at this time for large unit construction. Later, the necessity of additional Government-sponsored mortgage companies, as contrasted with the private trustee institutions or organizations developed solely with private capital, could be determined.

Section 35, page 38: This section provides for the revival of title I of the National Housing Act. It is the desire of savings, building, and loan associations to support and participate in the activities under title I. As it is difficult or impossble to adapt our lending arrangements to those which are followed by commercial banks and finance companies, we urge that an amendment be included clearly declaring a legislative policy with regard to participation of savings and loan associations and like institutions. In light of our experience with the regulations and our difficulties in functioning under title I, and our splendid loss record, as far as the Government guaranty was concerned, we are most anxious that this matter be dealt with in the legislation. We do not advocate the Government assuming the losses incurred in the financing of refrigerators and other appliances.

The amendment is as follows:

AMENDMENT VII

Section 35, page 39, line 5 of S. 3055 and line 9 of H. R. 8520, is amended by the addition at the end thereof within the quotation marks of the following:

"The Administrator shall provide by regulation for the insurance of loans under this title, made for the repair, modernization, and improvement of real estate, repayable on an amortized basis, insured for a period not exceeding 5 years, and on a basis so that such loans may be made by savings and loan associations and similar institutions consistent with the law under which such institutions operate."

AMENDMENTS TO FEDERAL HOME LOAN BANK ACT, HOME OWNERS' LOAN ACT OF 1933, TITLE IV OF THE NATIONAL HOUSING ACT, AND THE FEDERAL RESERVE ACT

The amendments which follow are proposals which have been considered by committees and official bodies of the United States Building and Loan League. Their inclusion in the pending S. 3055 and H. R. 8520 is urged on the ground that their enactment will permit our institutions which are members of the Home Loan Bank System or which have their shares insured, better to cope with the competitive aspects of mortgage business created by the new legislation, particularly as regards rates, and also assist our Home Loan Bank System and our institutions in continuing the expansion of home-financing activities. We believe that with these amendments, in addition to the suggestions previously made, we can do a useful part in financing the ownership, repair, and building of homes and small multifamily properties at this time.

Section 38 (a new section to be added to pending bills). This amendment revises the definition of "home mortgage" in the Federal Home Loan Bank Act, and would permit our home-loan banks to accept as security for advances to member institutions mortgages on dwellings housing more than four families. A concluding sentence in the amendment is a technical change which is needed in connection with determining the amount of stock subscription required of member institutions.

The amendment is as follows:

AMENDMENT VIII

"Section 38. Subsection (6) of section 2 of the Federal Home Loan Bank Act, as amended, is amended to read as follows:

"'(6) The term "home mortgage" means a mortgage upon real estate, in fee simple, or on a leasehold (1) under a lease for not less than 99 years which is renewable or (2) under a lease having a period of not less than 50 years to run from the date the mortgage was executed, upon which there is located or to be immediately built a dwelling or dwellings for not more than four families, *or for more than four as determined by the Board*, and shall include, in addition to first mortgages, such classes of first liens as are commonly given to secure advances on real estate by institutions authorized under this act to become members, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby. *The term "home mortgage" shall not include farms, ranches, and other property whose value arises principally from its nonresidential use.*'"

Section 39 (a new section). This section is pointed toward precisely the same objective as the preceding amendment and deals with the loan section of the Home Loan Bank Act, while the preceding amendment deals with the definition section. This amendment permits home-loan banks to accept mortgages up to $30,000 or even higher, if permitted by the Federal Home Loan Bank Board. It complements and is necessary to carry out the principle of permitting home-loan banks to encourage their member institutions to go somewhat beyond the field of home mortgages.

AMENDMENT IX

SEC. 39. The first two sentences of subsection (b) of section 10 of the Federal Home Loan Bank Act, as amended, are amended to read as follows:

"(b) No home mortgage shall be accepted as collateral security for an advance by a Federal home loan bank if, at the time such advance is made (1) the home-mortgage loan secured by it has more than 20 years to run to maturity, or (2) the home mortgage exceeds *a figure fixed by regulations of the Board, which figure shall not be less than $30,000*, or (3) is past due more than 6 months when presented, unless the amount of the debt secured by such home mortgage is less than 50 percent of the value of the real estate with respect to which the home mortgage was given, as such real estate was appraised when the home mortgage was made. For the purposes of subsection (a) the value of real estate shall be as of the time the advance is made and shall be established by such certification by the borrowing institution, in accordance with the regulations of the Board."

Section 40 (a new section): The Home Loan Bank System serves more than 4,000 local thrift and home-financing institutions and is steadily expanding. It is now issuing securities which have been well accepted in the financial markets, although they are shorter-term securities than should be issued in the future. In order to assist this system in issuing longer-term securities, it is desirable that a portion of the authorized bonding authority of the Home Owners' Loan Corporation be made available to the bank system to support its financing if necessary. The fund is needed, not for immediate use but as an alternative or psychological support to the general money market in case of depression or a stringent money situation. The existence of such an authorization would also have a favorable bearing on the cost of the funds which the system will be obtaining from the general money market from time to time. A $200,000,000 fund seems an appropriate and modest request, in comparison with the $2,000,000,000 fund which stands back of the Federal land banks.

The amendment does not change the substance of the present section, under which over $200,000,000 have been invested by the Corporation primarily in shares of Federal savings and loan associations, but permits the Treasury and the Home Owners' Loan Corporation Board to act should a financial crisis develop.

The amendment is as follows:

AMENDMENT X

SEC. 40. Subsection (n) of section 4 of the Home Owners' Loan Act of 1933, as amended, is amended by the addition of the following language:

"Of the total authorized bond issue of the Corporation, $200,000,000, with the approval of the Secretary of the Treasury, shall be available for the purchase of bonds, debentures, or notes issued under section 11 of the Federal Home Loan Bank Act, as amended; and any funds realized by the Corporation from the sale of such investments made under the provisions of this subsection may be reinvested by the Corporation at any time in said bonds, notes, and debentures."

Section 41 (a new section): The Home Owners' Loan Act provided for the chartering of Federal savings and loan associations and conversion of existing institutions into such associations. With the emphasis that is apparently going to be placed on large-unit properties, it is our recommendation that these associations be permitted to invest 30 percent of their assets in such advances, rather than the present 15 percent. Also, in this amendment the language is clarified with regard to investment in securities other than mortgages. Under this language, the associations will be permitted to purchase securities approved by the Board, which securities would not only contribute to the liquidity of the institution but which might also permit the associations to purchase partial interests in mortgages made under sections 207 and 210, as amended by the pending legislation, and such other securities as might be approved by the Federal Home Loan Bank Board.

The amendment is as follows:

AMENDMENT XI

"SEC. 41. Subsection (c) of section 5 of Home Owners' Loan Act of 1933, as amended, is amended to read as follows:

"(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within 50 miles of their home office: *Provided*, That not more than $20,000 shall be loaned on the security of a first lien upon any one such property; except that not exceeding 30 percent of the assets of such association may be loaned on improved real estate without regard to said $20,000 limitation, and without regard to said 50-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of, *or guaranteed as to principal and interest, by*, the United States, the stock *or obligations issued pursuant to the Federal Home Loan Bank Act, obligations of the Federal Savings and Loan Insurance Corporation, or in other securities approved by the Board: And provided further*, That any such association which is converted from a State-chartered institution may continue to make loans in the territory in which it made loans while operating under State charter."

Section 42 (a new section): Litigation is now pending which questions the right of the Federal Government to charter thrift and home-financing institutions by challenging the constitutionality of that portion of the Home Owners' Loan Act of 1933 which provides for Federal savings and loan associations. While the district court decision has been favorable, appeal has been made by officials representing the State of Wisconsin, and it is important that over 1,200 Federal savings and loan associations have a statutory vehicle for returning to State jurisdiction if the higher courts reverse the lower court decision. Further, with the Federal Government inviting the conversion of State institutions to Federal ones, it seems only proper that provision be made for Federal institutions to become State-chartered ones under State supervisory authorities, if their members so desire.

The amendment is as follows:

AMENDMENT XII

SEC. 42. Section 5 of the Home Owners' Loan Act of 1933, as amended, is hereby amended by inserting after subsection (i) a new subsection to read as follows:

"'(j) *Any Federal savings and loan association may convert itself into a State-chartered savings and loan association or mutual savings bank upon a vote of 51 percent or more of the votes cast at a legal meeting called to consider such action; such conversion shall be subject to the laws of the State in which the institution is located and shall be consummated only upon acceptance of the institution by the State under such terms and arrangements as the State statutes and the supervisory authorities of the State prescribe. Upon completion of such conversion, the association shall no longer be subject to the rules and regulations or examination by the Federal Home Loan Bank Board, but institutions having Government funds invested in their shares may not convert without the assent of the Federal Board.*'"

Section 43 (a new section): The home-loan banks have member institutions with assets of approximately $4,000,000,000. These member institutions depend on the home-loan banks for both long-term capital and for emergency funds should a period of financial stress arise. In order to strengthen the general financial picture in emergency periods and permit the Federal Reserve banks to extend the same accommodations to the 12 home-loan banks which the Reserve banks may now extend to the intermediate-credit banks, similar provisions are urged as additions to section 13a of the Federal Reserve Act. These additions are important if the home-loan banks are to expand their usefulness and are to support properly their member institutions should a period of deflation and withdrawals develop.

AMENDMENT XIII

SEC. 43. Section 13a of the Federal Reserve Act, as amended, is further amended by adding the following two paragraphs:

"Any Federal Reserve bank may, under rules and regulations not inconsistent herewith prescribed by the Board of Governors of the Federal Reserve System, buy debentures or bonds issued pursuant to the provisions of section 11 of the Federal Home Loan Bank Act, as amended.

"Any Federal Reserve bank may, subject to regulations not inconsistent herewith prescribed by the Board of Governors of the Federal Reserve System, make loans to Federal home-loan banks upon the security of notes or notes secured by mortgage or other real-estate lien taken by such Federal home-loan banks pursuant to the Federal Home Loan Bank Act, as amended, and any Federal Reserve bank is authorized to rediscount such notes and notes secured by mortgage or other lien on real estate with the endorsement of such Federal Home Loan Banks."

Section 44 (a new section): In connection with the insurance of share accounts there has been much complaint about examination costs and duplicating examinations. State supervisory officials are particularly concerned over the question. It is believed by our people that the Insurance Corporation can absorb the cost of such examinations as it finds necessary out of the annual insurance premium. This is done in the F. D. I. C. and we urge that this precedent be followed as regards institutions insured by the Federal Savings and Loan Insurance Corporation. The Corporation now has $110,000,000 in capital and reserves and its premium income seems much more than necessary to pay examinations and still steadily accumulate adequate reserves.

The amendment is as follows:

AMENDMENT XIV

Section 44. Section 403 of the National Housing Act is hereby amended by adding the following new and additional subsection (e):

"(e) *The Corporation, out of its insurance premiums, shall pay for all regular examinations to which insured institutions are subjected by the Insurance Corporation. This does not apply to examinations prior to insurance or special examinations arising in cases of default, defalcations, and like unusual circumstances."*

Section 45 (a new section). This amendment is a companion amendment to the previous proposal. We are certain that the risk assumed in the insurance of accounts in savings and loan associations, because of the limited guarantee, is not nearly so great as that assumed by the F. D. I. C. in the insurance of bank deposits. The statute requires the building of substantial reserves by insured institutions as well as many precautions limiting the insurance risks assumed by the Insurance Corporation. Also, there is an assessment feature not found in the F. D. I. C., through which institutions may have to pay an additional one-eighth of 1 percent per annum, if required by the F. S. and L. Insurance Corporation for expenses and losses. We ask that the insurance premium be reduced at this time because of the difficulties our institutions encounter in meeting constantly falling interest rates and, at the same time, in paying a sufficient return to savers and investors to attract capital. It is roughly estimated, omitting the one-eighth of 1 percent premium assessment feature, and including compulsory allocations to reserves, plus cash premiums, plus examination charges, that it is costing many institutions almost three-eighths of 1 percent per annum to have their accounts insured.

We therefore offer the amendment making the premium for the insurance of accounts of thrift and home-financing institutions one-twelfth of 1 percent, the same as the F. D. I. C. premium for commercial banks.

AMENDMENT XV

SECTION 45. Section 404 (a), (b), and (c) of the National Housing Act is hereby amended by striking out the words "one-eighth of 1 percent" and inserting in lieu thereof the words *"one-twelfth of 1 per centum."*

Section 46 (a new section). This is a second companion proposal in making the insurance of accounts more attractive to thrift and home-financing institutions and their investors. It deals with the payment of insured account holders in the case of liquidation of insured institutions. At present the investors receive immediately 10 percent cash and non-interest-bearing debentures maturing in 1 and 3 years for the balance of their accounts. This feature of the insurance has given rise to many critical comments from competitors and it is felt that it unnecessarily decreases the attractiveness of the insurance of accounts. Presumably, the 45 percent of a $5,000 account which was paid in 3 years would bring the investor only 80 percent or 85 percent of his investment if he sold his non-interest-bearing security. We therefore propose to authorize payment of 2 percent on the 1- and 3-year debentures.

The amendment is as follows:

AMENDMENT XVI

"SEC. 46. Subsection (b) of section 405 of the National Housing Act, as amended, is amended to read as follows:

"'(b) In the event of a default by an insured institution the Corporation shall promptly determine the insured members thereof and the amount of each insured account, and shall make available to each of them, after notice by mail at his last-known address as shown by the books of the insured institution and upon surrender and transfer to the Corporation of his insured account *free and clear of any lien or other encumbrance*, either (1) a new insured account in an insured institution not in default, in an amount equal to the insured account so transferred, or (2) at the option of the insured member, the amount of his account, which is insured under this section, as follows: *At least 10 percent in cash; and one-half of the remainder in negotiable debentures of the Corporation payable within 1 year from the date of default, bearing interest from such date at the rate of 2 percent per annum; and the balance in negotiable debentures of the Corporation payable within 3 years from the date of default, bearing interest from such date at the rate of 2 percent per annum.* The Corporation shall furnish to each insured institution a certificate stating that the insurance of accounts in such institutions is to be paid in the manner described in this subsection.'"

Section 47 (a new section): Hundreds of successful State-chartered savings and loan associations have not insured their accounts because of apprehensions regarding dual regulation and supervision. Further, the 3-year premium penalty in the statute and regulations of the Federal Home Loan Bank Board have made it rather difficult, if not impossible, to withdraw from the insurance if the institution, its board, or its members, so desire. At present an institution withdrawing must pay 3 years of penalty premiums, during which interval its account holders are not insured. We propose that a withdrawing institution pay 1-year penalty premium and that the accounts remain insured during that year. This could be accomplished by the following amendment, which is sort of a third companion amendment to make the insurance more popular and effective and thus assist the whole thrift and home-financing movement of the building and loan type. This amendment will substantially increase the acceptance of the insurance by State-chartered institutions. It is now compulsory for Federal associations.

AMENDMENT XVII

Section 47: Section 407, subsection (a), of the National Housing Act is hereby amended to read as follows:

"Any institution which is insured under the provisions of this title may, upon not less than 90 days' written notice to the Corporation, terminate its status as an insured institution upon a majority vote of its shareholders entitled to vote, or upon a majority vote of its board of directors or other similar governing body which is authorized to act for the institution. In the event of such voluntary termination of the insurance of accounts, such insured institution shall pay one additional annual insurance premium as is provided by subsection (a) of section 404 and the insured accounts in such institution, to the extent of the amount paid in and credited thereto upon such date, shall remain insured to the end of the period for which such premium is paid."

As a concluding comment, there are no proposals in the pending legislation that indicate Government policy or procedure in

dealing with the question of building costs. It should be recorded that capital or interest costs are the only costs in connection with construction which have substantially decreased in the post-depression period. It would seem that if the drive to lower financial charges and to increase the percentage, term, and risk of mortgages is to continue, policies and procedure as regards the other costs should be embodied in the legislation. The British housing boom took place under conditions of reasonable and falling costs, complete confidence of the British public in the economic situation, and during its first dozen years under conventional 6-percent interest rates to the capital of thrift or savings institutions financing the home building.

With the above amendments, savings, building and loan associations will be able to cooperate with titles I and II of the Federal Housing Act and at the same time carry on and expand their regular business of financing the building, repair, and buying of homes in increasing volume.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CELLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H. R. 8730) to amend the National Housing Act, and for other purposes, and pursuant to House Resolution 384, he reported the bill back to the House with an amendment adopted by the Committee.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the bill and the amendment thereto to final passage.

The previous question was ordered.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 267, noes 30.

Mr. TABER. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 324, nays 23, answered "present" 5, not voting 78, as follows:

[Roll No. 22]

YEAS—324

Aleshire	Cravens	Forand	Johnson, Luther A.
Allen, Pa.	Creal	Ford, Calif.	Johnson, Lyndon
Amlie	Crosby	Frey, Pa.	Johnson, Minn.
Anderson, Mo.	Crosser	Fries, Ill.	Johnson, Okla.
Andresen, Minn.	Culkin	Fuller	Johnson, W. Va.
Arnold	Cullen	Gamble, N. Y.	Kee
Atkinson	Curley	Gambrill, Md.	Keller
Barden	Daly	Garrett	Kelly, Ill.
Barry	Deen	Gasque	Kelly, N. Y.
Beam	Delaney	Gavagan	Kennedy, N. Y.
Beiter	Dempsey	Gehrmann	Kenney
Bell	DeMuth	Gildea	Keogh
Biermann	DeRouen	Gingery	Kerr
Bigelow	Dickstein	Goldsborough	Kinzer
Bland	Dies	Gray, Ind.	Kirwan
Bloom	Dingell	Greenwood	Kitchens
Boehne	Dirksen	Gregory	Knutson
Boileau	Ditter	Griffith	Kocialkowski
Boland, Pa.	Dixon	Griswold	Kramer
Boyer	Dockweiler	Gwynne	Kvale
Boykin	Dorsey	Haines	Lambeth
Bradley	Doughton	Halleck	Lanham
Brown	Dowell	Hamilton	Lanzetta
Buck	Drew, Pa.	Hancock, N. C.	Larrabee
Bulwinkle	Driver	Harlan	Leavy
Burdick	Duncan	Harrington	Lemke
Byrne	Dunn	Hart	Lesinski
Cannon, Mo.	Eaton	Harter	Lewis, Colo.
Cannon, Wis.	Eberharter	Havenner	Lewis, Md.
Cartwright	Eckert	Healey	Long
Casey, Mass.	Edmiston	Hendricks	Lord
Celler	Eicher	Hennings	Lucas
Chandler	Ellenbogen	Hildebrandt	Luckey, Nebr.
Chapman	Elliott	Hill, Ala.	Ludlow
Citron	Englebright	Hill, Wash.	Luecke, Mich.
Clark, Idaho	Evans	Hobbs	McAndrews
Clark, N. C.	Faddis	Hook	McClellan
Clason	Farley	Houston	McCormack
Claypool	Ferguson	Hull	McFarlane
Cochran	Fish	Hunter	McGehee
Coffee, Nebr.	Fitzgerald	Imhoff	McGranery
Colden	Fitzpatrick	Izac	McGrath
Cole, N. Y.	Flannagan	Jacobsen	McKeough
Connery	Flannery	Jarman	McLaughlin
Cooley	Fleger	Jenckes, Ind.	McReynolds
Cooper	Fletcher	Jenks, N. H.	McSweeney
Maas	O'Neill, N. J.	Rutherford	Teigan
Magnuson	O'Toole	Ryan	Terry
Mahon, S. C.	Owen	Sacks	Thom
Mahon, Tex.	Pace	Sadowski	Thomas, N. J.
Maloney	Palmisano	Sanders	Thomas, Tex.
Mapes	Parsons	Satterfield	Thomason, Tex.
Martin, Colo.	Patman	Sauthoff	Thompson, Ill.
Martin, Mass.	Patrick	Schaefer, Ill.	Thurston
Massingale	Patterson	Schneider, Wis.	Tolan
May	Patton	Schuetz	Towey
Mead	Pearson	Schulte	Transue
Meeks	Peterson, Fla.	Scott	Treadway
Merritt	Peterson, Ga.	Secrest	Turner
Mills	Pfeifer	Shafer, Mich.	Umstead
Mitchell, Ill.	Phillips	Shanley	Vincent, B. M.
Mitchell, Tenn.	Plumley	Shannon	Vinson, Fred M.
Moser, Pa.	Poage	Sheppard	Voorhis
Mosier, Ohio	Quinn	Simpson	Wallgren
Mott	Rabaut	Sirovich	Walter
Murdock, Ariz.	Ramspeck	Smith, Conn.	Wearin
Murdock, Utah	Randolph	Smith, Maine	Welch
Nelson	Rankin	Smith, Wash.	Wene
Nichols	Rayburn	Snyder, Pa.	West
Norton	Reece, Tenn.	Somers, N. Y.	White, Idaho
O'Brien, Ill.	Rees, Kans.	South	Whittington
O'Brien, Mich.	Rich	Sparkman	Wigglesworth
O'Connell, Mont.	Richards	Spence	Wilcox
O'Connell, R. I.	Rigney	Stack	Williams
O'Connor, Mont.	Robertson	Starnes	Withrow
O'Connor, N. Y.	Robinson, Utah	Steagall	Wolfenden
O'Day	Robsion, Ky.	Stefan	Wolverton
O'Leary	Rockefeller	Sullivan	Wood
Oliver	Rogers, Mass.	Sutphin	Woodruff
O'Malley	Rogers, Okla.	Swope	Woodrum
O'Neal, Ky.	Romjue	Tarver	Zimmerman

NAYS—23

Ashbrook	Dondero	Hope	Reed, Ill.
Bates	Engel	Jenkins, Ohio	Reed, N. Y.
Brewster	Ford, Miss.	Lambertson	Short
Carlson	Gifford	Luce	Taber
Case, S. Dak.	Guyer	Michener	Wolcott
Church	Hancock, N. Y.	Polk	

ANSWERED "PRESENT"—5

Crawford	Maverick	Snell	White, Ohio
Holmes			

NOT VOTING—78

Allen, Del.	Cole, Md.	Hoffman	Reilly
Allen, Ill.	Collins	Honeyman	Sabath
Allen, La.	Colmer	Jarrett	Scrugham
Andrews	Costello	Jones	Seger
Arends	Cox	Kennedy, Md.	Smith, Va.
Bacon	Crowe	Kleberg	Smith, W. Va.
Barton	Crowther	Kniffin	Sumners, Tex.
Bernard	Cummings	Kopplemann	Sweeney
Binderup	Disney	Lamneck	Taylor, Colo.
Boren	Douglas	Lea	Taylor, S. C.
Boylan, N. Y.	Doxey	McGroarty	Taylor, Tenn.
Brooks	Drewry, Va.	McLean	Tinkham
Buckler, Minn.	Fernandez	McMillan	Tobey
Buckley, N. Y.	Fulmer	Mansfield	Vinson, Ga.
Burch	Gearhart	Mason	Wadsworth
Caldwell	Gilchrist	Mouton	Warren
Carter	Gray, Pa.	Pettengill	Weaver
Champion	Green	Pierce	Whelchel
Cluett	Greever	Powers	
Coffee, Wash.	Hartley	Ramsay	

The Clerk announced the following pairs:

On this vote:

Mr. Warren (for) with Mr. Snell (against).
Mr. Maverick (for) with Mr. Kleberg (against).
Mr. Caldwell (for) with Mr. Crawford (against).
Mr. Bacon (for) with Mr. Holmes (against).
Mr. Tobey (for) with Mr. White of Ohio (against).

General pairs:

Mr. Mansfield with Mr. Crowther.
Mr. Lamneck with Mr. Mason.
Mr. Reilly with Mr. Andrews.
Mr. Allen of Louisiana with Mr. Carter.
Mr. Boren with Mr. Wadsworth.
Mr. Mouton with Mr. Gearhart.
Mr. Coffee of Washington with Mr. Seger.
Mr. Disney with Mr. Barton.
Mr. Buckley of New York with Mr. Hartley.
Mr. Taylor of South Carolina with Mr. Tinkham.
Mr. Drewry of Virginia with Mr. Allen of Illinois.
Mr. Kopplemann with Mr. Douglas.
Mr. Sweeney with Mr. Jarrett.
Mr. Collins with Mr. Taylor of Tennessee.
Mr. Allen of Delaware with Mr. Arends.
Mr. Vinson of Georgia with Mr. Gilchrist.
Mr. Greever with Mr. Powers.
Mr. Cox with Mr. Hoffman.
Mr. Taylor of Colorado with Mr. McLean.
Mr. Weaver with Mr. Cluett.
Mr. Jones with Mr. Bernard.
Mr. Smith of Virginia with Mr. Buckler of Minnesota.
Mr. Burch with Mr. Kniffin.
Mr. McMillan with Mr. Kennedy of Maryland.
Mr. Sumners of Texas with Mr. Green.

Mr. Pettengill with Mr. Lea.
Mr. Boylan of New York with Mr. Scrugham.
Mr. Costello with Mr. Whelchel.
Mrs. Honeyman with Mr. Fulmer.
Mr. Ramsay with Mr. Brooks.
Mr. Cole of Maryland with Mr. Smith of West Virginia.
Mr. Pierce with Mr. Doxey.
Mr. Binderup with Mr. Colmer.
Mr. Gray of Pennsylvania with Mr. Cummings.

Mr. SHAFER of Michigan changed his vote from "nay" to "yea."

Mr. SNELL. Mr. Speaker, I voted "present" because I have a general pair with the gentleman from North Carolina [Mr. WARREN].

Mr. MAVERICK. Mr. Speaker, inasmuch as I am paired with the gentleman from Texas [Mr. KLEBERG], I withdraw my vote of "yea" and vote "present."

Mr. HOLMES. Mr. Speaker, I have a general pair with the gentleman from New York [Mr. BACON]. If he were present he would vote "yea." I therefore withdraw my vote and answer "present."

Mr. CRAWFORD. Mr. Speaker, I have a general pair with the gentleman from Florida [Mr. CALDWELL]. I wish to withdraw my vote of "nay" and answer "present."

Mr. WHITE of Ohio. Mr. Speaker, I have a general pair. I therefore withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. HENNINGS (at the request of Mr. ROMJUE), indefinitely, on account of illness.

To Mrs. HONEYMAN, for 3 days, on account of important business.

EXTENSION OF REMARKS

Mr. O'TOOLE asked and was given permission to extend his own remarks in the RECORD.

Mr. KELLER. Mr. Speaker, I ask unanimous consent to extend in the RECORD the remarks I made yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that the gentlewoman from Massachusetts [Mrs. ROGERS] may extend her own remarks in the RECORD by printing a radio address delivered this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LUCE. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and include therein an explanatory statement.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that all Members who spoke on the bill which has just been passed may have 3 legislative days in which to revise and extend their own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. RANKIN. Mr. Speaker, reserving the right to object, why not make the request apply to all Members?

Mr. WOLCOTT. Mr. Speaker, I modify the request and ask that all Members may have 3 legislative days in which to extend their own remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KNUTSON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KNUTSON. When do the 3 days begin—Monday?

The SPEAKER. The 3 days begin now.

Mr. KNUTSON. Not Sunday?

The SPEAKER. Three days after the adjournment of today.

Mr. KNUTSON. Three legislative days? Mr. Speaker, I ask unanimous consent to amend the request by making it 3 legislative days, Monday, Tuesday, and Wednesday.

The SPEAKER. That is contemplated in the request.

Mr. KNUTSON. I thought the Chair said it would begin now.

The SPEAKER. Today is the first day. The gentleman will remember the first day is included, and possibly the last day excluded, in any legal interpretation.

Mr. KNUTSON. I withdraw my request, Mr. Speaker.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a statement from the Boston Globe of November 28, 1937, by Mr. James Morgan, one of my constituents.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DEFEAT OF WAGES AND HOURS—BULL RUN OF DEMOCRACY

Mr. MAVERICK. Mr. Speaker, our special session is ending; a regular session will begin soon; somehow I think of the Battle of Bull Run. There was great confusion then, and there is great confusion now, which I will try to analyze in the light of historical fact.

When I was a boy, it was explained to me that Bull Run was a creek, and the Yankees ran by the tens of thousands; but I could never get the creek in my mind, and still in my child's eye see my Confederate people hot after fleeing Yankees. In this picture is a scene of roaring and snorting bulls, and the sound of rattling equipment of running Yankees.

Indeed, the defeat of the wage and hour bill is the defeat which will be known as the Bull Run of the Democratic Party. People are running in every direction.

But I do not intend to be facetious, although our performance and carrying out of pledges has been a dreadful mockery. It is stated in the press that the southern Congressmen defeated the bill. That was only one of the causes, some big labor leaders and corporate interests combining to do their part; but the vote and influence of the southern delegation was a major cause.

THE CONFEDERATE CONSTITUTION; SAME QUESTIONS STILL CURSE SOUTH

In such a case, a study of the South, past and present, is of value; if we look at its questions realistically, something can be learned by which problems can be met. In this connection, I have been studying the economic, social, political, and racial history of the South. Among other things I have done some research on the Constitution of the Confederate States of America. It is a very important document, not only of the South, because it will throw much light on our social, economic, political, and constitutional problems now.

Written on its face are several elements of importance: Plantation owners, the protective tariff, Negroes, and poor whites. The problems are all practically the same today.

That is the reason the problems of the South are still so serious—probably as serious as at the time of the the Civil War. The question, however, is the method. For in any argument over the South, the two final flies in the ointment appear; cotton and the Negro.

The Constitution of the Confederate States of America was an ably written document—so able, in fact, that it appears from its wording that our Supreme Court has gotten mixed on its Constitutions. For that document had as its purpose the creation of a very weak National Government with the institution of slavery in individual hands, under the guise of State's rights—just as the Supreme Court has weakened the Government of the United States and has by its

decisions caused financial and industrial power to be concentrated in a few hands under the new giant corporations, under the guise of States' rights.

Likewise our Supreme Court has killed the general-welfare clause; it was purposely left out of the Confederate Constitution to make it plain that the Government was not created for the general welfare. What took the Confederates 4 years of sacrifice and bloodshed, followed by failure, has been accomplished by the Supreme Court with the use of a taboo by writing an opinion on a piece of paper.

I have included all the essential portions of this document, with comparisons. The document itself is a mirror of the economic questions at the time, which had cursed the South for many years before.

It is factually true that the North then held, and still tightly holds, the South in its economic grip. Indeed, the South was then, and still is, a colony, being bled by a small group in the East—the same group that exploits its own people in the East, and every other part of the Nation.

True also is the fact that the South still suffers from the aftermath of the Civil War, of eroded soil, and heavy white and Negro populations living in poverty. Worse, we of Texas and the South do not own this wasted soil, nor the oil, gas, and coal underneath—like the Irish of long ago, we suffer from absentee ownership.

NORTHERNERS SOLD US SLAVES AND PREACHED ABOLITION

But going back, even before 1776—over a hundred and sixty years ago—slavery already damned the South. Northern shippers sold us the slaves, while from the same North came the shouts and hosannas of the abolitionists. Northern manufacturers sold us their goods protected by tariffs; they forced us to sell in a competitive world market which was far from protected.

There was the nullification controversy begun by Calhoun and ended by President Jackson. But the problems were still there, and slavery was becoming a fixed institution, an obsession to both North and South. Then came, in 1857, the Dred Scott case; a southern-controlled Supreme Court sought to fix human slavery on the Union forever.

DRUMS OF DEATH; YOUNG MEN'S BLOOD ON FIELD OF BATTLE AND OLD MEN'S INK ON PAGES OF PAPER

The forces were too great to stop war. Bugles cried out and drums rolled; while young men marched to the gory cadence of death, older men, North and South, neither in Blue nor Gray, but in black frock coats, made speeches and wrote wise sayings on white paper. They used black ink, but the young men used red blood.

So the Confederate Constitution was written. It sought to fix many practices that could not be fixed. Also, it showed the overconfidence of Americans and the blindness of some of the Confederate leaders, that human forces can be chained by writing rigid slaveries of any kind on paper. It was all doomed to failure.

So I have made an analytical study of the two Constitutions, with explanations and comments in their application then and today. The Confederate follows the United States Constitution in form, but there are essential and fundamental differences. These differences are quite interesting and important from a viewpoint of modern-day problems.

Where fundamental differences occur in the two, and comparisons and continuity of matter seem necessary, I have placed the corresponding provisions in parallel columns, the differences being shown in italics. Where the Constitutions are exactly the same (except only for formal differences such as the use of "Confederate" instead of the United States, and unimportant words), such portions are omitted entirely.

Omissions can be found by referring to similar articles in the Constitution of the United States. But the presentation here offered is in sequence, and presents the essential portions of the Confederate Constitution.

THE TWO CONSTITUTIONS COMPARED

In order to show the first part of each Constitution, I here present in parallel columns the preamble of each, followed by article I, all of section 1, and the first paragraph of section 2:

Preamble United States	Preamble Confederate
We the People of the United States, *in order to form a more perfect Union,* establish Justice, insure domestic Tranquillity, provide for the common defence, *promote the general Welfare,* and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this CONSTITUTION for the United States of America.	We, the People of the Confederate States, *each State acting in its sovereign and independent character, in order to form a permanent Federal Government,* establish justice, insure domestic tranquillity, and secure the blessings of liberty to ourselves and our posterity—*invoking the favor and guidance of Almighty God*—do ordain and establish this Constitution for the Confederate States of America.

PREAMBLES DISCUSSED—SUPREME COURT EXCHANGES THEM

I suggest that the two above preambles be read carefully. Note the differences. The United States Constitution is by "We the People" with no comma after "we"; the Confederate is by "We, the People," and sets out that each State is acting in its sovereign and independent character. The Constitution of the United States speaks of the people of the United States. How this happened we need not now inquire, but these are the words. On the other hand, the Confederacy clearly was a league of independent States or nations. Also the United States Constitution was to "form a more perfect Union," and the Confederate was to "form a permanent Federal Government."

There is another very pronounced difference. The United States Constitution mentions above as a purpose "the general welfare," the Confederate purposely omits the words. Below, section 8, article I, where the specific powers of Congress are shown, it is seen that in the United States Constitution the power of the general warfare is specifically written in, but omitted entirely in the Confederate.

This is one power written out of our Constitution by the Supreme Court of the United States, and which I have mentioned above.

A few of the procedural parts of the Confederate document are probably very good, such as having the cabinet on the floor. But the whole philosophy of the Confederate document was aginst the idea of a more perfect union, the rights of the people as in the mass, and their general welfare.

In the most objectionably reactionary features of the Confederate Constitution has the Supreme Court given its strongest approbation and support. This tendency of their decisions, not warranted by the plain terms of the Constitution of the United States of America, has been in the direction of recognizing the Government of the United States in various "divisions of powers," but in effect denying the power to any governmental group at all.

In fact, the decisions of the Supreme Court have been as if it were following not only the philosophy, but the exact wording of the Confederate Constitution. Principally, the Supreme Court has departed from the United States Constitution, (which can be realized by comparing the two above tables), by indicating the Court would have us believe:

First. That a law of Congress, enacted under the United States Constitution is unconstitutional, because it violates the rights of "each State acting in its sovereign and independent character," which is not warranted by the United States Constitution, but only the Confederate Constitution;

Second. That the American Constitution did not really mean it when it provided in plain words in the preamble that the reason for the adoption of the Constitution was to provide for the general welfare, further providing it again in the enumerated legislative powers of the Congress. This action of the Court is in actual fact striking words out of the Constitution of the United States, just as such words were purposely omitted from the Constitution of the Confederate States of America.

Since article I, section 8, contains the general welfare clause, I will discuss it again at that point.

J. L. M. Curry, one of the authors of the Confederate Constitution and a member of the Confederate Congress, indicates in Civil History of the Confederate States that any such thing as a clause providing for the general welfare is the evil of evils, and the basest corruption, especially in reference to the taxing power. He says: "Subsidies, bounties * * * labor troubles, communism, anarchy, are all, more or less, traceable to the collection and disbursement of taxes by the General Government." It seems to have been generally admitted by the Confederate statesmen and most of the lawyers from over the country since, that the general welfare clause meant what it said it did, but they didn't like it. So the Confederates simply scratched it out of their constitution, and went to war; and the Supreme Court scratched it out of the United States Constitution.

I continue in sequence:

United States	Confederate
ARTICLE I	ARTICLE I
SECTION 1. All legislative Powers herein *granted* shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.	SECTION 1. All legislative powers herein *delegated* shall be vested in a Congress of the Confederate States, which shall consist of a Senate and House of Representatives.

Note use of word "delegated" instead of "granted." In this the Confederate fathers wanted it well understood that the Confederate States of America was only an agent, and not sovereign. For all practical purposes, it meant the Confederate States of America was no government at all. By the Confederate Constitution the concept of a nation was admittedly repudiated.

United States	Confederate
SECTION 2. The House of Representatives shall be composed of Members chosen every second Year by the People of the several States, and the Electors in each State shall have the Qualifications requisite for Electors of the most numerous Branch of the State Legislature.	SECTION 2. The House of Representatives shall be composed of members chosen every second year by the people of the several States; and the electors in each State shall *be citizens of the Confederate States, and* have the qualifications requisite for electors of the most numerous branch of the State Legislature; *but no person of foreign birth, not a citizen of the Confederate States, shall be allowed to vote for any officer, civil or political, State or Federal.*

IMPEACHMENT OF FEDERAL JUDICIARY BY STATE LEGISLATURES

The rest of section 2 is omitted, except the last paragraph, which is a very important difference. The two columns are shown as follows:

United States	Confederate
The House of Representatives shall chuse their Speaker and other officers; and shall have the sole Power of Impeachment.	The House of Representatives shall choose their Speaker and other officers; and shall have the sole power of impeachment, *except that any judicial or other Federal officer, resident and acting solely within the limits of any State, may be impeached by a vote of two thirds of both branches of the Legislature thereof.*

It is to be noted, however, that "impeachment" is not trial or conviction but what in effect is indictment by the State legislature. The impeached officer would be tried before the Senate of the Confederate States. I can find no record of impeachments.

FURTHER PORTIONS OF CONFEDERATE CONSTITUTION

I now continue with further portions of the Confederate Constitution out of article I, omitting similar comparisons to the United States Constitution as unnecessary:

SECTION 6

* * * No Senator or Representative shall, during the time for which he was elected, be appointed to any civil office under the authority of the Confederate States, which shall have been created, or the emoluments whereof shall have been increased during such time; and no person holding any office under the Confederate States shall be a member of either House during his continuance in office. *But Congress may, by law, grant to the principal officer in each of the Executive Departments a seat upon the floor of either House, with the privilege of discussing any measures appertaining to his department.* (Cf. Const. U. S., art. I, sec. 6, par. 2.)

In this provision of the Confederate Constitution I think there is much merit. I have introduced a rule to permit members of the Cabinet on the floor of Congress. It is constitutional, though not mentioned in our Constitution, because Congress can permit anyone they please on the floor.

Jefferson Davis says, without comment, that no law was ever passed to carry this out. However, J. L. M. Curry, in the Civil History of the Confederate States, says that though this legislation to put it into effect was not enacted, "the restricted privilege worked well while it lasted, and the occasional appearance of cabinet officers on the floor of Congress and participation in debates worked beneficially and showed the importance of enlarging the privilege."

SECTION 7

2. * * * The President may approve any appropriation and disapprove any other appropriation in the same bill. In such case he shall, in signing the bill, designate the appropriations disapproved; and shall return a copy of such appropriations, with his objections, to the House in which the bill shall have originated; and the same proceedings shall then be had as in case of other bills disapproved by the President. (Cf. Const. U. S., art. I, sec. 7, par. 2.)

* * * * * * *

A bill is now before Congress to give the President this right of single item veto. Many approve of it, in order to prevent riders or extra appropriations not considered as a part of the original, or within the purpose of a particular bill.

Some of our best authorities believe the present bill is constitutional, among them Hon. HATTON SUMNERS, of Texas. However, notwithstanding such high authority, I do not believe the bill, giving the President such right of single-item veto is constitutional.

From a governmental viewpoint, it would vest the President with tremendous power. He could in effect abolish bureaus, punish political enemies, and knock out Civil Service. The argument is made that the President could stop the riders and capricious appropriations; but no one seems to have realized that the President could ride into a legislative program or appropriation and tear it up, and that he could act capriciously, too.

SECTION 8, PARAGRAPH 1, THE GENERAL WELFARE

I now offer, in parallel columns, section 8 of article I, first paragraph, which gives the most important powers of Congress. Note them carefully, and the comment underneath:

United States	Confederate
SECTION 8. The Congress shall have Power— To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence *and general Welfare* of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States;	SECTION 8. The Congress shall have power— To lay and collect taxes, duties, imposts, and excises, *for revenue necessary* to pay the debts, provide for the common defense, *and carry on the Government of the Confederate States; but no bounties shall be granted from the Treasury; nor shall any duties or taxes on importations from foreign nations be laid to promote or foster any branch of industry; and all duties, imposts, and excises shall be uniform throughout the Confederate States:*

In the discussion of the preambles, I pointed out the difference in the philosophies of the two Constitutions. And I think it necessary for us to understand the real historical reasons for secession, and why the Confederates changed their constitution so fundamentally.

Cotton and black slaves—"Preserve the Constitution!"

The real reasons were two: Cotton and black slaves. The legal reason, quite honestly claimed, was that the Southern States had a right to secede—that the Southern States were really trying "to preserve the Constitution."

To prove this, the Confederate fathers said they were following word for word, with certain additions and substitutions for clarification, the Constitution of the United States.

But they saw to it that their constitution was entirely different. In fact, as I have already pointed out there were great differences—and the two Constitutions were as far apart as the sun and the earth.

One fair comparison is that the Confederate Constitution attempted to fasten slavery on the South forever, by breaking down the national power in the people, and vesting it in localities; and since that the Supreme Court did the same by causing the break-down of national power of the people in declaring acts of Congress unconstitutional as invading "States' rights" and "due process of law." More, the Supreme Court has denied the right of States and localities themselves the right to protect the interests of the people against absentee owners, making it possible to hold the Southern people—and people in all parts of the country—in low-wage slavery.

A. A. A. case—Mr. Roberts follows the Confederate Constitution

Two cases of the last three years are interesting, having in mind the above general welfare clause, section 8, article I, of the Constitution of the United States. In the case concerning the Agricultural Adjustment Act, enacted by Congress for the benefit of agriculture, Mr. Justice Roberts virtually rewrote the wording of the United States Constitution. Although admitting the general welfare, he erased it from our Constitution on the ground that it should be shown all over again specifically; and again without actually saying so, held the payments to farmers as bounties. ("Bounties" are not mentioned in the United States Constitution, but are prohibited in the Confederate.)

Thus Mr. Roberts can only be said to have been following the Confederate Constitution, or rewriting the United States Constitution, which he had no right to do. Mr. Roberts also followed the preamble of the Confederate Constitution, as to "sovereign and independent states," although not mentioned in the American Constitution, thereby imposing what is merely his own viewpoint.

His decision could only have been arrived at, as his colleague, Mr. Justice Stone said, by writing in his economic prejudices. By the use of words and phrases nowhere found in the Constitution of the United States, such as reserved powers, vested rights, and the addition of the private ideas of the justices, the right of the people to have representative government, State or national, is broken down.

Mr. Justice Roberts Reverses Result of Battle of Appomattox

The Agricultural Adjustment Act decision, written so loosely by Mr. Roberts, reversed the result of the Battle of Appomattox. But in doing so, he did not return the sword to the noble and kindly General Lee. Instead he handed the sword of government to General Anarchy and to the great corporations and economic empires, to cut down or rule as they please. For in breaking down the Federal law in "powers not delegated"—but actually upon his prejudices—he also left the great national problems without the benefit of any other government, local or State, for no such power was "reserved to the States."

Indeed Mr. Roberts and the majority of the Court rediscovered the worst of the "lost cause" and put it in operation; and in so doing they made of the general welfare clause the "lost clause" of the American Constitution.

Decisions create voids where there is no government

Another case of importance was the Guffey Coal case. Here again the Supreme Court has denied the right of Congress to enact laws which, in the name of ordinary common sense, concern the general welfare and affect the Nation. The coal business, interstate in character, was held a local affair, and in violation of rights of States, though the States involved, some six or seven, asked that the Guffey Coal Act be held constitutional. Here again the citizen was left without any protection, just as the slave and the poor white were under the Confederate Constitution.

To get around these very obvious truths, we are told the Supreme Court is protecting us from the horrors of a somehow wickedly centralized form of government. But the truth is that the effect of many decisions is to create voids where neither State nor National Government can pursue its function and duty of governing.

Protective Tariff Prohibited in Confederate

The next to last sentence in the Confederate clause, specifically prohibited, also, a protective tariff. This had been the curse of the South. The protective tariff took millions upon millions of dollars of wealth out of the South year after year, and the South was forced to suffer this discrimination. So the Confederate leaders decided the new Confederate States of America should be an agricultural region forever, and to have free trade by the terms of the Constitution itself.

The power to enact a protective tariff in the United States Constitution had been tested in the courts. Alexander Hamilton had said in 1791, while Secretary of the Treasury, in his "Report on Manufactures" that industry should receive protection and bounties—and then he said that the only way to equalize the situation was to also pay bounties to the farmers.

Moreover, the general welfare clause was not doubted, and in the same report on manufactures, he contended for the general welfare power as follows:

"* * * to the discretion of the National Legislature to pronounce upon the objects which concern the *general welfare*, and for which, under that description, an appropriation of money is requisite and proper. And there seems to be no room for doubt that whatever concerns the general interest of LEARNING, of AGRICULTURE, of MANUFACTURES, and of COMMERCE, are within the sphere of the National Councils, *as far as regards an application of money.*

These are mentioned to show that there was never any doubt about the powers of the Federal Government in legislating for the general welfare; and because there was no doubt about it, the Confederate Constitution not only omitted it, but provided further that there should be no bounties to industry, and no protective tariff.

As the situation now stands, bounties are paid to industry through the protective tariff. At the same time the Supreme Court says in the A. A. A. case that farmers, whose life concerns everything that is basically the general welfare of the people of the United States, are not entitled to any protection of the law, State or National.

Continuing:

INTERNAL IMPROVEMENTS FORBIDDEN—KING COTTON

3. To regulate commerce with foreign nations, and among the several States, and with the Indian tribes; but neither this, nor any other clause contained in the Constitution, shall ever be construed to delegate the power to Congress to appropriate money for any internal improvement intended to facilitate commerce; except for the purpose of furnishing lights, beacons, and buoys, and other aid to navigation upon the coasts, and the improvement of harbors and the removing of obstructions in river navigation, in all which cases, such duties shall be laid on the navigation facilitated thereby, as may be necessary to pay the costs and expenses thereof (Cf. Const. U. S., art. I, sec. 8, par. 3):

The South opposed "internal improvements to facilitate commerce." A lot was said by Southern leaders about State rights in this connection too. But the real reason was that with a provision preventing internal improvements the South was to be kept forever agricultural and with black slavery.

Writers proclaimed Cotton is King; in that way the South would keep its independence and its peculiar institution. The futility of the hope is now apparent; then it was not.

The idea of assessing duties for navigation was the toll idea, toll roads and bridges then being prevalent in the South. By in effect having tolls for navigation, the theory was that it would cost the government nothing, keep industry out, and maintain King Cotton on his throne. (Also, State duties or tolls are mentioned in section 10 of this article, below, which see.)

4. To establish uniform laws of naturalization, and uniform laws on the subject of bankruptcies, throughout the Confederate States; but no law of Congress shall discharge any debt contracted before the passage of the same (Cf. Const. U. S., art. I, sec. 8, par 4):

* * * * * * *

PROVISIONS AS TO POST-OFFICE SYSTEM

7. To establish post-offices *and post-routes;* but the expenses of the Post-Office Department, after the first day of March in the year of our Lord eighteen hundred and sixty-three, shall be paid out of its own revenue (Cf. Const. U. S., art. I, sec. 8, par. 7):

* * * * * * *

First, it will be noted that no provisions were made for post roads, but only for establishing "routes." Since it was definitely the intention of the Government never to have "internal improvements;" certainly without roads being built, many sections would not be covered by postal services.

Also, it is noted, expenses were to be paid out of its own revenue. The requirement to be self-supporting, though obviously a proper ideal for any department of government, would have made its operation impracticable in a permanent government, and did even temporarily. Curtailment of service had to be made in unprofitable areas.

Also, looking at it from a governmental viewpoint, it might have led practically to the defeat of the use of the mails by the ordinary people by jacking up the costs so high that they could not use it, either for personal mail or for the reception of newspapers and propaganda. It could likewise have been used as a very effective measure to destroy the freedom of speech and press.

The strict regulations were also announced because Congressmen used the franking privilege. Of course, such a cost was then, and is now, infinitesimal in comparison to other costs. As far as franking by Congressmen is concerned, I believe that, notwithstanding the tiresomeness of some of our franked matter, it is a good practice and worth the money. Frequently newspapers do not cover a speech at all; sometimes it is distorted. This has happened to me, and as a result I have franked out on a particular speech as many as 10,000, paying personally for the printed matter.

SLAVERY; APPROPRIATIONS; BILL OF RIGHTS

Section 9 of article I is shown from both Constitutions, because the difference is quite essential:

United States	Confederate
SECTION 9. The Migration or Importation of such Persons as any of the States now existing shall think proper to admit, shall not be prohibited by the Congress prior to the Year one thousand eight hundred and eight, but a Tax or Duty may be imposed on such Importation, not exceeding ten dollars for each Person.	SECTION 9. The importation of *negroes of the African race, from any foreign country other than the slave-holding States or Territories of the United States of America, is hereby forbidden; and Congress is required to pass such laws as shall effectively prevent the same.* *Congress shall also have power to prohibit the introduction of slaves from any State not a member of, or Territory not belonging to, this Confederacy.*

Throughout the Confederate Constitution one sees constant repetition of the word "slave" in various forms. It was determined by the great slave owners that the institution should exist forever. In fact, Alexander H. Stephens said, March 21, 1861, in Savannah, Ga.:

The new constitution has put at rest *forever* all the agitating questions relating to our peculiar institution—African slavery as it exists amongst us—the proper *status* in our form of civilization.

To this he added that the Confederate Constitution was based upon the opposite idea of the Constitution of the United States, and that it was all in strict conformity to nature and "the ordination of Providence."

This reference to Providence was characteristic. Southern literature literally teems with speeches and sermons and whole books saying slavery was in accordance with the Word of God and the Bible. I have noticed that when an institution is indefensible, the offending party generally calls on God and the Constitution, today as yesterday. Virtue is claimed for whole nations, as our jittery dictators do today. Curry, whom I have already mentioned, says in his Civil History that "the southern people were an unusually religious people, free from heresies and 'isms' and trusting implicitly in an inspired Bible and in the religion of Christ." I do not doubt this, but I see no more love of God in one section of the country than the other.

President Davis asks for black troops, Lee advocates emancipation

In spite of all this, slavery began to break down even in the Confederacy itself before the end of the war. It was widely proposed to enlist Negro soldiers by promise of emancipation. President Jefferson Davis proposed the idea in a note to Congress; Lee favored the idea. Negro companies were raised. Lee favored a "well digested and gradual plan of general emancipation." So did many other good and able southerners, and it is certain the poor whites saw no sense in fighting for Negro slavery and the benefit of the rich planters.

There is every indication that even had the Confederacy won, slavery would not have lasted. The question at that time was the futile hope of saving the institution by putting it in a constitution; and the problem of the Negro is still here.

I think it important to note for historical accuracy that the most selfish, and the least enlightened, often get control of governments, and yell the loudest. At least 75 percent of the white Southerners did not own slaves. But the extremists got control by yelling the loudest and being the most selfish; they brought the South to war and put their extreme ideas in the constitution.

Today the situation is somewhat the same. Reactionaries bellow the loudest and the newspapers groan about the Constitution. But the average man no more favors power concentrated in the hands of a few industrialists coupled with insecurity of jobs, than he favored all the land and power being put in the hands of a few plantation owners, coupled with chattel slavery.

NEGATION OF NATIONALISM—DUTIES LAID BY STATES

I continue with differing portions of section 9, article I:

United States	Confederate
No Bill of Attainder or ex post facto Law shall be passed.	No bill of attainder, *ex post facto* law, *or law denying or impairing the right of property in negro slaves shall be passed.*
No Tax or Duty shall be laid on Articles exported from any State.	No tax or duty shall be laid on articles exported from any State *except by a vote of two thirds of both Houses.*
No Preference shall be given by any Regulation of Commerce or Revenue to the Ports of one State over those of another: *nor shall Vessels bound to, or from, one State, be obliged to enter, clear, or pay Duties in another.*	No preference shall be given by any regulation of commerce or revenue to the ports of one State over those of another.

It will be noted above that the Confederate Constitution omitted the provision that no duty could be charged by one State as against another. In section 10, paragraph 3, article I, below, in the Confederate Constitution, it is shown that duties might be charged by States for the purpose of paying for the cost of navigation; it can be readily seen that by the use of this provision, and the authority of the State, each State would naturally have asserted the powers of an independent nation.

This is only another evidence of the complete negation of nationalism, as expressed in the Confederate Constitution against the concept of a single nation as shown in the United States Constitution.

CONFEDERATE APPROPRIATIONS DIFFICULT; DETAILS; OBJECTIONS

Concerning appropriations, and continuing, note the two paragraphs exactly alike, but the additional one of the Confederacy:

United States	Confederate
No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.	No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time. *Congress shall appropriate no money from the Treasury, except by a vote of two thirds of*

United States—Continued	Confederate—Continued
	both Houses, taken by yeas and nays, unless it be asked and estimated for by some one of the heads of departments, and submitted to Congress by the President; or for the purpose of paying its own expenses and contingencies; or for the payment of claims against the Confederate States, the justice of which shall have been judicially declared by a tribunal for the investigation of claims against the Government, which it is hereby made the duty of Congress to establish.
	All bills appropriating money shall specify, in Federal currency, the exact amount of each appropriation, and the purposes for which it is made; and Congress shall grant no extra compensation to any public contractor, officer, agent, or servant, after such contract shall have been made or such service rendered.

The above additional provision in the Confederate Constitution was put there to make appropriations difficult. It killed the idea prevalent in all Anglo-Saxon countries for centuries that the House of Commons or lower house should originate appropriations. In this case it was vested in the chief executive unless a two-thirds vote was obtained.

There follows, in section 9, article I, of the Confederate Constitution, a bill of rights, guaranteeing the right of assembly, freedom of speech and press, as in the United States Constitution. It is to be noted the Confederate Constitution contained a bill of rights as an original part instead of waiting until afterward as in the United States Constitution. Naturally, by the provision of slavery, no slave had any rights of any kind, any more than an animal.

The Confederate Constitution has an additional paragraph of section 9, article I, and it is as follows:

20. Every law, or resolution having the force of law, shall relate to but one subject, and that shall be expressed in the title.

This provision of the Confederate Constitution was also in reference to legislative riders. The idea expressed in the constitution is undoubtedly a good one, but it would have been a fruitful source of declaring laws unconstitutional by the supreme court; for instance, social security, which necessarily deals with many subjects, could have been struck down on that basis. It would have been easy for any court to have found that the law in question related to more than "one subject."

I continue to quote the Confederate Constitution.

SECTION 10

3. No State shall, without the consent of Congress, lay any duty on tonnage, except on sea-going vessels for the improvement of its rivers and harbors navigated by the said vessels; but such duties shall not conflict with any treaties of the Confederate States with foreign nations. And any surplus revenue, thus derived, shall, after making such improvement, be paid into the common treasury; nor shall any State keep troops or ships-of-war in time of peace, enter into any agreement or compact with another State, or with a foreign power, or engage in war, unless actually invaded, or in such imminent danger as will not admit of delay. But when any river divides or flows through two or more States, they may enter into compacts with each other to improve the navigation thereof (Cf. Const. U. S., art. I, sec. 10, par. 3).

This is commented on already. However, if States were to be judges of their own actions, this gave them enormous power—the power to be practically independent nations. No doubt, also the State compacts would have been a source of constant trouble.

TERMS OF OFFICE FOR PRESIDENT AND VICE PRESIDENT

The beginnings of article II, section 1, of the two Constitutions show important differences, and are as follows:

United States	Confederate
ARTICLE II	ARTICLE II
SECTION 1. The executive Power shall be vested in a President of the United States of America. He shall hold his Office during the Term of four Years, and, together with the Vice President, chosen for the same Term, be elected, as follows:	SECTION 1. The Executive power shall be vested in a President of the *Confederate* States of America. *He and the Vice-President shall hold their offices for* the term of *six* years; *but the President shall not be reëligible. The President and the Vice-President shall* be elected as follows:

The purpose of this was to make the president independent of politics by a longer single term. The spoils system was debated at the time and the fathers of the Confederate Constitution said they desired a good civil service, with patronage and spoils out of it, and also that the president would not have the idea of running twice, but would give good service for 6 years.

This is still being agitated for the United States Constitution, and a bill is generally before Congress for that purpose. Any such bill will not very likely pass.

I now quote from the Confederate Constitution directly, article II, continuing to show major differences:

SECTION 2

3. The principal officer in each of the executive departments, and all persons connected with the diplomatic service, may be removed from office at the pleasure of the President. All other civil officers of the executive departments may be removed at any time by the President, or other appointing power, when their services are unnecessary, or for dishonesty, incapacity, inefficiency, misconduct, or neglect of duty; and when so removed, the removal shall be reported to the Senate, together with the reasons therefor.

4. The President shall have power to fill up all vacancies that may happen during the recess of the Senate, by granting commissions which shall expire at the end of their next session. But no person rejected by the Senate shall be re-appointed to the same office during their ensuing recess. (*Cf.* Const. U. S., art. II, sec. 1, par. 5.)

ARTICLE III—JUDICIAL; OMITTED BECAUSE SAME

Article III which in both constitutions pertains to the judicial power, is not included, being almost exactly the same, except certain differences as to jurisdiction based on diversity of citizenship, and one or two others. I have often been told that the Confederate Constitution did not provide for a Supreme Court, and I believe that, to a certain extent, is a prevalent misconception.

Although provided by the constitution, no supreme court was ever created by the Confederate Congress. Neither Jefferson Davis nor Alexander Stephens explains this in their books. But there were reasons, one being the court had "centralizing tendencies." The Confederate statesmen would not "tolerate a common arbiter;" indeed, they said, the Supreme Court of the United States had been increasing its power because of the general welfare clause, and no chances were to be taken, although the general welfare was everywhere omitted from the Constitution of the Confederacy.

When war started the courts under the various States merely transformed themselves into courts under the Confederacy. Federal courts were created by the Confederacy, and all the sitting United States judges except one accepted their new jobs. State courts gave a variety of decisions. There was every indication that the Confederacy would have had a serious question of judicial confusion, had they been victorious.

The history of the Confederate courts, however, would take a separate study. It is very interesting, and the probable effects of the Confederate judiciary are important.

Comparisons from articles IV and V of each Constitution are as follows:

United States	Confederate
ARTICLE IV	ARTICLE IV
SECTION 2. The citizens of each State shall be entitled to all Privileges and Immunities of Citizens in the several States.	SECTION 2. The Citizens of each State shall be entitled to all the privileges and immunities of citizens in the several States,

United States—Continued	Confederate—Continued
ARTICLE IV—continued	ARTICLE IV—continued
	and shall have the right of transit and sojourn in any State of this Confederacy, with their slaves and other property; and the right of property in said slaves shall not be thereby impaired.

This section is of importance, particularly at this time while civil liberties are widely violated—around Ford plants, by Mayor Hague at Jersey City; and recently by deportations, refusals to permit people to enter States and cities.

The Articles of Confederation adopted in 1781 gave right of "ingress and regress" throughout the various States; in the Constitution of the United States such right is not expressly mentioned, although the constitutional right certainly exists. It will be noted that the right of travel and sojourn according to the Confederate Constitution was "with slaves and other property," and the possibilities are the right of travel by poor whites without property would have been interpreted away.

In any event the right of travel and sojourn from place to place in this country is subject to the most brutal violations of civil liberties and nothing is done by the Federal Government. Personally, I think the Government should protect these rights.

I continue:

SLAVE AND WHITE "SERVANT" RUNAWAYS TO BE "DELIVERED UP"

United States	Confederate
No Person held to Service or Labour in one State, under the Laws thereof, escaping into another, shall in Consequence of any Law or Regulation therein, be discharged from such Service or Labour, but shall be delivered up on Claim of the Party to whom such Service or Labour may be done.	*No slave or other* person held to service or labor *in any State or Territory of the Confederate States,* under the laws thereof, escaping *or lawfully carried* into another, shall, in consequence of any law or regulation therein, be discharged from such service or labor; but shall be delivered up on claim of the party *to whom such slave belongs, or* to whom such service or labor may be due.

When the United States Constitution was written it did not expressly recognize or provide for slavery, but the institution was accepted by prohibiting the slave trade after 1808, and by other implications. However, it did contain the above clause, and it applied to both white servants and black slaves. President Andrew Johnson, when a boy, was once a runaway indentured apprentice with a reward for his apprehension. However, by the time of the Civil War, the idea of indentured white servants or apprentices being captured and returned to their masters had become obsolete.

The Confederate clause is noted to be "no slave or other person," and undoubtedly being revived as to slaves, would have been revived as to white persons. No one can tell how this would have been developed, but very probably could have been used as a method of persecution against white people as well as the black slaves.

METHOD OF ADMITTING STATES

United States	Confederate
SECTION 3. New States may be admitted by the Congress into this Union; but no new State shall be formed or erected within the Jurisdiction of any other State; nor any State be formed by the Junction of two or more States, or Parts of States, without the Consent of the Legislatures of the States concerned as well as of the Congress.	SECTION 3. *Other States may be admitted into this Confederacy by a vote of two thirds of the whole House of Representatives and two thirds of the Senate, the Senate voting by States;* but no new State shall be formed or erected within the jurisdiction of any other State; nor any State be formed by the junction of two or more States, or parts of States, without the consent of the Legislatures of the States concerned, as well as of the Congress.

ACQUISITION OF TERRITORIES; SLAVERY PROVIDED

United States	Confederate
The Congress shall have power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States; and nothing in this Constitution shall be so construed as to Prejudice any Claims of the United States, or of any particular State.	The Congress shall have power to dispose of and make all needful rules and regulations *concerning the property of the Confederate States, including the lands thereof.* *The Confederate States may acquire new territory; and Congress shall have power to legislate and provide governments for the inhabitants of all territory belonging to the Confederate States, lying without the limits of the several States; and may permit them, at such times and in such manner as it may by law provide, to form States to be admitted into the Confederacy. In all such territory, the institution of negro slavery, as it now exists in the Confederate States, shall be recognized and protected by Congress and by the territorial government; and the inhabitants of the several Confederate States and Territories shall have the right to take to such Territory any slaves lawfully held by them in any of the States or Territories of the Confederate States.*

It will be noted that the above section is additional to the United States Constitution; also, that the Confederate Constitution seeks to force slavery on all territories. The questionable right to obtain new territory, which is not granted under the United States Constitution, is specifically granted in the Confederate. It says "the Confederate States may acquire new territory."

In seeking to fasten slavery on the territories it was an attempt to prevent anything like the Northwest Ordinance, adopted under the Articles of Confederation, which had a bill of rights and which was considered more or less a constitutional document. The Confederate Constitution shows that slavery was to be "recognized and protected by congress," and not only that, but by the territorial governments, and that slaves could be moved about.

This is only another illustration of the extreme rigidity of the document; of the naive belief of human beings that people can be kept in slavery or other substandard condition by the use of a constitution. This strange belief is now more strongly entrenched in the American mind than ever before, but the concept is rapidly changing now.

CONFEDERATE METHOD OF AMENDING CONSTITUTION

United States	Confederate
ARTICLE V	ARTICLE V
The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose Amendments to this Constitution, or, on the Application of the Legislatures of two-thirds of the several States, shall call a Convention for proposing Amendments, which, in either Case, shall be valid to all Intents and Purposes, as Part of this Constitution, when ratified by the Legislatures of three-fourths of the several States, or by Conventions in three-fourths thereof, as the one or the other Mode of Ratification may be proposed by the Congress: Provided that no Amendment which may be made prior to the Year one thousand eight hundred and eight shall in any Manner affect the first and	SECTION 1. *Upon the demand of any three States, legally assembled in their several conventions, the Congress shall summon a Convention of all the States, to take into consideration such amendments to the Constitution as the said States shall concur in suggesting at the time when the said demand is made; and should any of the proposed amendments to the Constitution be agreed on by the said Convention—voting by States—and the same be ratified by the Legislatures of two-thirds of the several States, or by conventions in two-thirds thereof—*as the one or the other mode of ratification may be proposed by the *general Convention—they shall thenceforward form a part of this Con-*

United States—Continued	Confederate—Continued
ARTICLE V—continued	ARTICLE V—continued
fourth Clauses in the Ninth Section of the first Article; and that no State, without its Consent, shall be deprived of its equal Suffrage in the Senate.	*stitution. But* no State shall, without its consent, be deprived of its equal *representation* in the Senate.

The Confederate article is entirely different. The method of calling a constitutional convention on the demand of any three States seems to have been a good idea. Certainly our Constitution should be more easily amendable.

Here it is shown where the Confederate Constitution made one of its very few evasions. The philosophy of the Confederate Constitution was independence of the States, and the right of secession, and yet its own constitution did not provide for the right of secession. In the constitution they evaded it entirely.

You will note above that people might vote by States; that an amendment could be ratified by the legislatures of two-thirds of the States, or by conventions in two-thirds of the States and that it would then become a part of the constitution. A strange inconsistency is shown there in the fact that even had two-thirds approved, the States would still have the right of secession. In other words, to a certain extent the Confederates were kidding themselves, for certainly there would be no use in taking a two-thirds vote if it was not obligatory on all the other States.

ARTICLES VI AND VII, SAME AS U. S., THEREFORE OMITTED

Articles VI and VII of the Confederate Constitution are formal, providing method of succession from the United States Government to the provisional government of the Confederacy, into the "permanent" government; and two other articles of the bill of rights. They are of no importance, throwing no light on problems of then or today, and are therefore omitted entirely.

SOUTHERN PHILOSOPHY YESTERDAY; INDUSTRIAL TODAY

Mr. Speaker, I have here given a review of the Confederate Constitution and its difference with the Constitution of the United States. Whereas it has occasionally been presented, to my knowledge it has not been presented heretofore in reasonably complete form, with parallel comparisons, and with a statement of the economic and social implications. In making this presentation, I realize that it has not been from the constitutional viewpoint alone, but from the viewpoint of the South and of the Supreme Court of the United States.

Whatever the divisions of subject matter, it is of no value unless it applies to the Nation as a whole. And I am thinking of southern philosophy in relation to the Nation as a whole. Slavery was held by force and by ingenious argument. Let me explain.

One of the most insidious ways of holding slavery was that of appealing to the avarice and hatred of the poor whites. Writing in DeBow's Review, 1860, Editor DeBow said:

> The nonslaveholder knows that as soon as his savings will admit he can become a slaveholder, and thus relieve his wife from the necessities of the kitchen and the laundry, and his children from the labors of the field.

Precisely the same appeal is made to poor people today all over the Nation. If the poor man will only join a company union, keep his mouth shut, be docile, and save long enough, he is promised that he can exploit his fellow man. The truth is, such propaganda is low hypocrisy.

My people have told me of the indignities heaped on the poor whites before the Civil War—how even the slaves were allowed to taunt the "poor whites." When a boy, I can remember the Negroes speaking with contempt of the "po' white trash." And the poor whites were taught to hate the Negroes—a system of "checks and balances" based on hate, helping to perpetuate a miserable system.

THE SOUTH—A SELF-CONSCIOUS MINORITY

Because of the reasons I have mentioned, the South is a conscious minority. Read "The South as a Conscious Minority," 1789–1861, by Carpenter. That was true before the Civil War, and it is true today. And not only are we a conscious minority, but a self-conscious minority, an irritable, touchy, and ready-to-take-offense minority.

I have read some of the arguments made just before secession. Some of them read like arguments on the minimum-wage bill. Much was said of southern chivalry, honor, justice, and of the North trying to dictate to the South. Around the Civil War a southern Senator said on the floor the northern and southern groups:

> Are two hostile bodies on this floor * * * northern people hate * * * and there is no love lost on the part of the South * * *.

Just as some groups swear a minimum-wage bill will ruin the South, so at the beginning of the Civil War an Alabaman protested "the sacrifice of southern interests, the surrender of southern rights." Another, from Virginia, said that "while my little bark keeps afloat it shall bear the flag of the South and of constitutional liberty nailed to her mast."

ROOSEVELT GIVES SOUTH FIRST BIG CHANCE

Now Mr. Speaker, it is true that the South has been almost continuously exploited by certain interests in the North, whatever faults the South may have had. That has kept the South together, as a unit.

But now, since the Democratic Administration under Roosevelt, the South has gotten its first big chance to get in on the national picture with a square deal. If we of the South can have national vision, work with the rest of the Democratic Party, drop our consciousness of minority, let the Solid South, as such, pass out of the picture, then, I say, we can raise our standard of living conditions generally and make life happier for all of us all over the Nation.

We therefore must not only see things nationally, but act nationally. Otherwise, we of the South shall be perpetually at our wailing wall, a sort of Ireland of old, alternating between complaining and throwing bricks.

LAND TENANCY, NEGRO JUSTICE, AGRICULTURAL AND WAGE LEGISLATION

To correct this situation, I can think of some things we can do:

First: Demand the correction of our land problems, including conservation and land tenancy, with help extended to all who need it. In this I know the North and the West will cooperate in enacting a good farm-tenancy bill.

Second: Give the Negroes economic justice. Disease and ignorance are rampant among them. Nobody's conditions can be improved by making conditions worse for them; also, if the purchasing power of the Negro is raised it will benefit business generally.

Third: Drop our feeling of conscious minority, assert our strength, and stand for:

A. Nation-wide, fair agricultural legislation;

B. Nation-wide minimum-wage and maximum-hour legislation.

In this the rest of the Nation must be sympathetic, and realize the problems of the South.

And the Supreme Court—I almost forgot its nine members—the Nation should present them a copy of the Constitution of the United States of America, and ask them to follow it. It is rumored that one of our newest justices has found out the Constitution the Court has been using is the wrong one; it is said he has not screwed up his courage to tell Mr. McReynolds of Tennessee, of whom, it is said, he suspects of already knowing it, and the new member, being a gentleman, has not told Mr. Roberts, a northern Republican, for fear of hurting his feelings.

But I do believe that if the South can get a national viewpoint, and the Court find the right Constitution, a lot of our

troubles can be settled. In fact, it seems to me that our questions cannot be settled at all unless the American people work together in unity for their own general welfare.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an address delivered by the gentlewoman from Indiana [Mrs. JENCKES] before the Daughters of the American Revolution.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHANLEY, Mr. TRANSUE, and Mr. KNUTSON asked and were given permission to extend their own remarks in the RECORD.

Mr. O'NEILL of New Jersey. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a statement from the Newark Evening News.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. KELLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. KELLER. Mr. Speaker, I call the attention of the Members present to the fact that yesterday we all enjoyed very much the Florida grapefruit and appreciated it greatly. I also call the attention of the Members to the fact that I have heard a great deal of bragging from the gentlemen from Texas to the effect that their grapefruit was a lot better than that. I believe the Members of this body ought to say we are the best judges of grapefruit in the country and invite them to show us.

CONFEREES ON THE AGRICULTURAL BILL

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House on the agricultural bill may be allowed to sit during the adjournment of Congress.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. O'CONNOR of New York. Mr. Speaker, after consultation with the majority leader, I ask unanimous consent that all Members may have permission to extend their own remarks in the RECORD up to the last publication of the RECORD for this special session. I do this to save time. I ask that they may extend their own remarks as often as they see fit, and may incorporate casual references to bills, and so forth.

Mr. SNELL. Reserving the right to object, Mr. Speaker, is the Democratic leadership going to put anything in the RECORD in regard to the accomplishments of this session?

Mr. O'CONNOR of New York. Oh, yes; and voluminously.

Mr. SNELL. I wondered if there would be anything I would have to answer. That is all.

Mr. O'CONNOR of New York. The gentleman will have plenty of opportunity on New Year's Day.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 40 minutes p. m.) the House adjourned until Monday, December 20, 1937, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Tuesday, December 21, 1937, at 10 a. m.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. MARTIN's subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday, January 4, 1938. Business to be considered: Hearing on sales-tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, trainlengths bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

898. A letter from the Chairman of the Reconstruction Finance Corporation, transmitting a report of its activities and expenditures for the month of October 1937 (H. Doc. No. 457); to the Committee on Banking and Currency and ordered to be printed.

899. A letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill to amend a provision in the Naval Appropriation Act approved July 1, 1902 (32 Stat. 680), relative to payment of commuted rations of enlisted men; to the Committee on Naval Affairs.

900. A letter from the Acting Secretary of the Interior, transmitting a proposed bill for the relief of Filomeno Jiminez and Felicitas Dominguez; to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER: A bill (H. R. 8761) to provide adequate compensation for dependents of agents and inspectors of the Federal Bureau of Investigation of the Department of Justice; to the Committee on the Judiciary.

Also, a bill (H. R. 8762) to amend the Revenue Act of 1936 with respect to the surtax on undistributed profits; to the Committee on Ways and Means.

By Mr. GASQUE: A bill (H. R. 8763) to provide pension benefits at wartime rates on account of disability or death incurred in line of duty in the armed forces of the United States resulting from the bombing of the U. S. S. *Panay* incident to the conflict in the Far East, and for other purposes; to the Committee on Pensions.

By Mr. HAMILTON: A bill (H. R. 8764) to amend Public Act No. 784, Seventy-first Congress, entitled "An act to regulate the distribution and promotion of commissioned officers of the line of the Navy, and for other purposes"; to the Committee on Naval Affairs.

By Mr. MAAS: A bill (H. R. 8765) to keep America out of war by repealing the so-called Neutrality Act of 1937 and by establishing and enforcing a policy of actual neutrality; to the Committee on Foreign Affairs.

By Mrs. JENCKES of Indiana: A bill (H. R. 8766) to amend sections 1 and 6 of the Civil Service Retirement Act, approved May 29, 1930, as amended; to the Committee on the Civil Service.

By Mr. HOBBS: A bill (H. R. 8767) to provide for the appointment of one additional circuit judge for the fifth judicial circuit; to the Committee on the Judiciary.

By Mr. MARTIN of Colorado: Joint resolution (H. J. Res. 543) to authorize an appropriation for the survey for the transmountain diversion of waters for irrigation, domestic, and industrial purposes in the State of Colorado; to the Committee on Irrigation and Reclamation.

Also, joint resolution (H. J. Res. 544) making an appropriation for a survey for the transmountain diversion of waters for irrigation, domestic, and industrial purposes in the State of Colorado; to the Committee on Appropriations.

By Mr. SNYDER of Pennsylvania: Joint resolution (H. J. Res. 545) proposing an amendment to the Constitution of the United States relative to taxes on certain incomes; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CONNERY: A bill (H. R. 8768) for the relief of the late Daniel J. Kenneally; to the Committee on Naval Affairs.

By Mr. HAMILTON: A bill (H. R. 8769) for the relief of the heirs at law of Barnabas W. Baker and Joseph Baker; to the Committee on Claims.

By Mr. PATTERSON: A bill (H. R. 8770) granting an increase of pension to Rosa B. Sutherlin; to the Committee on Pensions.

By Mr. WOLVERTON: A bill (H. R. 8771) granting an increase of pension to Sarah C. Thomas; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3662. By Mr. CONNERY: Resolution of the City Council of Revere, Mass., protesting against the influx of foreign trade in shoes; to the Committee on Interstate and Foreign Commerce.

3663. Also, petition of citizens of Saugus, Mass., urging the defeat of any processing tax on wheat or flour; to the Committee on Ways and Means.

3664. By Mr. CURLEY: Petition of the United Federal Workers, endorsing House bill 8428 and Senate bill 3051 providing for a hearing and disposition of employee appeals from discriminatory treatment by superiors; to the Committee on the Civil Service.

3665. By Mr. HARRINGTON: Petition of Sioux County farmers; to the Committee on Agriculture.

3666. By Mr. HAVENNER: Petition memorializing Congress to provide for the continuance of Federal-aid highway funds by providing that the Highway Act of June 16, 1936, remain unchanged; to the Committee on Appropriations.

3667. By Mr. McCORMACK: Petition of the Railroad Retirement Board, Local No. 13, United Federal Workers of America, Jessica Buck, president, Railroad Retirement Board, Washington, D. C., urging early and favorable consideration of the McCormack 5-day workweek bill for Federal employees (H. R. 8431); to the Committee on the Civil Service.

3668. Also, resolution of the Massachusetts Federation of Taxpayers Association, Inc., Reginald W. Bird, president, 1 Beacon Street, Boston, Mass., urging that every effort be made to balance the Budget; to the Committee on Appropriations.

3669. By Mr. RICH: Petition of the Ulysses Grange, No. 1183, Ulysses, Potter County, Pa., protesting against the passage of the Black-Connery labor bill; to the Committee on Labor.

3670. By Mrs. ROGERS of Massachusetts: Petition of the city of New Bedford, Mass., in common council, favoring House Resolutions 354 and 355, directing the United States Tariff Commission to investigate the differences in the cost of production of the domestic cotton yarns and cloths and of any like or similar articles made in foreign countries; to the Committee on Interstate and Foreign Commerce.

3671. By the SPEAKER: Petition of the State of New Jersey Board of Commissioners of Pilotage, referring to the bills which propose to take away the work now done by the Army engineers; to the Committee on Rivers and Harbors.

3672. By Mr. SPENCE: Petition of residents of Covington, Newport, Bellevue, Dayton, Latonia, Fort Thomas, and Fort Mitchell, Ky., protesting against the levying of any excise or processing taxes on primary food products; to the Committee on Ways and Means.

3673. By Mr. TEIGAN: Petition of the City Council of Minneapolis, Minn., opposing Federal taxation of State and municipal bonds; to the Committee on Ways and Means.

SENATE

MONDAY, DECEMBER 20, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, December 17, 1937, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. FULMER, Mr. DOXEY, Mr. HOPE, and Mr. KINZER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 8730) to amend the National Housing Act, and for other purposes, in which it requested the concurrence of the Senate.

NATIONAL HOUSING PROGRAM—HOUSE BILL REFERRED

Mr. BARKLEY. I request that House bill 8730, amending the National Housing Act, just messaged over to the Senate, be referred to the Committee on Banking and Currency.

There being no objection, the bill (H. R. 8730) to amend the National Housing Act, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Caraway	Green	McAdoo
Andrews	Chavez	Guffey	McCarran
Ashurst	Connally	Hale	McGill
Austin	Copeland	Harrison	McKellar
Bailey	Davis	Hatch	McNary
Bankhead	Dieterich	Hayden	Maloney
Barkley	Donahey	Herring	Miller
Borah	Duffy	Hitchcock	Minton
Bridges	Ellender	Holt	Moore
Brown, N. H.	Frazier	Johnson, Colo.	Murray
Bulkley	George	King	Neely
Bulow	Gerry	La Follette	Norris
Burke	Gibson	Lodge	Nye
Byrd	Gillette	Logan	O'Mahoney
Byrnes	Glass	Lonergan	Pepper
Capper	Graves	Lundeen	Pittman

Pope	Sheppard	Townsend	Walsh
Radcliffe	Shipstead	Truman	Wheeler
Reynolds	Smith	Tydings	White
Russell	Steiwer	Vandenberg	
Schwartz	Thomas, Okla.	Van Nuys	
Schwellenbach	Thomas, Utah	Wagner	

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is absent from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY] is unavoidably detained.

The Senator from Mississippi [Mr. BILBO], the Senator from Washington [Mr. BONE], the Senator from Michigan [Mr. BROWN], the Senator from Missouri [Mr. CLARK], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LEWIS], the senior Senator from New Jersey [Mr. MOORE], the Senator from Louisiana [Mr. OVERTON], and the junior Senator from New Jersey [Mr. SMATHERS] are detained on important public business.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

REPORT OF THE CENTRAL STATISTICAL BOARD

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying report, referred to the Select Committee on Government Organization, as follows:

To the Congress of the United States:

Pursuant to the provisions of section 5 (f) of the act of Congress approved July 25, 1935, I transmit herewith for the information of the Congress the Third Annual Report of the Central Statistical Board for the period from July 1, 1936, to June 30, 1937.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *December 20, 1937.*

FILOMENO JIMINEZ AND FELICITAS DOMINGUEZ

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation for the relief of Filomeno Jiminez and Felicitas Dominguez, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

AMENDMENT OF NAVIGATION LAWS—MOTORBOATS AND VESSELS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting a draft of proposed legislation to amend laws for preventing collisions of vessels, to regulate equipment of motorboats on the navigable waters of the United States, to regulate inspection and manning of certain motorboats which are not used exclusively for pleasure and those which are not engaged exclusively in the fisheries on inland waters of the United States, and for other purposes, which, with the accompanying papers, was referred to the Committee on Commerce.

OCTOBER REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, reporting, pursuant to law, relative to the activities and expenditures of the Corporation for the month of October 1937, together with a statement of condition as of the close of business on October 31, 1937, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following resolution from the Legislature of the State of Georgia, which was referred to the Committee on Finance:

Whereas cottonseed and peanuts are valuable money crops to the farmers of this State; and

Whereas the farmers of Georgia are vitally interested in obtaining a large and profitable market for cottonseed and peanuts; and

Whereas the food value of cottonseed oils and peanut oils are of immence importance and value to the people of the United States; and

Whereas the oils obtained from cottonseed and peanuts can successfully be used as shortening and margarine and by such use will create a market for these Georgia farm products; and

Whereas there are now in effect certain Federal statutes that require special taxes and special license which tend to restrict the use of cottonseed and peanut oil, margarines, and shortenings, and hence inure to the detriment of Georgia farmers: Therefore be it

Resolved, That the Congress of the United States be memorialized and petitioned to repeal the Federal statutes which now levy special taxes and licenses and other restrictions against the sale and use of food products made of cottonseed oil and peanut oil; be it further

Resolved, That the Georgia delegation in Congress be urged to actively assist in bringing about the repeal of the said statutes and restrictions; be it further

Resolved, That a copy of these preambles and resolutions be dispatched to the House of Representatives of the United States and to the Senate of the United States, as well as to each member of the Georgia congressional delegation.

The VICE PRESIDENT also laid before the Senate a telegram in the nature of a petition from the Northern Federal Savings & Loan Association, by S. J. Calderhead, president, Seattle, Wash., praying for the amendment of pending housing legislation in accordance with suggestions of the United States Building and Loan League, which was referred to the Committee on Banking and Currency.

Mr. WALSH presented a resolution adopted by the Stoneham (Mass.) League for Peace Action, favoring the withdrawal of United States armed forces from war areas in China and the making of mediation offers to China and Japan, which was referred to the Committee on Foreign Relations.

Mr. LODGE presented a petition of sundry citizens of Millbury, Mass., praying for the enactment of legislation abolishing the Federal Reserve System as at present constituted and restoring to Congress its constitutional authority over the issuance of money, which was referred to the Committee on Banking and Currency.

Mr. COPELAND presented resolutions adopted by the Chambers of Commerce of Amsterdam and Utica, respectively, in the State of New York, favoring the enactment of legislation to remove tax and other restrictions operating adversely to business enterprise, which were referred to the Committee on Finance.

He also presented a resolution adopted by Caneadea, Allegany County (N. Y.), Grange, No. 1139, Patrons of Husbandry, protesting against the entrance of the United States into war, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Chamber of Commerce of Amsterdam, N. Y., protesting against the enactment of House bill 2927, pertaining to railroad freight rates or similar measures taking away from the Interstate Commerce Commission any part of its authority over railroad rate making, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by Binghamton (N. Y.) Grange, No. 1072, Patrons of Husbandry, protesting against the enactment of legislation to transfer the Forest Service or any other agency of the Department of Agriculture to the Department of the Interior, which was ordered to lie on the table.

He also presented a resolution adopted by the Erie County League of Women Voters, Buffalo, N. Y., protesting against the enactment of the bill (S. 3022) to amend the law relating to appointment of postmasters, which was ordered to lie on the table.

REPORT OF COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. HATCH, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 5812) to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof, reported it without amendment and submitted a report (No. 1299) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH:

A bill (S. 3148) to amend a provision in the Naval Appropriation Act approved July 1, 1902 (32 Stat. 680), relative to payment of commuted rations of enlisted men; to the Committee on Naval Affairs.

By Mr. GUFFEY:

A bill (S. 3149) authorizing the Interstate Bridge Commission of the State of New York and the Commonwealth of Pennsylvania to reconstruct, maintain, and operate a free highway bridge across the Delaware River between points in the city of Port Jervis, Orange County, N. Y., and the borough of Matamoras, Pike County, Pa.; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 3150) for the relief of Ernest S. Frazier; to the Committee on Military Affairs.

(Mr. REYNOLDS introduced Senate bill 3151, which was referred to the Committee on Immigration and appears under a separate heading.)

(Mr. SHEPPARD introduced Senate bill 3152, which was referred to the Committee on Naval Affairs and appears under a separate heading.)

By Mr. PEPPER:

A bill (S. 3153) for the relief of Gibbs Gas Engine Co. of Florida; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3154) relating to the registration of aliens who arrived in the United States between June 3, 1921, and July 1, 1924; to the Committee on Immigration.

By Mrs. GRAVES:

A joint resolution (S. J. Res. 238) to provide for the observance and celebration of the one hundredth anniversary of the founding of Prattville, Ala.; to the Committee on the Library.

DEPORTATION OF ALIENS ENGAGED IN ACTIVITIES INIMICAL TO PUBLIC WELFARE

Mr. REYNOLDS. Mr. President, I desire to introduce a bill to provide for the prompt deportation of aliens engaged in espionage and other activities inimical to the public welfare.

In that connection I wish to read briefly from today's New York Times (December 20, 1937) an article the heading of which is as follows:

ROOSEVELT SEEKS BAN ON SPY PHOTOGRAPHS; HOUSE GROUP DECLARES THE MOVE NECESSARY

WASHINGTON, December 19.—A member of the House Military Committee said today that President Roosevelt wants to tighten up restrictions against the photographing of this country's fortifications.

Representative MAY, Democrat, of Kentucky, said that the Chief Executive had written the committee during his recent trip in southern waters urging legislation to prohibit the making of unauthorized photographs, sketches, or maps of "vital military and naval defensive installations and equipment."

Instead of taking the time of the Senate, Mr. President, I am going to send the article to the desk and ask that the remainder of it be incorporated in the RECORD as part of my statement.

The VICE PRESIDENT. Without objection, it is so ordered.

The remainder of the New York Times article is, as follows:

"Things going on on the Pacific coast made the legislation necessary," Mr. MAY said. He did not amplify the statement and asserted that the President's communication was not available.

* * * * * * *

"The committee is of the opinion that this measure is necessary to prevent important facts regarding our national defense installations from falling into the hands of persons who, through ignorance of their significance, or hostile intent, would permit them to be used to the detriment of the United States."

Secretaries Woodring and Swanson, of the War and Navy Departments, respectively, recommended the legislation. In a joint letter they said that it would "permit more effective control of the activities of free-lance motion-picture and still-picture operators in vital military and naval installations."

They said that prohibitory means of this nature have become necessary in the interest of national defense.

Another House Member, Representative THOMAS, Republican, of New Jersey, said yesterday that "agents of the Japanese Government are now engaged in a long-range study" of the Panama Canal, "photographing strategic points and charting naval and military defenses operated by the United States."

Mr. THOMAS predicated his statement on information which he said he acquired during a recent trip to the Canal Zone. He added that he was informed that Japanese boats operating in waters near the Canal "are maintained by the Japanese Government to spy on our defenses and to locate suitable landing places on the Pacific side of Central America."

Mr. REYNOLDS. Mr. President, I send to the desk the bill which provides for the expulsion and deportation of aliens in this country who are at all times, as a matter of fact, indulging in the making of motion pictures and still photographs of innumerable fortifications from the Atlantic to the Pacific and from the north to the south.

Before taking my seat I wish to say that various estimates have been placed upon the number of aliens at present in the country. The estimates run from 2,000,000 to 7,000,000. I think the time is ripe for us to give very serious and material consideration to the question of deporting particularly alien criminals.

In reference to the action being taken by Great Britain, I desire to have printed as part of my remarks an article which I have clipped from the New York Times of December 17.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRITAIN TO DEPORT OVER 100,000 ALIENS—ENTRY INTO THE COUNTRY AND NATURALIZATION WILL BE MADE MORE DIFFICULT

The Fascist organization whose head is Sir Oswald Mosley is said to have retrieved to some extent its reputation with the Home Office, if not with the general public, by furnishing it with data proving that the demonstrations which recently dispersed the Fascist parades in London's East End and defied the police there, were principally the work of undesirable aliens.

So, according to the Sunday Express, Scotland Yard has received orders, similar to those recently issued by the French Ministry of the Interior, and "within the next 2 years more than 100,000 aliens will leave the country."

In the old days political refugees found in Britain, just as they did in the United States, an asylum free from persecution. Now they also seek in both countries a field for seditious propaganda. The Home Office, however, in its plans for the deportation of undesirables will act with discretion.

"The authorities will still refrain from sending home aliens who are faced with prospects of imprisonment or death on their return," says the London paper. "But every effort will be made to persuade these aliens to seek refuge in other countries.

"The campaign against undesirables will not be confined to London. Foreign populations in big provincial cities are also to be combed.

"The Ministry of Labor has been instructed to issue fewer permits for domestic servants to come here.

"Fearing expulsion, many aliens have recently applied for naturalization after neglecting this for years.

"In future scores of them will find that British naturalization has become more difficult to obtain. Foreigners arriving here will find it hard to get permission to stay.

"It was found recently that many aliens were returning home a few days before the end of the 3-month period after which registration is compulsory. Then a little later they would return.

"The game went on with many of them continually avoiding registration—and thus escaping police watch on their movements. The game has now been concluded by the British authorities."

Mr. REYNOLDS. Mr. President, I ask that my bill may be printed in the RECORD and referred to the Committee on Immigration.

The VICE PRESIDENT. Without objection, the bill of the Senator from North Carolina will be received, referred to the Committee on Immigration, and printed in the RECORD.

The bill (S. 3151) to provide for the prompt deportation of aliens engaged in espionage and other activities inimical to public welfare was read twice by its title, referred to the Committee on Immigration, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That an alien who entered the United States either from a foreign territory or an insular possession, either before or after the passage of this act, shall be promptly deported in the manner provided in sections 19 and 20 of the Immigration Act of February 5, 1917, as amended, regardless of when he entered, if he—

(1) At any time after entry has been engaged in espionage for a foreign government; or

(2) At any time after entry has been engaged in, or engages in, photographing, or attempts to photograph; sketching, or attempts to sketch; or makes maps or charts, or attempts to make maps or charts, of military or naval establishments, sites, strategic areas, installations, or equipment without the specific authority of the Secretary of War, where such authority is required by Executive order; or

(3) At any time after entry promotes, advocates, or incites discontent, disorder, or obstruction of agencies of transportation or production essential for the national defense.

SEC. 2. Any person who violates or aids or abets the violation of this act, or connives at its violation, shall upon conviction be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

LT. ARTHUR F. ANDERS, U. S. NAVY

Mr. SHEPPARD. I ask consent to introduce a bill for appropriate reference.

There being no objection, the bill (S. 3152) awarding a Navy Cross to Arthur F. Anders, was read twice by its title and referred to the Committee on Naval Affairs.

Mr. SHEPPARD. Mr. President, I have just introduced a bill authorizing the award of the Navy Cross to Lt. Arthur F. Anders, United States Navy, for extraordinary heroism in connection with the sinking of the U. S. gunboat *Panay* by Japanese airplane bombers near Nanking, China, on December 12, 1937.

While official reports are not yet available, eyewitness accounts tell the story of great bravery and the performance of duty, although severely wounded, on the part of Lieutenant Anders. These eyewitnesses, themselves survivors of the destruction of the *Panay*, state that although so severely wounded in the throat that he was without the power of speech, Lieutenant Anders—who was the executive officer of the *Panay* and is a native of Weimar, Tex.—the State I represent in part in the Senate—continued to issue the necessary orders to members of the crew and passengers, and for the safety of the other wounded, by writing his orders with crayon on the deck and sides of the ship.

In introducing this measure I feel that I am expressing the sentiments not only of my State, where Lieutenant Anders lives and has his citizenship, but of the entire country.

PREVENTION OF AND PUNISHMENT FOR LYNCHING—AMENDMENT

Mr. BORAH. Mr. President, I submit an amendment intended to be proposed by me to House bill 1507, an act to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching. I ask that the amendment be printed and lie on the table subject to call.

The VICE PRESIDENT. Without objection, the amendment will be received, printed, and lie on the table.

EMPLOYMENT UNDER THE W. P. A.—AMENDMENT

Mr. SCHWELLENBACH submitted an amendment intended to be proposed by him to the joint resolution (S. J. Res. 176) favoring employment by the Works Progress Administration of persons unable to find employment in private industry, which was ordered to lie on the table and to be printed.

REGIONAL CONSERVATION AND DEVELOPMENT OF NATIONAL RESOURCES

Mr. HAYDEN. Mr. President, I ask unanimous consent to submit an amendment in the nature of a substitute for House bill 7365, to provide for the regional conservation and development of the national resources, and for other purposes. I ask to have the amendment printed and printed in the RECORD; and following the amendment, I request to have printed in the RECORD a memorandum explaining its terms.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That it is hereby declared to be the policy of Congress to develop, integrate, and coordinate plans, projects, and activities for or incidental to the promotion of navigation in order to aid and protect commerce among the several States and strengthen the national defense by controlling and safeguarding navigable and nonnavigable waters for the prevention of floods, the reclamation of arid and semiarid lands, and the conservation of the water, soil, forest, and other natural resources of the United States.

"SEC. 2. (a) There is hereby established a National Resources Board (hereinafter referred to as the Board) to be composed of seven members. Four of the members of the Board shall be appointed by the President, by and with the advice and consent of the Senate. The President shall designate one of the members appointed by him to act as chairman of the Board, and the Board may elect any one of its other members as vice chairman. Each member of the Board appointed by the President shall receive a salary at the rate of $10,000 a year and shall continue in office as designated by the President at the time of nomination for terms of 1, 2, 3, and 4 years, respectively, from the date upon which they qualify and take office; but their successors shall be appointed for terms of 4 years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he succeeds. The other three members of the Board shall be appointed without a fixed term in the following manner: The Secretary of War shall designate an officer of the Corps of Engineers to serve without additional compensation as a member of the Board, subject to removal therefrom in the discretion of the Secretary. The Secretary of the Interior and the Secretary of Agriculture shall likewise designate employees of the Departments of the Interior and Agriculture, respectively, to serve as members of the Board, without additional compensation, subject to removal therefrom in the discretion of the Secretary of the Interior and Secretary of Agriculture, respectively.

"(b) The three members of the Board designated by the Secretaries of War, Interior, and Agriculture, respectively, shall have the same power and authority as the members of the Board appointed by the President, except that the former shall give particular attention to the coordination of plans between the various departments and establishments of the Federal Government and to the integration of the planning activities of the Board, as hereinafter provided, with the conduct of actual construction work by such agencies of the Federal Government as the Corps of Engineers, the Bureau of Reclamation, and the Soil Conservation Service. A vacancy in the Board shall be filled in the same manner as in the case of an original appointment or designation, as the case may be. Vacancies in the Board, so long as there shall be four members in office, shall not impair the power of the Board to execute its functions, and four of the members in office shall constitute a quorum for the transaction of the business of the Board.

"SEC. 3. The Board is authorized (a) to conduct investigations, examinations, and studies, to analyze, assemble, coordinate, and from time to time review and revise basic information and materials appropriate to planning for the conservation and development of the natural resources of the United States, and on the basis thereof to initiate and propose, in an advisory capacity only, such plans and planning policies; (b) in furtherance of these ends, to consult with any Federal, State, or local governmental agency, as well as with any public or private planning or research organization; and (c) to prepare and submit reports and recommendations upon matters within its authorized jurisdiction, based upon the findings of its investigations, examinations, and studies, whenever the President or the Congress may request such a study, report, or recommendation from the Board upon any such matter.

"SEC. 4. (a) The Board shall submit to the President not later than October 15 of each year, or at such other time as the President may designate, plans for the development of the natural resources of the United States for the promotion of navigation, the control and prevention of floods, the reclamation of arid and semiarid lands, and such other plans for integrated regional developments as the Board finds necessary and advisable in the public interest for the conservation and prudent husbandry of the soil, mineral, water, and forest resources of the Nation, including the prevention of waste of the Nation's resources from drought, wind, and soil erosion, and the control and retardation of water run-off and the restoration and improvement of the absorption and infiltration capacity of the soil. Such plans shall indicate the order of preference and priority of the projects, activities, and regional developments.

"(b) The President shall annually transmit to the Congress the plans authorized to be presented by subsection (a) hereof with his recommendations as to their necessity or desirability, and with such

other comments and suggestions as may appear to him to be appropriate.

"SEC. 5. Regional planning boards (hereinafter referred to as regional boards) may be organized from time to time as determined by the Board to be necessary to effectively carry out the purpose and policy of this act. In establishing such regional boards and in prescribing the areas within which they shall function, the Board shall give due consideration to State boundary lines and to the major watershed regions of the Nation. The regional boards shall be subject to the supervision and control of the Board and each of such regional boards shall consist of seven members, three of whom shall be selected by the Board, one each from officers or employees of the War Department, Department of the Interior, and Department of Agriculture, upon the recommendation of the heads thereof, to serve without additional compensation, except necessary per diem and travel expenses as may be authorized by the Board. Four members of each regional board shall be residents of the area served by such regional board and shall be appointed by the Board to serve without remuneration, other than actual subsistence and travel expenses as authorized by the Board as well as a per diem compensation not in excess of $30 while actually serving in their official capacity as members of such regional board.

"SEC. 6. The authority of the Board and the regional boards shall not extend to the preparation of detailed estimates for the construction of such projects as are recommended. The construction and operation of any such projects authorized by Congress as a result of any such recommendations shall be carried on by such agency as the Congress may direct without being supervised or controlled by the Board or the regional boards. The authority conferred by this act shall not be construed to deprive any State of control over its land and water resources, nor shall the jurisdiction of the Board or of the regional boards extend to consideration of, or recommendations relating to, plans or projects to be undertaken by the States in accordance with the provisions of the Federal Aid Highway Act, approved July 11, 1916, as amended and supplemented.

"SEC. 7. (a) The Board is authorized to appoint a secretary and to fix his compensation and prescribe his duties and responsibilities, without regard to the provisions of other laws applicable to the employment and compensation of officers of the United States. The Board may appoint, subject to the civil-service laws, such clerical employees as are deemed necessary and to fix their salaries in accordance with the Classification Act of 1923, as amended. The Board is authorized to accept and utilize voluntary and uncompensated services of any person or, with the consent of the State, any officer or employee of a State or political subdivision thereof, and to utilize, without additional compensation, the services of such attorneys, experts, consultants, and research assistants as may be, at the request of the Board, assigned for that purpose by the Secretaries of War, Interior, and Agriculture: *Provided*, That nothing herein shall be construed, in the case of such persons, to prevent the payment of necessary travel expenses and a per diem not in excess of $10.

"SEC. 8. There is hereby authorized to be appropriated annually such sums as may be necessary to carry out the purposes of this act.

"SEC. 9. The National Resources Committee, created by Executive Order No. 7065, dated June 7, 1935, shall cease to exist and stand dissolved within 6 months after the approval of this act, and all records and property thereof shall be transferred to the Board, together with the unexpended balance of all moneys heretofore or hereafter made available for expenditure by the National Resources Committee, such moneys to be used by the Board in the administration of this act. All existing obligations of the National Resources Committee shall be assumed by the Board. Such employees of the National Resources Committee as shall be designated by the Board and shall pass noncompetitive examinations of fitness, as prescribed by the Civil Service Commission, shall acquire a classified civil service status and become employees of the Board, and shall be subject to the provisions of the Classification Act of 1923, as amended.

"SEC. 10. This act may be cited as the 'National Resources Act of 1938.'"

The memorandum submitted by Mr. HAYDEN is as follows:

MEMORANDUM BY SENATOR HAYDEN ON AMENDMENT TO H. R. 7365

The substitute national planning proposal which I have submitted is designed to accomplish the following purposes:

1. To make plain that no national or regional planning authority is to have any measure of control over the construction of public roads by the States so as to interfere with the operation of the Federal Aid Highway Act of 1916, as amended.

2. To guarantee to the States jurisdiction and control over their own lands and water resources.

3. To eliminate the possibility of there being established another agency of the Government which would engage in the construction of flood control, reclamation, erosion control, and other projects. Existing Federal agencies are prepared through long experience to continue such actual field construction and supervision. What is needed is more coordination between the various bureaus and departments of the Federal Government, which is the aim of the proposal I am offering.

4. To establish a national planning agency that can operate at a minimum of expense. It is for this reason that no provision is made for extensive employment of personnel, but machinery is set up for utilizing the services of experts from the Federal and State Governments.

5. To prevent the creation of rigidly defined national regions operating without respect to State lines. Regional boards functioning under the supervision and control of the national board are authorized to be established. The designation of particular regions is not fixed by inflexible law but left to the discretion of the national board. A majority of the members of the regional boards would be residents of their region in order to insure a proper local perspective.

The substitute bill

1. Sets up a National Resources Board of seven members (four appointed by the President for staggered 4-year terms, and three designated by the Secretaries of War, Interior, and Agriculture).

2. Authorizes the Board to formulate plans for flood control, reclamation, and conservation of natural resources generally.

3. Provides for cooperation and integration of the activities of the several Federal departments and bureaus concerned with conservation work.

4. Limits the activities of the Board to planning without supervision of actual construction.

5. Directs the submission of an annual report to the President with recommendations as to priorities for construction among conservation projects.

6. Authorizes the establishment by the National Board of regional boards functioning under its direction and composed jointly of Federal employees and residents of the region.

STATISTICS OF AMERICAN NATIONALS, ARMED FORCES, AND INVESTMENTS IN CHINA

Mr. STEIWER submitted a resolution (S. Res. 210), which was ordered to lie over under the rule, as follows:

Resolved, That the Secretary of State is requested to transmit to the Senate at the earliest practicable time the following information, based upon the latest available statistics: (1) The approximate number of American nationals residing in the Republic of China; (2) the approximate number of officers and enlisted personnel of our Army, Navy, and Marine Corps now stationed in said Republic; and (3) the approximate amount of American capital invested in said Republic and the names and addresses of the principal investors.

ADDRESS BY HON. JAMES A. FARLEY AT BANQUET OF YOUNG DEMOCRATIC CLUBS, BALTIMORE, MD.

[Mr. RADCLIFFE asked and obtained leave to have printed in the RECORD an address delivered by Chairman James A. Farley, of the Democratic National Committee, at the annual banquet of the Young Democratic Clubs of Maryland, Baltimore, Md., November 17, 1937, which appears in the Appendix.]

ADDRESS BY J. F. T. O'CONNOR AT UNVEILING OF BUST OF JOHN MARSHALL

[Mr. NEELY asked and obtained leave to have printed in the RECORD an address delivered by J. F. T. O'Connor, Comptroller of the Currency, on the occasion of the unveiling of the bust of John Marshall at the centennial anniversary celebration of the founding of Marshall College, at Huntington, W. Va., June 3, 1937, which appears in the Appendix.]

DEDICATION OF AMERICAN KEMMEL MEMORIAL NEAR YPRES, BELGIUM

[Mr. GIBSON asked and obtained leave to have printed in the RECORD an address delivered by Brig. Gen. J. P. B. Clayton Hill, of Maryland, at the dedication of the American Kemmel Memorial near Ypres, Belgium, August 8, 1937, which appears in the Appendix.]

ACTION OF COURTS ON DECISIONS OF NATIONAL LABOR RELATIONS BOARD

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a statement of the decisions of the National Labor Relations Board which have been passed upon by the courts, which appears in the Appendix.]

CALIFORNIA GAS RATES—ARGUMENT BEFORE SUPREME COURT OF THE UNITED STATES

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD a summary of the oral argument of Oswald Ryan, General Counsel of the Federal Power Commission, before the Supreme Court of the United States on November 11, 1937, in the case of the Pacific Gas & Electric Co. against Railroad Commission of California, which appears in the Appendix.]

TAX-EXEMPT SALARIES AND SECURITIES: A REEXAMINATION—ARTICLE BY JOSEPH L. LEWINSON

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD an article by Joseph L. Lewinson, published in the American Bar Association Journal for September 1937, entitled "Tax-Exempt Salaries and Securities: A Reexamination," which appears in the Appendix.]

SURVEY OF BUSINESS CONDITIONS

[Mr. MINTON asked and obtained leave to have printed in the RECORD an article dealing with a survey of business conditions by Fred Y. Presley, president of the National Industries Corporation, published in the New York Times, which appears in the Appendix.]

THE FARM BILL

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article on the farm bill by Dorothy Thompson, published in the New York Herald Tribune of December 20, 1937, and also an editorial dealing with the same subject, published in the Washington Post of Sunday, December 19, 1937, which appear in the Appendix.]

SINKING OF THE U. S. S. "PANAY"

The VICE PRESIDENT. When the Senate took a recess on Friday last it had under consideration what is known as the antilynching bill. The Senator from Missouri [Mr. TRUMAN] gave notice that he would like to address the Senate this morning. The Chair recognizes the Senator from Missouri.

Mr. COPELAND. Mr. President, will the Senator from Missouri yield to me?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from New York?

Mr. TRUMAN. I yield.

Mr. COPELAND. Mr. President, I should like to have the attention of the chairman of the Committee on Foreign Relations for a moment. Last night in a privately sponsored radio broadcast the Japanese Ambassador made a statement regarding the unfortunate affair in China. I ask that this very short statement be included in the RECORD at this point in connection with my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, December 20, 1937]

Ambassadar Saito in his address said:

"The attack made last Sunday by Japanese naval aircraft on the American gunboat *Panay* and the three Standard Oil vessels on the Yangtse River was a shocking blunder. The Japanese Government and people are grieved beyond expression of words on account of the unfortunate occurrence. Apologies and regrets have gone officially and unofficially from all quarters in Japan to your representatives and to your citizens residing in my country.

"Acting under instructions from home, I have, myself, offered official expression of regrets to your Government. Amends, of course, all Japanese are only too anxious to make. Indemnities our Government has already declared its intention to pay. The material loss is hardly of moment. What is impossible to redeem is the loss of life. No compensation which mortal man can make for that is adequate for the families bereft. This, therefore, we must deplore.

"Our authorities had, of course, no thought that such a blunder could have occurred, and they were amazed when the news of it came. But now that it has occurred, they are doing their best to see that no repetition of similar incidents should occur.

"The naval officer who was in command of the aircraft squadron in Shanghai has been dismissed and recalled home. All other necessary steps are being and will be taken so that guarantees of safety will, in the future, be assured all foreign persons and interests."

Mr. COPELAND. Mr. President, may I ask the Senator from Nevada have we had any official statement regarding the situation growing out of the *Panay* incident?

Mr. PITTMAN. As chairman of the Foreign Relations Committee, I have not received any official communication for the committee.

Mr. COPELAND. This is a very remarkable statement made by the Ambassador. He professes, for his country, to be extremely sorry and confesses the fault of his country, but, so far as the Senator is concerned, there has been no official statement presented?

Mr. PITTMAN. No; there has not been.

Mr. COPELAND. Is it not rather remarkable that the Ambassador, over a privately sponsored program, should give assurances in advance of any official statement to our Government?

Mr. PITTMAN. If I understand the Senator from New York correctly, he is inquiring whether any official statement in the State Department has been sent to the Foreign Relations Committee. Is that the question?

Mr. COPELAND. Yes.

Mr. PITTMAN. No; it has not been.

Mr. COPELAND. The purpose I have in making the statement this morning is that I have been called repeatedly from New York and elsewhere by various newspaper offices regarding the matter, and it seemed to me it ought to be brought to the attention of the Senate.

Mr. CONNALLY. Mr. President, referring to the question of the Senator from New York, I think it is fair to say that—as the newspapers reported—an official statement expressing regret came from the Japanese Government to the Secretary of State, but it was stated that the statement came before the receipt by the Japanese Government of the note from our Government. So far as any reply to that note is concerned, I am not aware of any, but I think it ought to be shown that there was a statement by the Japanese Government to our Government early in the proceedings.

Mr. COPELAND. It seems to me to be remarkable that in advance of any official information to our Government this private statement of the Ambassador should be given the publicity it has received. That is why I made the comment I have.

Mr. CONNALLY. I may say to the Senator from New York that it is a very unusual proceeding for a foreign ambassador to make an address directly to the people of the country to which he is accredited without transmitting that statement through the regular channels of the Department of State or the Office of the Secretary of State.

THE JAPANESE SITUATION—STATEMENT BY SENATOR BURKE

Mr. TRUMAN. Mr. President, I ask to have printed in the RECORD a statement by the junior Senator from Nebraska [Mr. BURKE] regarding the handling of the Japanese situation by the President and Secretary of State.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

BURKE DEPLORES WAR SENTIMENT—SAYS ROOSEVELT AND HULL ARE HANDLING SITUATION IN ABLE MANNER

(The junior Senator from Nebraska here presents his views on outstanding problems confronting the Nation. Senator BURKE, a Democrat, was a leader in the fight against the Roosevelt court plan and was one of the signers of the 10-point recovery plan, drawn up by a group of conservative Senators.)

(By Senator EDWARD R. BURKE)

President Roosevelt and Secretary of State Hull are handling the controversy with Japan over the bombing of American ships and the loss of American lives in a wise and able manner, and they should have the united support of the American people.

Now is no time for division among the American people, and I consider it most unfortunate that the House resolution providing for a referendum on war should have been brought up for consideration at this time. The action taken by the State Department

is the only wise course to pursue and should have the backing of the entire Nation.

ESTATE OF JOHN F. HACKFELD, DECEASED—CONFERENCE REPORT

Mr. CONNALLY submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 67) conferring jurisdiction upon the Court of Claims to hear and determine the claim of the estate of John F. Hackfeld, deceased, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "just compensation, not exceeding a sum which will represent, with the amount already paid, the then true value of the corporate stocks and other property hereinafter referred to but without any interest on the same, including"; and the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House numbered 2 and agree to the same.

TOM CONNALLY,
WILLIAM H. DIETERICH,
WARREN R. AUSTIN,
Managers on the part of the Senate.
ALFRED F. BEITER,
THOMAS O'MALLEY,
CHARLES R. CLASON,
Managers on the part of the House.

The report was agreed to.

RAILROAD FINANCES

Mr. TRUMAN. Mr. President, on June 3 of this year I made a brief statement regarding the disclosures before the special committee of the Senate investigating railway finance. In that statement I called the attention of the Senate to certain things that had been disclosed before the special committee. The committee has gone further into these matters and for 10 or 15 minutes I wish to submit a report to the Senate of some of the things that have been disclosed before that committee.

We have the spectacle of the preferred list and the gratuity list. Before the Senate Special Committee Investigating Railway Finance it was testified that J. P. Morgan & Co. had a preferred list of customers to whom they sold securities. The list consisted of high officers and directors of various great insurance companies, banks, trust companies, and other financial interests of the country. The Metropolitan was represented by its president and a director, the New York Life by three directors, the Prudential by two directors, the John Hancock Life by a director, the Bank of New York & Trust Co. by a director, Bankers Trust Co. by five directors, Chemical Bank & Trust Co. by a director, Chase National by two directors, New York Trust Co. by its board chairman and two trustees, Guaranty Trust Co. by eight directors and its board chairman.

When Morgan intended to offer an issue of securities he let these gentleman in on the ground floor, so to speak, at a price considerably below the when-issued price and below that at which the issue was started on the market. Several members of the listing committee of the Exchange, itself, were on this so-called preferred list, too. That, of course, would make listing easy. The well of resources from which Morgan, Kuhn, Loeb, and the other so-called investment bankers drew for the sale of bond and stock issues, was the reserves of the great life-insurance companies and the funds of the great trust and savings banks of the country. It is easy to see how very valuable such a preferred list could become.

Mr. GUFFEY. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Pennsylvania?

Mr. TRUMAN. I yield.

Mr. GUFFEY. Did the Senator's investigation disclose that two present members and a former chief justice of the Supreme Court of the State of Pennsylvania were also on the preferred list?

Mr. TRUMAN. It did, and I expect to point out to the Senate where that list can be found; and, if it is desired, it can be placed in the RECORD.

In the reorganization of the various railroads investigated by the committee, the reorganizations were carried on by committees from the various great insurance and trust companies. It is curious to note that a number of these committees represented institutions some of whose officers and directors were members of the preferred list. Kuhn, Loeb had a preferred list also. They sold hundreds of millions of rail bonds to the insurance and trust companies, and on the reorganizations in which they are interested many of the same names appear as appear in the ones in which Morgan is interested. The Missouri Pacific, the Chicago, Milwaukee, St. Paul & Pacific, the Chicago & Eastern Illinois, the Frisco, the Rock Island, the Cotton Belt, the Seaboard—to a considerable extent the same reorganization committee personnel, same lawyers—why, it is almost a racket, or, I might say, the biggest racket on earth.

At this point I ask permission to insert in the RECORD Morgan's preferred list and the railroad reorganization list of the big insurance companies and New York banks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The list is as follows:

Officers, directors, or partners of corporations and firms acquiescing in debtors' plan in Missouri Pacific System reorganization, who were on J. P. Morgan & Co. preferred list for Alleghany stock

(See more detailed exhibit)

Institution or firm and person:	*Number of shares allotted to such person*
Metropolitan Life Insurance Co.:	
Frederick H. Ecker, chairman	1,000
Mitchell D. Follansbee, director	1,000
New York Life Insurance Co.:	
Mortimer N. Buckner, director	500
Charles D. Hilles, director	1,000
Percy H. Johnston, director	1,000
Prudential Insurance Co.:	
Hendon Chubb, director	1,000
W. Palen Conway, director	3,000
John Hancock Mutual Life Insurance Co.:	
Charles Francis Adams, director	1,000
Bank of New York & Trust Co.:	
Allen Wardwell, director	300
Milbank, Tweed, Hope & Webb:	
Albert G. Milbank, partner	500
Kuhn, Loeb & Co.:	
The firm itself	5,000
Bankers Trust Co.:	
Stephen Birch, director	1,200
C. N. Bliss, director	1,000
Seward Prosser, chairman	12,000
Charles D. Hilles, director	1,000
John J. Raskob, director	2,000
Chemical Bank & Trust Co.:	
Percy H. Johnston, director	1,000
Chase National Bank:	
Frederick H. Ecker, director	1,000
Thomas N. McCarter, director	1,000
New York Trust Co.:	
A. M. Anderson, trustee	11,500
Mortimer N. Buckner, chairman of board	500
H. P. Davison, trustee	2,500
Guaranty Trust Co. of New York:	
John W. Davis, director	400
Philip G. Gossler, director	1,000
Eugene G. Grace, director	1,000
Cornelius F. Kelley, director	1,000
Thomas W. Lamont, director	18,000
W. C. Potter, chairman of board	40,000
George Whitney, director	14,000
L. Edmund Zacher, director	500
George G. Allen, director	500

Mr. TRUMAN. I wish to say to Senators that if they desire to see the complete list referred to, it will be found at page 885 of the Stock Exchange hearings before the Banking and Currency Committee of the Senate in May and June 1933. It will be found in part II of those hearings. I will here insert the complete list.

The PRESIDING OFFICER. Without objection, the list will be printed in the RECORD.

The list is as follows:

COMMITTEE EXHIBIT NO. 51, JUNE 9, 1933

"Selected list" of J. P. Morgan & Co. to whom stock was sold

[Unit: 1 share common, 1 class A warrant, 1 class C warrant]

		Name of issue and number of shares sold					
Sale price		$20	$47.50	$57.50	$32	$75	$25.
Market price		$31–$35	$79	$79	$36½–$37 (July 6, 1929)	$93	27 common. 9½ class A warrant. No quote class C.
Date		Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	Aug. 19, 1929.
Name	Title, directorships, etc.	Alleghany	Johns-Manville	Johns-Manville	Standard Brands	United Corporation units	Niagara Hudson units
Charles Francis Adams	Ex-Secretary of Navy	1,000					
Helen B. Achiles						300	
Alamance Club					1,000		
W. H. Aldridge	Director Johns-Manville Corporation, Texas Gulf & Sulphur Co., New York Trust Co., International Telephone & Telegraph Co., United States Guarantee Co.	1,000		1,000	1,000	1,000	
George G. Allen	Director Aluminum Co. of America, Guaranty Trust Co., Texas Co.	500					
Alta Corporation					2,000		
Alice M. Anderson			8,500		10,000		
Arthur M. Anderson	Partner J. P. Morgan & Co.; director International Telephone & Telegraph and Postal Telegraph & Cable.	11,500				2,000	
Joseph Andrews						100	
Montgomery B. Angell		100					
Argonaut Securities Corporation					1,000		
Mrs. Irma D. Ashmead						50	
Asiel & Co.	Brokers				2,000		
I. C. R. Atkin						100	
Atlantic-Merill Oldham Corporation.						1,000	
J. Howland Auchincloss	Attorney-banker	300				300	
Chellis A. Austin		500			1,000	500	
Isabel Valle Austin						200	
Gaspar G. Bacon and Geo. Whitney	Trustees, deed dated Nov. 13, 1914					500	
Mrs. Hope N. Bacon						1,000	
Priscilla T. Bacon, Geo. Whitney and Gaspar G. Bacon.	Trustees					500	
George F. Baker	Director First National Bank, First Security Co. of New York, New York Central R. R.	10,000				5,000	
George F. Baker, Jr	Director First National Bank of New York, United States Steel Corporation, General Electric Co.			5,000			
Newton D. Baker	Former Secretary of War, director Baltimore & Ohio R. R.	2,000					
Donald C. Bakewell						100	
Bankers Co. of New York					10,000	5,000	
Chas. D. Barney & Co.	Brokers				2,000		
Chas. H. Barnes						30	
D. S. Barrett, Jr.		2,000			500		
F. D. Bartow	Partner, J. P. Morgan & Co.	11,500	8,500		11,000		
F. D. Bartow, special		3,000					
T. R. Beal							1,000
Beech Corporation			18,500				
Sesthenes Behn	Director International Telephone & Telegraph, All American Cables, General Sugar Corporation, National City Bank.	1,000		1,000	1,000	1,000	
Hernand Behn					1,000		
Bernard M. Baruch					4,000		
Otto F. Behrend						100	
L. V. Belden	Partner, Belden & Co., 44 Wall Street	1,000					
C. J. Bennett						15	
Mrs. Mary Case Bench	Director Chesapeake & Ohio R. R., Pere Marquette R. R.	500					
Julius Bergen					300		
J. J. Bernet	President Erie R. R. Co.	5,000			500	500	
G. T. Bishop							1,000
Stephen Birch	Director Kennecott Copper Corporation, Bankers Trust Co. of New York, Chicago, Burlington & Quincy, Erie R. R.; Northern Pacific.	1,200		1,000	4,000	1,000	
C. N. Bliss	Director Bankers Trust Co., Metropolitan Opera House Estate Co., New York Life Insurance Co., New York, New Haven & Hartford, Radio Corporation of America.	1,000		1,000	2,000	2,000	
Blyth & Co.						1,500	
Bonbright & Co., Inc.		10,000			20,000	202,930	
Amy W. Board						25	
Claude K. Boettcher					1,000		
S. D. Bowdine							500
Charles Bradley	Director Saranac Realty Co.	7,500			500		
Nicholas F. Brady	Director New York Edison Co.	2,000			5,000	3,000	
Charles S. Brewer	Director New York Stationers Association					1,000	500
Bradford Brinton	Director J. I. Case					300	
Brown, Brothers & Co.	Brokers				5,000	3,000	
George F. Brownell	Vice president Erie R. R.					200	
Mathew C. Brush	Director Air Reduction Co., Inc., Aviation Corporation, and Bank of Manhattan Trust Co.	1,000			2,000	1,000	
E. G. Buckland	Director New York, New Haven & Hartford, Railway Express Agency, and New York, Ontario & Western R. R.	500			500		
M. N. Buckner	Director New York Clearing House Association and New York Trust Co.	500					
Roger H. Bullard						50	
George Burgess						50	
W. E. Burnet	Director Southern Porto Rico Sugar Co. and W. E. Burnet Co.	500			1,000	200	
Ward M. Canaday						1,000	
William C. Cannon	Director First National Bank & Trust Co. of Montclair, N. J.	200				300	

COMMITTEE EXHIBIT NO. 51, JUNE 9, 1933—Continued

"Selected list" of J. P. Morgan & Co. to whom stock was sold—Continued

[Unit: 1 share common, 1 class A warrant, 1 class C warrant]

		Name of issue and number of shares sold					
Sale price		$20	$47.50	$57.50	$32	$75	$25.
Market price		$31-$35	$79	$79	$36¼-$37 (July 6, 1929)	$93	27 common. 9¼ class A warrant. No quote class C.
Date		Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	Aug. 19, 1929.
Name	Title, directorships, etc.	Alleghany	Johns-Manville	Johns-Manville	Standard Brands	United Corporation units	Niagara Hudson units
Callaway, Fish & Co.	Brokers				1,000		
F. L. Carlisle	Niagara Hudson Corporation-Consolidated Gas of New York and F. L. Carlisle Co.				2,000		
W. L. Carson						100	
George W. Carpenter & Kath						405	
Edward F. Carry		1,000		1,000			
Bernard S. Carter		2,500					
J. Ridgely Carter		2,500					
Arthur O. Choate	Partner Clarke, Dodge Co. and director Pullman Co.			1,500			
Chicago Corporation					3,000		
E. H. Clark						500	
Alfred H. Clark						500	
Sir Thomas S. Catte		1,000					
Hendon Chubb		1,000			2,000		
Clarke, Dodge & Co.	Brokers	2,000			10,000	5,000	
Leon R. Clausen					500	500	
Climax Corporation					2,500		
M. Clothier							500
B. C. Cobb	Chairman of board, C. & S. Corporation						4,000
Thomas Cochran	Partner J. P. Morgan & Co.	2,000 / 15,000	26,000		25,000		
Continental National Bank & Trust Co.						3,000	
Calvin Coolidge	Former President of United States				3,000		
C. O. Cooper					1,000		
C. A. Corliss					1,000		
Corn Exchange Bank & Trust Co.					1,000		
E. C. Congdon						160	
H. C. Couch							500
Walter Craig					100		
Clinton H. Crane	Director St. Joseph Lead Co., and United States Guaranty Co.	500			1,000	500	
S. M. Crocker	Vice president Int. G. E. Co.					100	
Patrick E. Crowley	Director N. Y. Central R. R. and Cleveland, Cincinnati, Chicago, & St. Louis R. R.			(Mr.) 500	500	(Mrs.) 500	
George Dahl	President Dahl Oil Burner Co.					40	
A. B. Davis						10	
Donald K. David	Director Bowery Savings Bank, R. H. Macy & Co., and Standard Brands, Inc.	200				200	
Arthur V. Davis	Director Aluminum Co. of America, Marine Midland Corporation, and Mellon National Bank.	1,000			1,000	1,000	2,000
Henry G. Davis						100	
John W. Davis	Davis, Polk, Wardwell, Gardiner & Reed	400			5,000	500	
Norman H. Davis	Trustee Bank of New York & Trust Co., director Seaboard Airline Ry. Co.			250	500	250	
H. P. Davison	Partner, J. P. Morgan & Co.	2,500	1,500		2,500		
Lewis C. Dawes						300	
Charles Day							1,000
D. Debevoise						10	
Moreau Delano	Broker, Brown Brothers					1,000	
W. F. Delany						20	
J. A. M. DeSanches						25	
E. R. Dibrell	Director Associated Dry Goods Corporation of New York.	500			500	250	
W. C. Dickerman							1,000
D. J. Dimock						50	
Dominick & Dominick	Brokers	2,000			10,000	5,000	
Wallace B. Donham					1,000		
Drexel & Co.		50,000	4,000	500	42,000	87,000	
Camille Dreyfuss	President, Celanese Co.					300	
Calib C. Dula		500					
W. Echtermeyer						10	
F. H. Ecker	Director and president Metropolitan Life Insurance Co., American Express Co., and Chase National Bank of New York.	1,000			2,000	1,000	
Cornelia Cousins Egan					500		
Cornelia C. Egan						200	
Martin Egan	Director, Time, Inc., and with J. P. Morgan & Co.		500		500		
Dean Emery						500	
R. W. Emmens, 3d	Gammick & Co., member of firm					100	
Alwena G. Evans						5	
Evans, Stillman & Co.	Brokers				3,000	500	
William Everdell	Vice president Continental Mortgage Guaranty Co.					150	
George B. Everitt	Director Montgomery Ward Co., Inc., Johns Manville Corporation.	500			1,000	500	
Frederic Ewing	Vice president Standard Oil of New York		200			500	
J. V. Ewing Estate						300	
Maria T. Ewing			2,400				
William Ewing	Trustee for Jane Ewing		600				
Do.	Partner J. P. Morgan & Co.	10,000	3,565		10,000		
Do.	Trustee for Jessie V.		600				
Do.	Trustee for Grace V.		600				
Do.	Trustee for William, Jr.		500				
William Ewing, special						100	
G. Faccioli						80	
Eliot Farley	Director D. L. & W.					1,000	
Mildred Farwell						200	
Dr. E. Ross Faulkner						400	

COMMITTEE EXHIBIT No. 51, JUNE 9, 1933—Continued

"Selected list" of J. P. Morgan & Co. to whom stock was sold—Continued

[Unit: 1 share common, 1 class A warrant, 1 class C warrant]

		Name of issue and number of shares sold					
Sale price		$20	$47.50	$57.50	$32	$75	$25.
Market price		$31-$35	$79	$79	$36½-$37 (July 6, 1929)	$93	27 common. 9⅛ class A warrant. No quote class C.
Date		Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	Aug. 19, 1929.
Name	Title, directorships, etc.	Alleghany	Johns-Manville	Johns-Manville	Standard Brands	United Corporation units	Niagara Hudson units
Samuel Ferguson							500
W. C. Finley						500	
Marshall Field					2,000		
First Chicago Corporation					3,000	2,000	
First National Corporation						2,000	
First Security Co	J. P. Morgan is director of this company	30,000			25,000	15,000	
Lawrence P. Fisher	Director General Motors Corp	10,000				2,000	
Herbert Fitzpatrick	Director Pere Marquette R. R., and Chesapeake & Ohio R. R.	1,000					
Carl Fisch						50	
Max C. Fleischmann	Director Standard Brands, Inc	1,000				1,000	
Mitchel D. Follansbee		1,000					
H. A. Fortington	Director Globe Indemnity Co., Newark Fire Insurance Co., and Royal Indemnity Co.	500			500	500	
Albert Foster, Jr						30	
Terese Fowler						10	
P. A. S. Franklin	Director International Mercantile Marine, and National City Bank of New York.	1,000		500	1,000	1,000	
Harry Frass						10	
W. E. Frew	Chairman board Corn Exchange Bank	500			1,000	1,000	
Giovanni Fummi		1,000		500	500	500	
W. Tracy Gaffey					1,000		
G. L. Gagan						10	
Michael Gallagher	Director Pere Marquette R. R., and Pittston Co., Cleveland.	1,000					
Mary B. Gammack						100	
Thos. H. Gammack						200	
George H. Gardiner	Davis, Polk, Wardwell, Gardiner & Reed	500				500	
Thos. Garrett, Jr		200				100	
Lydia K. Garrison						20	
Mrs. P. McK. Garrison						60	
A. L. Gates					5,000		
Thomas S. Gates	Former partner Drexel & Co		10,000				
Harvey D. Gibson	Director Manufacturers Trust Co. and Aeolian Co.	500		1,500		1,000	
David L. George						100	
F. Gibbons						10	
Walter S. Gifford	Director American Telephone & Telegraph and president Bank for Savings, and United States Steel Corporation.	1,000		500	1,000		
Mrs. S. Parker Gilbert	Wife of partner J. P. Morgan & Co	500			500	250	
J. Gindorff						10	
Phillip G. Gossler	Director American Investors, Inc., Guaranty Trust Co. of New York, United Corporation, and president Columbia Gas & Electric.	1,000			2,500	2,000	1,000
Eugene G. Grace	Director Bethlehem Steel Corporation and Guaranty Trust Co. of New York.	1,000					
R. F. Grant	Director Burns Bros., New York and New Jersey and Lehigh Valley Coal Co.	500					
Rudolph Goepel						100	
E. C. Grenfell	Morgan, Grenfell & Co., London	1,800					
C. E. Greesbeck							2,000
Guaranty Co. of New York		500,000			10,000	5,000	
Do		1,600					
Guggenheim Bros					5,000	5,000	
Perry E. Hall	Partner Drexel & Co		500		1,000		
Reginald Halladay	Partner Halladay & Co., director Carib Syndicate			1,200	2,000		
T. D. Hallett						10	
Hambleton & Co						500	
C. P. Hamilton	Vice president American European Securities Co					1,000	
Henry Hamill						10	
P. T. Hanscom	Director United Electric					1,000	
W. J. Harahan		1,000			500		
Albert H. Harris				500	500		
Walter P. Haskell						10	
Chester W. Hawkins						5	
Harris, Forbes Corporation					5,000		
Mrs. Hebe Harris						500	
The N. W. Harris Co					2,000		
Horace Havemeyer	Director Brooklyn Eastern District Terminal, Delaware, Lackawanna & Western, and Remington Arms.	1,000			1,000		
Charles Hayden	Director Adams Express Co., American Express, Coca Cola Co., and 70 other large companies.	2,000		1,000		5,000	
Haystone Securities Corporation					5,000		
Michael G. Herbert		1,200					
R. C. Hill					500	250	
Wm. Hill-Wood						100	
Chas. D. Hilles	Director American Smelting & Refining, Bankers Trust Co., and New York Life Insurance Co.	1,000		500	2,000	1,000	
J. J. B. Hilliard & Sons					1,000		
Geo. C. Hitchcock						300	
Hitt, Farwell & Co., 1 Wall Street		500			1,000	500	
George Holton					100	50	
Hornblower & Weeks					2,000		
J. A. House	Director Union Lake Erie R. R., Cleveland Builders Supply Co., and Goodyear Tire & Rubber.	1,000					

COMMITTEE EXHIBIT No. 51, JUNE 9, 1933—Continued

"Selected list" of J. P. Morgan & Co. to whom stock was sold—Continued

[Unit: 1 share common, 1 class A warrant, 1 class C warrant]

		Name of issue and number of shares sold					
Sale price		$20	$47.50	$57.50	$32	$75	$25.
Market price		$31-$35	$79	$79	$36¼-$37 (July 6, 1929)	$93	[27 common. 9¼ class A warrant. [No quote class C.
Date		Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	Aug. 19, 1929.
Name	Title, directorships, etc.	Alleghany	Johns-Manville	Johns-Manville	Standard Brands	United Corporation units	Niagara Hudson units
Wm. E. Holloway, Jr.						10	
George H. Houston					1,000		
George H. Howard	Director Commonwealth Southern, Electric Bond & Share Co., American Foreign Power Co., and president United Corporation.	1,000			2,000		10,000
R. G. Hutchins	Director Allis Chalmers Manufacturing Co., J. B. White Engineering Co., and New York, New Haven & Hartford R. R.	1,000				500	
W. J. Hutchinson	C. J. Lawrence & Sons					500	
Arthur Curtiss James	Director Chicago, Burlington & Quincy, First Security Co. of New York, and Phelps Dodge Co.	1,000			2,000	2,000	
Benjamin Joy		2,500					
Nelson D. Jay		2,500					
A. N. Jones						50	
W. J. Jones						10	
Jessup & Lamont	Brokers				1,000		
Percy H. Johnston	President Chemical Bank	1,000			1,000	1,000	
Keane Taylor & Co						500	
J. J. H. Keating						200	
F. B. Keech & Co	Brokers				1,000		
Dan'l Kelleher						250	
A. J. Kennedy						50	
Cornelius F. Kelley	Director Anaconda Copper Corporation, Chile Copper, and Guaranty Trust Co.	1,000		1,000	2,000	1,000	
L. A. Keyes	General manager J. P. Morgan & Co.				4,000	200	
Kidder, Peabody & Co	Brokers	2,000			5,000	2,000	
Roy Kinnear						10	
Kuhn, Loeb & Co		5,000				5,000	
H. R. Kurrie						100	
Thos. W. Lamont, Vernon Munroe, and Wm. Thompson.	Trustees for benefit of Phillips Exeter Academy				5,000		
Thos. S. Lamont	Partner J. P. Morgan & Co.	2,500	1,500		2,000		
T. W. Lamont	do	18,000	10,000		20,000		
Lamont, Corliss & Co				300			
A. C. Lange						10	
Lapondos Corporation		500				250	
Lee, Higginson & Co	Bankers and brokers	2,000			5,000	3,000	
J. S. Leech					200		
R. C. Leffingwell	Partner J. P. Morgan & Co.	13,500	17,500		10,000		
Augustin Legorreta		500			500	500	
Col. Chas. A. Lindbergh		500			500	300	
A. L. Lindley	Senior partner Lindley & Co., brokers	1,000			2,000		
Harley P. Lindsay						60	
Robert O. Lord					500		
Luke Banks & Weeks					2,000		
H. G. Lloyd	Partner Drexel & Co.		11,000				
S. B. Lynd						100	
Henry E. Machold	Vice president and director F. L. Carlisle Co. and director Marine Midland Co.	2,000			2,000	3,000	
Clarence H. Mackay	Chairman of board Postal Telegraph & Cable	1,000			2,000	1,000	
H. E. Manville	Chairman and executive committee and director Johns-Manville Corporation.	1,000				1,000	
John Marshall					500		
Miss Mary Marshall					100		
Henry A. Marting	Partner, Talles, Hogsett & Ginn, attorneys for Alleghany Corporation and vice president and director Chesapeake Corporation.						
Wm. Gibbs McAdoo	Former Secretary of Treasury and United States Senator.	500			1,000	250	
Lee McCanliss	Davis, Polk, Wardwell, Gardiner & Reed	100					
H. C. McEldowney		1,000			5,000		1,500
Gates W. McGarrah	International Bank of Settlements	600					
Uzal H. McCarter					1,000	750	500
T. N. McCarter	Public Service N. J.-U. G. I.	1,000			1,000	750	500
John McHugh	Chairman executive committee Chase National Bank.			250			
D. R. McLennan		1,000		1,000			
R. B. Mellon	Bankers	2,000			5,000	3,000	1,000
C. Macveagh						25	
Mrs. L. P. Macy						500	
Mfgrs. Traders Peoples Trust						1,000	
Marine Trust Co						1,000	
Isabel S. Marsh						250	
Chas. J. Martin						1,000	
Dorothy Martin						100	
R. C. O. Matheny						100	
J. J. McCloy						50	
H. P. McCullogh						200	
T. F. Merseles	Former president Johns-Manville Corporation	2,000	35,000			1,000	
Stephen Merseles					500	100	
Albert G. Milbank	Member firm Milbank, Tweed, Polk & Webb, director Borden & Co., and Chase National Bank.	500			500	500	
C. H. Minor						1,000	
Edward G. Miner		500			500	1,000	
Minsch, Menell & Co., Inc.					1,000	1,000	
Charles E. Mitchell	Former chairman National City Bank	10,000		2,500	10,000	7,000	
S. Z. Mitchell et al	Chairman of board Electric Bond & Share, Morgan partner.	2,500			3,000		3,000

COMMITTEE EXHIBIT No. 51, JUNE 9, 1933—Continued

"Selected list" of J. P. Morgan & Co. to whom stock was sold—Continued

[Unit: 1 share common, 1 class A warrant, 1 class C warrant]

		Name of issue and number of shares sold					
Sale price		$20	$47.50	$57.50	$32	$75	$25.
Market price		$31–$35	$79	$79	$36½–$37 (July 6, 1929)	$93	27 common. 9¼ class A warrant. No quote class C.
Date		Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	Aug. 19, 1929.
Name	Title, directorships, etc.	Alleghany	Johns-Manville	Johns-Manville	Standard Brands	United Corporation units	Niagara Hudson units
W. A. Mitchell						100	
Daniel J. Moran						500	
Henry S. Morgan	Partner Morgan, Howland Co.	500 2,500	1,500		500 1,000		
Henry S. Morgan, special		4,100					
Henry S. Morgan						500	
M. Morize					100		
A. P. Morgan						100	
J. P. Morgan (No. 2 account, J. P. Morgan).		40,000	55,500		28,750	1,500	
D. M. Morgan						10	
J. P. Morgan & Co. and Bonbright & Co.							2,500
J. P. Morgan & Co., stock account		175,100					
J. J. Morgan						100	
Morgan & Cie., Paris			10,000		20,000	12,000	
Morgan Grenfell & Co., London			15,000		20,000	15,000	
Junius S. Morgan et al						1,200	
Junius S. Morgan, Jr	Partner J. P. Morgan & Co.	8,000	11,000				
J. R. Morron	Chairman executive committee Chicago & Alton R. R., director Baltimore & Ohio R. R., Pullman Co., and First Securities Co.	500			1,000	500	
George K. Morrow	Chairman board Gold Dust Corporation			1,000		1,000	
F. S. Moseley & Co	Brokers				2,000		
Frederick K. Morrow	President and director United Cigar Stores, and vice president and director Gold Dust Corporation.	1,000			1,000		
Anne S. Morrow			1,500				
Constance C. Morrow et al			3,000				
John P. Murphy		500			500		
Dwight W. Morrow (deceased)	Former partner of J. P. Morgan & Co.		14,000			2,000	
Dwight W. Morrow, account of others.			1,100				
Dwight W. Morrow, account J. J. Morrow.			700				
Charles Munroe	Director Columbia Gas & Electric Co.					1,000	
E. B. Morris, Jr							500
Dwight W. Morrow, account J. J. Pershing.			700				
Elizabeth C. Morrow			4,000				
Elizabeth R. Morrow			1,500				
Vernon Munroe			250		300		
J. A. Murray	President Drake Business School					400	
National City Co		10,000			20,000	5,000	
Newmont Mining Corporation	Albert G. Wiggin, director; Margaret T. Biddle, H. E. Dodge.	10,000			10,000	10,000	
J. R. Nutt	Vice president Alleghany Corporation	3,000					
J. D. Northrup						50	
Northern Trust Co						1,000	
Nosivad Corporation						3,000	
Robert E. Olds		500			500	500	
John E. Oldham				500	500	200	
Old Colony Corporation					2,000	2,000	
M. O'Connor						10	
Ruth Ogg						10	
Carle Orsi		500			500		
Miss Anne O'Rourke					100		
Gen. John J. Pershing		500			500	250	
Harry Peters	Director Consolidated Co. of Chicago					500	
Jane Taylor Price			35				
J. J. Pelley					500		
Frank L. Polk	Partner Davis, Polk, Wardwell, Gardiner & Reed	300				500	
W. J. Polk						200	
John W. Prentiss	Partner Hornblower & Weeks			500	1,000	1,000	
Bernard E. Pollak					2,000		
W. C. Potter	President and director Guaranty Trust Co., director Atchison, Topeka & Santa Fe.	40,000		2,500	10,000	7,000	
Phillips Exeter Academy						500	
T. Nelson Perkins					500		
Seward Prosser	Member executive committee and director Bankers Trust Co. of New York.	12,000		2,500	10,000	7,000	
Daniel E. Pomeroy	Chairman American Brake Shoe Co., director Bankers Trust Co.			250		250	
Mrs. Bernard E. Pollak					2,000		
W. H. Putnam							500
William S. Rainsford		100					
John J. Raskob	Director General Motors	2,000		1,000	2,000	2,500	
Stanley Resor					1,000		
Mrs. D. Y. Ranson, Jr						300	
Edgar Rickard						400	
J. H. Roraback						1,000	500
G. S. Ruffner	President New York Power & Light					1,000	500
Lansing P. Reed	Partner Davis, Polk, Wardwell, Gardiner & Reed	300				500	
Samuel W. Reyburn	President and director Lord & Taylor	500		500	1,000	500	
Arthur Reynolds	Columbia Gas & Electric				3,000		
Esther D. Rich						5	
Rose M. Ricketts						10	
W. G. Ross				1,000			
W. L. Ross		1,000					
John D. Ryan	Director Anaconda Copper Co., National City Bank.	1,000		1,000	2,000	1,000	

COMMITTEE EXHIBIT No. 51, JUNE 9, 1933—Continued

"Selected list" of J. P. Morgan & Co. to whom stock was sold—Continued

[Unit: 1 share common, 1 class A warrant, 1 class C warrant]

		Name of issue and number of shares sold					
Sale price		$20	$47.50	$57.50	$32	$75	$25.
Market price		$31-$35	$79	$79	$36½-$37 (July 6, 1929)	$93	27 common. 9½ class A warrant. No quote class C.
Date		Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	Aug. 19, 1929
Name	Title, directorships, etc.	Alleghany	Johns-Manville	Johns-Manville	Standard Brands	United Corporation units	Niagara Hudson units
Salomon Bros. & Hutzler	Brokers				1,000	1,000	
Franz, Schneider, Jr	Director Lehigh Valley Coal Co., Continental Oil Co.	500		250	1,000	1,000	
Schallekopf, Hutton & Pomeroy, Inc.	Investment brokers	1,000				1,500	
J. A. M. deSanchez					100		
A. H. Sanford						50	
John Sherwin, Sr		5,000					
Mrs. Florence S. Schuette					2,000	1,000	
E. H. H. Simmons	Member firm 52 Broadway	1,000					
Alfred P. Sloan, Jr	President General Motors Corporation	10,000		1,000	7,500		
Matthew S. Sloan		500			1,000	1,000	
Edward B. Smith & Co	Brokers				2,000		
Vivian H. Smith		3,000					
F. S. Smithers & Co		1,000			3,000	1,000	
Somerset Corporation		10,000			5,000		
Harold Standley	Partner J. P. Morgan & Co	10,000			9,970		
John N. Steele					500		
Charles Steele	Partner J. P. Morgan & Co	14,000	20,500		5,000		
R. P. Stevens	President American Electric Power Co						7,000
Charles Steele special		1,000					
H. L. Satterlee	Vice president Life Savings Benevolent Association.					500	
R. N. Searle						1,000	
Charles Seymour						160	
Alfred P. Sloan et al						3,500	
N. L. Snow						200	
Edith T. Stanley						400	
Gilbert Stanley						1,200	
State Street Investment Corporation.						2,000	
Spencer Trask & Co					2,000	1,000	
G. D. Steere		2,000					
Stockholm E. Bank						1,000	
E. T. Stotesbury	Partner Drexel & Co		20,500				
John A. Stephens, Jr	President Bush Terminal Co	500		300	500	250	
G. D. Stewart						500	
Frederick Strauss	Partner J. W. Seligman	1,000			1,000		
Gerard Swope	President General Electric Co., director National City Bank.			1,000			
Edw. R. Stettinius	Vice president General Motors					250	
Mrs. E. B. Stettinius						1,000	
Silas H. Strawn		1,000		1,000			
Sutro Bros. Co						1,000	
Charles I. Sturgis					300		
Edwin S. S. Sunderland	Partner Davis, Polk, Wardwell, Gardiner & Reed	300				400	
Cornelius J. Sullivan	Partner Eidlitz & Hall				500	500	
Malcolm D. Simpson						25	
Harvey H. Smith						40	
A. H. Springer						25	
J. J. Sullivan						25	
Joseph B. Tarbell		500					
Myron C. Taylor	Chairman finance committee United States Steel Corporation.	10,000		5,000	10,000	5,000	
Sir Frederick Williams-Taylor				250			
Catherine Taylor						20	
Wm. H. Thurston						400	
Walter C. Teagle	President and director Standard Oil of New Jersey	1,500		1,000	2,000	1,500	
Wm. Boyce Thompson				4,000	2,500		
Eliz. S. Trippe						250	
A. A. Tilney	Bankers Trust Co., chairman of board				2,000		
Geo. H. Townsend						300	
William B. Thompson	Former president of United Gas & Improvement	1,000					
Eldridge Thomas						100	
Union Trust Co						1,000	
Union Trust Co., Pittsburgh						3,000	
O. P. Van Sweringen	Director Alleghany Corporation	2,500			5,000	5,000	4,000
Allen Wardwell	Partner Davis, Polk, Wardwell, Gardiner & Reed	300		1,500		400	
Mrs. Marie M. Watkins					30	100	
Francis T. Ward			500		1,000		
F. Edson White		2,000					
J. duPratt White				1,000			
Robert H. White	Partner Asiel & Co	1,000				500	
E. N. Wakelee						750	
Kenneth W. Watters					1,000		
N. A. Weathers					1,000	1,500	
J. G. White & Co						1,000	
White & Case	Attorneys	1,000			2,000	2,000	
White, Weld & Co	Brokers				5,000		
Margaret S. Whitney						200	
George Whitney, agent	Partner J. P. Morgan & Co	14,000	20,500		20,000	10,000	
Martha B. Whitney						100	
Richard Whitney	President New York Stock Exchange	1,000			5,750		
Trustees for Martha B. Whitney: Robert L. Bacon, Gaspar G. Bacon, and Geo. Whitney.						400	
Richard Whitney & Co						6,300	
E. L. West							2,000
J. L. Wilkie							1,000

COMMITTEE EXHIBIT No. 51, JUNE 9, 1933—Continued

"Selected list" of J. P. Morgan & Co. to whom stock was sold—Continued

[Unit: 1 share common, 1 class A warrant, 1 class C warrant]

		Name of issue and number of shares sold					
Sale price		$20	$47.50	$57.50	$32	$75	$25.
Market price		$31–$35	$79	$79	$36½–$37 (July 6, 1929)	$93	[27 common. 9½ class A warrant. No quote class C.
Date		Feb. 15, 1929	July 1, 1927	July 1, 1927	June 24, 1929	Jan. 21, 1929	Aug. 19, 1929
Name	Title, directorships, etc.	Alleghany	Johns-Manville	Johns-Manville	Standard Brands	United Corporation units	Niagara Hudson units
C. F. Whigham		2,000					
A. H. Wiggin	Former chairman Chase National Bank	10,000		2,000	8,500	4,000	
Ira E. Wight		500			1,000	1,000	
Joseph Wilshire	President and director Standard Brands, Inc., Royal Baking Powder Co.	1,000			50,000	1,000	
T. R. Williams						300	
Garrard B. Winston	Director National City Bank and Oliver Farm Equipment Co.			500	500	500	
Wood Struthers & Co	Brokers	1,000			2,000	1,500	
Daniel G. Wing					2,000		
Winslow Lanier & Co	Brokers				1,000		
Wm. H. Woodin	Secretary of Treasury	1,000		1,000	1,000	1,000	
Arthur Woods					500	250	
Wood Low & Co						1,000	
Clarence M. Woolley	Chairman of board American Radiator & Standard Sanitary Co.	1,000		1,000	2,000	1,000	
Mrs. Noramae Wylie					200		
A. H. Wigren, G. Jordan, and L. A. Keyes, as trustees for benefit Andover Academy					5,000		
F. C. Weems						100	
P. M. Trace						10	
Miss Anna Walsh						10	
Cornelius J. Walsh						10	
Hartland West						10	
A. H. Wilson						25	
Owen D. Young	Chairman of board General Electric Co	5,000		1,000			6,000
John M. Young					100	50	
Percy S. Young						750	
L. Edmund Zacher		500			500	500	
Wm. Ziegler, Jr.	Director Standard Brands	200				200	
Total		1,250,000	343,450	56,550	722,600	600,000	56,500

NOTE.—See supplementary list following, redistribution of Alleghany Corporation stock by Drexel & Co.

Mr. GUFFEY. Mr. President, would it not be a good idea to include likewise the list of officials of the Supreme Court and officials of the Superior Court of Pennsylvania who were on that list?

Mr. TRUMAN. I shall be glad to do that. Drexel & Co., Morgan's Philadelphia representatives, had a number of Pennsylvania public officials on their preferred list. I ask that the names of those gentlemen be placed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The list is as follows:

Thomas J. Baldridge, John W. Kephart, William I. Schaffer, Robert Von Moschisker.

Mr. TRUMAN. Some of the so-called investment bankers had a gratuity list. This consisted of high rail officials. One in particular was E. N. Brown, chairman of the board of the Frisco, to whom I referred in my previous address on this subject. Speyer & Co. paid him a gratuity of $100,000 per year, and the poor old Frisco paid him as chairman of the board to help Speyer & Co. loot it. I informed the Senate some time back about this situation. The gratuity list has just recently come to light in a court proceeding in St. Louis.

Mr. MINTON. Mr. President, will the Senator from Missouri yield at that point?

Mr. TRUMAN. I yield.

Mr. MINTON. I do not exactly understand what the Senator means by "gratuity list." Would he mind explaining what is meant by "gratuity list"?

Mr. TRUMAN. I cannot explain the gratuity list except to say that the bankers paid the chairman of the board what they called a gratuity. They had other parties on the gratuity list. They claimed the chairman was not on their share list or on their special list which bought stocks below the market price, but he was on their gratuity list.

Mr. MINTON. On the bankers' gratuity list?

Mr. TRUMAN. On Speyer & Co.'s gratuity list.

Mr. MINTON. Was that a payment to them by the bankers for which they rendered no service?

Mr. TRUMAN. None has been disclosed thus far, except that it was to help the bankers with their operations involving the railroads with which these men happened to be connected.

Mr. MINTON. Were they always railroad men who were on the gratuity list?

Mr. TRUMAN. Apparently. That is what has been disclosed in the St. Louis court proceeding. That is only so far as the Frisco system is involved.

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Idaho?

Mr. TRUMAN. I yield.

Mr. BORAH. I still do not understand exactly who is paying the gratuity.

Mr. TRUMAN. Speyer & Co. paid it to E. N. Brown.

Mr. BORAH. Are they the only ones involved?

Mr. TRUMAN. They are the only ones that have been disclosed thus far.

Mr. BORAH. What is the gratuity supposed to be for?

Mr. TRUMAN. E. N. Brown, chairman of the board, helped Speyer & Co. buy 287,000 shares of Rock Island stock for the Frisco Railroad. The price started from $15 and rose until it finally went up to $160. Speyer & Co. were supposed to hold one-third of that stock but sold their part of the stock at the highest price, and the Frisco still own their part of the stock which they bought. That cost the Frisco Railroad some $20,000,000.

The court and lawyer situation in these gigantic receiverships and reorganizations needs public attention badly. We have the spectacle of the firm of Cravath, DeGersdorff, Swaine & Wood arranging the first receivership of the

St. Paul and then 10 years later getting into the pending bankruptcy.

Mr. BORAH. This is all a kind of a cog in the general scheme of racketeering.

Mr. TRUMAN. That is true. It all fits in together. That is the reason why I called attention to it.

To proceed, these gentlemen to whom I have referred as attorneys—Cravath, De Gersdorff, Swaine & Wood—are attorneys for Kuhn, Loeb & Co., and have their hands in the following receiverships: The St. Louis & San Francisco, the Western Pacific, the Missouri Pacific, the Spokane International, the Central of Georgia, the Chicago & North Western, the Seaboard Air Line, and the Minneapolis & St. Louis. Davis, Polk, Wardwell, Gardner & Reed represented the trustee, Guaranty Trust Co., and other interests in the St. Paul receivership, and are attorneys for J. P. Morgan & Co. These gentlemen are mixed up in the following receiverships: The Central of Georgia; the Chicago & Eastern Illinois; the Chicago, Indianapolis & Louisville; the Chicago, Milwaukee, St. Paul & Pacific; the Chicago & North Western; the Chicago, Rock Island & Pacific; the Minneapolis & St. Louis; the New York, New Haven & Hartford; the Norfolk & Southern; the St. Louis & San Francisco; and the Seaboard Air Line.

Cravath, De Gersdorff, Swaine & Wood had their Chicago lawyers come to New York when the St. Paul's first receivership was about to happen in 1925; and it was arranged with Mr. Shaw, of Winston, Strawn & Shaw—this is Mr. Silas Strawn, past president of the National Chamber of Commerce, and a great uplifter—to have Judge Wilkerson, the most notorious receivership judge on the Federal bench, take charge of the St. Paul bankruptcy and appoint receivers and the attorneys for the receivers. All these arrangements were secretly fixed up, and Mr. Shaw claims this was done to keep out the sharpshooters. Anyway, the St. Paul got three receivers, two at $4,000 per month and one at $75,000 per year, and each of the three received $100,000 bonus at the end of the receivership—$300,000 of bonus money, plus bonuses to a great many others on the receivership staff.

Mr. BORAH. Mr. President, who paid this bonus of $100,000?

Mr. TRUMAN. It was ordered paid out of the fee expense of the Chicago, Milwaukee & St. Paul Railway by Judge Wilkerson.

Mr. BORAH. Was that agreed to by the attorneys?

Mr. TRUMAN. Apparently it was; but wait until I get through. They all fitted in and got part of it, and I shall put the whole fee list of the St. Paul Railroad in the RECORD when I get through.

Winston, Strawn & Shaw became attorneys for the receivers and received $247,000 out of it, and Judge Wilkerson had a Milwaukee & St. Paul private car at his beck and call in which to take his pleasure. The receivers also had a grand time in this respect. One or more of them even took their families and their friends on long jaunts in the poor old busted St. Paul's private cars to San Diego, to New York, to Florida, and on trips extended on free passes to Alaska.

Davis, Polk, Wardwell, Gardner & Reed hired Judge Wilkerson's former law associate in Illinois to represent them as attorneys for the mortgage trustees, and the judge gave them $250,000 as fees, as well as giving their client, Guaranty Trust Co., $125,000, and giving the individual trustee, who was the trust officer of the Guaranty, a fee of $25,000. That is, the trust officer of the Guaranty Trust Co. acted for the Guaranty Trust Co. and also acted as an individual trustee, which is required in some States through which the St. Paul Railroad ran; and they not only gave the Guaranty Trust Co. a fee of $125,000 for acting as corporate trustee but they gave $25,000 to the trust officer of the Guaranty Trust Co. as a private trustee.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. TRUMAN. I yield to the Senator from Kentucky.

Mr. LOGAN. I should like to ask the Senator if these hearings have been open to the public.

Mr. TRUMAN. They have been open to the public, and everybody has been there.

Mr. LOGAN. I have not seen anything about these statements in the newspapers or the press generally.

Mr. TRUMAN. I am sorry. The Senator certainly has not been reading the newspapers, because this matter has been in every New York paper, in the Chicago newspapers, the Philadelphia newspapers, the Kansas City papers, and others. I do not believe it was in the Louisville newspapers.

Mr. LOGAN. I have seen some reference to it, but I have not seen the details.

Mr. TRUMAN. All these things have come out in the newspapers.

Mr. LOGAN. They have already been published?

Mr. TRUMAN. They have already been published. I am just informing the Senate about them because I thought perhaps there might be some Senators who had not kept up with the hearings of the commitee.

Mr. BORAH. Mr. President, may I ask the Senator the date of the transactions to which he refers?

Mr. TRUMAN. The transactions to which I refer took place from 1925 to 1927, but the St. Paul Railroad is in receivership again in the same court, and I think it is necessary that we know what went on.

Mr. MINTON. With same lawyers and the same trustees?

Mr. TRUMAN. The same lawyers and the same trustees, and everything else just the same, except the receivers themselves, who are different persons.

Mr. SHIPSTEAD. Mr. President, will the Senator inform the Senate what the Milwaukee Road has borrowed from the Reconstruction Finance Corporation?

Mr. TRUMAN. I think they now owe the Reconstruction Finance Corporation $8,000,000. I think that is correct. If it is not, I will give the correct amount in the RECORD. I do not remember the exact figures, because they have at different times borrowed different sums, I think at one time as much as $11,000,000.

The judge gave his former law associate $75,000. Now, the St. Paul is only one receivership of some dozen or two. Do you see how it pays to know all about these things from the inside? How these gentlemen, the highest of the high-hat in the legal profession, resort to tricks that would make an ambulance chaser in a coroner's court blush with shame? The same gentlemen, if the past is any guide to the future, will come out of the pending receiverships with more and fatter fees, and wind up by becoming attorneys for the new and reorganized railroad companies at fat yearly retainers; and they will probably earn them, because it will be their business to get by the Interstate Commerce Commission, to interpret, and to see that the courts interpret, laws passed by the Congress as they want them construed.

At this point I should like to insert in the RECORD the complete fee list of the 1925 St. Paul receivership.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

[Chicago, Milwaukee & St. Paul, 1925–28]

Receivership and reorganization expenses (not including salaries and expenses of officers and counsel of road on receivership staff)

Receivers, staff and counsel	$998,022.65
Counsel for plaintiff (Binkley Coal Co.)	34,701.88
Trustees under mortgages including counsel:	
Guaranty Trust Co	510,313.73
United States Trust Co	161,676.45
Farmers Loan & Trust Co	58,334.56
Bankers Trust Co	66,988.84
United States Mortgage & Trust Co	106,296.74
Special master	123,031.78
Special examiner	4,000.00
Counsel for defendant	2,786.68
Miscellaneous	18,674.94
Reorganization managers	1,538,983.88
Bondholders' protective committee	915,798.44
Preferred-stock holders' protective committee	234,614.91
Common-stock holders' protective committee	193,457.15
Roosevelt committee	156,159.83
Coverdale & Colpitts	107,165.52
Iselin committee	92,316.41

Receivership and reorganization expenses (not including salaries and expenses of officers and counsel of road on receivership staff)—Continued

Cadwalader, Wickersham & Taft	$5,217.61
Registrars	41,072.56
National City Co. (assignment of client)	3,000.00
R. J. Marony	5,000.00
Miscellaneous expenses	695.33
Taxes, fees, printing—new company	1,192,823.34
Trustees—new mortgages	180,437.80
Suit enjoining Interstate Commerce Commission	59,288.00
Voting trust fees and expenses	72,000.00
Coverdale & Colpitts (1925 report)	72,000.00
Total	6,954,859.18

[St. Paul receivership, 1925–28]

Schedule of fees and expenses

A. RECEIVERSHIP STAFF

Receivers:	
Mark W. Potter, $4,000 per month and $100,000 bonus	$237,806.45
E. J. Brundage, $4,000 per month and $100,000 bonus	237,806.45
H. E. Byram, Mr. Byram received a salary of $75,000 per year and $100,000 bonus, totaling about	305,000.00
Counsel:	
Winston, Strawn & Shaw (Illinois)	247,000.00
Hornblower, Miller & Garrison (New York)	70,000.00
Winthrop, Kellogg (New York)	2,000.00
George Miller (Chicago)	3,500.00
O. W. Dynes (in addition to salary)	20,000.00
H. H. Field (in addition to salary)	20,000.00
W. L. Hunter (in addition to salary)	1,500.00
Chief accounting and financial officer, W. W. K. Sparrow (in addition to salary)	35,000.00
Expenses:	
Mark W. Potter	18,295.31
E. J. Brundage	1,565.10
Winthrop, Kellogg	201.22
Winston, Strawn & Shaw	3,348.12
Total	998,022.65

B. CREDITOR SUIT

Counsel for plaintiff:	
Elting & Judson (Illinois)	15,000.00
Knappen, Uhl & Bryant (Michigan)	2,500.00
Briggs, Weyl & Briggs (Minnesota)	5,000.00
Hurd, Rhoades, Hall & McCabe (Montana)	10,000.00
Wickes & Neilson (New York)	2,000.00
Expenses:	
Elting & Judson	174.83
Knappen, Uhl & Bryant	27.05
Total	34,701.88

C. TRUSTEES UNDER FIRST MORTGAGE C., M. & ST. P. RY. CO.

Trustee: United States Trust Co	50,000.00
Counsel:	
Stewart & Shearer (New York)	75,000.00
Wilson, McIlvaine, Hale & Templeton (Illinois)	12,000.00
F. G. Ingersol (Minnesota)	5,000.00
Templeman & Sanner (Montana)	10,000.00
Expenses: United States Trust Co	9,676.45
Total	161,676.45

D. TRUSTEES UNDER GENERAL AND REFUNDING MORTGAGE

Trustees:	
Guaranty Trust Co	125,000.00
Merrel P. Callaway	25,000.00
Counsel:	
Davis, Polk, Wardwell, Gardiner & Reed (New York)	250,000.00
Tenney, Harding, Sherman & Rogers (Illinois)	75,000.00
Travis, Merrick, Warner & Johnson (Michigan)	2,500.00
Davis, Severance & Morgan (Minnesota)	5,000.00
Stewart & Brown	10,000.00
Expenses: Merrel P. Callaway	17,813.78
Total	510,313.78

E. TRUSTEE UNDER INDENTURE DATED JULY 1, 1909

Trustee: Farmers Loan & Trust Co	16,600.00
Counsel: Taylor, Blanc, Capron & Marsh (New York); Burry, Johnson & Peters (Illinois)	40,000.00
Expenses: Farmers Loan & Trust Co	1,734.56
Total	58,334.56

Schedule of fees and expenses—Continued

F. TRUSTEE UNDER 1912 INDENTURE

Trustee: Bankers Trust Co	$25,000.00
Counsel: White & Case (New York) and Follansbee, Shorey & Schupp (Illinois)	40,000.00
Expenses	1,988.84
Total	66,988.84

G. TRUSTEES UNDER INDENTURES DATED JUNE 1, 1910, AND DECEMBER 1, 1915

Trustees:	
United States Mortgage & Trust Co	30,000.00
William Nelson Cromwell	15,000.00
Counsel:	
To United States Trust Co., Patterson, Eagle, Greenbough & Day (New York) and Scott, Bancroft, Martin & MacLeish (Illinois)	42,500.00
To W. N. Cromwell and Sullivan & Cromwell	15,000.00
Expenses: United States Mortgage & Trust Co	3,037.40
	759.34
Total	106,296.74

H. MISCELLANEOUS

Counsel for defendant:	
Cooper, Stevenson & Hoover (Montana)	2,500.00
Sophus Johnson (Michigan)	250.00
Expenses: Cooper, Stevenson & Hoover	36.88
Special examiner in foreclosure: Maurice Hadley	4,000.00
Special master: Herbert A. Lundahl	123,031.78
Printing receivership record	18,668.80
Miscellaneous	6.13

[St. Paul reorganization, 1925–28]

Schedule of fees and expenses

REORGANIZATION MANAGERS

Reorganization managers:	
Kuhn, Loeb & Co	$622,790.33
National City	415,193.55
	1,037,983.88
Counsel:	
Cravath, deGersdorff, Swaine & Wood	500,000.00
Senborn, Blake & Abers (Wisconsin)	1,000.00
	501,000.00
Total	1,538,983.88

BONDHOLDERS' PROTECTIVE COMMITTEE

Committee members:	
Ecker, Frederick H., chairman	50,000.00
Cutler, Bertram	15,000.00
Duffield, Edward D	15,000.00
Fisher, Samuel H	15,000.00
Knox, William E	12,500.00
Peabody, Charles A	15,000.00
Whitcomb, N. F	15,000.00
Secretary: Freund, Sanford H. E	25,000.00
Counsel: Shearman & Sterling	175,000.00
Depositaries:	
Bankers Trust	105,000.39
Guaranty Trust Co	139,629.07
City Bank Farmers Trust Co	55,557.99
United States Trust Co	44,022.17
Chemical Bank & Trust Co	102,320.33
Chase National Bank	46,748.15
Subdepositaries:	
Union Trust Co. of Pittsburgh	2,997.90
Minnesota Loan & Trust Co	323.02
Girard Trust Co	7,211.82
First National Bank of St. Paul	325.28
Continental Illinois Bank & Trust Co	5,317.89
National Shawmut Bank	30,043.13
Marine National Exchange Bank	3,431.56
Foreign representatives:	
Blake Bros. (Dutch administrator)	7,500.00
Lionel Hauser & Co. (French correspondent)	15,000.00
Association National DePorteuse France	1,988.17
Expenses:	
Ecker, Frederick H	411.11
Committee	10,357.39
Shearman & Sterling	113.17
Total	915,798.54

PREFERRED-STOCK HOLDERS' PROTECTIVE COMMITTEE

Committee members:	
Buckner, Mortimer N., chairman	25,000.00
Fuller, Oliver C	10,000.00
Pratt, Harold I	10,000.00
Loasby, Arthur W	10,000.00
McHugh, John	10,000.00

Schedule of fees and expenses—Continued

PREFERRED-STOCK HOLDERS' PROTECTIVE COMMITTEE—continued

Secretary: Curts, Boyd G		$10,000.00
Counsel: Murray, Aldrich & Webb		80,000.00
Depositaries: New York Trust Co		67,527.25
Subdepositaries:		
First Seattle Dexter Horton National Bank		1,000.00
Northwestern & Northern		1,000.00
First National Bank, St. Paul		1,000.00
First National Bank, Boston		2,080.33
Federal Philadelphia Trust Co		1,133.61
First National, Pittsburgh		1,175.00
Continental Illinois Bank & Trust Co		1,705.95
First Wisconsin Trust Co		1,071.25
First Seattle Dexter Horton		821.25
Expenses:		
Murray, Aldrich & Webb		849.23
Oliver Fuller		251.34
Total		234,614.91

COMMON-STOCK HOLDERS' PROTECTIVE COMMITTEE

Committee members:		
Geddes, Donald G		10,000.00
Field, Stanley		10,000.00
Johnson, Walter L		10,000.00
Rockefeller, Percy A		10,000.00
Dominick, Bayard		10,000.00
Davison, George W		10,000.00
Secretary: Sigler, C. E		10,000.00
Counsel: Cotton & Franklin		50,000.00
Depositary: Central Hanover Bank & Trust Co		52,926.65
Subdepositaries:		
First Trust Co. of St. Paul		1,000.00
First Union Trust & Savings Bank, Chicago		2,871.06
First Minneapolis Trust Co		1,082.00
First Wisconsin National Bank		1,198.99
National Bank of Commerce, Seattle		1,087.82
Old Colony Trust Co., Boston		1,919.69
Bank of Pittsburgh		1,099.98
Pennsylvania Co. for Insurance, etc		1,828.80
Expenses: Committee		8,442.16
Total		193,457.15

MISCELLANEOUS

Roosevelt committee:		
Root, Clark, Buckner & Ballantine	$75,000.00	
Expenses	81,159.83	
Total		156,159.83
Iselin committee:		
Osborne, Fleming & Whittlesey, Rosenthal, Hornell & Wormser	$75,000.00	
Expenses	17,316.41	
Total		92,316.41
Assignment of claims: National City Bank		3,000.00
Registrars:		
Guaranty Trust Co	$13,318.43	
Chase National Bank	18,879.38	
Irving Trust Co	6,480.65	
Chatham Phenix National Bank	4,394.10	
Total		41,072.56
Coverdale & Colpitts:		
Fee	$100,000.00	
Expenses	7,165.52	
Total		107,165.52
Robert J. Maroney		5,000.00
Miscellaneous expenses		695.33
Massachusetts Savings Bank Association:		
Cadwalader, Wickersham & Taft	$5,000.00	
Expenses	217.61	
Total		5,217.61

Counsel fees

REORGANIZATIONS

Reorganization managers:	
Cravath, deGersdorff, Swaine & Wood	500,000.00
Sanborn, Blake & Aberg (Wisconsin)	1,000.00
Common-stock holders, Cotton & Franklin	50,000.00
Preferred stock, Murray, Aldridge & Webb (New York)	80,000.00
Bondholders' committee:	
Shearman & Sterling	175,000.00
Cadwalader, Wickersham & Taft	5,000.00
Iselin committee:	
Osborn, Fleming & Whittlesey; Rosenthal, Hamill & Wormser	75,000.00

Counsel fees—Continued

REORGANIZATIONS—continued

Roosevelt committee: Root, Clark, Buckner & Ballantine	$75,000.00
I. C. C. suit:	
Davis, Polk, Wardwell, Gardiner & Reed	30,000.00
Hughes, Schurman & Dwight	25,000.00
Total	1,016,000.00

RECEIVERSHIP

Receivers:	
Winston-Strawn & Shaw (Illinois)	247,000.00
Hornblower, Miller & Garrison	70,000.00
Field, H. H	20,000.00
Dynes, O. W	20,000.00
Miller, George	3,500.00
Winthrop & Kellogg	2,000.00
Hunter, W. L	1,500.00
Total	364,000.00
Plaintiff:	
Elting & Judson	15,000.00
Knappen, Uhl & Bryant	2,500.00
Briggs, Weyl & Briggs (Minnesota)	5,000.00
Hurd, Rhoades, Hall & McCabe (Montana)	10,000.00
Wickes & Neilson	2,000.00
Total	34,500.00
Guaranty Trust Co.:	
Davis, Polk, Wardwell, Gardiner & Reed	250,000.00
H. S. Tenney, Harding, Shearman & Roers (Chicago)	75,000.00
Travis, Merrick, Warner & Johnson (Michigan)	2,500.00
Davis, Severance & Morgan (Minnesota)	5,000.00
Stewart & Brown (Montana)	10,000.00
Total	342,500.00
United States Trust Co.:	
Stewart & Scharer (New York)	75,000.00
Wilson, McIlvaine, Hale & Templeton (Chicago)	12,000.00
F. B. Ingersoll (Minnesota)	5,000.00
Templeman & Sanner (Montana)	10,000.00
Total	102,000.00
Farmers Loan & Trust Co.: Taylor, Blanc, Capron & Marsh (New York); Burry, Johnston & Putnam (Illinois)	40,000.00
Bankers Trust Co.: White & Case (New York); Follansbee, Storey & Schupp (Illinois)	40,000.00
United States Mortgage & Trust Co.: Patterson, Eagle, Greenboro & Day (New York); Scott, Bancroft, Martin & MacLeish (Illinois)	42,500.00
William Cromwell: Sullivan & Cromwell	15,000.00
Defendant, C., M. & St. P.:	
Cooper, Stevenson & Hoover (Montana)	2,500.00
C. S. Johnson (Michigan)	250.00
Grand total	1,997,592.44

[Copy of original handwritten letter from Cravath, deGersdorff, Swaine & Wood, file No. 2799, drawer 18, *C., M., St. P. & P. R. R.* v. *United States of America*, October 1928, vol. I, correspondence, from October 1928 to December 31, 1929]

SILAS H. STRAWN,
FIRST NATIONAL BANK BUILDING,
Chicago.

DEAR SWAINE: I am led to believe there will be a decision in the St. Paul case within a very few days.

I want you to know I have not forgotten that you are desirous of getting to a conclusion as early as possible and have had several interviews with Judge W.

Cordially yours,

SILAS H. STRAWN.

JUNE 14, 1929.

[Copy of carbon copy of letter from Cravath, deGersdorff, Swaine & Wood, file No. 2799, drawer 18, *C., M., St. P. & P. R. R. Co.* v. *United States of America*, October 1928, vol. I, correspondence, from October 1928 to December 31, 1929]

DECEMBER 8, 1928.

St. Paul v. U. S. A.

DEAR JUDGE:

* * * * * * *

My recollection is that either you or Mr. Shaw advised that the court would probably consist of Judges Altschuler, Wilkerson, and Carpenter. My recollection is clear as to the first two but not as to the last. If you have not been advised as to the probable composition of the court, Mr. Shaw can probably

inform you. If the date suggested would interfere with the presence of Judge Altschuler or a satisfactory court, and we could get a more satisfactory court by having it earlier in the month, then I suppose it would be desirable to try and fit other engagements into such a situation * * *.

Yours very truly,

F. H. W.

Hon. H. H. FIELD,
Union Station Building, Chicago, Ill.

Mr. BORAH. Mr. President, how many of the railroad systems of which the Senator is speaking are now applicants for an increase of freight rates of 15 percent?

Mr. TRUMAN. All of them are, and I do not think it will remedy their situation one mite.

Mr. NORRIS. Mr. President, does not the Senator think that if we are to continue to have this glorious thing go on forever, it is necessary to increase the rates? How can these great attorneys expect to be paid these luxurious fees unless the poor people are willing to pay higher rates?

Mr. TRUMAN. It cannot be done.

Mr. NORRIS. Therefore, we must increase the rates.

Mr. SCHWELLENBACH. Mr. President, I should like to ask the Senator if he or the committee have given any study to the relationship between these regular excessive receivership costs and the need which the railroad companies now present for an increase in freight rates?

Mr. TRUMAN. We have, and the record speaks for itself. The Missouri Pacific was in receivership in 1917. The Missouri Pacific is back in receivership. The St. Paul is in receivership. It was in receivership in 1925, and in 1935 it was back in receivership. That is true of some 75,000 miles of railroad in the country.

These able and intelligent lawyers, counselors, attorneys, or whatever you want to call them, have interviews and hold conferences with the members of the Interstate Commerce Commission, take them to dinner, and discuss pending matters with them.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. TRUMAN. I yield.

Mr. MINTON. Does the record show what Commissioners were so wined and dined by the reorganization lawyers?

Mr. TRUMAN. Yes; it does. The Commission, you know, is the representative of the public, and it has its lawyers also; but the ordinary Government mine-run bureaucratic lawyer is no more a match for the amiable gentlemen who represent the great railroads, insurance companies, and Wall Street bankers, than the ordinary lamb is a match for a butcher.

Mr. Dick, a director of the St. Paul and financial adviser to the American Association of Railroads, the great lobby maintained here by the railroads, said he could see no harm in his having private conferences with members of the Commission on pending matters. Mr. Gresham, attorney for the Texas & Pacific, and Mr. Shaw, of Winston, Strawn & Shaw, attorneys for the receivers in the first St. Paul receivership, obtained information and gave advice to members of the Commission or the court on pending matters in private. In my opinion the practice is wrong, and ought to stop.

One of the difficulties, as I see it, is that we worship money instead of honor. A billionaire, in our estimation, is much greater in these days in the eyes of the people than the public servant who works for the public interest. It makes no difference if the billionaire rode to wealth on the sweat of little children and the blood of underpaid labor. No one ever considered Carnegie libraries steeped in the blood of the Homestead steel workers, but they are. We do not remember that the Rockefeller Foundation is founded on the dead miners of the Colorado Fuel & Iron Co. and a dozen other similar performances. We worship mammon; and until we go back to ancient fundamentals and return to the Giver of the Tables of the Law and His teachings, these conditions are going to remain with us.

It is a pity that Wall Street, with its ability to control all the wealth of the Nation and to hire the best law brains in the country, has not produced some financial statesmen, some men who could see the dangers of bigness and of the concentration of the control of wealth. Instead of working to meet the situation, they are still employing the best law brains to serve greed and selfish interest. People can stand only so much, and one of these days there will be a settlement. We shall have one receivership too many, and one unnecessary depression out of which we will not come with the power still in the same old hands.

I believe the country would be better off if we did not have 60 percent of the assets of all the insurance companies concentrated in four companies. I believe that a thousand insurance companies, with $4,000,000 each in assets, would be just a thousand times better for the country than the Metropolitan Life, with $4,000,000,000 in assets. The average human brain is not built to deal with such astronomical figures. I also say that a thousand county-seat towns of 7,000 people each are a thousand times more important to this Republic than one city of 7,000,000 people. Our unemployment and our unrest are the result of the concentration of wealth, the concentration of population in industrial centers, mass production, and a lot of other so-called modern improvements. We are building a Tower of Babel.

Seventy-five thousand miles of railroads are in bankruptcy, representing $5,000,000,000 or more in book assets. The insurance companies have $500,000,000 of your savings and mine invested in the assets of these bankrupt railroads. They have $3,000,000,000 altogether invested in railroad securities.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TRUMAN. Surely.

Mr. WHEELER. While we are talking of the increase of railroad rates, I think it well to point out to the Senate the evidence which came out before the Interstate Commerce Committee this morning and a couple of days ago showing that the boards of directors of certain railroads passed resolutions turning over to the presidents of the companies the right to use the companies' credit and the companies' money for investment in whatever securities they wanted to invest in. The statement shows that in the case of both the Wabash and the Delaware & Hudson the companies' presidents purchased stocks through Kuhn, Loeb & Co. and through one other company, Barney & Co., of which Mr. Hanes, who has been sent down here to be on the Securities and Exchange Commission, was a member, and all the time they were purchasing the stocks they kept the matter an entire secret from their stockholders and from the Interstate Commerce Commission, and made false returns to their stockholders, to the Interstate Commerce Commission, and to the New York Stock Exchange, as well as to the general public.

Fortunately for the Delaware & Hudson, they unloaded the stock which they bought in the Lehigh Valley road and the Pennsylvania Co. and made $20,000,000. But in the matter of the stock bought by Mr. Williams, the Wabash took a loss of $20,000,000.

Mr. TRUMAN. Just the same as in the Frisco and the Rock Island deals, almost identically the same.

Mr. WHEELER. Yes; the same as in the Frisco and Rock Island deals. There is talk of a desire to help the railroads, to do something for them. I think everyone wants to help the railroads, because the Government and the people of the United States need them. We would need them in case of war as a measure of defense, and the general public needs the railroads for transportation of goods. But something will have to be done to stop the insiders and the other people manipulating the stocks as they have been doing. If any Member of the Senate had done what Mr. Williams did in connection with the Wabash, and what was done in the Delaware & Hudson matter, and what was done in the case of some of the other railroads, he would find himself behind the bars.

Mr. TRUMAN. Do not forget E. N. Brown, of the Frisco. He did a worse job than any of them.

Mr. WHEELER. There would be no question, anyone of us would be behind the bars if he had done these things.

As I have said, while we desire to help the railroads, it is likewise the duty of those who have had control of the roads, the presidents and the executive boards, to be honest with the general public. Up to the present time, the Interstate Commerce Commission has not had the power to control some of these activities. I am inclined to believe that we must grant the Interstate Commerce Commission the power to start the purchase of some of the stock in these other railroads.

They have used this excuse. Senator Cummins introduced a bill for the consolidation of the railroads, feeling that it was necessary to consolidate many of the roads in order to make savings for the roads themselves. When that was proposed, I think in 1922, Mr. Loree, of the Delaware & Hudson, and representatives of the Pennsylvania, the Wabash, and various others of these groups, went out grabbing here and there and purchasing the stocks upon the stock market at high prices. That was one of the things which boosted the stocks upon the stock market during that period, and caused the boom, and afterwards the deflation. The committee has brought out what is really a shocking condition, a very depressing situation to anyone who has heard the testimony and looked into the matter at all.

Mr. McKELLAR. Mr. President, I should like to ask the Senator from Montana whether the Interstate Commerce Commission has had any knowledge at all of the facts which have been related by the Senator from Missouri.

Mr. WHEELER. Much of it was concealed from the Interstate Commerce Commission until after it was an accomplished fact, and then, after it was an accomplished fact and after the purchases had been made and the roads had gone in debt, they had to approve a bond issue, and the bond issues were sold through savings banks and insurance companies.

Finally, in the case of the Wabash, the Reconstruction Finance Corporation had to come to their rescue. So we find the Reconstruction Finance Corporation as a matter of fact bailing out the bankers who had loaned the money to these railroad companies to make these purchases. My judgment is that the Reconstruction Finance Corporation will lose some of that money.

Mr. TRUMAN. I thank the Senator from Montana for his contribution.

Railroads are absolutely essential to the welfare of the country. We must have them, for they are our most economical means of transportation today. I am not in favor of the Government taking them over. Wall Street seems to have failed in its management. Wall Street says the condition is the result of the depression, of paying rail labor too much, of Government regulation.

If Government regulation and the depression brought about the present condition of the railroads, then Wall Street brought about both Government regulation and the depression. If Wall Street had produced the necessary statesmen to run the railroads, they would never have needed regulation. If Wall Street had dealt properly with the Commission, and the Commission had cut out the private conferences with Wall Street lawyers and bankers, and not let them argue their cases in private, we might have had some sort of effective financial regulation of the railroads.

Mr. LOGAN. Mr. President, the Senator from Missouri has referred to the law of Moses, the great lawgiver, which does not seem to affect these railroad financiers.

I call the Senator's attention to a statement made by that great prophet, poet, statesman, and philosopher, Isaiah, which statement voices very well the cry of the common people of today, when he said:

> So we are far from having our wrongs righted, we come by no redress; we look for light but all is dark, we look for gleams, and walk in gloom; we grope like a blind man along the wall, we feel our way like sightless men; at noon we stumble as in twilight, we live in darkness like the dead.

Again, the same Isaiah voiced what should be the will of the Congress, when he said:

> If you will do away with all oppression with open scorn and words of malice, if you bestow bread upon the hungry and relieve men in misery, then light shall dawn for you in darkness, your dull hour shall be bright as noon and evermore shall the Eternal guide you, guarding you without fail.

I wonder if the cry voiced by Isaiah may be applicable to the cry of the people against the present evils. It is not easy to find them, but we do find them, and after we find them out we ought to find some remedy for them, it seems to me.

Mr. TRUMAN. I think we will. I thank the Senator.

Mr. President, wild greed along the lines I have been describing brought on the depression. When investment bankers, so-called, continually load great transportation companies with debt in order to sell securities to savings banks and insurance companies so they can make a commission, the well finally runs dry. The transportation companies can stand no more debt, and the "kitty" gets all the money—the "kitty" being the bankers and their legal advisers.

The Senator from North Carolina [Mr. BAILEY] defined the meaning of "kitty" on December 13, 1937, on this floor. It means the same thing in Wall Street. When the game is cut too deeply, the manager of the "kitty" has all the money and the game stops. Investment bankers have cut the railroads too deeply.

This situation deserves the closest thought and consideration of Members of the Senate, because one of the witnesses before our committee stated that the only hope of the railroads is right here. I hope we can find the solution. I think it will require a major operation, and the sooner we face it the better it will be for the country and the railroads. I do not think we can solve the problem by pouring more Government money into broken-down financial structures or by merely tinkering with rates. The whole structure must be overhauled. Rates, finances, management, coordination, consolidation must be studied. The problem can be solved, but not through the kind of panacea Wall Street has put forward in the past—panaceas that are basically and fundamentally unsound, which have been proved in experience to be unsound, and which simply serve the interest of Wall Street at the expense of the public interest. There is no magic solution to the condition of the railroads, but one thing is certain—no formula, however scientific, will work without men of proper character responsible for physical and financial operations of the roads and for the administration of the laws provided by Congress.

Mr. SHIPSTEAD. Mr. President, will the Senator from Missouri yield?

Mr. TRUMAN. I yield.

Mr. SHIPSTEAD. The Senator has done a very fine piece of work. Can he give us an idea as to how many of the railroads of the country are controlled by one of the two banking houses, Kuhn, Loeb & Co. or Morgan & Co.?

Mr. TRUMAN. All of them.

Mr. SHIPSTEAD. They are practically all controlled by them?

Mr. TRUMAN. Kuhn, Loeb & Co. and Morgan & Co. are the backers of practically all the railroads of the United States.

Mr. SHIPSTEAD. The records in these receiverships show that they have gone into the courts, that the courts obey their will, receivers are appointed by the courts or selected by these banking houses, and the general transactions, so far as receiverships are concerned, show that the railroads are not run primarily for the public business, but as a racket to milk the pockets of stockholders and the bondholders.

Mr. TRUMAN. And to make the bankers rich.

Mr. SHIPSTEAD. The more empty the railroad treasury is, the more of an argument they have for raising rates.

If the Senator will permit me, there is another question which has been mentioned very little, the question of what is the trouble with the railroads. There is great propaganda all over the country. Everyone is so sorry for the railroads, but no one seems to try to find out what is the matter.

An old gentleman, a partner of Andrew Carnegie, told me he knew what was the matter with the railroads. He was a very estimable old gentleman. He said, "We made our money with Andrew Carnegie. When we sold our plant to the Morgans it had a book value of $80,000,000, and because they

had to have control of the steel companies to organize the United States Steel Corporation and to control prices, they paid us $400,000,000 for our property. We sold steel to the railroads at $20 a ton and immediately when they formed the Steel Corporation they raised it to $28, and held it there until 1915, and during the war raised it to $54." When he told me this, in 1926, steel was sold to the railroads in that year for $45 a ton.

He said, "There is more than one thing the matter with the railroads. These banking houses control the industries that sell material to the railroads, and while the Interstate Commerce Commission passes upon a loan, they have no authority to say how much the roads shall pay for locomotives, or for cars, or for electrical equipment." So, he said, through these other industries they control. They sell to the railroads which they control, and the more they charge the railroads the less there is in the railroad treasury, and the more they cry for higher rates.

The Senator has done such fine work in this receivership matter, and if his committee has not the authority, it ought to be given the authority and the money to investigate these other industries controlled by these banking houses, industries which they control and use to milk the railroads, and in turn, through the railroads, to milk the pockets of the public. Unless we go into that thoroughly we will not understand the railroad problem.

CHILD LABOR—PROPOSED CONSTITUTIONAL AMENDMENT

Mr. VANDENBERG. Mr. President, with labor legislation in a state of uncertain controversy in this and the next session of Congress, I rise to suggest that at least in one labor field there is available to Congress a clean-cut formula which invites swift achievement. I refer to a progressive, effectual, and immediate attack on the problem of child labor through two powerful weapons immediately at hand:

First, the Wheeler-Johnson bill to protect States which possess adequate child-labor laws of their own; and second, the new and pending child-labor amendment to the Constitution, which is identified as Calendar No. 808, and which has been awaiting Senate attention since unanimously reported by the Senate Judiciary Committee on June 22, 1937.

Mr. President, I am taking the liberty at this time of particularly presenting to the Senate the reason why I believe not only that the Wheeler-Johnson bill calls upon Congress for immediate approval, but also and particularly why there should be immediate submission to the States of the constitutional amendment to which I have referred.

The old child-labor constitutional amendment—and when I hereafter refer to "the old amendment" I shall mean the one that has been unsuccessfully pending for ratification by the States since 1924—the old amendment is probably dead, but the business of stopping the commercial exploitation of children should not be allowed to die with it.

The old amendment is dead, because it seems to stand clear upon the record that the consent of 36 States to it cannot be procured.

Indeed, the old amendment is dead in an actual, literal, legal sense, as well, if the decision of the Kentucky Court of Appeals rendered October 1, 1937, is correct, and too long a time has elapsed since original submission to permit of what the court calls a "contemporaneous reflection of the will of the people."

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. WHEELER. I wish to call the Senator's attention to a fact to which I think he has already referred. The so-called Wheeler-Johnson child-labor bill passed the Senate by an almost unanimous vote, if not by a unanimous vote, and is now pending in the House of Representatives. That bill was submitted to many of the labor organizations, which were entirely satisfied with it. It was submitted to various religious organizations, which approved it, and it had the approval of practically everyone who is interested in child labor, except, as I understand, the Children's Bureau, which wanted to have a bill that gave it some control. In my judgment had it not been for the opposition of the Bureau itself, that bill would today be law.

Mr. President, if we really desire effectively to control child labor I am sure that the Johnson-Wheeler bill will effectually control it and cure this great evil.

I thank the Senator from Michigan for calling attention to the present situation with regard to pending legislation.

Mr. VANDENBERG. Mr. President, I am obliged to the Senator from Montana for his very clear statement of the situation respecting the Wheeler-Johnson bill, and it is precisely for the reasons that he has indicated that I have included the Wheeler-Johnson bill as one of the two essential steps to be taken at the moment if we are realistically interested in doing something in a legislative way in respect to child labor. It is my understanding that the Senator from Montana is equally sympathetic with the attitude which I take respecting the new child-labor amendment to the Constitution.

Mr. WHEELER. That is correct.

Mr. VANDENBERG. I thank the Senator.

Mr. President, reverting again to the statement I have made regarding the probable demise of the old amendment, I shall enlarge specifically, before I have concluded, upon both of the propositions to which I have adverted.

Mr. WHEELER. Mr. President, will the Senator again permit me to interrupt him?

Mr. VANDENBERG. I yield.

Mr. WHEELER. I have no objection to the old child-labor amendment, but, nevertheless, we must look at it, it seems to me, from a realistic standpoint. There was opposition to it of such character that it took a long period of time to consider it, and the chances are it may never be ratified, whereas I think the amendment the Senator from Michigan has suggested could be ratified in a comparatively short period of time, and would accomplish everything that anyone wants with reference to child labor. I do not think there is any question about that at all.

Mr. President, the impression seems to have been gained that it was simply some of the manufacturers and the financial groups in this country who were opposed to the original child-labor bill. I think that impression is entirely inaccurate, because, as everyone knows, the bill was opposed by several of the religious groups who felt it was too broad in its application. I, myself, did not subscribe to that view, because I felt that Congress would not go as far as those who opposed it thought Congress would go. Its opponents, however, were afraid that Congress might go too far.

Mr. VANDENBERG. Mr. President, I intend to go into that whole subject as I proceed, and I think I can present the proof that everything the Senator from Montana has said is justified.

By way of preliminary observation, I wish to say for the new amendment, Senate Joint Resolution 144, which I introduced on May 6, 1937, that it has the undivided support of the Judiciary Subcommittee, which considered it under the chairmanship of the able Senator from Kentucky [Mr. LOGAN]; that it was unanimously approved by all members who participated in the proceedings of the full Judiciary Committee on June 15, 1937, under the chairmanship of the distinguished Senator from Arizona [Mr. ASHURST], who has completely and sympathetically cooperated at every step of this proceeding; and, what is equally important and even more significant, that most of the active forces in the country which opposed the old amendment have indicated at least passive acquiescence in the new text. Therefore, if we really want a child-labor amendment to the Constitution of the United States, instead of just piously perspiring over an unobtainable objective, prompt congressional approval of Senate Joint Resolution 144 may reasonably be expected to produce it within another year.

In presenting the subject to the Senate it will perhaps best facilitate understanding if I immediately indicate the differences between the old and the new amendments, because herein lies the secret of old failures and new hopes. The old amendment has not failed because of any support in the country for those ruthless cash-register taskmasters who sweat the life out of little girls and little boys who are chained to sordid commerce in their pathetic immaturity. These slum demons have yet to rally their first defender.

The old amendment has failed precisely as the Senator from Montana [Mr. WHEELER] indicated in his introductory remarks a few moments ago. The old amendment has failed because it was so broad in phraseology, and in the possible implications of its delegation of powers to Congress, that many great groups of conscientious citizens, inspired by just as clean and just as worthy motives as the proponents of the old amendment, have believed that it would have authorized Congress not only to order a child's industrial emancipation but also to follow him, with a Federal code, into his church, into his school, and even into the parental jurisdiction of his home. They have declined to do what they believe would be violence to these latter inalienable American freedoms, even for the sake of so notably sound and appealing a purpose as that of ordering justice for children exploited in industry. They have taken the position that two wrongs do not make a right.

This opposition may or may not have been correct in its premise. That is beside the point. The point is that they have enlisted great moral and religious forces so successfully against the old amendment that, despite all the powerful aid of the present President of the United States who personally led a drive last winter in this behalf, the old amendment has not been, will not be, and cannot be ratified by the necessary 36 States to put it into the Constitution.

The trouble, I repeat, has had nothing to do with any aspiration which confines itself to the creation of authentic Federal powers to curb the commercial exploitation of children. It has had to do almost solely with language which may go beyond this aspiration and invite a comprehensive regimentation of American youth in other spheres.

This deadlock between two groups, both actuated by the highest motives, seemed to me to be wholly needless. I felt sure that the advocates of the old amendment could not possibly be reaching consciously for power to control the education, the religion, and even the home discipline of American youth. I felt equally that the opponents of the old amendment had utterly no interest or concern in protecting the commercial exploitation of little children whose broken lives were a stench in the nostrils of democracy and decency. If such were the realities, it was obvious that there must be a possible composition which would serve all the necessities of the righteous purpose without invoking an improper one. And this speedily proved to be the case when I undertook late last winter and in the early spring to bring together all these divergent forces and to find a common ground. The problem, Mr. President, is essentially a matter of phraseology; and I shall submit that the new amendment is the complete, the effective, and the successful answer.

The old amendment proposed that "Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age."

This raised three questions involved in three words; and those three words have prevented ratification of the child-labor amendment for 13 years, and still probably stand today as an insurmountable obstacle.

The first word is the word "regulate." To "regulate" may imply, it has been argued, a multiplicity of congressional regimentations wholly unnecessary to the professed objective. It is not needed, in behalf of the professed objectives, so long as Congress can either "limit" or "prohibit." Child labor can be stopped in every essential degree by "prohibition" or by "limitation." The supervisory "regulation" by a new bureaucracy, which might too easily become obnoxious, is in no degree necessary or desirable. Therefore the new amendment, in the first instance, provides for "prohibition" or "limitation" but drops the controversial word "regulate."

The second controversial word is "labor."

Labor, it has been successfully asserted, may be a great many things other than toil in a sweatshop or work in a factory. The dictionary itself describes labor as being "physical or mental toil" or as being "bodily or intellectual exertion." Therefore the control of the labor of children—if that is the unlimited jurisdiction—could be something vastly more and different than the commercial exploitation of children in work—jobs which we seek to curb. It could include education. It could include religious education. It could include home discipline. It could include whatever the undisclosed ingenuity of tomorrow's bureaucrats might conjure under so broad a license. Meanwhile, the specific thing actually sought to be accomplished, far from being so broad as the definition of labor, is what? It is to prohibit or limit employment of children for hire. There is no mistaking that language. It means precisely what it is intended and supposed to mean. It means what the country means when it talks of child labor. Therefore it would seem obvious that when we substitute, as we do in the new amendment, the phrase "employment for hire" for the word "labor" which helped to stymie the old amendment we have substantially met the necessities of the situation.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BRIDGES. What is the reaction of the public, particularly the church groups and the agricultural groups, to the Senator's new amendment which is now pending before the Senate? In other words, do the same groups that objected so strenuously to the amendment which has been in the process of ratification for a period of years have the same objection to his amendment or are they in general accord with it?

Mr. VANDENBERG. I am about to prove to the Senate that most of them are in accord and that scarcely any are left in opposition if the new formula be accepted.

The third word that was involved in this long-time controversy was the word "eighteen."

It has been argued that children, in this day and age, have usually ceased to be "children" in a practical sense long before they reach the age of 18; that this age limit is unrealistically long; that it carries the proposed new power of Congress over "children" much too far down the calendar of adolescence. Therefore, the new amendment realistically drops the age to 16, the point at which most of the former N. R. A. protections respecting so-called child labor usually stopped. I think it is significant to note that fact.

Thus, with these three simple changes or substitutions, we get the new amendment, reading as follows:

> The Congress shall have the power to limit and prohibit the employment for hire of persons under 16 years of age.

Now let me discuss the question whether this new amendment may hopefully anticipate a happier fate than the old one. I now proceed to answer directly the question submitted to me by the able Senator from New Hampshire [Mr. BRIDGES]. I have sought to contact all possible groups which organized against the old amendment and which have undoubtedly created a situation that denies any further chance for the old amendment. I have found substantial agreement that the new text largely obviates the old doubts and suspicions. In many instances I have found outstanding opponents of the old amendment who are willing to crusade enthusiastically in behalf of the new one, thankful that the child-labor issue at last is presented in a form which permits them to prove their anxiety to aid in ending this blight. In other instances I have found that former opponents will be content to subside and to withhold all further contest if the child-labor issue is textually confined to the exploitations which are presumed to be the sole concern of this progressive movement. It is as a result of these frank conferences that I submitted the now-pending phraseology and offered the new amendment on May 6, 1937. It will achieve practically every legitimate objective which the old amendment sought in behalf of American child life; but it will not do the other and unrelated things which have no place in such a request. It can undoubtedly be ratified by the necessary 36 States within 1 year, and this long-time struggle for the most elemental of humanities can be at last conclusively concluded.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I am happy to yield to the very able Senator from Wyoming.

Mr. O'MAHONEY. One of the most vigorous of all the opponents to the original child-labor law was the National Association of Manufacturers. May I ask the Senator

from Michigan whether, in making his canvass of the opponents of the original measure, he has included that association?

Mr. VANDENBERG. Let me be very frank with the Senator. I did not. It would hardly be fair to say that I am not interested in their point of view, because, of course, I am; but I felt that that particular group has a direct relationship to this problem which might involve a bias. I went to the groups, instead, which, may we say, have a social interest rather than an economic interest in the situtation; and I think I am prepared to prove in a few moments that, almost without reservation, their opposition has been withdrawn. I am unable to tell the Senator the attitude of the National Association of Manufacturers.

Mr. O'MAHONEY. Does the Senator not believe that the opposition of the National Association of Manufacturers ought also to be withdrawn?

Mr. VANDENBERG. I not only believe it, I not only agree with what the Senator from Wyoming says, but I think it will be, in view of some of the other exhibits which I am about to present.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MINTON. Is the Senator from Michigan going to put in the RECORD the names of the outfits he has contacted in order that we may know their attitude?

Mr. VANDENBERG. Yes; assuming that the word "outfits" correctly applies to them.

Mr. MINTON. Well, I will amend the question and say "organizations or groups."

Mr. VANDENBERG. I thank the Senator.

A few conscientious objectors will still insist that there should be no Federal authority whatever in this field. But I believe that a fair cross section of this heretofore hostile thought is represented by the attitude of Mr. Sterling E. Edmunds, of St. Louis, Mo., director of the National Committee for the Protection of Child, Family, School, and Church, which was perhaps the most formidable single force in the battle against the old amendment. I cannot overemphasize that this National Committee for the Protection of Child, Family, School, and Church was probably the central force which organized the propaganda and the opposition against the old amendment.

Mr. MINTON. Mr. President, will the Senator yield at that point?

Mr. VANDENBERG. Let me finish this exhibit. Mr. Sterling E. Edmunds, of St. Louis, Mo., was the very active and aggressive director of this battle against the old amendment, and still is. Mr. Edmunds permits me to quote him as follows:

> I am very glad, personally, and not as the director of our voluntary national committee, to state that your proposed substitute constitutional amendment, dealing with child labor, avoids the major grounds upon which the one proposed in 1924 has been so widely and bitterly opposed. Those who are opposing the old amendment are deeply interested in preventing the commercial exploitation of children which and which alone your proposed amendment would give Congress the power to prevent. But the battle against the old amendment is a battle to prevent the Federal Government from acquiring a much more extensive power over America's children with authority to regulate all of their labor paid and unpaid on the farm, in the home, and in the schoolroom, which that amendment would confer if it is ever ratified. While I am not authorized to speak for those associated with me in our continuing efforts to prevent what we believe would amount to the nationalization of our children under the old amendment, it is my opinion that few would oppose the ratification of your substitute amendment; and that such opposition, if any, would be on the general ground that the Federal Government has become dangerously overpowerful to the disparagement of the right of local self-government, and that the States themselves are solving the child-labor problem. It is my further opinion that your substitute amendment would be promptly ratified if those so assiduously pressing for ratification of the old amendment would withdraw their lobbies from the State legislatures and refrain from opposing your proposal before the State conventions. Of course, if they should oppose your substitute amendment before the State conventions they will convict themselves of being more concerned for governmental control of America's children than for the abolishment of what may remain of the child-labor evil.

There is the first exhibit which I submit to the attention of the Senate.

Mr. AUSTIN. Mr. President, will the Senator yield at that point for a question?

Mr. VANDENBERG. I am glad to yield.

Mr. AUSTIN. This is a little collateral to the Senator's main theme, but I am sure it will not distract him. The consideration of the ratification of amendments to the Constitution is raised by the suggestion of this distinguished citizen.

Mr. VANDENBERG. Will the Senator permit that subject to be raised a little later in the discussion?

Mr. AUSTIN. Certainly.

Mr. VANDENBERG. I should like to complete concurrently the answer to the question submitted by the Senator from Indiana and which goes to the very heart of the question, whether it is worth while to pursue a new amendment rather than the old one.

Mr. MINTON. Mr. President, will the Senator yield at that point?

Mr. VANDENBERG. I yield.

Mr. MINTON. I hope the Senator is working up to a climax, because this man Edmunds, to whom he refers, is about as low in the scale of opposition as he could go.

Mr. VANDENBERG. I completely disagree with the Senator.

Mr. MINTON. He has labored in opposition to the amendment, but he represented no one except himself and that not very well.

Mr. VANDENBERG. The Senator is completely in error. If he will read the lists——

Mr. MINTON. I read the hearings.

Mr. VANDENBERG. If the Senator will read the list of directors of the association with which Mr. Edmunds is associated, he may still stand upon his observation if he wishes. I completely and utterly disagree with him.

I hope I have left no doubt in anybody's mind as to what I think about Mr. Sterling Edmunds. I think he is one of the splendid citizens of the United States. I think his interest in this entirely voluntary movement with which he has been related has been purely the interest of a patriot who was concerned with his conscience and with the welfare of the country. He may have been right or wrong, but so far as his motives and character are concerned, I submit this testimony, and I stand upon it.

Now, let us go to the National Grange. The National Grange is certainly an "outfit," to use the rather disparaging term of the Senator from Indiana [Mr. MINTON]—an "outfit" which ordinarily commands a reasonable degree of respect here and there. At any rate it commands my complete respect. The National Grange has always opposed the old amendment. The National Grange has insisted that the old amendment went far beyond the appropriate jurisdiction of an anti-child-labor movement in the sense of assuming the commercial exploitation of children.

What was the resolution adopted by the National Grange on November 18, 1937, at its last annual convention? This was the resolution:

> Whereas the proposed child-labor amendment to the Constitution which was submitted by Congress in 1924 has thus far failed to receive the approval of the required number of States, largely because common sense revolts at the idea of classifying boys and girls up to 18 years of age as children; and
>
> Whereas the ratification of this proposal would confer wholly unwarranted powers upon a Federal Government: Therefore be it
>
> *Resolved*, That we—

The National Grange speaking—

> *Resolved*, That we advocate the submission of a new amendment in this connection providing that Congress should have the right to limit and prohibit the employment of children for hire in industries manufacturing merchandise going into and affecting interstate commerce up to the time they have attained the age of 16 years.

In other words, Mr. President, I think it fair to assume, on the face of language of the action of the National Grange within the last few weeks, that where heretofore it has stood impregnably as one of the great obstacles to the ratification of the old amendment, it might well be contemplated now as one of the forces to make it possible for the new amendment to succeed.

Here is another interesting group—the American Bar Association. I realize that in some quarters the contemporary status of a lawyer is somewhat low in view of the aspersions that have been cast upon him hither and yon, and frequently upon high authority; but I still think the American Bar Association represents a highly respectable and significant section of important public opinion. The American Bar Association has always opposed the old amendment. In its last national convention it became so keenly concerned upon the subject that it ordered the very unusual thing, so far as its procedure is concerned, of a national ballot referendum among its membership. The result of its referendum became available a few days ago.

The previous opposition of the American Bar Association to the old amendment was confirmed by a vote of 10,840 "yes" to 2,743 "no." On the question of whether the bar association would prefer the new amendment to the old one the vote was 11,254 "yes" and 1,797 "no." On the specific question of whether the bar association would support the new amendment the vote was 7,729 "yes" and 5,777 "no."

There is a specific exhibit of another great section of American public thought which completely changes front when it faces the new amendment rather than the old. I would think that attitude of the American Bar Association might be very significant in response to the question which was asked by my able friend, the Senator from Wyoming [Mr. O'MAHONEY] respecting the attitude of the National Association of Manufacturers.

Mr. President, there are many individual exhibits which could be submitted. There are many church exhibits which could be submitted. I am not going to burden the ears of the Senate longer with this particular phase of the appeal. I am content to rest upon another "outfit," to use the language of the Senator from Indiana [Mr. MINTON], and I think this "outfit" ought to command even his respect, because I am about to quote the unanimous opinion of the Judiciary Committee of the United States Senate. This is the unanimous opinion of the Judiciary Committee of the United States Senate:

The resolution—

Referring to Senate Joint Resolution 144, the new amendment—

proposes an amendment to the Constitution of the United States prohibiting child labor. There is almost universal agreement upon this objective in American public opinion; but there has been such stern disagreement respecting the appropriate text that the previous child-labor amendment has lingered without ratification for 13 years. The former proposal has been ratified by 28 States; but it becomes increasingly manifest, particularly as a result of adverse action this year in several important States, that the former proposal will not become a part of the Constitution. The Committee on the Judiciary has been advised and believes that a new amendment, in the form herewith submitted, will accomplish every purpose in preventing the commercial exploitation of children in industry; but, on the other hand, that it effectually eliminates the anxieties of many important groups who have feared the broad implications of the language heretofore employed in the previous unfortunate proposal. These groups have bitterly contended against the previous proposal on the grounds that it might authorize Congress to control child life in many fields not actually intended by the authors of the former amendment. It makes no difference whether these fears were justified. The fact remains that these groups have made completed ratification impossible, and that they are well calculated to continue this veto. The committee is advised and believes—

This is the unanimous Senate Judiciary Committee speaking—

that the new proposal will substantially eliminate this opposition; and that by specifically confining the amendment to commercial exploitation, it may be anticipated that there will be a ready and a swift response by way of conclusive ratification by the States. Nothing has been sacrificed as respects the adequate power of Congress to deal with child labor in the exploitation sense which is universally recognized as a menace to be rigidly curbed. The changes are solely in the interest of clarification, to the end that the power thus created in Congress shall not be stretched into unanticipated and unintended fields.

So we have the unanimous verdict of the Senate Judiciary Committee, which certainly is worthy of standing in this forum.

Mr. President, in spite of what I believe to be a reasonably clear track for the new amendment, if the administration shall see fit to give it the "go" sign, I want to make it plain that there remains an important and impressive minority which will still be opposed to any constitutional change of any nature in respect to child labor. It believes that the problem can be adequately met in the various States, protected by some such interstate proscription as the Wheeler-Johnson bill, to which I shall make further reference later.

One of the outstanding leaders who still retains this attitude is Assemblyman James J. Wadsworth, of New York, who played a large part in the Empire State's rejection of the old amendment. He insists that those for whom he speaks have no wish or thought of condoning or supporting the manual labor of little children. But, asserting that "the Lord knows we had enough trouble with that word 'prohibit' in the recent past merely because the eighteenth amendment sought to prohibit American citizens from an act which is not in itself immoral or criminal," Mr. Wadsworth continues to oppose the new amendment as he did the old, and says:

Let us by all means eradicate sweatshops and manual labor for those of tender years. Let us by all means follow the progressive path which stretches before every intelligent American citizen. But let us do it in a constructive and practical way—the way that needs no appeal to the rabble; that needs no tear-jerking oratory, no fake statements, or pictures to gain popular support for ratification. And, above all, let us not allow the Constitution of the United States to say, "Thou shalt not" to any citizen of any age. The statute laws of this land take care of the "Thou shalt not's" to the citizen; the Constitution says "Thou shalt not" only to the Government.

Mr. President, disagreeing, as I do, with Mr. Wadsworth, yet, in fairness to him, believing that I should present an epitome of his views, I submit that it demonstrates that there is still an argument to be met and still a battle to be won before Congress can be clothed with power to limit or prohibit the employment of children for hire in a conclusive sense. Nor would I minimize or depreciate this opposition. I simply say that this emphasizes the importance of choosing the surest and the most solid ground upon which to pitch the new battle. I again assert that opposition goes to its lowest ebb, and success for this movement goes to its highest flow, when we take our stand upon the new text as it now awaits congressional approval.

I should be less than frank with the Senate if I did not also indicate that the Children's Bureau in the Department of Labor, chief and most enthusiastic proponent of the old amendment, is dissatisfied with the textual changes here proposed. In a sincere and well-sustained letter to me on the subject, dated last October 27, Miss Katherine F. Lenroot, Bureau Chief, objects to the reduction in age limit from 18 to 16, and says it "constitutes a very serious failure to follow quite generally accepted standards of what good child-labor legislation should provide." She expresses skepticism about dropping the word "regulate." She particularly complains that the new phrase "employment for hire" may not cover what she calls "industrial home work," because "there are many situations in which children are at gainful work, working with parents or other adults at gainful employment, and yet not on the pay rolls themselves." She complains that "for hire" connotes "specific relationship, as employer and employee or principal and agent."

I have great respect for Miss Lenroot, and I do not propose to quarrel with her over any of her objectives, because I wholly share her concern; but I want to say this in response to her criticisms of the new amendment. The new amendment does intend to confine itself to commercial exploitation of children in the commonly accepted relationship between employer and employee. Undoubtedly it does not enter the American home and reach parental relationships. That is its strength. That is the reason it can be ratified. Perhaps it thus will fail to prove the final 100-percent restraint upon child labor for which our ideology might justly yearn. But I submit that if it goes 99 percent of the way and succeeds, it is an infinitely greater benediction upon child life than is a blind and unreasoning pursuit of the 100 percent which fails to get anywhere at all. I further submit that no amendment, no matter how nobly meditated, can ever hope to enter the American home and substitute the controls of a governmental bureaucracy, however benev-

olent, for the primary responsibilities of parenthood. To attempt it is futile. To withhold all other efforts because of futility is disservice to a great cause.

I am hopeful that the Children's Bureau and the Department of Labor will come to view the matter as realistically as the Senate Judiciary Committee has done. Their cooperation is essential to a quick and successful campaign in behalf of the new amendment. A division among the friends of this great objective would discourage a prospectus which otherwise offers at this hour greater promise of success than ever before.

It is natural that those who have striven for the old amendment down through 13 hectic years should have a particular attachment to its form and substance; but I submit that a realistic consideration of the problem incorrigibly demonstrates that the old amendment offers no better possibilities than another era of interminable and inconclusive discussion.

Let us see if this is not a judicial conclusion.

The life story of this old child-labor amendment—which has been perhaps more accurately described by many of its critics as the youth-control amendment—is a tale of frustrating ups and down, with the downs predominating despite final favorable action at one time or another by 28 of the necessary 36 States in the last 13 years. But, from first to last, a considerable number of States, some of them exceedingly important and influential and populous States, have repeatedly declined to fall in line with the old amendment; and there is absolutely no realistic reason for believing that they ever will. These States are Alabama, Connecticut, Delaware, Florida, Georgia, Louisiana, Maryland, Massachusetts, Missouri, Mississippi, Nebraska, New York, North Carolina, Rhode Island, South Carolina, Tennessee, Texas, Vermont, and Virginia.

I repeat that this opposition is entrenched beyond any realistic hope that it can be overcome. This conclusion is emphasized by the State legislative record in 1937. Probably in no year since the old amendment was launched have State legislatures been subjected to such tremendous pressure from Washington, and by an administration which is highly expert in the technique of putting on the screws. The President himself started the campaign early in January with personal letters to the Governors of the several States urging that ratification of the old amendment be set down as a major State legislative objective for 1937. The White House did its prettiest in this respect. It was followed by heavy lobbying by pressure groups which concentrated on this year's last round-up. I am not now discussing whether they were right or wrong in their objective; I am solely discussing what happened. I am simply facing facts in behalf of an honest answer to the question whether the true friends of the movement to stop child labor should longer cling to a broken dream or whether they should wholeheartedly rally to the new standard which gives every promise of actually stopping child labor.

What happened as a result of this great drive last spring for the old amendment? The sum total of this powerful effort upon 21 State legislatures, meeting this year in regular or special session, was to capture 4—Kansas, Nevada, New Mexico, and Kentucky; but in 2 of the 4—Kansas and Kentucky—the validity of ratification was promptly challenged in the courts, and in Kentucky the courts already have sustained the challenge. Meanwhile, despite the pressure in a cause which peculiarly lent itself to persuasive emotional appeal, the following 17 State legislatures either rejected the old amendment or failed to ratify: Alabama, Connecticut, Delaware, Florida, Georgia, Maryland, Massachusetts, Missouri, Nebraska, New York, North Carolina, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, and Vermont.

These legislatures spoke for 50,000,000 people during 1937. In some instances the rejection was particularly eloquent. For example, the Massachusetts House rejected the old amendment on March 23 by a vote of 188 to 13, and the Senate followed suit 1 week later by a vote of 30 to 6. The New York Assembly rejected it on March 9 by a vote of 102 to 42. The South Dakota House rejected it on February 11 by a vote of 70 to 28. On the other hand, the Kansas ratification in the State senate was by a vote of 21 to 20, with the Lieutenant Governor casting the deciding vote—the exercise of a prerogative on his part which is now in process of court challenge instituted by all 20 of the opposition State senators, plus 1 who had been recorded in the affirmative.

I submit that this 13-year record offers no tangible assurance that the future of the old child-labor amendment will be any more successful than its past, and if we are really interested in doing something about this problem, that the time has come frankly to abandon a failure and to concentrate upon an alternative which gives every promise of success.

There is an even more persuasive reason—namely, the October decision of the Kentucky Court of Appeals. I beg the Senate to understand that I am merely reporting the facts as a newspaper man, and not attempting to argue them as a lawyer for I am not a lawyer. The Kentucky Court of Appeals announced in a litigated decision on October 1, 1937, that the amendment is no longer legally pending for action by the States. First, because it has, upon occasion, been affirmatively rejected by more than one-fourth of the States; second, because 13 years is more than a "reasonable time" in which to get a "contemporaneous reflection of the will of the people." On the former score the court points out that—

> It appears from the record that 21 instead of 13 States by 1926 had not only rejected the old amendment but also that resolutions thereon were duly certified to the Secretary of State of the United States, and 37 States in all had actually rejected.

On the latter score the court points out that if a proposed amendment be deemed pending forever, without any time limit dictated by a rule of reason, we might confront the absurd contemplation that two amendments proposed in 1789, one in 1810, and another in 1861, might still be deemed alive, although the generations which fostered them long since went to their graves.

The Kentucky issue arose because, among other reasons, this State rejected the old amendment on March 24, 1926, but under whip and spur of New Deal impulse sought to reverse itself 11 years later and voted to ratify on January 13, 1937. There was much argument back in post Civil War days over the question whether a State could speak more than once and change its mind in the exercise of its prerogative to pass upon constitutional amendments, and there seems to have developed an expedient body of opinion at that time that if a State should vote "yes" the decision was irrevocable, but if it should first vote "no" it could subsequently reverse itself. But the Kentucky court, quoting numerous sustaining authorities, dismisses this as hypocrisy, and bluntly says:

> We think the conclusion is inescapable that a State can act but once * * * and whether its vote be in the affirmative or negative, having acted, it has exhausted its power further to consider the question without a resubmission by Congress.

On the other point—"reasonable time"—the court points out that Congress itself now apparently considers that 7 years is the maximum lapse for an appropriately contemporaneous judgment. This limitation was part of the congressional action on the twentieth and twenty-first amendments, and it is embodied in the new child-labor amendment as now proposed.

The Kentucky Court of Appeals may be right or wrong. It will take a decision of the Supreme Court of the United States to decide. I freely concede that this exceedingly interesting constitutional point is moot. In the recent Kansas appeal the Kansas Supreme Court, in a divided opinion, came to a conclusion on September 16, 1937, quite contrary to the one just presented. It held that the old child-labor amendment retained its validity and pendency after and despite its rejection by a majority of the States; that the old amendment is still pending, although more than 12 years have elapsed since submission; that a State which had affirmatively rejected the old amendment could later reconsider and validly ratify.

This disagreement recalls previous dispute over the same issues. A special committee of the American Bar Association reported in 1935 that the old amendment was legally dead

even at that time because of the lapse of 10½ years since original submission. The committee was answered by three law professors, who took the opposite view in a memorandum which appears in the CONGRESSIONAL RECORD for 1935 at page 1737.

When lawyers and courts disagree, far be it from the intentions of a prudent layman to invade the field; but I am advised by the Senate's legislative counsel that the only case in which the Supreme Court has spoken on any phase of this issue is the case of Dillion against Gloss. The opinion of the Court in that case clearly indicates that there is a reasonable time limit within which amendments must be ratified, that Congress is the proper authority to fix this reasonable limit, and the implication may appropriately follow that Congress already has fixed the limit at 7 years.

Mr. President, without taking the time of the Senate to read from the opinion of Mr. Justice Vandevanter, I ask that a brief quotation be inserted in the RECORD at this point.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Dillon v. *Gloss, Deputy Collector of United States Internal Revenue* (256 U. S. Repts., p. 368). Appeal from the District Court of the United States for the Northern District of California

No. 251. Argued March 22, 1921. Decided May 16, 1921

Mr. Justice Vandevanter delivered the opinion of the Court.

We do not find anything in the article which suggests that an amendment once proposed is to be open to ratification for all time, or that ratification in some of the States may be separated from that in others by many years and yet be effective. We do find that which strongly suggests the contrary. First proposal and ratification are not treated as unrelated acts but as succeeding steps in a single endeavor, the natural inference being that they are not to be widely separated in time. Secondly, it is only when there is deemed to be a necessity therefor that amendments are to be proposed, the reasonable implication being that when proposed they are to be considered and disposed of presently. Thirdly, as ratification is but the expression of the approbation of the people and is to be effective when had in three-fourths of the States, there is a fair implication that it must be sufficiently contemporaneous in that number of States to reflect the will of the people in all sections at relatively the same period, which of course ratification scattered through a long series of years would not do. These considerations and the general purport and spirit of the article lead to the conclusion expressed by Judge Jameson (Jameson on Constitutional Conventions, 4th ed. 585) "that an alteration of the Constitution proposed today has relation to the sentiment and the felt needs of today, and that, if not ratified early while that sentiment may fairly be supposed to exist, it ought to be regarded as waived, and not again to be voted upon, unless a second time proposed by Congress! * * *." We conclude that the fair inference or implication from article V is that the ratification must be within some reasonable time after the proposal.

Mr. VANDENBERG. Mr. President, without invading this controversial field of legalistic technique, we cannot escape one of two conclusions; either the old amendment is dead, as determined by the Kentucky Court of Appeals less than 2 months ago, or its continuing validity is seriously shadowed by a constitutional infirmity which makes it inadvisable for friends of the movement longer to cling to the old formula, particularly since the legal infirmity is joined by the political infirmity evidenced by the utter improbability that the consent of 36 States can ever be obtained to the old amendment.

The extent and importance of the legal question—and its bearing upon the general situation—is further indicated by the fact that all of the following States, in one or the other of their State legislative branches or in both, have voted during the last 13 years both ways upon the old amendment: Colorado, Idaho, Indiana, Iowa, Kansas, Kentucky, Maine, Michigan, Minnesota, Montana, Nevada, New Hampshire, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Utah, Washington, West Virginia, and Wyoming.

The old child-labor amendment, which has been languishing for more than 13 years, is always enthusiastically used by impatient reformers to sustain their wholly untenable and self-serving thesis that the process of changing the Constitution by the authentic amendment method provided in the Constitution itself is too slow, too tortuous, and too hazardous to answer modern, passionate zeals for change. But the trouble with this sham conjuring is that it just is not so. When the people really want their Constitution amended—when there is not something so radically wrong with the thing proposed that great groups of the people oppose it—the incontestable fact of the matter is that they act with so surprising a facility that even the most rabid of shotgun crusaders ought not to suffer dyspepsia. It took them little more than 13 months to ratify the eighteenth amendment between December 1917 and January 1919; and then it took them less than 10 months to unratify it through the adoption of the twenty-first amendment for repeal between February and December 1933. They went for women's suffrage, through the nineteenth amendment, in less than 14 months between June 1919 and August 1920. They ordered the direct election of United States Senators, through the seventeenth amendment, in less than 12 months from May 1912 to May 1913. They adopted the twentieth so-called "lame duck" amendment in 11 months from March 1932 to February 1933.

These are the last five amendments added to the Constitution; and they averaged just 12 months from submission to ratification. The only other amendment ratified in this century was the sixteenth, or income-tax amendment, the ratification of which took 3 years and 8 months from July 1909 to February 1913. This is the record—and every subject was a highly controversial one.

The sole exception to the rule, Mr. President—and this is the significant thing I am trying to drive home to the Senate—has been the old child-labor amendment, which was voted by the House on April 26, 1924, by a vote of 297 to 69, and by the Senate on June 2, 1924, but which has lacked ratification by the necessary 36 States ever since.

What is the reasonable deduction, when the last five amendments complete their journey in an average of 12 quick months, while the lone, orphan amendment is still without a home at the end of 13 years? Is it that the constitutional process of amendment is a lumbering, impractical relic of an ancient age, or is it that the process probably rejects ill-conceived or ill-drawn schemes? What is the logical moral? That the amendment process killed a worthy enterprise, or that the enterprise did not present itself appropriately to the conscience and the judgment and the prudence of the American people?

It is because I so firmly believe the latter thing, and because I so firmly believe that there can now be obtained a quick meeting of minds under the new formula and program which will absolutely prevent the exploitation of children, that I am taking the liberty of urging the consideration of this subject upon the Senate at the present time.

Mr. President, I have practically concluded. The problem and responsibility of putting an end to the sweated labor of children who are the victims of commercial exploitation, and whose little lives are broken upon the grim rack of selfish industry, will always be a primary moral and social challenge in America until there is an end to this uncivilized disgrace; but it is a matter of encouragement that great progress is being made under State laws in behalf of this heartful objective. The Children's Bureau of the Department of Labor has issued an official circular which shows that children from 10 to 13 years old employed in specified manufacturing and mechanical industries in the United States were reduced 51 percent in numbers from 1920 to 1930, the numbers of children from 14 to 16 were reduced 64 percent, and the numbers of children from 16 to 18 were reduced 32 percent. This is a very real advance. But it is clear that a fundamental challenge remains, because, according to the 1930 census, there were still 235,000 children from 10 to 14 who were specifically at work, with 88 percent of them concentrated in South Atlantic, East South Central, and West South Central States. There were 432,000 children from 14 to 16 still at regular work, again with 66 percent concentrated in the same identified group of States.

The Children's Bureau of the Department of Labor points out that N. R. A. substantially accelerated this cleansing trend, but that the suspension of N. R. A. correspondingly renewed the old trend, which found the tendency for child labor following the trend of general factory employment.

A definite child-labor problem manifestly remains. It involves some three-quarters of a million children who are 16 years of age or under. In time State authority might catch up with the problem. That is the direction which events have taken. But a humane nation cannot rest contented with this slow and hesitant reliance. We may find it difficult to agree upon uniformity in respect to general wage and hour standards, but we ought not to find it difficult to agree upon uniformity of protection against the sordid and degenerating exploitation of little children in industry and agriculture, or anywhere else.

The proposed amendment, it should be clearly understood, is not itself a statute. It does not undertake to specify that no child shall work at all under any circumstances. That would be ridiculous, because there is such a thing as work, even for children, which may be healthy and wholesome and highly useful in the primal inculcation of habits of thrift and responsibility. The proposed amendment authorizes Congress to deal with the subject in a deliberative and practical way, asserting such realistic exemptions as common sense may dictate. I am unable to believe that there is any considerable sentiment in the country which would object to this much congressional authority being exercised in child emancipations. On the contrary, I am emphatically convinced that a constitutional amendment which confines itself to this objective, and yet wholly succeeds in meeting this objective, will be promptly ratified by the action of sufficient States to bring this long-deferred aspiration to effective fruition.

Instead of waiting 13 more years to wrangle over extreme futilities, there is a clear, clean way to stop what remains of inhumane commercial exploitation of children under the American flag. If the present national administration will put its tremendous power behind two effective alternatives, the job can be done, and it can be done now—to quote a favorite Presidential apostrophe.

It can be partially done by the early passage of Senate bill 2226, already approved by the Senate, which is the proposal sponsored by the Senator from Montana [Mr. WHEELER] and the Senator from Colorado [Mr. JOHNSON] to protect enlightened States against unenlightened ones, and which would permit any such State to apply its own child-labor laws against "all goods, wares, and merchandise produced wholly or in part through the use of child labor" that shall be brought in from other States "for use, consumption, sale, or storage." This is in line with the recommendations of the American Bar Association, and with the theory of the Hawes-Cooper Act and the Ashurst-Sumners Act, both already sustained by the Supreme Court, and both dealing with the interstate transportation of prison-made goods.

It can be done finally and conclusively by clothing Congress with the unequivocal and unquestioned power to "limit and prohibit the employment for hire of persons under 16 years of age," as provided in the new and now-pending constitutional amendment. Congress can then confidently proceed to the necessary final statute. That statute, of course, will provide appropriate exemptions. For example, it is in no one's mind to end the traditional newsboy's role beyond essential primary rules. But such a statute, dealing exclusively with commercial exploitation, can end for keeps what remains of this insufferable, indefensible vice.

It is a choice between more agitation—sterile agitation on the one hand and quick action, conclusive action, on the other hand. The present Congress will decide.

I thank the Senate for its consideration.

PREVENTION OF AND PUNISHMENT FOR LYNCHING

Mr. BARKLEY. Mr. President, it is obvious that the unfinished business now before the Senate, being House bill 1507, otherwise known as the antilynching bill, cannot be concluded at this special session of Congress. It is not desired that it shall interfere with the consideration of the housing bill, upon which we hope to have a report from the Banking and Currency Committee this afternoon. I have conferred with the Senator from Indiana [Mr. VAN NUYS], the Senator from New York [Mr. WAGNER], and other Senators who are sponsoring House bill 1507, and in accordance with the understanding reached——

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Texas.

Mr. CONNALLY. The Senator advises us that he consulted those who are sponsoring the bill. Has the Senator consulted any of those who have been opposed to the measure?

Mr. BARKLEY. I have; yes.

Mr. CONNALLY. I cannot help what has been done, of course, but I think we are still Members of the Senate and that now and then we should be consulted about these matters.

Mr. BARKLEY. I did not suppose anybody who was opposed to the bill would object to the postponement of its consideration.

Mr. CONNALLY. I am not talking about that, but I am talking about the plans of the Senator as to the day on which he proposes to have the bill taken up and that sort of thing. The leadership has been deferring to the two Senators primarily interested in the bill and acceding to all their wishes without consulting at all those of us who are on the other side. That may be proper, but I do not see how all of us can be expected to follow a leadership that never consults us about what is to be taken up.

Mr. BARKLEY. I thought I spoke to the Senator about this matter.

Mr. CONNALLY. The Senator did, but it had already been arranged, and what was the use of consulting us after it had been arranged?

Mr. BARKLEY. My friend the Senator from Texas can object.

Mr. CONNALLY. The Senator from Texas is not going to object, but the Senator from Texas is going away on a duty at the command of the Senate, and it is not planned that the subcommittee of which he is a member will return until the 10th of January. However I shall be back here; I shall change my reservations and be present whenever the measure comes up.

Mr. BARKLEY. Of course, it is difficult for anyone who seeks to guide the proceedings of the Senate to have every Senator agree to everything he tries to do. I have tried——

Mr. CONNALLY. It is not impossible to consult Senators to find out what they think about it.

Mr. BARKLEY. I do not think my friend from Texas has any complaint on that score.

I ask unanimous consent that further proceedings on the unfinished business, being the bill (H. R. 1507) to assure to persons within the jurisdiction of every State equal protection of the laws and to punish the crime of lynching, now before the Senate, be postponed until Thursday, the 6th day of January 1938, which will be the fourth day of the regular session beginning on the 3d of January.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Kentucky yield to the Senator from Oregon.

Mr. McNARY. I hope that the Senator from Kentucky will defer his request for a few minutes, as the Senator from Idaho [Mr. BORAH] stated he would like to be present when the proposal was submitted to the Senate.

Mr. BARKLEY. I have no objection; but so many Senators have asked me about this matter that I wanted to get it settled so that every Member of the Senate would understand the situation.

Mr. McNARY. Will the Senator again state his request?

Mr. BARKLEY. The proposal is that further proceedings on the unfinished business, which is House bill 1507, the

antilynching bill, be postponed until the 6th day of January, which will be Thursday of the first week of the next regular session of Congress.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from New York?

Mr. BARKLEY. I yield to the Senator from New York.

Mr. COPELAND. Will the Senator yield in order that I may ask a question of the Senator from Indiana [Mr. VAN NUYS]?

Mr. BARKLEY. Yes; I yield to the Senator from New York.

Mr. COPELAND. I should like to ask the Senator from Indiana a question. I know that under his leadership and that of my colleague [Mr. WAGNER] this measure has gone forward. I desire to be assured that the arrangement suggested by our leader is really acceptable to those who are taking the leadership for this proposed legislation. May I ask the Senator from Indiana about that?

Mr. VAN NUYS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Indiana?

Mr. BARKLEY. I yield.

Mr. VAN NUYS. In response to the inquiry of the senior Senator from New York, I wish to assure him that this move upon the part of the majority leader is in conformity with conferences that we have repeatedly held. Both the junior Senator from New York [Mr. WAGNER] and I agreed to this procedure for certain reasons. It is wholly impossible to dispose of this bill at this session, and I am confident that if we should press it for immediate consideration there would be a filibuster until the end of the special session; and it is not the desire either of the Senator from New York or myself to have the special session end in a filibuster, especially when there is a piece of constructive legislation on its way to the Chamber this afternoon. I believe that all the friends of the so-called antilynching bill will agree with me that it is in the best interest of the bill and its ultimate passage that we resort to the procedure suggested by the majority leader.

Mr. COPELAND. So far as I am concerned I am entirely content, inasmuch as I am assured that the proposed agreement is satisfactory to those favoring the legislation. I tried last summer in various ways to get early action on the bill, and I sincerely trust that the postponement requested does not mean that the hopes of those in favor of the legislation will be dashed to the ground once more. But with the assurance from our leader and from the Senator from Indiana I am content.

Mr. McNARY. Mr. President, as I recall, early in the present extraordinary session the Senator from New York [Mr. WAGNER] made a motion to proceed to the consideration of the so-called antilynching bill. That motion was debated, and then later it was displaced by the farm bill; and the antilynching bill did not become the unfinished business until Friday of last week. That is the record, is it not?

The PRESIDING OFFICER. That is a correct statement.

Mr. McNARY. I am curious to know from the able Senator from Kentucky if we are merely to suspend consideration of the so-called antilynching bill or are we to displace it by another measure?

Mr. BARKLEY. I will say to the Senator that the request which I make, if agreed to, would not displace the bill; it would simply postpone it to a day certain, at which time it will occupy the same status it now occupies. In order that that may be confirmed as a matter of record, I ask the Chair whether, if my request is agreed to, when the Senate meets again, on the 6th day of January, the bill will then occupy the same status which it now occupies?

The PRESIDING OFFICER. The Chair has been informed by the Parliamentarian that the bill will occupy the same position on the 6th day of January which it occupies now.

Mr. McNARY. Mr. President, I have in mind another inquiry: If the bill remains in the same status as now, may any Senator call for the regular order and bring it back before the Senate?

The PRESIDING OFFICER. If the unanimous-consent request is granted, it would not be possible without unanimous consent to bring it up before the 6th day of January.

Mr. McNARY. Then, under the unanimous-consent agreement, it cannot be displaced, but automatically, without further procedure, it will come before the Senate on the 6th day of January 1938?

The PRESIDING OFFICER. The statement of the Senator from Oregon is correct.

Mr. McNARY. Mr. President, I have conferred, through a messenger, with the Senator from Idaho [Mr. BORAH], and find that he has no objection to entering into the agreement whereby we shall proceed with the consideration of the bill on the 6th of January without any further entanglement or complication. So I have no objection.

Mr. BURKE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Nebraska?

Mr. BARKLEY. I yield.

Mr. BURKE. I am interested only in the date, the 6th of January. I expect to support this bill and to vote for it when it comes to a vote. However, as the Senator from Texas [Mr. CONNALLY] has pointed out, he is a member of a special committee of the Judiciary Committee, which, under the direction of the Senate, has arranged to make an investigation, and it will not be possible for us to return until Monday the 10th of January. What is there sacred about the 6th of January, or why would it interfere so seriously with the work of the next session if the date suggested could be changed to the 10th of January, so as to permit the subcommittee of which I happen to be chairman to conclude its work?

Mr. BARKLEY. I will say to the Senator from Nebraska that my own preference would have been the 10th of January, but we thought, by reason of making the date the 10th of January, we might be able to dispose of the reorganization bill during the first week of the next session. But the Senator from South Carolina [Mr. BYRNES], who has charge of that bill, does not desire to take up the reorganization bill until the antilynching bill is disposed of. He does not desire to start upon consideration of the reorganization bill and have to stop it, probably in the middle of its consideration, to enter upon the consideration of the antilynching bill.

Furthermore, the request I have made sets a day which is most convenient to the largest number of those with whom I have been able to talk. I realize that probably nothing would be lost if the bill went over to the 10th of January, but we would have a whole week in which we would have nothing to do in the regular session, and it seemed to me, inasmuch as this bill is the unfinished business, that it is a concession on all sides to postpone it to January 6, and not consider it at all at this session, certainly not debate it, for the next 3 or 4 days while we are in session. The 6th of January is the best day I have been able to arrive at and, for that reason, I fixed that as the day.

Mr. BURKE. I can see no purpose, on my part, in objecting to the unanimous-consent request, because that would only mean beginning the discussion at once and would prevent the junior Senator from Texas even from starting on the investigation which he is going to make. So I will not object, but I think the date is unfortunate.

Mr. CONNALLY. Mr. President——

Mr. BARKLEY. I yield.

Mr. CONNALLY. I want to say something about the request before it is determined, either in my own time or in the time of the Senator from Kentucky.

Mr. BARKLEY. I yield to the Senator from Texas.

Mr. CONNALLY. I shall not ask the Senator from Nebraska [Mr. BURKE] to insist upon his suggestion.

The Senator from Kentucky [Mr. BARKLEY] made some reference to what a great accommodation it is to all parties not to proceed with this matter now. It is not an accom-

modation to the Senator from Texas. According to the Senator from Indiana [Mr. VAN NUYS] it might be a filibuster. If the Senator from Texas were disposed to filibuster, he could filibuster by objecting to the request now, and then the bill would be debated 2 or 3 days, and we would adjourn for the Christmas holidays and in the regular session other matters of importance would be pressing. Senators would endeavor to keep the antilynching bill ahead of every other administration measure and the cat would be on their backs and not on ours. That is what I could do and that is what I ought to do when we are not treated with consideration and when we are not even consulted about the fixing of the date.

The Senator from Indiana [Mr. VAN NUYS] and the Senator from New York [Mr. WAGNER] are the ones who have access to the secret councils of leadership, but we are not consulted. It is immaterial whether it suits us or not, but if it suits the Senator from New York and if it suits the Senator from Indiana, that is to be the will of the Senate.

The Senator from Texas will be here when this bill is taken up. The Senator from Texas is in no mood now to make any pledges whatever. We realize that we cannot postpone action on the antilynching bill forever. We realize that sooner or later we are to be lynched if possible under the name of "antilynching." [Laughter.]

I want to express my feelings in the matter because we have not been consulted and we have been shown no consideration whatever. If these are going to be the tactics of the Senator from New York and the Senator from Indiana and the leadership of the Senate, we shall be here in January, and we may be here a good long while in January, too. With that statement I have nothing more to say at this time.

Mr. BARKLEY. Mr. President, I feel that in fairness to myself I must make at least a brief reply to my friend from Texas.

I suppose everyone in the Senate knows how delicate the situation has been with respect to the antilynching bill. It is no fault of mine that it was brought forward in the last session. In an effort to accommodate the Senate proceedings to the situation that developed at that time I offered the request to make the bill the special order following the disposition of the farm legislation at the next session. I stated frankly that that applied whether it was an extra session called by the President or the regular session to meet in January.

Of course, we all understand that the agricultural relief bill consumed more time in the Senate than was anticipated. It was disposed of only last Friday. We have only 3 more days of this session. I do not think anyone would feel that anything could be gained by proceeding now to discuss the antilynching bill for the next 3 or 4 days. It is conceded there could not be a vote upon it, and that procedure would interfere with the consideration of the housing bill, which I hope the Committee on Banking and Currency will report this afternoon.

Looking forward to that situation, I have conferred with Members of the Senate on both sides of the question, including the Senator from Texas.

Mr. CONNALLY. Mr. President——

Mr. BARKLEY. I have tried to fix a date upon which we could agree.

Mr. CONNALLY. I should like to ask the Senator when he conferred with the Senator from Texas about the date?

Mr. BARKLEY. I talked with him this morning.

Mr. CONNALLY. After the date had been agreed upon and arranged.

Mr. BARKLEY. I told the Senator the only date I could agree upon.

Mr. CONNALLY. I do not call that consultation. I call that instruction.

Mr. BARKLEY. I am sorry the Senator from Texas does not feel that I consulted with him, and I apologize to him if I have in any way neglected him in that respect.

Mr. CONNALLY. I do not consider that I as an individual Senator have any right to be consulted, but because of my activity in connection with this measure I did think that before the date was fixed, if other Senators were to be consulted and conferred with, I, too, should be consulted. I did not ask or expect that I be specially considered, but, if other Senators interested were to be consulted, then, since I have endured so much obliquy and odium because of my activity in connection with this matter, I could not see why I, in my obscurity, might not be consulted at some time before the date was fixed.

Mr. BARKLEY. I do not think the Senator from Texas has endured any obliquy or odium in connection with the matter. He has exercised the right that he or any other Senator possesses as a Member of this body.

I may have been entirely wrong, but I assumed the only Senators who would object to a postponement of the measure, either indefinitely or to a day certain, would be those advocating it. Very naturally I could not take a census of the entire Senate to ascertain its wishes in the situation. I have consulted Senators on both sides of the question, for and against the bill, and after consultation I had decided on the 6th of January. In order that we might not lose the whole week, and in order that Senators might have ample opportunity to return after the holidays, it was decided that Thursday, the 6th day of January, was the most convenient date. That is in conformity with the request I have made. I am extremely sorry that my good friend from Texas takes any umbrage because he feels I did not sufficiently consult with him about it.

Everyone knows we cannot get a vote during this week on the bill. We could not get a vote this week even if we continued the debate. In order not to lose any time, and in order to get the matter disposed of at the very earliest possible date, it seemed that the 6th of January was the most convenient date, and it is for that reason I have made the request.

Mr. CONNALLY. Mr. President, if I can have a little time, I should like to have it in my own right, unless the Senator from Kentucky desires to continue further.

Mr. BARKLEY. I yield the floor.

Mr. CONNALLY. The only information the Senator from Texas has received about the date was received this morning, and he received that by going to the Senator from Kentucky and asking about it. It had then been arranged to have the bill go over until the 6th of January. If that is consultation before the matter is settled, then the Senator from Kentucky has a different conception of consultation than has the Senator from Texas. I did talk to the Senator from Kentucky some days ago and he said he was going to arrange to have the bill taken up some time during the next session.

Mr. BARKLEY. I talked to the Senator two or three times. I know I consulted the Senator from Georgia [Mr. GEORGE], the Senator from North Carolina [Mr. BAILEY], and other Senators. I would not undertake to name all of them, but I have told a number of Senators interested in the matter, who have been active in opposition to the bill, that I was trying to have the matter postponed until January. At that time no date was suggested and I found no opposition on the part of any of those Senators to postponing it until January. I think I recall saying I was trying to work out a date that would be agreeable all around. I did not have any intimation until this morning from the Senator from Texas that January 6 would not be satisfactory. Having agreed on that date all around, it seemed to me it was the best I could do. That is why I made the proposal.

Mr. CONNALLY. The first notice the Senator from Texas had about the agreement was from the newspapers, where he usually gets most of his information about the program in the Senate. In that statement it was said that the bill was to be taken up on the 10th.

Mr. BARKLEY. I was not responsible for that statement. I did not even see it.

Mr. CONNALLY. That was entirely satisfactory to me, so I made no complaint; but this morning, thinking that since

the matter was to come up on the 10th I had better get some information on the subject, I approached the Senator from Kentucky [Mr. BARKLEY], as I thought in a proper manner, and was advised that they had agreed on the 6th.

Mr. BARKLEY. I can guarantee to the Senator that there will be no vote on the 6th.

Mr. CONNALLY. No; I do not think there will be, either. [Laughter.] There will not be any vote for a long time if these tactics are going to be pursued. If this is the kind of opposition we have to go up against, it will be a long time before there will be a vote.

So far as accommodating us is concerned, it is no accommodation to us. It is an accommodation to the leaders in charge of the bill, the Senator from New York [Mr. WAGNER] and the Senator from Indiana [Mr. VAN NUYS]. They are the ones who are being accommodated. We could consume the time, if we desired, from now until the time we recess for the Christmas holidays, but they want the bill to go over until the regular session. They want to get us out on the plowed ground where they hope they can catch us, and where they hope to string us up, where they hope to lynch us. [Laughter.] We are already marked.

It is no accommodation to us. The Senator from Kentucky speaks as if it were an accommodation to us to put off consideration of the bill until January. Bring it up now, if that is the desire, and keep it before the Senate, if desired, and wait until March for the reorganization bill, so far as I am concerned, and wait for the other legislation. Accommodation to us? The Senator is accommodating us by praying for us a little before we are lynched. That is all.

I shall be back here on the 6th of January. I shall give up the trip to Puerto Rico if necessary. I am instructed by the Senate to take the trip, but I do not have to obey the Senate.

The PRESIDING OFFICER. The Senator from Kentucky has asked unanimous consent that the consideration of House bill 1507 be discontinued until the 6th day of January.

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. What right has this session of Congress to bind the next session? I ask purely for information. I do not know.

The PRESIDING OFFICER. The Chair is informed by the Parliamentarian that this request is authorized by Senate Rule XXII.

Mr. CONNALLY. It is authorized and, if agreed to, it will be binding on the next session?

The PRESIDING OFFICER. That is correct.

Mr. CONNALLY. We cannot undo it at the next session? It is like the law of the Medes and Persians; it cannot be changed?

Mr. McNARY. Mr. President, I desire to observe that the session in 1938 will be a session of the same Congress, this being a special, and that being a regular session.

Mr. CONNALLY. The Senator from Texas knows it is the same Congress. His question was about the right of one session to bind another.

Mr. BARKLEY. Furthermore, Mr. President, I will say to the Senator from Texas that this bill occupies the same status that any other bill would occupy. It is not like the laws of the Medes and Persians. The majority of the Senate at any time can displace this bill, as it can displace any other bill, and ask for the consideration of some other measure.

Mr. CONNALLY. Of course, it will not do so, however. I merely wanted information. If that is the rule, all right.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

A STATEMENT OF PRINCIPLES AND OBJECTIVES

Mr. BURKE. Mr. President, I rise for the purpose of submitting a unanimous-consent request to insert a certain article in the RECORD; and before doing so I wish to make a very brief statement.

Earlier in the day we heard an appalling state of affairs set forth by the junior Senator from Missouri [Mr. TRUMAN] in reference to railroad financing and railroad receiverships. If the facts bear out what was stated—and presumably there is evidence to support everything that was stated—a very serious situation has existed in this country in the matter of railroad financing.

In spite of that fact, however, and if everything that was said today is borne out by the facts, it remains true that the one hope in America is for the development of responsible individualism as contrasted or opposed to state socialism; and that leads me to what I desire to say for just a moment.

During the past week there has been much said concerning a declaration of principles supposed to have been drawn by certain Senators, sometimes called a manifesto or the opening statement for some sort of a vague coalition. How much of fact or fancy there may be about these newspaper reports I do not know, other than that there has been drawn up in written form a declaration of principles, and it seems to me a declaration with every part of which every Member of the Senate could wholeheartedly agree. I think the overwhelming majority of the people of the country would find real hope and encouragement if it were known that there was general agreement in this body concerning this declaration of principles. It seemed to me important that the address to the people of the United States as printed in some of the newspapers, drawn, as I understand, by certain Members of the Senate, should appear in the CONGRESSIONAL RECORD.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. BURKE. Yes; I yield.

Mr. MINTON. Will the Senator give us the authorship of this declaration?

Mr. BURKE. I cannot, because I do not know.

Mr. MINTON. Was the Senator a member of the drafting committee?

Mr. BURKE. I was not. I had nothing to do with it. I heartily approve of it, however, and should be delighted if I could claim some measure of credit for having drafted it; but unfortunately I cannot, and I do not know of my own personal knowledge anything about its authorship. It does seem to me important, however, that this declaration of principles, or address to the American people, or whatever we may choose to call it, should appear in the RECORD.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BURKE. Yes; I yield.

Mr. BARKLEY. I have not seen the declaration. I have heard rumors that such a declaration had been promulgated or signed by some Members of the Senate. The Senator proposes to ask, I believe, that it be inserted in the RECORD.

Mr. BURKE. I am about to do so.

Mr. BARKLEY. Will it include the signatures of those who have signed it, if anybody did sign it?

Mr. BURKE. What I am about to offer for the RECORD is the only thing I know about the declaration. I have before me a copy of the New York Times of Thursday, December 16, which sets out what purports to be an address to the American people, and also the last issue of the United States News, which sets out the declaration in full. There are no signatures to it. Whether or not anyone has signed the declaration, I do not know. No one ever presented the statement to me and asked my signature; and I should really feel somewhat in the condition of the junior Senator from Texas [Mr. CONNALLY]—that I had been overlooked, and not treated with fairness—if such a declaration were circulated and I had not been asked to sign it. That is all I know about the question of signature.

Mr. BARKLEY. I was just wondering; my inquiry was prompted only by a desire to get information. Inasmuch as it is designated an address to the people of the United States, I am interested to know who delivered the address, or who is writing the letter to the people, or who is sponsoring it. If the Senator does not know, I shall not press the matter.

Mr. BURKE. I have no knowledge on the subject.

Mr. PEPPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Florida?

Mr. BURKE. Yes; I yield.

Mr. PEPPER. The Senator having observed this declaration of principles that he is about to issue and to help publicize, I wonder if he has observed the contents of it to be such that it might perhaps remain anonymous in authorship?

Mr. BURKE. In answer to the Senator from Florida, I will say that if he will take time to read this declaration of principles he will wish to withdraw the insinuation which has just come from his lips because there is nothing in the declaration which any true-blooded American citizen—which I grant the Senator from Florida to be—would not subscribe to fully, and there would be no need or occasion whatever for anonimity along the line suggested by the Senator. I say to him frankly that I should be very proud and happy if I had had the ability to put down in writing what is contained in this declaration, or this address, to the people of America.

Mr. PEPPER. Mr. President, will the Senator further yield?

Mr. BURKE. Yes; I yield.

Mr. PEPPER. Has it not been the observation of the Senator, with respect to great historical documents which have had a crucial bearing upon the welfare and the liberty of the people of this country, that the authors have been glad to associate themselves publicly with the public declarations which have had such a great appeal to the people?

Mr. BURKE. I know of no reason whatever why the author or authors of this declaration of principles should not welcome the proof of their authorship, or a statement that they were the authors. I have no information on the subject other than that.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. BURKE. Yes; I yield to the Senator from Indiana.

Mr. MINTON. Does not the Senator know somebody who will be the father of this waif at this gladsome Christmas time?

Mr. BURKE. I shall be glad to adopt it myself and make it fully my own, if that will be any comfort to the Senator from Indiana.

Mr. MINTON. I thought perhaps the Senator, in his investigation of the matter which so challenges his interest, might know something about its parentage and might inform us, and perhaps some of us might take it in here on Christmas Eve.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MURRAY in the chair). Does the Senator from Nebraska yield to the Senator from Washington?

Mr. BURKE. In a moment. I hope the Senator from Indiana at least will take occasion, during the festivities of the Christmas season, to read with, I was about to say, an open mind, or with as much of openness of mind as may be possible, all that is contained in this statement.

I now yield to the Senator from Washington.

Mr. SCHWELLENBACH. Mr. President, does not the Senator from Nebraska recognize the fact that those who are the authors of this address apparently are unwilling to make public their authorship?

Mr. BURKE. I recognize no such fact at all. I do not know that anyone heretofore has asked anything about the authorship of the document.

Mr. BAILEY. Mr. President——

Mr. BURKE. I yield to the Senator from North Carolina.

Mr. BAILEY. The intimation that the authors are unwilling to make known their connection with the statement is without foundation so far as I am concerned. I gave to the press, as soon as I could obtain a verified copy, a statement that I was one of the authors. When the Senator from Nebraska yields the floor, I am going to ask leave to read the declaration to the Senate, and to make a statement regarding it. But all intimations that somebody is afraid of it, or somebody is ashamed of it, are without the slightest foundation. I will father it. I will assume the responsibility just as far as one Senator can for anything. I endorse every word in it. Now, let it stand on that.

Mr. PEPPER. Mr. President, does the Senator imply that he knows the authorship?

Mr. BAILEY. I certainly do, and there is no secret about it.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BURKE. Yes; I yield.

Mr. VANDENBERG. I hesitate to intrude; but, insofar as I was associated with this undertaking in any fashion, I should like to assert that I am extremely proud of it, happy to proclaim it, and willing to pursue the program thus laid down.

Mr. ASHURST. Mr. President, a parliamentary inquiry. What is this document? [Laughter.] May it not be read? A number of us have never heard of it.

Mr. BURKE. I yielded to the Senator from Arizona for a question, and I shall be very glad to answer his question; or does the Senator wish to submit a parliamentary inquiry?

Mr. ASHURST. What is this document?

Mr. BURKE. I shall be glad to read it; but the Senator from North Carolina [Mr. BAILEY] has indicated that in his own time he will read it, and I know he can do that much better than I can; so I shall draw my remarks very quickly to a close with only this comment——

Mr. ASHURST. Mr. President, will the Senator further yield?

Mr. BURKE. I yield.

Mr. ASHURST. It was not part of my purpose to suggest that anyone should draw his remarks to a close. I rose and made my inquiry in good faith. Never having heard of this document, and I, of course, never having read it, there is sufficient curiosity in any human being to wish to know what it is about which Senators are talking. That is all I have to say.

Mr. KING. Mr. President, will the Senator yield?

Mr. ASHURST. I have not the floor.

Mr. BURKE. I yield to the Senator from Utah.

Mr. KING. I call the Senator's attention to the fact that Plato states that the beginning of wisdom is wonder, and, of course, the Senator from Florida [Mr. PEPPER] is wondering; so there is the beginning of wisdom.

Mr. BURKE. Mr. President, I have been interested in the comments made by a number of my colleagues, somewhat in a jocular vein, I know, but apparently in an attempt to divert attention from the contents of this document by raising some question about its authorship or anything else which might come to mind in reference to it. To my mind that is not the correct approach to as serious a matter as this, and if the Senator from North Carolina will read this declaration of principles, this address to the Senate, I hope these questioning and doubting Senators will remain in their seats and give very close attention to it.

Mr. AUSTIN and Mr. COPELAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. BURKE. I yield first to the Senator from Vermont.

Mr. AUSTIN. I wish to inform the Senator from Nebraska that I participated to a certain degree in the authorship of this document, and I am very happy to have done so. I hope that the effort inaugurated thereby will be continued throughout this session.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. COPELAND. I regret to say that I am not the author of the document, nor was I usefully involved in its formulation. I wish I were its author. I wish I had had some important part in writing it. I was familiar with the fact that it was under consideration and sat in the conferences where the matter was studied. In my opinion there is not a word in the document which could not be subscribed to by any American, and in my judgment if the policy outlined here were put into effect there would be an

immediate recovery of business and a degree of prosperity in the country such as we have not seen for a long time.

Mr. BURKE. Mr. President, inasmuch as the Senator from North Carolina will discuss this matter and read the statement, I will not ask unanimous consent to have it inserted in the Appendix of the RECORD, and will draw my remarks to a close by saying that 2 years ago, approximately, on the 4th of January 1936, I had occasion to give out a statement. There was no doubt as to its authorship, as it was in the form of a letter which I signed. It was called to my attention in connection with the declaration of principles we have been discussing, and I should like to read just an excerpt from my letter of January 4, 1936, in which I stated:

> I have become convinced that there will be no real and permanent recovery until confidence has been restored to business and industry, so that private capital can once more seek a legitimate and proper investment. This will not come until the Federal Government gives assurance that expenditures are to be curtailed so that a beginning may be made of a reduction in the national debt. It will not come until that same Government indicates a fixed purpose that there shall be no further extension of Government competition with private industry; but, instead, a withdrawal from many activities made temporarily necessary by the emergency, but in which recovery has progressed to the point that Government operation or control is no longer necessary. Most important of all is the problem of getting workers off relief, away from made-work jobs, removed from the Government pay roll, and restored to privately conducted business and industry.

I was interested, Mr. President, in this address to the American people, because it seemed to me that in my own feeble way I had been reaching out for the same solution of some of our problems which is so hopefully and so forcefully expressed in this address to the people of the United States about which we have been talking.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. PEPPER. I appreciate the kindness of the Senator from Utah in attributing to me the quality of wonder and curiosity. I am certainly one of the uninformed and am just as desirous of our reaching the laudable objectives which have been mentioned as I am sure the Senator from Nebraska is. The dilemma under which I labor is in not knowing how specifically to reach those very praiseworthy objectives. In view of the fact that the Senator from Nebraska has appended to this declaration of principles not only his own declaration of approval but a written statement of concurrence with it, I am sure he has given a great deal of study to the declaration of principles contained in the general declaration to which he adverted, as well as in his own declaration.

Will not the Senator be good enough to do the Senate, and certainly the Senator from Florida, the favor of going specifically into the ways by which he would achieve the very splendid objectives which he has embodied in his own personal declaration and enlighten us as to how we could achieve the objectives he has enumerated, item by item, and detail by detail, giving in substance legislation which he would propose, if any new legislation, and inform us as to legislation which he would repeal, if any should be repealed to accomplish those purposes?

Mr. BURKE. Does the Senator from Florida desire to spend Christmas Day and Christmas week in the Senate, or does he wish to go to Florida?

Mr. PEPPER. The delights of Florida are so great that I am sure all Senators would wish to go to Florida, and I certainly do; but I should think that at some appropriate time, if the Senator could get to the matter in detail, it would be instructive—at least, it would be to one who needs information on the subject.

Mr. BURKE. I shall do so at the appropriate time. I thought the Senator was suggesting that I go ahead at this moment and make a beginning. But inasmuch as the query of the Senator from Florida is somewhat answered by the address to the people of the United States which the Senator from North Carolina is to present to the Senate, I will not go into the details; but at a later date I should be glad, either privately or on the floor of the Senate, to give the Senator from Florida the benefit of any views I may have on the subject.

Mr. BAILEY obtained the floor.

Mr. BURKE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Donahey	Lodge	Reynolds
Andrews	Duffy	Logan	Russell
Ashurst	Ellender	Lonergan	Schwartz
Austin	Frazier	Lundeen	Schwellenbach
Bailey	George	McAdoo	Sheppard
Bankhead	Gerry	McCarran	Shipstead
Barkley	Gibson	McGill	Smith
Borah	Gillette	McKellar	Steiwer
Bridges	Glass	McNary	Thomas, Okla.
Brown, N. H.	Graves	Maloney	Thomas, Utah
Bulkley	Green	Miller	Townsend
Bulow	Guffey	Minton	Truman
Burke	Hale	Moore	Tydings
Byrd	Harrison	Murray	Vandenberg
Byrnes	Hatch	Neely	Van Nuys
Capper	Hayden	Norris	Wagner
Caraway	Herring	Nye	Walsh
Chavez	Hitchcock	O'Mahoney	Wheeler
Connally	Holt	Pepper	White
Copeland	Johnson, Colo.	Pittman	
Davis	King	Pope	
Dieterich	La Follette	Radcliffe	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

Mr. BAILEY. Mr. President, on the fifteenth day of November the President of the United States sent to the Congress a message in which he stated that an obvious task of the Government and of the Congress—"an obvious and immediate task," if I recall his words—was to induce the investment of private funds in business and enterprise. That statement made a profound impression upon me. It was very gratifying and heartening, and it may be recalled that a day or two later I spoke here in the Senate on the subject and undertook to express my views as to the political and civil conditions necessary to bring about the accomplishment of the obvious task to which the President had so wisely called our attention.

I had a good many conferences with Senators. They were not private conferences in any sense of secrecy, but I have always understood since I have been in the Senate that when two Senators discussed a matter neither was at any great liberty to go around and say what the other Senator had said.

In the course of the conferences I found a very gratifying number of the Senators sharing the views of the President as expressed in his message. Finally I, of my own accord, upon the encouragement that I had received from these conferences, undertook to prepare a statement of principles and objectives, still with no sense of secrecy, but not disclosing my views especially as my own, because I did not care to undertake the responsibility of making a statement on my own responsibility. I did not think I was equal to that. I thought that would be presumptuous in me.

I received in consequence a great many suggestions from Senators, and finally I did write this paper and submitted it to a number of Senators, and then I brought a good many copies into the Senate one day and gave them to Senators who were friendly to the suggestion, and gave them liberty to give the statement to any Senator with a view to receiving his suggestions, his criticisms and, if possible, his assent to a statement of principles and policies and objectives that might be very helpful to the Congress and also to the people of our country.

There was no secrecy about that either. It was intended and in contemplation that the statement should be submitted to every Senator, and every Senator should have a fair chance to make such suggestions as he pleased. If there should be something in the statement that he did not like, he would have opportunity to say so. If he wished to put something in the statement that was not there, he should have a chance to do so.

In the course of that procedure the statement was given to the press, or at least to one or two newspapermen. That did not disconcert me at all, except in one respect. I was sorry that the statement was to get into the press before it could be presented to all the Senators. But I could not prevent that, and I suspected that that might happen. I am still sorry that the statement could not be circulated among the whole Senate, to all 96 Senators, so that everyone could have a fair opportunity to make criticism and suggestions and to assent to it. But its publication was not my fault. I am not at all inclined to blame anyone for it. That is all right. In the course of matters of that sort one may well expect the newspapers to get hold of it.

I have said this in order to disabuse the minds of Senators and the American people of all thoughts of anything like a political maneuver or anything like a secret matter, or anything like the formation of a bloc, or coalition, or anything like that damnable statement which was attached to the first publication, that it had come or might come from the Liberty League, or that someone might say that the Liberty League had something to do with it.

There was no foundation for that statement. I understand those things. You can always take a thing and send it out to the American people with a tag and a discount, but if it is a good thing you need not worry about the tag.

I just now said that I was perfectly willing to assume the entire responsibility for the statement, and I shall; and I am seizing this opportunity to read it to the Senate in order that it may be carried to the American people. I feel sure they will approve it. But whether they approve it or not, I will stand on it.

In the course of this discussion some Senator may ask me who wrote this and who wrote that. I am going to tell Senators now that I am not going to say who wrote this or who wrote that. Senators may ask, "Whom did you consult?" I am not going to say whom, for the simple reason that that would be a violation of all the proprieties of the Senate. I take it that every Senator who had anything to do with this statement will be proud of it.

Let me now read the statement to see what is in it:

A sudden and extensive recession in business, industry, employment, prices, and values demands instant attention of all in positions of responsibility. To arrest it, to reverse it, and to avert its consequences is the common task. In this as Senators we have a duty, and in partial discharge of it we have determined upon this statement.

We have now not only the problem of caring for the unemployed, pending opportunity for their employment, but also the task of preventing many now employed from losing their jobs.

We believe that a policy of cooperation by all concerned upon sound lines will suffice to set the country as a whole on its accustomed way toward higher ground. This cooperation is the objective of this address to the American people. This is no time for alarm or pessimism. We have come to the inevitable period of transition, and fortunately the underlying conditions are favorable.

We are concerned now only with our duty in view of the conditions that confront us, in order that full activity of employment and commerce may be had. To avoid controversy and make for unity, we may dispense with appraisals of policies or arguments. The past is experience and is of value only for its lessons. We propose no criticism, no politics.

A CURB URGED ON SPENDING PUBLIC FUNDS

We consider that the time has come when liberal investment of private savings in enterprise as a means of employment must be depended upon and, without delay, heartily encouraged by the public policy and all Americans. Public spending, invoked in the recent emergency, was recognized as a cushion rather than as a substitute for the investment of savings by the people. To this latter all have looked at length. We believe that an encouraging public policy will ensue quickly in expanding enterprise, in active business, in widespread employment, and in abundant demand for farm products.

Without criticism of the public spending policy attendant upon the former emergency, we recognize that a repetition of that policy would not serve again, and, moreover, is out of the question. It ought to be borne in mind that private enterprise, properly fostered, carries the indispensable element of vigor. The present unemployed and employed, and the young men and women about to enter upon careers, rightly desire and must have the opportunity which is afforded only by private enterprise. The President recently informed the Congress of the instant and obvious task of inducing the investment of private funds. We perceive, as does he, the necessity for the transition, gradual to be sure, but distinct. And we propose to do our part to accomplish this objective in full cooperation.

In order to do this we recognize that the public policy must conform to certain paramount principles and objectives, and without undertaking to specify all we submit the following as essential at this time:

1. The capital-gains tax and the undistributed-profits tax ought thoroughly to be revised at once, without reducing revenue, so as to free funds for investment and promote the normal flow of savings into profitable and productive use, not for the sake of capital but for the consequences in expanding business, larger employment, and a more active consumer demand for goods.

BUDGET MUST BE BROUGHT INTO BALANCE

2. Steady approach must be made toward a balance of the public revenue with the public expenditure, a balanced National Budget, and an end of those fears which deter investment.

The public credit must be preserved or nothing else matters. To undermine it is to defeat recovery, to destroy the people upon inflationary high living costs, and particularly to ruin those of our people who are on relief. There is nothing but a sound public credit between them and disaster, because they have no other reliance for their subsistence.

This means reduced public expenditure at every point practicable. We must have certainty of taxation and stability of the currency and of credit. Before increasing taxes or broadening the base we would exhaust the resources of an intelligent application of economy. We intend that a consistent progress toward a balanced Budget shall be made—so consistent that none may question the consummation in due season. It must be a paramount objective, since it underlies certainty, stability, and confidence.

3. We propose just relations between capital and labor, and we seek an end at once of a friction, engendered by more favorable conditions, that now serves none, but injures all. We advise that government take a hand only as a last resort; and that if it must, that it shall be impartial. We insist upon the constitutional guaranties of the rights of person and of property—the right of the worker to work, of the owner to possession, and of every man to enjoy in peace the fruits of his labor.

The maintenance of law and order is fundamental. It does labor no good to obtain new benefits if an orderly society in which to enjoy them is destroyed. Coercion and violence in labor relationships must stop, no matter by whom employed. Enlightened capital must deal with labor in the light of a new conception of legitimate collective bargaining and the right to organize. Enlightened labor must deal with capital in a due appreciation of mutual responsibilities for the success of enterprise indispensable to both.

GOVERNMENT COMPETITION IS HARMFUL

4. Relying upon the profitable investment of private savings in enterprise, we oppose every Government policy tending unnecessarily to compete with and so to discourage such investment. If the Government proposes to compete in any field, due notice ought to be given in order that private investment may avoid it. For the Government and private investment cannot occupy the same field.

We favor the principle recently suggested from the White House to the end that private funds on the basis of fair return upon prudent investment may be made available without delay.

We urge that the railroads shall enjoy an income appropriate to prudent investment value.

We favor also a constructive and encouraging attitude toward all legitimate institutions operating to assist the flow of funds into investment—with the view to a broad credit at low rates.

We favor the encouragement of housing construction, recognizing that this is also one of the larger fields for investment of private funds in durable goods—precisely the instant need.

5. We recognize that the value of investment, and the circulation of money, depends upon reasonable profit, not only to protect the investment and assure confidence but also to provide increasing employment and consumption of goods from farm and factory. We favor the competitive system as against either private or Government monopoly, as preventing unreasonable profit and demanding vigor of enterprise. Our American competitive system is superior to any form of the collectivist program. We intend to preserve and foster it as the means of employment, of livelihood, and of maintaining our standard of living.

6. The sources of credit are abundant, but credit depends upon security—the soundness and stability of values; and these are governed by the profitable operation of the concerns in which stocks are certificates of interest or in which bonds are evidences of debt If, therefore, the reservoirs of credit are to be tapped, we must assure a policy making for the sense of the safety of the collateral which is the basis of credit.

ASSURANCE IS NEEDED OF NO HIGHER TAXES

7. The spread between the prices paid farmers and the prices paid by consumers for their products is notorious. One explanation of the difference is the fact that the amount of annual taxes, Federal, State, and local, comes to at least one-fourth of the national income. It is the price of the consumer, with the burden of taxes therein, which accounts for consumer resistance, depresses demand for goods, and tends to pile up unmarketable surpluses. There ought to be reduction in the tax burden, and if this is impossible at the moment, firm assurance of no further increase ought to be given.

8. In a country so large and so complex as ours, it is always difficult to fix uniform national standards for universal application in respect to the lives and livelihoods of our people. Except where State and local control are proven definitely inadequate, we favor the vigorous maintenance of States' rights, home rule, and local self-government. Otherwise we shall create more problems than we solve.

9. We propose that there shall be no suffering for food, fuel, clothing, and shelter; and that pending the contemplated revival of industry, useful work shall be provided to an extent consistent with the principles of this address. The deserving must be provided for when and if their resources of energy, skill, or funds cease to avail. To be done well, this must be done economically, with the view to encouraging individual self-reliance, the return to self-dependence at the first opportunity, the natural impulses of kinship and benevolence, local responsibility in county, city, and State, and without the slightest catering to political favor. The administration of relief ought to be nonpolitical and nonpartisan and temporary.

We hold to the conviction that private investment and personal initiative, properly encouraged, will provide opportunity for all who are capable, and we propose employment for all who are capable as the goal of our efforts to justify the investment of savings in productive enterprise.

10. We propose to preserve and rely upon the American system of private enterprise and initiative, and our American form of government. It is not necessary to claim perfection for them. On the record they are far superior to and infinitely to be preferred to any other so far devised. They carry the priceless content of liberty and the dignity of man. They carry spiritual values of infinite import, and which constitute the source of the American spirit. We call upon all Americans to renew their faith in them and press an invincible demand in their behalf.

SAFEGUARDING LIBERTY AND SELF-RELIANCE

We can and will erect appropriate safeguards under the common-law principles of free men without surrendering in any degree the vital principles and self-reliant spirit on which we must depend.

Our economic system must be such as to stimulate ambition, afford opportunity, and excite in each boy and girl a sense of responsibility to produce to his capacity.

Through individual self-reliance and service only can abundance, security, and happiness be attained.

Pledging ourselves to uphold these principles, we summon our fellow citizens, without regard to party, to join with us in advancing them as the only hope of permanent recovery, and further progress. They will serve to take us safely through the period of transition now suddenly thrust upon us as they have taken us through every emergency. They will not fail us, if we adhere to them. But if we shall abandon them, the consequences will far outweigh in penalty the sacrifices we may make to our faith in them.

The heart of the American people is sound. They have met every emergency and demand. We will meet those of today, and so hand down to our children our most precious heritage enhanced by a new and major trophy of free institutions. Let us not be dismayed, but press on in the great liberal tradition and in its spirit of courageous self-reliance which has won through all the vicissitudes of a great period, and has made our country the strongest, the most progressive, and the best of nations.

Mr. President, I have never seen the hour in my life when I would not have signed a statement like that, and I hope never to be able to see the hour or the day when any other American will be ashamed or afraid to sign a statement like that.

In my judgment, Mr. President, that is what this country needs and must have. Hear me a moment. I am not going to make a prolonged speech.

We have reached the period of transition in America. There is a recession. That recession is the sharpest in the entire history of the country. Starting 4 months ago, every line on the charts of business has made a precipitate descent, and Sunday's papers carried the first chart that showed a tendency to stop the decline. But where has it stopped?

The orders in the steel industry have reached the point where the figure is 28 as compared with the old figure above 100. Down in my section of the country, in the cotton-mill section, in the textile industry 60,000 workers have been turned off. That is their Christmas present. There are no orders for new goods. There is a pause in America. The President himself informs us of the recession.

I know some Senators have a little question about quoting anything from the stock exchange. The stock exchange is an exchange on which about 1,200 of the most important corporate stocks of the country are bought and sold, day after day. I look at that chart and realize that the average loss in the value of those stocks is between 40 and 50 percent in the short space of 4 months, and the collapse of values is equal to about $30,000,000,000.

I do not wish to alarm anybody. I am saying here that we can get out of it, but I am also saying that we cannot get out of it by borrowing public funds and spending them. I am saying we can get out of it, but we cannot do it by doing nothing. We cannot do it by twisting around or playing politics. There is a way to get out of it. There is no reason for people to lose hope. There is no reason for the country to get the jitters. Let us look at the facts as they are and, in the language of this instrument, let us arrest and avert the consequences of this recession. Let us hope it is temporary. Let us make it temporary.

Congress is the policy-forming department of the Government. We can frame the policy. The President is calling upon us to create an atmosphere favorable to the investment of funds in private enterprise. This instrument simply undertakes to show us one way. If there is a better way, if any Senator has an improvement, let him come forward with it. Let him write it into this document and I will sign it with him.

But what I want and what the country demands is a united Congress—not a group of Republicans seeking advantage, not a group of New Dealers defending and apologizing, not a group of Socialists scheming to gain power, not a group of Democrats trying to see how they will win the next election; but a group of American Senators and Members of the House of Representatives who have a sense of responsibility to their circumstances and who are willing to unite in the common task of putting employment and business and industry in this country upon a firm foundation.

Hear me, Senators. This is the transition. I am not going to say what brought on the recession. It came suddenly. I read what Mr. Eccles said. I have read in this paper what Mr. Robert Jackson said. I have read a great many documents trying to find out all about it. I do not think we have time here to appraise that just now. The recession is here. It is up to us to frame a policy, and the President of the United States has indicated to us the policy. This is not going counter to the President. This follows right down the line he indicated when he said that it is our obvious task to induce the investment of private funds in enterprise and industry.

Can we go on with the old spending idea? Can we go on with the Treasury living on forced loans, with a public debt of $38,000,000,000? Can we go on and on and on and make a $50,000,000,000 or $60,000,000,000 debt, and get anywhere? I say we cannot. When we do it we will find our money will not be worth anything. I think the money can be squeezed out of the banks, but I do not think the money would have any consequence, it would be worth so little.

I do not criticize the other policy. I think it was necessary. I think in the emergency of 1932–34 it was the duty of the Federal Government to throw itself in between the people of America and the disaster which had overtaken them. But I say now that it will not work again. If we try to work it, we will run into all the consequences of an unbalanced Budget. If we were dealing with a Budget that had been unbalanced just a year or two, it would be different; but we are dealing with a Budget which has been unbalanced 7 long years. We are dealing with a situation in which the public credit is involved. We are dealing with a situation in which the borrowing of more money may destroy the value of all the money there is. We have about reached that point. We have not gotten there yet.

I rejoice in the fact that if there is one man in America who has made stronger statements for the balancing of the Budget and against inflation than any other, that man is the President of the United States. I have not always agreed with him. I have voted with him whenever I could. Whenever I thought measures were unconstitutional I regarded my loyalty to my oath as above my loyalty to my party or the President or anybody else, and have always been sorry that I had to do it. But when the President makes a fight for a

balanced Budget, when he takes his stand for stabilizing conditions, when he goes out and stands as most of us are going to have to stand, I will shed as much political blood in defense of him as any man in America. I have always looked forward to the time when I would be defending him against the men who are now proclaiming their loyalty to him.

In this transition the only way to go to it is to get off of the system of Government borrowing and into the system of private investment. Thank God, the money is here; the money can be had. All we need is to create conditions in which men will feel justified in investing the money.

Hear me about that, Mr. President. Years ago I represented a lady in North Carolina, not exactly as attorney, but rather as a friend. I never got a fee from her in my life. She had some money which she had saved by way of being a stenographer. She lost a great deal of it in the bank failures of 1929, 1930, and 1931, but she saved $10,000 from the wreck. She is now 70 years of age. She cannot work any more. She had that $10,000 in bonds of the Canadian Government, but the Canadian Government called those bonds 2 weeks ago. She came all the way to Washington the other day to tell me that she had $10,000 which she wished me to invest for her safely on the basis of 4 percent. That is $400 a year. Of course, I wished to do it. But could I?

Is there a Senator here who can take $10,000 for a helpless woman and put it anywhere in America under these conditions with a certainty that she will get $400 a year for it and collect the principal, or, if she gets $400, that it will buy anything?

Suppose I told her to put it into common stock, and then a sit-down strike should occur and a crowd of trespassers should close down the plant and not let anybody work—what would become of her investment?

That is what this paper says: We must have security in property; that the owner of the property has a right to possession of it, and the worker has a right to work; and it is time for that to be said in this country.

Suppose she should put it in bonds. She would get about 2½ or 3 percent; and if we should have inflation and the Budget should stay unbalanced, the $200 or $300 a year would not pay her board for 30 days.

I told her to hold the money; that I was not capable of advising her how to invest it.

Of course, that is not the whole story. That is only one instance. I do not profess to know much about investments, but I am saying to the Senate that that situation exists from one end of this land to the other. There are billions of dollars available for investment; there is infinite extension of employment possible the moment the Congress of the United States creates a climate that is favorable to business and industry.

Now, hear me, Senators: Do not try to get me where anyone can state that I defend any wrongdoing. If the stock gamblers have overreached, I am in favor of fixing matters so that they cannot do so. If, as the junior Senator from Missouri [Mr. TRUMAN] says, certain corporate managers have perpetrated frauds, I am in favor of putting them in the penitentiary. This document says that we can find a remedy in the common-law principles of free men. The Senators want to know what that is. That is a thousand years of civilization, of intelligent men finding the old law, finding mischief and applying the remedy; but in order to do that it is not necessary to strike down all business. We ought rather to find the evil, and apply the remedy of the law.

I do not know what is wrong with the railroads; but if their managers have been playing ducks and drakes with them, if the financiers who have loaned money have tried to control them for selfish ends, it ought to be stopped. The same thing is true of the utilities. If they have perpetrated wrongs, we ought to find a way to stop those wrongs; but to be sure we ought to find the way so that men who are honest, and men who do have energy, and men who do have capital, will be free to invest it, assured that the Government of State and Nation will protect the investment.

I think this thing started last spring, and I thought I saw it start. When the Senator from South Carolina [Mr. BYRNES] introduced his rider denouncing the sit-down strike I was in Raleigh. I bought my ticket within 15 minutes after I got the news from my secretary that the rider was pending, and I came here and asked the Senate to pass it—why? I am unwilling to put my money in an enterprise which other people can sit down on, and I know everybody else in America is, too. I am saying that a firm policy at that time would have brought out billions of dollars to employ people. I am saying that the American people are competent; I am saying that American businesses can expand; but I am also saying that they cannot do it when they are surrounded with an atmosphere that puts the fear of destruction in the heart of every man who is called upon to make an investment.

I am not indicting anybody. I am not criticizing anybody. I am pleading for a public policy that will encourage investment and enterprise on the part of the people in America who have money in the banks—not the great, big, rich people; there are not enough of them; it is the great masses of men who save their money here, like the little woman with only $10,000, and still less and less, the man with $500 and $1,000. There was a time when people saved money in this country with the understanding that even $500 put in a corporation would be a good investment for them.

They could get their dividends. They could get their principal. They could sell the evidence of their investment. I am saying that when we get through this transition we are going to get through it on the basis of encouraging the investment of private savings in enterprise.

Another thing: If we do not get through, I am going to tell you where we are going. We cannot have any halfway measures about this matter. Either we are going to succeed in employing the unemployed and taking care of the whole American system, its standard of living and its people, its farm prices and its welfare, on the basis of private enterprise, or we are going inevitably into collectivism. There is no halfway ground; and I am thinking Mr. President, that we have reached the period—I hate to say it—when the matter is going to be put to the test. If this depression goes on, if it is prolonged in its present terms, and the army of the unemployed continues to increase, and business and industry do not respond, and commodity values, farmers' prices of cotton and other things they produce go down and down, an atmosphere will be created in the land which will demand collectivism. So far as I am concerned, I would a great deal rather die and go on to give my account according to the deeds done in the body than to stand still and see my country going in that direction.

I know what people do when they are in distress. I know that the best of men lose their senses in distress. The most conservative man becomes the most radical, and they cry out, "Do something! Do something! We do not care what it is; we want something done!" If we do not get through this secondary depression, as we may call it, if we do not create conditions that will take us through this transition, the argument of the collectivists will be irresistible; it will be overwhelming; and I see it. I wish to stand it back. I know the answer to it is successful enterprise throughout America. I know that men in this land do not want to depend on the Government's bounty. I know that businesses do not want to live by way of the borrowed money of the Government, either.

The hearts of the boys and girls of America who are standing today on the threshold of life demand that they shall have private enterprise. I will say another word about that: Private enterprise carries with it the indispensable vigor of life and progress and government collectivism does nothing of the sort.

So, Mr. President, by way of conclusion, that I hope all the American people have seen the flower and fruition

of collectivism on the continent of Europe. I think Senators here know something of the story of Russia under Stalin, of Italy under Mussolini, and of Germany under Hitler. There is no necessity for anything of that sort happening here; and if it happens here it is going to be because the Congress of the United States is unwilling to do the simple historic things necessary to give business in America and industry in America and private investment in America a fair opportunity to meet the demands of America. Give them a chance.

I will take my seat with one word:

If there is a thing wrong in that statement, strike it out. If there is anything in it that offends you, condemn it. If you have a better paragraph, write it in. But, in God's name, do not do nothing while America drifts down to the inevitable gulf of collectivism. Stand up for the American system of enterprise and the great American principles which have made enterprise what it is. Give enterprise a chance, and I will give you the guaranties of a happy and a prosperous America.

EXECUTIVE SESSION

Mr. BARKLEY. Mr. President, there is pending before the Senate a treaty which has been delayed in its consideration for several weeks. While we are waiting for the report of the Committee on Banking and Currency—which, I am informed, will complete its labors on the housing bill this afternoon—I desire that we shall have an executive session, in order that the Senator from Utah [Mr. THOMAS] may bring up the sugar treaty, in which many Senators are interested.

I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MURRAY in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations:

Passed Asst. Surg. James B. Ryon to be surgeon in the United States Public Health Service, to rank as such from October 14, 1937;

Passed Asst. Surg. Felix R. Brunot to be surgeon in the United States Public Health Service, to rank as such from January 27, 1938;

Senior Surg. Robert H. Heterick to be medical director in the United States Public Health Service, to rank as such from November 22, 1937; and

Asst. Dental Surg. Henry F. Canby to be passed assistant dental surgeon in the United States Public Health Service, to rank as such from November 16, 1937.

Mr. LONERGAN, from the Committee on Finance, reported favorably the nomination of Arthur D. Reynolds, of Minneapolis, Minn., to be collector of internal revenue for the district of Minnesota, in place of James R. Landy, removed.

Mr. BAILEY, from the Committee on Finance, reported adversely the nomination of F. Roy Yoke, of Morgantown, W. Va., to be collector of internal revenue for the district of West Virginia, in place of Walter R. Thurmond, resigned.

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the nomination of Walter E. Treanor, of Indiana, to be a judge of the United States Circuit Court of Appeals for the Seventh Circuit, vice Samuel Alschuler, retired.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of the committees, the clerk will state the first order of business on the Executive Calendar.

POSTMASTERS

Mr. McKELLAR. Mr. President, I note that the first order of business is a treaty. I ask unanimous consent that at this time the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the nominations of postmasters on the Executive Calendar are confirmed en bloc.

REGULATION OF PRODUCTION AND MARKETING OF SUGAR

The Senate, as in Committee of the Whole, proceeded to consider Executive T (75th Cong., 1st sess.), an international agreement regarding the regulation of production and marketing of sugar and an annexed protocol concerning transitional measures, signed at London on May 6, 1937, which was read the second time, as follows:

INTERNATIONAL AGREEMENT REGARDING THE REGULATION OF PRODUCTION AND MARKETING OF SUGAR

CONTENTS

Preamble.
Chapter I. Definitions.
Chapter II. General undertakings.
Chapter III. Obligations of countries not exporting to the Free Market.
Chapter IV. Export quotas for the Free Market.
Chapter V. Stocks.
Chapter VI. Establishment of an International Sugar Council.
Chapter VII. Miscellaneous provisions.

The Governments of—

The Union of South Africa,
The Commonwealth of Australia,
Brazil,
Belgium,
The United Kingdom of Great Britain and Northern Ireland,
China,
The Republic of Cuba,
Czechoslovakia,
The Dominican Republic,
France,
Germany,
Haiti,
Hungary,
India,
The Netherlands,
Peru,
Poland,
Portugal,
The Union of Soviet Socialist Republics,
The United States of America,
Yugoslavia,

In pursuance of the recommendation of the World Monetary and Economic Conference of 1933 that negotiations should continue with a view to establishing and maintaining an orderly relationship between the supply and demand for sugar in the world market;

Considering that the present situation of the sugar market renders it both possible and necessary for the Governments concerned to collaborate to this end;

Bearing in mind the principle laid down by the above-mentioned Conference that any international agreement for the regulation of production and marketing should be equitable both to producers and consumers;

Have agreed as follows:

CHAPTER I.—DEFINITIONS

ARTICLE 1

For the purposes of the present Agreement—

(1) "Ton" means a metric ton of 1,000 kilograms.

"Long ton" means a ton of 2,240 lbs. avoirdupois.

"Short ton" means a ton of 2,000 lbs. avoirdupois.

(2) "Quota year" means the period from the 1st September to the 31st August.

(3) "Sugar" shall be deemed to include sugar in any of its commercial forms, except the product sold as final molasses, and also except the so-called "Goela Mangkok" sugar produced by primitive methods by natives of Java for their own account to which sugar the Government of the Netherlands East Indies does not extend its legislative measures.

The sugar equivalent of exports of the product known as "fancy molasses" from Barbados shall, however, be charged to the export quota of the British Colonial Empire.

The respective export quotas of sugar referred to in this Agreement shall, in the case of cane sugar producing countries, mean

and refer to the nature and the types of sugar heretofore exported by such countries; and, in the case of beet sugar producing countries, shall mean raw sugar tel quel, white sugars of the latter countries to be converted to a raw basis at the rate of nine parts white to ten parts raw. Such quantities shall, in all cases, mean net weight excluding the container.

(4) "Net imports" means total imports after deducting total exports.

(5) "Net exports" means total exports after deducting total imports.

(6) "Exports to the free market" shall include all net exports from the countries to which export quotas for the free market are or may be allotted under Article 19, with the exception of—

(a) exports from the Republic of Cuba to the United States of America under any import quota allotted by the United States of America to Cuba; provided that such sugar is not re-exported from the United States of America to any country except Cuba, and further provided that any sugar exported from Cuba to the United States of America under a quota allotted under paragraph (a) of Article 9 shall be included in the exports of Cuba to the free market;

(b) exports from any country to the United States of America under paragraph (c) of Article 9 of this Agreement;

(c) exports from the U. S. S. R. to Mongolia, Sin Kiang and Tannu Tuva;

(d) exports from French Colonies to France, Algeria and other French Colonies and from France to Algeria, and French Colonies;

(e) exports from the Commonwealth of the Philippines to the United States of America;

(f) sugar sent from Belgium to Luxemburg, which in virtue of the Belgo-Luxemburg Economic Union does not rank as an export.

(7) "The Council" means the International Sugar Council to be set up under the present Agreement.

CHAPTER II.—GENERAL UNDERTAKINGS

ARTICLE 2

The Contracting Governments agree that it is their policy so to direct the arrangements made under the present Agreement as always to assure consumers of an adequate supply of sugar on the world market at a reasonable price not to exceed the cost of production, including a reasonable profit, of efficient producers.

ARTICLE 3

The Contracting Governments shall take all the legislative or administrative measures necessary for the execution of the present Agreement. The texts of such measures shall be communicated to the Secretariat of the Council.

ARTICLE 4

While recognising that all Government measures relating to agrarian policy and to state assistance to the sugar industry are governed by the internal conditions of each country and in many cases require the approval of Parliament, the Contracting Governments agree that it is desirable that—

(a) If and when prices on the free market rise, all necessary steps should be taken to prevent the rise in world prices from leading on the one hand to an increase of internal prices for consumers such as would be likely to check consumption, and on the other hand to a rise of wholesale prices (beyond the level required to secure a fair return for growers and producers) to such a point as to stimulate excess production not justified by the requirements of the market, thus defeating the object of the present Agreement;

(b) In sugar exporting countries whose internal prices are not directly affected by a rise in the world price of sugar, all necessary steps should be taken to prevent the increase in the returns received from sugar production for export from causing the same difficulty by stimulating excessive and unjustified production.

ARTICLE 5

The Contracting Governments agree that, as far as possible, favourable consideration should be given to all proposals having for their object:

(a) the reduction of disproportionate fiscal burdens on sugar;

(b) the encouragement and support of all efforts to promote increased consumption of sugar in countries in which consumption is low by means of suitable publicity campaigns or by other effective means both on the national and, where considered appropriate, on the international plane;

(c) appropriate action to check the abuses resulting from the substitution for sugar of substances having no comparable food value;

(d) the search for new and alternative uses for sugar, within the framework of national activities.

ARTICLE 6

The Council shall—

(a) make a full study, acting if it considers it desirable in conjunction with appropriate international organisations such as the International Institute of Agriculture, of the various forms of state assistance in order in particular to formulate proposals for carrying out the principle laid down in Article 4, taking into account the varying conditions under which sugar production is carried on, and, in particular, the conditions of agricultural production;

(b) enquire into the effect on the free market of direct or indirect premiums granted to sugar-producing industries in general;

(c) examine the possibility of promoting between white sugar exporting countries reciprocal agreements to respect their national markets;

(d) collect available information in regard to the matters dealt with in Article 5;

(e) submit the results of inquiries made in regard to the matters dealt with in this Article for the consideration of Contracting Governments.

ARTICLE 7

The Contracting Governments undertake to supply all available statistics and information requested by the Council or the Executive Committee and to comply with any other reasonable request made by those bodies within the scope and provisions of the present Agreement.

CHAPTER III.—OBLIGATIONS OF COUNTRIES NOT EXPORTING TO THE FREE MARKET

ARTICLE 8

In order to contribute, so far as they are each concerned, to the maintenance and if possible the expansion of the free market for sugar the Governments hereinafter specified accept for the period of the present Agreement the specific obligations set forth in the succeeding Articles of this Chapter.

ARTICLE 9

(a) The Government of the United States undertakes, with respect to the United States, its territories and possessions, except the Commonwealth of the Philippines, to permit during each calendar year a net importation from foreign countries not enjoying preferential duty rates (i. e., the quantity by which imports from such countries exceed total exports to the world market, it being understood that supplies from the Commonwealth of the Philippines and re-exports of Cuban sugar from the United States are not to be included in reckoning net importation) of a quantity of sugar which shall be a proportion of the quantity needed to meet the requirements of consumers in continental United States at least equal to the proportion allotted to such foreign countries during the calendar year 1937 in accordance with General Sugar Quota Regulations, Series 4, No. 1, issued by the United States Department of Agriculture on the 12th December 1936. If the quota of the Commonwealth of the Philippines should be reduced below an amount equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar, the Government of the United States further undertakes to permit a net importation (as defined above) from foreign countries of a net quantity of sugar equal to the amount of such reduction.

(b) Furthermore, in the allocation of import quotas to foreign countries as provided above, the Government of the United States undertakes that the percentage so allotted to countries parties to the present Agreement shall not in the aggregate be less than the percentage allotted to those countries at the time of the signature of the Agreement.

(c) The Government of the United States reserves the right to increase the net imports of sugar (as defined above) from foreign countries not enjoying preferential duty rates over and above the minimum import quotas to be allocated to them under the provisions of paragraphs (a) and (b) above, such excess not to be chargeable to the export quotas of such foreign countries and not to be included in reckoning the net importation for the purposes of paragraph (a).

ARTICLE 10

(a) The Government of the Commonwealth of the Philippines undertakes, so long as the United States maintains a quota for Philippine sugar of not less than an amount equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar per calendar year, not to export sugar to countries other than the United States, its territories and possessions, until additional export quotas are allotted under Article 20 of the present Agreement. In the event of such additional quotas being allotted, the Commonwealth of the Philippines will be entitled to export to the free market during the period for which such additional quotas are in force an amount equal to 4 per cent of the aggregate of such additional quotas.

(b) In the event of a reduction in the quota for Philippine sugar for importation into the United States below a quantity equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar per calendar year, the Commonwealth of the Philippines shall be allotted a basic export quota for the free market equal to the quantity by which such quota in the United States is reduced plus the 4 per cent above mentioned.

(c) The Government of the Commonwealth of the Philippines will not claim any quota for export to the free market because of any change which may take place during the period of the present Agreement in the tariff conditions under which Philippine sugar is admitted into the United States, and in return the Contracting Governments agree not to claim, in virtue of any most-favoured-nation rights granted to them by the Government of the United States, the benefit of any advantages with respect to sugar which may be accorded to, or agreed upon with, the Philippines by the Government of the United States during the period of the present Agreement.

ARTICLE 11

The Government of the United Kingdom undertakes, subject to the provisions of Article 14 below—

(a) To maintain in operation during the period of the present Agreement those provisions of the Sugar Industry (Reorganization) Act, 1936, designed to limit the annual production of sugar in Great Britain to a standard quantity of 560,000 long tons of white sugar (*i. e.*, approximately 618,000 metric tons raw value).

(b) That during the period of the present Agreement the total exports from the British Colonial Empire shall be limited to a basic figure of 965,254 metric tons per quota year.

ARTICLE 12

The Government of the Commonwealth of Australia undertakes, subject to the provisions of Article 14 below, to limit exports from Australia to a basic figure of 406,423 metric tons per quota year during the period of the present Agreement.

ARTICLE 13

The Government of the Union of South Africa undertakes, subject to the provisions of Article 14 below, to limit exports from the Union to a basic figure of 209,000 metric tons per quota year during the period of the present Agreement.

ARTICLE 14

(a) The Government of the United Kingdom, the Government of the Commonwealth of Australia and the Government of the Union of South Africa reserve the right respectively to increase the standard quantity for production in Great Britain and the basic quotas for exports of the Colonial Empire, Australia and South Africa, specified above, proportionately to any increase in requirements over and above the consumption requirements for the year ending the 31st August, 1937, of the United Kingdom plus the aggregate of the net import requirements for that year of each of the other parts of the British Empire.

Provided that there shall be reserved for exporters to the free market a percentage of the increase so calculated not less than the percentage of the aforesaid requirements supplied by the exporters to the free market in the year ending on the 31st August, 1937.

(b) The Governments of the United Kingdom, the Commonwealth of Australia and the Union of South Africa, in consultation with the Council, shall determine before the commencement of each quota year the estimated amount of the increase in requirements as aforesaid for that year, and the said Governments will thereupon notify the Council what amount of such estimated increase will be added to the standard quantity referred to in Article 11 (a) above or the export quotas referred to in Articles 11 (b), 12, and 13 as the case may be, and what amount will be available for exporters to the free market.

(c) The Governments of the Commonwealth of Australia and of the Union of South Africa agree not to claim any increase of their basic quotas, as fixed in Articles 12 and 13 respectively, in the year commencing the 1st September, 1937, without prejudice to their rights to their full share in the increase in future years of the aforesaid requirements as compared with the year ending the 31st August, 1937, and their shares of the increase of requirements in the year commencing the 1st September, 1937, shall be made available for exporters to the free market.

(d) If in any year the actual increase of requirements calculated as aforesaid exceeds or falls short of the estimate made as provided in paragraph (b) of this Article, a correction shall if necessary be made by deduction from or addition to the quotas for the next succeeding year.

ARTICLE 15

The provisions of Articles 22, 23, and 25 shall apply to the export quotas fixed by Articles 11, 12, and 13 above, and these quotas shall also be subject to the rules of paragraph (a) of Article 24 regarding notification of inability to utilise quotas, in the same way as if the said quotas were quotas for export to the free market. In the event of such notification of inability to utilise quotas the parts not to be utilised may be redistributed among the other territories referred to in Articles 11, 12, and 13.

ARTICLE 16

(a) The Government of India undertakes to prohibit exports of sugar by sea elsewhere than to Burma during the period of the present Agreement.

(b) In the event of re-export of Indian sugar by sea from Burma rendering the Government of India's contribution to the present Agreement ineffective, the Government of India will take up the matter with the Government of Burma with a view to reaching arrangements which will render the Government of India's contribution effective.

ARTICLE 17

The Government of China will use its best endeavours, so far as circumstances permit, to the end that the sugar import requirements of the Chinese market shall not decrease during the period of the present Agreement.

ARTICLE 18

The Government of the Netherlands, in respect of its territory in Europe, undertakes to refrain from net exports of sugar; it reserves the right to cover the requirements of its home market by its home production and imports from other parts of the Kingdom.

The Government of the Netherlands, in respect of Netherlands Guiana, undertakes to refrain from net exports of sugar to countries outside the Kingdom of the Netherlands.

CHAPTER IV.—EXPORT QUOTAS FOR THE FREE MARKET

ARTICLE 19

(a) The Contracting Governments shall have the basic export quotas for the free market which are set out below:

Country:	*Basic quota (metric tons)*
Belgium (including Belgian Congo)	20,000
Brazil	60,000
Cuba	940,000
Czechoslovakia	[1] 250,000
Dominican Republic	400,000
Germany	120,000
Haiti	32,500
Hungary	40,000
Netherlands (including overseas territories)	1,050,000
Portugal (including overseas possessions)	30,000
Peru	330,000
Poland	120,000
Union of Soviet Socialist Republics (excluding exports to Mongolia, Tannu Tuva, and Sin-Kiang)	230,000
Total	3,622,500

[1] Czechoslovakia will receive the following extra allotments:
Year beginning—
September 1, 1937: 90,000 metric tons.
September 1, 1938: 60,000 metric tons.
September 1, 1939: 25,000 metric tons.

it being understood that Czechoslovakia will take steps to reduce its acreage to correspond to those figures.

(b) It is further provided that 47,500 tons for the free market shall be placed in reserve. This reserve quota, if needed, will be at the disposal of those Governments which, while they have no separate quotas, have before signing the present Agreement taken measures to balance their production and consumption, and have not been habitual exporters, in order that they may be able in any particular year to export an unexpected surplus of output.

Yugoslavia shall in any case have a claim on the reserve up to 12,500 tons during each year of the Agreement.

France will be entitled to place upon the free market a possible surplus of production, whether home or colonial, up to the balance of the reserve after deducting any amount utilised by Yugoslavia.

If in any year France does not utilise the balance of the reserve after deducting the amount of 12,500 tons available for Yugoslavia, the exports of Yugoslavia may be increased up to a maximum of 15,000 tons.

(c) If there shall be allotted to the Commonwealth of the Philippines, under the provisions of Article 10, a basic export quota, that quota shall be subject in all respects to the same provisions as the export quotas set out in paragraph (a) of this Article.

(d) In the event of a non-signatory Government according to the present Agreement in accordance with Article 49 a basic export quota may be assigned to it in agreement with the said Government by the Council acting by unanimity of the votes cast.

ARTICLE 20

If the Council shall at any time decide by three-fifths of the votes cast that, having regard to the requirements of the market, additional supplies are desirable, it shall allot additional quotas to all the countries concerned for such period (not exceeding one year) as it may decide, the additional quotas for each country being proportional to the basic quota of that country. The Council shall at the same time make a corresponding proportionate increase in the reserve quota. Yugoslavia shall have a claim on such increase in the reserve quota proportionate to its claim on the original amount of the reserve. Furthermore, the Council shall, in accordance with Article 10, allot to the Commonwealth of the Philippines an export quota equal to 4 per cent. of the aggregate of the additional quotas allotted, including the increase in the reserve quota.

ARTICLE 21

(a) The Council shall be empowered for the year beginning the 1st September, 1937, and/or the year beginning the 1st September, 1938, to reduce export quotas by a uniform percentage not exceeding 5 per cent. if, after a survey of the probable requirements of the market for the year in question, it decides that such reduction is necessary. For this purpose export quotas shall be deemed to be the basic quotas after deducting any part of such quotas released under Article 24 (a) or adding any special allocations made under Article 24 (b) for the years in question.

(b) In subsequent years, it shall be open to the Council to recommend at any time whether, and to what extent, a reduction would be desirable, but such reduction shall come into force only if all the members of the Council representing countries entitled to basic quotas or to participation in the reserve, consent to it.

ARTICLE 22

Each Contracting Government to which an export quota has been or may be allotted undertakes to ensure that net exports from its territories to the free market for any given quota year

shall not exceed the export quota in force for it in that year under the provisions of the present Agreement.

ARTICLE 23

If in any year of the Agreement a Contracting Government should not export its quota or any part of it, it shall not thereby acquire any right to an increase of its quota in the following year.

Nevertheless, if the Government of Czechoslovakia proves to the satisfaction of the Executive Committee that, owing to a low or high water level or the presence of ice on the Elbe, Czechoslovakia has been unable to export her full quota in any quota year, the Czechoslovak Government may be permitted to export the deficiency during the first three months of the next quota year, in addition to her quota for that year.

ARTICLE 24

(a) Each Contracting Government shall notify the Council, as soon as possible, if it does not propose to make use of its export quota, or any part of it, in any quota year, so that the quantities which will not be used may be redistributed (i) among the other Contracting Governments which notify the Council that they are in a position to use them and (ii) to the reserve quota. Subject to paragraph (b) below, this redistribution shall be made pro rata according to the basic quotas.

(b) The Council shall in any given quota year have power to use up to 25 per cent of the quotas available for redistribution or up to 50,000 metric tons of such quotas, whichever shall be the larger amount, to meet proved cases of special hardship. Nevertheless, if in a particular year the amount available for redistribution should be less than 30,000 tons, the Council shall have power, should a proved case of special hardship arise, to allot to meet the necessities of that case an amount up to 30,000 tons. The excess of this amount over the amount available for redistribution shall constitute an increase of the supplies to the free market and the quotas of other Contracting Governments shall not be affected.

(c) The Governments of the following countries have given notice that during the quota year beginning on the 1st September 1937, they will not make use of the parts of their export quotas herein indicated:

	Tons
Belgium	5,000
Germany	70,000
Hungary	20,000
Poland	20,000
U. S. S. R.	11,500

The French Government has given notice that during the abovementioned quota year the reserve quota may be reduced by 22,500 tons.

ARTICLE 25

Neither the basic quotas nor the export quotas for a particular year nor any additional quotas may be ceded by one Contracting Government to another.

CHAPTER V.—STOCKS

ARTICLE 26

(a) While the Contracting Governments fully realise that due regard must be had to the necessity of maintaining adequate reserve supplies to meet unexpected demands, they agree that it is undesirable that excessive stocks of sugar which would weigh on the market should be accumulated in their respective countries.

(b) Those Contracting Governments to which export quotas have been or may be allotted under the present Agreement, undertake so to regulate their production that the stocks in their respective countries shall not exceed, for each country, on a fixed date in each year to be agreed with the Council, an amount equal to 25 per cent. of its annual production.

(c) Nevertheless, the Council may if it considers that such action is justified by special circumstances allot to any country a stock in excess of 25 per cent. of its production.

(d) On account of its special situation in connection with exports to the United States and the requirements of Contract No. 4 on the New York Sugar Exchange, the Republic of Cuba may have at the end of each calendar year as stocks (1) for the United States an amount not to exceed 30 per cent. of its export quota to that country, (2) for the free market, an amount not to exceed 300,000 metric tons, provided that a system of control is maintained by the Government of the Republic of Cuba, by means of identity certificates or otherwise, which ensures that such stocks are used for those purposes.

(e) Having regard to the special conditions of production in the Netherlands East Indies, that territory shall be permitted to have a stock not exceeding 500,000 tons on the 1st April in each year.

(f) Hungary shall be permitted to have a stock of 30 per cent. of its annual production.

ARTICLE 27

Those Contracting Governments to which free market export quotas have been allotted agree in respect of their cane producing territories to regulate sugar production in those territories, unless prevented from doing so by drought, flood, or other adverse conditions, so that stocks shall equal, on a fixed date in each year to be agreed with the Council, an amount not less than 10 per cent. of their respective export quotas for such year, provided nothing in this Article shall be construed as requiring any country to produce in excess of its basic export quota specified in Article 19 during either of the years 1937–38 or 1938–39.

ARTICLE 28

The Council shall in due course determine what shall be regarded as "stocks" of sugar for the purpose of Articles 26 and 27.

CHAPTER VI.—ESTABLISHMENT OF AN INTERNATIONAL SUGAR COUNCIL

ARTICLE 29

The present Agreement shall be under the administration of—

(a) A General Council, which shall be known as the International Sugar Council, and shall be composed of delegates representing the Contracting Governments.

(b) An Executive Committee of nine members.

ARTICLE 30

The seat of the Council and of the Executive Committee shall be in London.

ARTICLE 31

Each Contracting Government shall appoint a delegation to the Council. Each delegation shall consist of not more than three members and its composition may be changed by giving formal notice to the Chairman of the Council. Each delegation may be accompanied by not more than three advisers. Each delegation shall appoint one of its members to cast the vote of the delegation.

ARTICLE 32

The Council shall elect from amongst its members a Chairman and a Vice-Chairman who shall hold office for such period as it may determine.

ARTICLE 33

The Council shall have the following powers and duties:

(a) The general administration of the present Agreement, without prejudice to the powers which the Agreement gives to the Executive Committee;

(b) To elect its Chairman and Vice-Chairman and any other officers that it may consider necessary, determine their powers and duties, and fix their terms of office;

(c) To estimate, at least twenty days before the beginning of each quota year, the requirements of consumption of the free market for that year;

(d) To appoint such permanent or temporary committees as it considers advisable for the proper working and administration of the present Agreement, and to determine their functions and duties;

(e) To approve the annual budget of expenses and fix the amounts to be contributed by each Contracting Government in accordance with the principles laid down in Article 35;

(f) To obtain such statistics and other data as it considers necessary for the execution of the present Agreement, and to publish such information as it may consider desirable;

(g) To endeavour to secure the accession of non-signatory Governments whose participation it considers desirable;

(h) In general, to exercise all the powers which may be necessary to carry out the present Agreement.

ARTICLE 34

The Council shall appoint a Secretary and take all other necessary measures to establish a Secretariat which shall be entirely free and independent of any other national or international organisation or institution.

ARTICLE 35

The expenses of delegations to the Council and of the Members of the Executive Committee shall be defrayed by their respective Governments. All other expenses necessary for the administration of the present Agreement, including those of the Secretariat, shall be met by annual contributions of the Contracting Governments made in such manner and at such times as the Council shall determine, and shall not, except with the express consent of all the Contracting Governments, exceed £12,500 in any year. The contribution of each Government shall be proportionate to the number of votes to which its delegation is entitled.

ARTICLE 36

(a) The Council shall meet at least once a year. It may be convened at any time by its Chairman. The Chairman shall immediately convene a meeting of the Council if either the Executive Committee or five Contracting Governments so request. Notice of all meetings shall be despatched so as to ensure receipt by the Contracting Governments at least twenty days in advance of the date fixed for the meeting.

(b) The necessary quorum for a meeting of the Council shall be secured if not less than one-third of the Contracting Governments are represented. One or more Contracting Governments may by a written notification to the Chairman appoint the delegation of another Contracting Government to represent them and to vote on their behalf at any meeting of the council.

(c) The Council may take decisions without holding a meeting, by correspondence between the Chairman and the delegations of the Contracting Governments, provided that no delegation makes objection to this procedure. Any decision so taken shall be communicated to all the delegations as soon as possible, and shall be set forth in the Minutes of the next meeting of the Council.

ARTICLE 37

(a) The votes to be exercised by the respective delegations on the Council shall be as follows:

Exporting countries:	
Union of South Africa	2
Australia	3
Belgium	1
Brazil	2
Cuba	10
Czechoslovakia	3
Dominican Republic	3
France	3
Germany	4
Haiti	1
Hungary	1
Netherlands	9
Peru	3
Philippines	1
Poland	2
Portugal	1
U. S. S. R.	5
Yugoslavia	1
Total	55
Importing countries:	
China	5
India	6
United Kingdom	17
United States	17
Total	100

(b) In the event of a non-signatory Government acceding to the present Agreement in accordance with the provisions of Article 49 the Council shall decide what number of votes shall be allotted to that Government.

(c) In the event of any Government in the group either of exporting countries or of importing countries failing to ratify the Agreement or subsequently withdrawing from it, the votes allotted to the delegation of that Government shall be redistributed, pro rata, between the other countries in the same group, and if any non-signatory Government should accede to the Agreement, the votes allotted to it shall be deducted pro rata from the other countries in the same group, so that the proportion of 55 votes for the exporting countries and 45 votes for the importing countries shall be maintained. For the purposes of this paragraph any acceding Government to which an export quota is not allotted shall be included as an importing country.

ARTICLE 38

Except where otherwise provided, decisions of the Council shall be taken by a simple majority of the votes of the Contracting Governments represented at the meeting.

ARTICLE 39

(a) The Executive Committee shall consist of—

(i) Three representatives of Governments of importing countries;

(ii) Three representatives of Governments of cane sugar producing countries;

(iii) Three representatives of Governments of beet sugar producing countries.

(b) The representatives of the above-mentioned groups of countries shall, subject to the provisions of paragraph (*c*) of this Article, be as follows:

(i) For the importing countries the Government of the United Kingdom of Great Britain and Northern Ireland, and the Government of the United States of America shall be represented for the whole period of the Agreement, and the Governments of the other countries referred to as importing countries in Article 37 shall select annually one of their number, who shall appoint the third member for this group.

(ii) For the cane sugar producing countries the Government of the Republic of Cuba and the Government of the Netherlands shall be represented for the whole period of the Agreement, and the Governments of the following countries shall be represented for the years indicated:

Year commencing—

September 1, 1937: The Commonwealth of Australia.
September 1, 1938: The Dominican Republic.
September 1, 1939: Peru.
September 1, 1940: The Union of South Africa.
September 1, 1941: Brazil.

(iii) For the beet sugar producing countries the Governments of the following countries shall be represented for the periods indicated:

Year commencing—

September 1, 1937: Czechoslovakia, Germany, the U. S. S. R.
September 1, 1938: Czechoslovakia, Germany, the U. S. S. R.
September 1, 1939: Czechoslovakia, France, Poland.
September 1, 1940: Belgium, Germany, the U. S. S. R.

Six months commencing September 1, 1941: France, Hungary, Poland.

Six months commencing March 1, 1942: France, Poland, Yugoslavia.

(c) The Chairman of the Council shall ex officio be a member of the Executive Committee and during his term of office the Government of which he is a representative shall not be entitled to appoint any further representative on the Executive Committee under paragraph (b) of this Article.

ARTICLE 40

The Executive Committee shall exercise any powers which the Council may delegate to it except—

(1) the power of reducing quotas under Article 21;

(2) the power of allotting additional quotas under Article 20;

(3) the power of determining the conditions on which any nonsignatory Government may accede to the Agreement under Article 49;

(4) the powers to be exercised under Articles 44 and 51.

ARTICLE 41

Whenever the Executive Committee considers that the export quotas fixed for a quota year are not sufficient to cover the requirements of consumption or that a sudden and excessive rise of price is probable, it shall make to the Council by telegraph such recommendations as it thinks necessary for the release of additional quotas under Article 20 and shall request a decision by telegraph. If approval of the recommendations is not given by telegraph within five days by delegations exercising the necessary majority of votes provided for in Article 20, the Chairman shall immediately summon a meeting of the Council.

ARTICLE 42

(a) The Executive Committee shall meet whenever its Chairman considers it advisable or whenever the request is made by any two members.

(b) The presence of five members shall be necessary to constitute a quorum. Decisions shall be taken by a majority of the votes cast.

(c) Each member of the Executive Committee shall have one vote with the exception of the representatives of the Governments of the United States of America and of the United Kingdom, who shall have two votes each.

(d) The Chairman of the Committee shall have a deciding vote in case of equality of votes.

(e) Any member of the Committee may, by notification in writing, appoint another member to represent him and vote in his behalf.

CHAPTER VII.—MISCELLANEOUS PROVISIONS

ARTICLE 43

The present Agreement shall apply to all the territories of each of the Contracting Governments including colonies, oversea territories, protectorates, and territories under suzerainty or mandate.

ARTICLE 44

(a) If any Contracting Government alleges that any other Contracting Government has failed to comply with the obligations of the present Agreement a special meeting of the Council shall be called to decide whether any infringement of the Agreement has taken place, and, if so, what measures shall be recommended to the Contracting Governments in view of the infringement. If the Council shall decide that it is desirable that the other Contracting Governments shall prohibit or restrict the import of sugar from the country which has infringed the Agreement, the taking of such measures shall not be deemed to be contrary to any most-favoured-nation rights which the offending Government may enjoy.

(b) Any decision of the Council under this Article shall be taken by three-fourths of the votes cast.

ARTICLE 45

If during the period of the present Agreement it should be considered or should be shown that the attainment of its objects was being hindered by countries not party thereto, a special meeting of the Council shall be called to decide what measures should be recommended to the Contracting Governments.

ARTICLE 46

Should the Council at any time be satisfied that, as the result of a material increase in the exportation or use of sugar syrups, liquid sugar, edible molasses, or any other kind of sugar mixtures, those products are taking the place of sugar to such an extent as to prevent full effect being given to the purposes of the present Agreement, it may resolve that such products or any of them shall be deemed to be sugar, in respect of their sugar content, for the purposes of the Agreement; provided that the Council shall, for the purpose of calculating the amount of sugar to be charged to the export quota of any country, exclude the sugar equivalent of any quality of such products which has normally been exported from that country prior to the coming into force of the Agreement.

ARTICLE 47

The present Agreement shall be ratified and the instruments of ratification shall be deposited as soon as possible with the Government of the United Kingdom of Great Britain and Northern Ireland, which will notify the fact of each deposit to the Governments which have signed the Agreement.

ARTICLE 48

(a) The present Agreement shall come into force on the 1st September, 1937, if at that date it has been ratified by all the signatory Governments.

(b) If by the above-mentioned date the instruments of ratification of all the signatories have not been deposited, the Governments which have ratified the Agreement may decide to put it into force among themselves.

ARTICLE 49

(a) The present Agreement shall, until the 30th June, 1937, remain open for signature on the part of any Government represented at the Conference at which the Agreement has been drawn up. The right to effect such signature after this day's date shall be dependent on the signatory Government also signing the Protocol attached hereto.

(b) The present Agreement shall at any time after its entry into force be open to accession by the Government of any metropolitan territory other than a Government which has signed the Agreement, provided that the conditions of such accession shall first be agreed upon with the Council by the Government desiring to effect it.

ARTICLE 50

(a) Subject to the provisions of Article 51, the present Agreement shall remain in force for a period of five years from the date of its entry into force and shall not be subject to denunciation.

(b) The Contracting Governments shall decide at least six months before the expiration of the present Agreement whether it shall be continued for a further period and, if so, on what terms. In the event of unanimity not being attained the Governments which desire to maintain the Agreement shall be entitled to do so as between themselves.

ARTICLE 51

The Contracting Governments shall have the right to withdraw from the Agreement in the following circumstances and subject to the following conditions:

(a) Any Contracting Government may, if it becomes involved in hostilities, apply for the suspension of its obligations under the Agreement. If the application is denied such Government may give notice of withdrawal from the Agreement.

(b) If any Contracting Government into whose territories there is a net import of sugar shall allege that, owing to the operation of the present Agreement, there is an acute shortage of supplies or an abnormal rise in world prices, it may request the Council to take measures to remedy such situation, and if the Council declines to do so the Government concerned may give notice of withdrawal from the Agreement.

(c) If, during the period of the present Agreement, by the action of any country (whether the Agreement applies to it or not) such adverse changes occur in the relation between supply and demand on the free market as may substantially diminish the market possibilities of the suppliers of that free market, any Contracting Government affected may state its case to the Council. If the Council does not agree that the complaint of that Governmen is well-founded, that Government shall have the right to submit the case to the judgment of three arbitrators, subjects of countries not parties to the Agreement, to be nominated by the Council at its first meeting after the entry into force of the Agreement. If either the Council or the arbitrators declare the case to be well-founded the Government concerned may give notice of withdrawal from the Agreement.

(d) The Council shall take a decision within sixty days on any matters submitted to it in accordance with the preceding paragraphs of this Article; failure to do so within that time shall give the Government which has submitted the matter to the Council the right to give notice of withdrawal from the Agreement.

(e) In the event of any Government giving notice of withdrawal from the Agreement in accordance with the provisions of this Article, any of the other Contracting Governments shall have the right at any time during the ensuing three months also to give notice of withdrawal.

(f) All notices of withdrawal given under this Article shall be sent to the Government of the United Kingdom of Great Britain and Northern Ireland, by whom they will be communicated to all the other Contracting Governments and to the Council; and withdrawal shall take effect three months after the date of receipt of such notice by the Government of the United Kingdom.

(g) Any decision taken by the Council under this Article shall require three-fourths of the votes cast.

In faith whereof the undersigned, duly authorised thereto, have signed the present Agreement.

Done in London this sixth day of May, One thousand nine hundred and thirty-seven. In accordance with the procedure followed by the World Monetary and Economic Conference, in continuation of which the International Sugar Conference was called, the present Agreement has been prepared in the French and English languages. It will also be drawn up in German and Russian. The four texts shall be deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland, by whom certified copies will be communicated to all the signatory Governments, the four texts being equally authentic.

Pending the signature of the other texts, the signatures appended to the English text shall take effect as from to-day.

For the Government of the Union of South Africa:
C. T. TE WATER.
F. J. DU TOIT.

For the Government of the Commonwealth of Australia:
R. G. CASEY.
S. M. BRUCE.

For the Government of Belgium:
LUC. BEAUDUIN.

For the Government of Brazil:
DECIO COIMBRA.

For the Government of the United Kingdom of Great Britain and Northern Ireland:
J. RAMSAY MACDONALD.

For the Government of China:
QUO TAI-CHI.

For the Government of the Republic of Cuba:
J. GOMEZ M.
AURELIO PORTUONDO.
E. H. FARRÉS.
ARTURO MAÑAS.

For the Government of Czechoslovakia:
JAN MASARYK.

For the Government of the Dominican Republic:
R. P. PICHARDO.

For the Government of France:
CH. SPINASSE.

For the Government of Germany:
JOACHIM V. RIBBENTROP.
DR. ALFONS MORITZ.
LUDWIG SCHUSTER.

For the Government of Haiti:
LÉON DEFLY.

For the Government of Hungary:
CONSTANTIN DE MASIREVICH.
DR. G. VINNAY.

For the Government of India:
D. B. MEEK.

For the Government of the Netherlands:
J. VAN GELDEREN.

For the Government of Peru:
FELIPE PARDO.
J. CHAMOT.
ALFREDO FERREYROS.

For the Government of Poland:
The Delegation of the Government of Poland, which is in charge of the foreign affairs of the Free City of Danzig in virtue of existing treaties, reserves the right, on behalf of the Government of Poland, to accede at a later date on behalf of the Free City of Danzig.
EDWARD RACZYNSKI.

For the Government of Portugal:
LUIZ FERREIRE DE CASTRO.

For the Government of the Union of Soviet Socialist Republics:
It is understood that, in view of the fact that the U. S. S. R. is a State governed on a planned principle, Chapter 5 of the Agreement dealing with stocks and all the other Articles in the various Chapters of this Agreement which in any manner refer to internal production do not apply to the U. S. S. R.
N. BOGOMOLOV.

For the Government of the United States of America:
NORMAN H. DAVIS.
I am instructed by my Government to state that, in the event that its existing legislation imposing quotas upon the importation and marketing of sugar lapses within the life of this Agreement, it will be its policy to maintain its tariff on full duty sugar at no higher rate than that now existing.

(In respect of the Commonwealth of the Philippines):
URBANO A. ZAFRA.

For the Government of Yugoslavia:
V. MILANOVITCH.

PROTOCOL ANNEXED TO THE AGREEMENT

1. At the moment of signing the Agreement regarding the Regulation of the Production and Marketing of Sugar of to-day's date, the signatory Governments agree that the Government of the United Kingdom of Great Britain and Northern Ireland shall take between this date and the assumption of its duties by the Provisional Council referred to below any steps necessary as transitional measures, including the convening of the first session of the said Provisional Council, which shall be held in London as soon as possible, the preparation of the agenda for that session, and the making of all necessary arrangements.

2. The said Governments agree to appoint, as soon as possible, representatives who shall constitute a Provisional Council, which shall exercise all the functions of the International Sugar Council to be set up under that Agreement, and which shall be subject in all respects to the provisions of Chapter VI of the said Agreement, provided that no decisions of such a Provisional Council shall be binding on the signatory Governments prior to the coming into force of the Agreement.

3. Within a period of forty days from the date of its signature of the Agreement, each signatory Government will communicate to the Government of the United Kingdom a statement as to its position in regard to ratification.

4. If any Government is unable for constitutional reasons to obtain the necessary parliamentary authority for ratification before the 1st September 1937, the signatory Governments agree to accept provisionally as equivalent to ratification for the purposes of bringing the Agreement into force on that date a declaration by that Government that it will provisionally accept the obligations of the Agreement as from that date and will ratify it as soon as possible. Should the ratification of such Government not be deposited before the 1st January 1938, the Contracting Governments shall have the right to decide whether or not the Agreement is to be maintained in force.

5. Each signatory Government undertakes to ensure that so far as its territories are concerned the situation as regards production

export, and import of sugar shall not be modified in a manner contrary to the aims of the Agreement during the period between the date of its signature and the date of entry into force of the Agreement. Any infringement of this undertaking shall be equivalent to a violation of the Agreement.

6. The signatory Governments take note of the following declaration, which was made to the Conference by the delegate of the Government of Canada:

"I desire to make a brief statement regarding the position of the Government of Canada. After an examination of the Convention, necessarily hurried, the Government of Canada regret that they have not found it possible to authorise signature at the present time. They are, of course, sympathetic with the aim of the Conference of averting uneconomic production, but the position of Canada at this Conference as an importer and consumer of sugar is so different from that of almost all the other countries represented that they desire a further period of time to study the effect of the specific proposals of the Convention on that position; and in the light of that study to decide whether it would be possible to accede later. At the same time, the Government of Canada reiterate the assurance already given that they do not propose to stimulate the production of sugar in Canada during the term of this agreement by subsidy, increased protection, special remission of taxes, or by any other similar measures."

7. The present Protocol shall enter into force for each signatory Government on the date of signature.

In faith whereof the undersigned, duly authorized thereto, have signed the present Protocol.

Done in London this sixth day of May, Nineteen hundred and thirty-seven. In accordance with the procedure followed by the World Monetary and Economic Conference, in continuation of which the International Sugar Conference was called, the present Agreement has been prepared in the French and English languages. It will also be drawn up in German and Russian. The four texts shall be deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland, by whom certified copies will be communicated to all the signatory Governments, the four texts being equally authentic.

Pending the signature of the other texts, the signatures appended to the English text shall take effect as from to-day.

For the Government of the Union of South Africa:
C. T. TE WATER.
F. J. DU TOIT.
For the Government of the Commonwealth of Australia:
R. G. CASEY.
S. M. BRUCE.
For the Government of Belgium.
LUC. BEAUDUIN.
For the Government of Brazil:
DECIO COIMBRA.
For the Government of the United Kingdom of Great Britain and Northern Ireland:
J. RAMSAY MACDONALD.
For the Government of China:
QUO TAI-CHI.
For the Government of the Republic of Cuba:
J. GOMEZ M.
AURELIO PORTUONDO.
E. H. FARRÉS.
ARTURO MAÑAS.
For the Government of Czechoslovakia:
JAN MASARYK.
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CH. SPINASSE.
For the Government of Germany:
JOACHIM V. RIBBENTROP.
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For the Government of Haiti:
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CONSTANTIN DE MASIREVICH.
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For the Government of the Netherlands:
J. VAN GELDEREN.
For the Government of Peru:
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For the Government of Poland:
EDWARD RACZYNSKI.
For the Government of Portugal:
LUIZ FERREIRA DE CASTRO.
For the Government of the Union of Soviet Socialist Republics:
N. BOGOMOLOV.
For the Government of the United States of America:
NORMAN H. DAVIS.
(In respect of the Commonwealth of the Philippines):
URBANO A. ZAFRA.
For the Government of Yugoslavia:
V. MILANOVITCH.

Mr. THOMAS of Utah. Mr. President, when the President submitted this treaty to the Senate of the United States it was considered by the Committee on Foreign Relations and the committee decided that it was best that the treaty be not ratified until after the then pending Sugar Act of 1937 had become law.

The reason for that decision was a simple one. The Jones-Costigan Sugar Act was about to expire, the new Sugar Act of 1937 had not come into being, and the international sugar agreement, the treaty which we are to consider today, was based upon the theory of the quota system as provided in the Jones-Costigan Act, and also continued in the Sugar Act of 1937. Therefore it was proper that this treaty should not become the law of the land until we had a continuation of the quota act in our law.

In going over the treaty and considering it in all its aspects, with a knowledge of the history back of it, we found that there was no real objection to the treaty excepting in regard to a statement which was made at the time of the signing of the treaty by our representative, Norman Davis. This statement is not in any sense a part of the treaty, and was undoubtedly made merely to show the countries which were negotiating the treaty that the system of quota under the Jones-Costigan Act would continue to be the system of the United States, and the declaration went on to state that in case that act should come to an end, it would be the policy of our Government to continue things as they were.

It was deemed by a number of Senators, however, that in making the statement a rather unhappy expression had been resorted to, because by one interpretation it could be assumed that a representative of the executive branch of our Government was making a promise in regard to future policy, and that the authority to make such a statement belonged exclusively to the policy-making branch of the Government, the Congress of the United States.

Therefore, Mr. President, it was deemed quite essential that a reservation be added to the treaty, and as a result the Committee on Foreign Relations recommends that the separate statement, namely—

I am instruced by my Government to state that, in the event that its existing legislation imposing quotas upon the importation and marketing of sugar lapses within the life of this agreement, it will be its policy to maintain its tariff on full duty sugar at no higher rate than now existing—

made on the part of the United States at the time of the signing of this agreement, May 6, 1937, at London, shall not be regarded as constituting a part of the agreement.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. ADAMS. I merely wish to inquire of the Senator from Utah as to the basis for the statement made by Mr. Davis regarding what the Congress would do. It seems that when he signed the agreement he made a representation as to future acts of the Congress, and I am wondering whether the Senator knows upon what basis he presumed to make that representation.

Mr. McKELLAR. Mr. President, before the Senator answers the question I should like to ask him one, because I think his response would make clearer his answer to the question of the Senator from Colorado. I am not familiar with the pending treaty. What does it provide? Why should we make a treaty at all in regard to the importation of sugar? It seems curious to me that we should be entering into a treaty about that subject, and I should like to have the Senator explain what the effect of the treaty would be.

Mr. THOMAS of Utah. May I first answer the Senator from Colorado in regard to the reservation?

Mr. McKELLAR. Certainly.

Mr. THOMAS of Utah. Then, I shall be happy to give an outline of the treaty and also give an outline of what I consider the historical background which made the signing of the treaty probably a necessity.

The Senator from Colorado will remember that almost at the same time, if not just before the time, when our repre-

sentative made this statement in Europe, the President of the United States sent a message to the Congress of the United States calling attention to the fact that the Jones-Costigan Sugar Act would come to an end, and asking for sugar legislation to take its place. It was therefore deemed that the Congress of the United States would renew the provisions of the Jones-Costigan Act as they applied to quotas, and that that scheme of sugar relation, which was then the law of the land, would continue to be the law of the land. I think that is about the reason for the statement being made.

In the negotiating of treaties between many nations there is a give and a take. It is quite different from the enactment of ordinary laws, and the Senator will discover that in the pending treaty each nation promises to do certain things. The United States happens to be an importing Nation rather than an exporting Nation and in order that the United States could properly promise to fulfill its part of the compact it was, of course, necessary for the representative of the United States to say that our present sugar scheme would be continued and that therefore we would have control. Someone might ask, "How do we know it will be continued when you yourself know that the act will come to an end this year?" Then the answer probably came.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. O'MAHONEY. That certainly was not what the representative of the United States said. He said, in the language which was quoted and attached to the treaty, that if the regulatory measure ceased to have existence, in that event he agreed on behalf of the United States that there would be no change in the tariff duty which, I take it, is a very different statement from that just now made by the Senator.

Mr. THOMAS of Utah. But not a different statement from the one I made before, that we found in the explanation a rather unhappy choice of words which might be taken to imply exactly what the Senator from Wyoming has said, and therefore the need for the reservation.

Mr. O'MAHONEY. Then are we to understand that the Senator means that the representative of the United States in uttering this language did not mean to refer to tariff duties after the domestic regulation plan should cease to have effect?

Mr. THOMAS of Utah. I trust that is what he meant, because I cannot conceive of anyone representing the United States in a foreign land so unfamiliar with our constitutioal scheme as to imagine that anybody representing the executive department of our Government, especially in negotiating a treaty, could bind the Government of the United States to a policy which it was to follow, the formulation of which belonged entirely to the policy-making branch of our Government, namely, the Congress of the United States.

Mr. O'MAHONEY. Then, the purpose of the reservation is to make clear that it never was the intention of the executive branch of the Government to say to foreign countries what our foreign policy would or would not be, after the domestic regulation act should cease to have effect?

Mr. THOMAS of Utah. The purpose of the reservation is to have the Senate of the United States make clear that very point before it gives its advice and consent to the treaty.

Mr. O'MAHONEY. I desire to ask the Senator another question in amplification of that which was propounded by the Senator from Tennessee [Mr. McKELLAR]. From the Senator's point of view and from the point of view of the Committee on Foreign Relations, what is the exact effect of this treaty upon the domestic continental United States sugar industry? What are we binding ourselves to do or to refrain from doing?

Mr. THOMAS of Utah. The Senator means, of course, so far as the continental sugar industry of the United States is concerned?

Mr. O'MAHONEY. Yes; certainly.

Mr. THOMAS of Utah. Definitely, we are binding ourselves to the provisions found in articles 9 and 10 of the treaty.

Mr. O'MAHONEY. Will not the Senator summarize those provisions for the purpose of the RECORD?

Mr. THOMAS of Utah. Yes; but before I summarize them I should like to state, in answer to the question, that we are in reality binding ourselves by international agreement, if that is possible—we are talking rather loosely here—to see to it that the present national habits in regard to sugar, as reflected now in the Sugar Act of 1937, shall be continued.

Mr. O'MAHONEY. The Senator, of course, is aware that many sections of the country are not at all satisfied with the terms of the Sugar Act of 1937, and that they feel that the domestic quota should be increased. For example, there was prolonged debate upon the Senate floor on behalf of the State of Louisiana, and particularly the State of Florida, in criticism of what was called the restrictive quota upon those two States; that is to say, in effect, upon the amount of sugarcane which could be grown in the United States. The Senator is also aware that Senators representing the States which produced beet sugar were not at all satisfied to say that perpetually those States should have to regard themselves as being prohibited from expanding in the production of beet sugar.

Are we now to say to the governments of the world that, regardless of this attitude upon the part of the Rocky Mountain West, the Middle West, and the cane-growing States of the South, we are going to limit ourselves to the production authorized in the Sugar Act of 1937, when we all know that continental United States does not begin to produce the amount of sugar that the continent of the United States consumes?

Mr. THOMAS of Utah. We are going to say, in accordance with the provisions of the treaty, that we are willing, for a period of 5 years of experimentation in international sugar control, to try to bring about international sugar control in order to keep our country from suffering the distress it has suffered in the past by reason of noncontrol. We are willing, during the next 5 years, to experiment internationally on the same theory and along the same line on which we are experimenting nationally with respect to the quota theory.

Mr. O'MAHONEY. The Senator, then, does not regard this treaty as in any degree or sense indicating to the other signatories that it is to be the permanent policy of the United States to restrain domestic production of sugar beets and sugarcane?

Mr. THOMAS of Utah. Certainly not. The treaty itself provides a limitation of 5 years. I do not think any single one of the contracting governments would like to freeze this situation permanently, because we know that many of the contracting governments are hoping for a very much more extensive increase in the production of sugar in their own lands, and that they are also looking forward to the time when the consumption of sugar will be very much greater; and they actually provide in the treaty for setting up a commission to study sugar the world over, to control the free sugar market, and to administer the treaty. One of the things attempted will be to bring about an increase in the consumption of sugar; and if that is done to the proper extent—and there is the whole world before us in which to increase the consumption of sugar—there will be no curb upon the sugar production in any of those countries, because the world market will take care of the surplus in those countries which are exporting, and our own market will take care of our own production.

Mr. O'MAHONEY. Then am I to understand that it is the understanding of the other signatories that the treaty is in effect merely a temporary expedient designed to see what can be done toward stabilizing prices during the period of transition about which the Senator from North Carolina [Mr. BAILEY] was talking a little while ago?

Mr. THOMAS of Utah. Definitely so. We remember that the bottom fell out of the whole world sugar market and the

sugar industries throughout the world back in 1929, even before the great depression set in in this country. The Senate will also remember that with the bottom gone in the sugar industry the price of sugar fell so low that it reached a point very much less than a cent a pound, after deducting the tariff charge, and that brought sugar distress in the United States in spite of the tariff on sugar. We had a tariff on foreign sugar of 2½ cents a pound, and on Cuban sugar of 2 cents, and yet the price in the United States reached a point of just 1 mill—one-tenth of 1 cent—higher than the tariff itself charged on world sugar. This distress brought about thoughtfulness on the part of the sugar-producing countries of the world, and, under the leadership of Cuba, whose whole economic system rests upon sugar, there was brought into existence an agreement between sugar-producing corporations throughout the world known as the Chadbourne agreement.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. McKELLAR. Was there ever before an international treaty of that kind in reference to sugar?

Mr. THOMAS of Utah. No, sir. That was not an agreement between nations at all. It was an agreement between corporate producers of sugar in some 9 or 10 of the outstanding sugar-producing countries of the world. It failed, and as the result of its failure now comes this attempt, taken up as the result of the international conference of 1933, which made provision for the study of the question, and brought into existence the group of negotiators who gave us this treaty.

Mr. O'MAHONEY. Mr. President, if I may continue to trespass on the Senator's good nature, I desire to call attention to the last sentence of subparagraph (a) of article 9 of this treaty. That sentence reads as follows:

If the quota of the Commonwealth of the Philippines should be reduced below an amount equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar, the Government of the United States further undertakes to permit a net importation (as defined above) from foreign countries of a net quantity of sugar equal to the amount of such reduction.

Of course, the plain effect of that provision is that to whatever extent the quota from the Philippine Islands may be reduced, to that extent the importations from foreign countries shall be increased, and the right of domestic producers of sugar beets and sugarcane shall be curtailed, and the right of producers of sugarcane in Hawaii, Puerto Rico, and the Virgin Islands shall also be curtailed.

Mr. THOMAS of Utah. "Curtailed" is hardly the right word, because if our domestic consumption increases, of course, there will be no curtailment at all.

Mr. O'MAHONEY. The Senator is correct, of course; but their right to expand will be limited to that extent.

Mr. THOMAS of Utah. Limited, of course, so far as the 800,000 tons and 50,000 tons of refined sugar are concerned. The whole effect and the whole purpose of this guaranty is that if and when the provisions of the Philippine Independence Act, and if and when the provisions of our own quota system are changed, then the United States promises that as far as the amount of sugar which is brought in from the Philippine Islands under the two acts is concerned, we will not try to prevent the free sugar markets from coming in and sharing in that advantage if there is a chance to increase our imports. I wish to stress the fact that we must remember there are two conditional propositions in connection with that very striking clause in this paragraph.

Mr. O'MAHONEY. Mr. President, it may be proper to call attention at this time to the fact that the so-called Philippine Independence Act of 1934 binds the United States to admit from the Philippines, during the period when the act is effective, free of duty, 800,000 long tons of unrefined sugar and 50,000 tons of refined sugar. That provision is to be found in subparagraph (a) of section 6 of that act.

It is also provided in section 10 (a) of the act that—

On the 4th day of July immediately following the expiration of a period of 10 years from the date of the inauguration of the new government—

That is, the new government of the Philippine Islands—

under the constitution provided for in this act the President of the United States shall by proclamation withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing.

In other words, it is provided that 10 years from that date, which will be in 1946, the Philippine Islands become absolutely free and independent.

Section 13 of the act provides:

SEC. 13. After the Philippine Islands have become a free and independent nation, there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries.

In other words, we are obligated by that act after the Philippines become independent to levy the same duty on Philippine sugar that is levied on sugar coming from any other country.

Mr. THOMAS of Utah. I think if the Senator will permit me, there ought to be read in connection with the provisions he has read from the act a part of paragraph (e) of the sixth section which shows a little further the spirit of the Philippine Act and the preparation which the United States Government attempts to provide in order to bring the Philippines into a position where they may withstand this economic change which freedom would cause. It indicates that the provisions of the Philippine Act and the theory and wording of the treaty are definitely in harmony with the same end. For example, the Philippine Act provides in regard to all articles exported duty free from the Philippines to the United States:

(e) The Government of the Commonwealth of the Philippine Islands shall impose and collect an export tax on all articles that may be exported to the United States from the Philippine Islands free of duty under the provisions of existing law as modified by the foregoing provisions of this section, including the articles enumerated in subdivision (a)—

Which, of course, relates to sugar—

(b), and (c), within the limitations therein specified, as follows:

(1) During the sixth year after the inauguration of the new government, the export tax shall be 5 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

(2) During the seventh year after the inauguration of the new government, the export tax shall be 10 percent—

And so on; the idea being that the Philippines themselves by self-discipline will by an export tax bring their exportation of goods into the same competitive sphere which the goods would have to enter after independence without the preference which is given them in the United States.

Mr. O'MAHONEY. The Senator is aware that in the Philippines there is a very strong movement in favor of earlier independence than that fixed in the act? If that movement should be successful, if the United States should, for one reason or another, recognize that movement and grant freedom at an earlier date than 1946, then the United States would no longer be under any obligation, legal or moral, but would, as a matter of fact, be bound by this act, if it were to be interpreted as effective, then to levy the same tariff upon Philippine sugar as is levied on other sugar. Therefore, the 800,000 tons of free sugar would no longer be coming into continental United States. That is a fact, is it not?

Mr. THOMAS of Utah. Theoretically that is true, excepting that the Government of the United States never weighs its moral obligations; in fact, it has in this agreement a very strong moral obligation to help the Philippines out in a situation of this kind. While it has no particular bearing upon what we are talking about today, it has a bearing to a certain extent. For instance, in the Philippine Act it is provided:

That at least 1 year prior to the date fixed in this act for the independence of the Philippine Islands, there shall be held a conference of representatives of the Government of the United States and the government of the Commonwealth of the Philippine Islands, such representatives to be appointed by the President of the United States and the chief executive of the Common-

wealth of the Philipipne Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States; but nothing in this proviso shall be construed to modify or affect in any way any provisions of this act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

Mr. President, the President of the United States and the President of the Philippine Commonwealth, in keeping with the spirit of the act, have already appointed committees, and those committees are now acting quite in conformity with the spirit of this treaty and with the spirit of the act, to bring about between the United States and the Philippines such reciprocal arrangements as will make it possible for the Philippines if they so desire, to receive their independence at an earlier date, at an advantage to both countries instead of at a disadvantage to either. The committees are now functioning and engaged in a study and in making preparation for such time.

Mr. O'MAHONEY. Then, I ask the Senator what his view would be of the proposed reservation, a copy of which I handed to him this afternoon and a copy of which I now send to the desk with a request that the clerk may read it.

The PRESIDING OFFICER (Mr. McGILL in the chair). Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

The provision of paragraph (a) of article 9, viz: "If the quota of the Commonwealth of the Philippines should be reduced below an amount equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar, the Government of the United States further undertakes to permit a net exportation (as defined above) from foreign countries of a net quantity of sugar equal to the amount of such reduction," is to be interpreted as applying only during such period as the obligations of the Philippine Independence Act of 1934 with respect to the importation of sugar from the Commonwealth of the Philippines into continental United States without duty remains binding upon the United States.

Mr. THOMAS of Utah. Will the Senator from Wyoming be good enough to restate his question?

Mr. O'MAHONEY. I was inquiring what the Senator's reaction would be toward the advisability of adopting that or some similar reservation the purpose of which, of course, is to make it clear that in the event the Philippine Islands should become independent before the expiration of the date fixed in the Philippine Independence Act and their quota should be materially reduced, then the United States would be free to distribute such a reduction among the continental producers of sugar beets and sugarcane and then among the producers in Hawaii, Puerto Rico, and the Virgin Islands?

Mr. THOMAS of Utah. Of course, if the Philippines should become independent, then their status under this treaty would be changed. Therefore, immediately there would be brought into existence a stimulation for further negotiation and a stimulation for further exchange of thought. The international council being in existence, it would be able to report to the Government of the United States and to the other governments concerned, that conditions had changed.

Mr. McKELLAR. Mr. President, will the Senator yield to me there for a question?

Mr. THOMAS of Utah. I yield.

Mr. McKELLAR. I notice that this treaty is signed by a representative of the new Philippine government as well as by representatives of our Government. In the opinion of the Senator, would there be any moral obligation on the part of the United States to continue, after Philippine independence, the permission to export Philippine sugar into the United States to the amount of 800,000 long tons?

Mr. THOMAS of Utah. There would be under the provisions of the treaty.

Mr. McKELLAR. Does the Senator think that would be right? Does the Senator think we ought to bind ourselves by treaty to disregard the law that has been passed by the Congress which would give us the right, without any moral obligation to do otherwise, to levy a new duty on Philippine sugar just as on other sugars? We are giving the Philippines their independence. It was with the understanding, as I recall, that they would have to take the consequences to their economic system and run the risk of a tariff on sugar shipped to the United States just as is done by other nations. If they are a free and independent nation, I should think it would be proper to treat them as an independent nation and put a tariff on their sugar just as we put a tariff on the sugars of other countries. If this treaty would put upon the United States the moral obligation to continue the importation of 800,000 tons of raw sugar and 50,000 tons of refined sugar, I do not think we should enter into it.

Mr. THOMAS of Utah. I think the Senator misunderstood me. If the Philippines receive their independence we are under no obligation to continue them upon this basis.

Mr. McKELLAR. I notice the treaty is signed by their representative. I am wondering if it would not be an obligation or if they do not think it would put an obligation upon us to continue letting 800,000 tons of their sugar come in without duty.

Mr. THOMAS of Utah. The treaty is signed by the Philippine representative, but in the message of the President of the United States in transmitting the treaty he told us that the treaty will also have to be ratified by the Philippine Commonwealth or by the assembly or legislature of the Philippine Islands.

Mr. McKELLAR. I have no doubt they will do it if it is to their interest to do it.

Mr. THOMAS of Utah. It is to their interest, and I think the Senator's question has brought forth what should be explained as one of the primary reasons for this provision in regard to Philippine sugar.

It should be remembered that the Philippine Islands are capable of producing and exporting very much more than the 800,000 tons which come to us now. It would be a very easy matter for the Philippines to export into the free market as high as 1,500,000 tons, or twice as much as they are exporting to the United States, and we are the only country to which they are exporting at the present time.

The purpose of that provision in the treaty is to help us so to regulate the Philippine exports, as that they will be controlled in an orderly manner, and that the Philippine Islands will not find themselves in a position of necessity to dump upon the free markets of the world all the possibilities of their exportations. There are only 3,500,000 tons which go into the free markets of the world. There are 30,000,000 tons of sugar produced and 30,000,000 tons of sugar consumed, but it is through the 3,500,000 of exports into the free market that the ultimate price of sugar is fixed. Students who have studied the sugar business nationally and internationally for sometime realize if we can keep that rather constant, so the world may not be flooded with an excess surplus, we can keep the price of sugar somewhere near the point where there is no distress with regard to sugar throughout the world—keeping it from going so high that the consumer will never be mistreated, and keeping it from going too low so that the economic affairs of the countries that produce sugar and depend upon it will not be affected.

If this treaty should become effective and if we anticipate Filipino independence at a certain time, it would be wise for us to allow to go into the free market of this 800,000 tons which come to us 50,000 tons one year and let the free market learn how to assimilate the Philippine sugar, and keep 800,000 tons constant after Filipino independence instead of allowing the Filipinos to think in terms of a dumping process.

Therefore, the provision has two sides to it. It is for the benefit of the Philippines, it is for the benefit of the United States in more ways than one, and it is for the benefit of the whole world.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Kansas?

Mr. THOMAS of Utah. I yield.

Mr. ADAMS. I wish to ask the Senator for his interpretation of subsection (b) of article 9. In that section it is provided that—

> In the allocation of import quotas to foreign countries as provided above, the Government of the United States undertakes that the percentage so allotted to countries parties to the present agreement shall not in the aggregate be less than the percentage allotted to those countries at the time of the signature of the agreement.

My inquiry is whether or not the term "foreign countries" as there used would include Cuba? If so, it is a matter of some significance, because it would prevent our decreasing the percentage which comes from Cuba, or whether or not the term "foreign countries," as there used, is to be read in connection with the term "foreign countries not enjoying preferential duty rates" as it appears in lines 4 and 5 of subsection (a) of article 9.

Mr. THOMAS of Utah. I think it refers to foreign countries other than Cuba, because Cuba does enjoy preferential rates.

Mr. ADAMS. Does the Senator think subsection (b) does not tie us to continue allowing importations from Cuba, during the life of this agreement, of the percentage now permitted to them?

Mr. THOMAS of Utah. I think the Senator has two ideas there and I am wondering if they will not become confused.

Mr. ADAMS. That is the reason why I am asking the question, so they may not become confused.

Mr. THOMAS of Utah. The agreement between the United States and Cuba is a domestic agreement in a way. It grows out of our Sugar Act of 1937. We promise by the treaty, the 17 exporting governments of the world, that we will not interfere with the even flow of that share of the world free market which we have been accustomed to take, and that is all we have promised.

Mr. ADAMS. But does it obligate us to permit Cuba, from which we import some 60 percent of our sugar, to continue to bring in 60 percent of the sugar of the United States; that is, the percentage we might get from Ecuador or from other countries is not material, but the percentage as applied to Cuba is very material.

Mr. THOMAS of Utah. Even if it did, Cuba would only have her percentage of the percentage which we allowed.

Mr. ADAMS. Why not use tonnage rather than percentage? Why continue to allow foreign countries to participate in the expanded consumption of this country?

Mr. THOMAS of Utah. We are not, excepting as to the 800,000 tons, and the 50,000 tons of Philippine sugar which already comes in under a quota system. The whole promise and the whole effect of this part of the treaty is that we promise to leave the relationships as they are during the lifetime of this treaty; that we will not take advantage of Philippine independence to upset the arrangement as far as this matter is concerned, but we will help the Philippines to get their 800,000 tons into the free market.

Mr. ADAMS. Is this section limited to the Philippine matter? I do not so read it. That is the reason why I am trying to get an interpretation. This apparently is a blanket obligation on our part to permit the same importations from foreign countries that are being permitted at the time of the signature of this agreement. It might be that we should want to reduce the percentage which is coming in from Cuba, and at the same time not reduce the actual tonnage coming in from Cuba.

Mr. THOMAS of Utah. If the Senator will look at section 19, probably he will have his answer. There are the quotas of the contracting governments, and Cuba is allowed 940,000 metric tons in the free market quota. That is all that Cuba can export into the free market. We are bound in the case of Cuba by our other agreement, which is a domestic agreement; and it is from this free market that this excess, or the difference between the 800,000 tons of Philippine sugar and our sugar, may come. If the Senator will figure what Cuba's share in that might be, it does not mean the exportation of a single additional ton from Cuba. We would take from the world market perhaps Cuba's share, perhaps some one else's share, but it is controlled by Cuba's promise for exportation into the world market.

Mr. O'MAHONEY. Mr. President, the attention of the Senate ought to be called to the fact that this is an agreement for 5 years, while the Sugar Control Act of 1937 expires in 1940. In 1940 the whole question of domestic quotas will be revived. There will be the question of the Hawaiian quota, the Puerto Rican quota, the quota for the Virgin Islands, the quotas for Florida and for Louisiana; and it would appear to me from this language that even though in the meantime the Philippines should become independent, we are bound not to reduce the quota from the Philippine Islands unless we shall give it to the foreign countries. I ask the Senator what, in his opinion, would be the objection to adopting the proposed reservation which I have sent to the desk?

Mr. THOMAS of Utah. May I answer the first part of the statement first? If we enact sugar legislation which is in disagreement with the foreign treaty, the sugar legislation has its way in the law of the land, does it not, and the treaty becomes inoperative, as far as that is concerned? There is the answer.

Mr. O'MAHONEY. Of course, that would be abrogating the treaty, which would be a rather difficult thing to do, and something that one would hardly expect the country to do in normal circumstances.

Mr. THOMAS of Utah. Therefore if it is difficult to do that—and I grant that it is difficult, and probably not quite right—will we not, by enacting this treaty, have made it necessary to consider the whole sugar question at the end of 1940, when the act is to be renewed again?

Mr. CONNALLY. Mr. President——

Mr. THOMAS of Utah. And having the knowledge which we shall have gained during 3 years of experiment and trial of an international quota system, we shall then know whether or not we want to continue this arrangement.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. The Senator from Texas [Mr. CONNALLY] has a question which he desires to ask. I yield first to him. Then I will yield to the Senator from New York.

Mr. CONNALLY. Mr. President, I was about to suggest to the Senator that I think there is some misapprehension about the effect of a treaty. A treaty has two aspects. Under the Constitution, when it is ratified, it is the law of the land; but it may be repealed just like any other law. If Congress, even after the ratification of this treaty, should enact a new statute, it would supersede the treaty. That does not mean, though, that we should be guiltless, because we should have broken our contract.

A treaty is a law, and it is also a contract with a foreign government. As long as it is a law, it operates on our citizens just like any other law; but we may breach it by repealing the effect of the law, and our citizens then become subject to the new act. But, of course, unless we breach the treaty under the provisions of its own terms as to how we may denounce it, we stand in the rather unenviable light of having broken an international promise.

So when we speak of a treaty being a law, it is a law, but it is also a contract with a foreign government; it has those two aspects; but a treaty may be repealed so far as our own citizens are concerned by the enactment of a new statute.

Mr. THOMAS of Utah. I thank the Senator.

Mr. COPELAND. Mr. President——

Mr. THOMAS of Utah. I yield to the Senator from New York.

Mr. COPELAND. In my capacity as a "Senator from Puerto Rico" I desire to ask a question. I think perhaps if I were to remain quiet, I should get the answers to all my questions; but, as a matter of fact, this treaty does freeze the quotas provided under our legislative act; does it not?

Mr. THOMAS of Utah. It freezes them in what way, Mr. President?

Mr. COPELAND. Take the case of Puerto Rico, for example: There was a certain legislative act with respect to

the amount of sugar that might come in from Puerto Rico. It is on the basis of that act and that particular importation that Puerto Rico's share in this matter is found; is it not?

Mr. THOMAS of Utah. Puerto Rico's share comes out of the Sugar Act of 1937; does it not?

Mr. COPELAND. Yes.

Mr. THOMAS of Utah. And this treaty is built to that extent upon the quota theory internationally, as our Sugar Act of 1937 is built upon the quota theory nationally.

Mr. COPELAND. And in making an answer a moment ago to one of the other Senators, I think the Senator from Utah said that in 1940, when that act terminates, the whole question will be open for consideration as to how much shall be allotted to the various domestic areas of our country.

Mr. THOMAS of Utah. By 1940, by the time our Sugar Act comes to an end, the sugar countries of the world will have experimented for 3 whole years with this treaty. If it is failing, we know that it, too, will be renounced by the nations of the world.

Mr. COPELAND. I can see that the Senator has cleared up a matter I had in my mind. It is a matter of great concern to Puerto Rico; but the Senator from Utah is not to blame for that. The amount of Puerto Rican sugar was reduced about 34,000 tons under the arrangement that we made; and since Puerto Rico's crops are confined to sugar, tobacco, fruits, and coffee, it is a matter of serious concern to Puerto Rico what shall be done in the future regarding sugar. That is because now, under the reciprocal-tariff arrangements and the agreement with Cuba, the tariff on fruits has been reduced one-half, and our habit as regards the kind of tobacco we smoke has changed, so that the old 10-cent cigar that was made in Puerto Rico is not in demand any more; and then coffee, by reason of conditions abroad, has no further sale; so sugar is the only hope of Puerto Rico. But I take it to be the case that in any event the treaty has no effect upon changing the present quota system which we have set up by legislative act, and at the end of the time of that arrangement we shall have to consider the matter. Meantime, the Senator suggests that there will have been experience in the working out of the treaty. Is that true?

Mr. THOMAS of Utah. Very much experience; and if we succeed in keeping the price of sugar around 2 cents in the world market, which is a very high price, the Puerto Rican sugar industry will be thriving, of course, and our own sugar industry will be thriving. It is when sugar drops below 1 cent that Puerto Rico has her distress and our sugar interests have their distress. The whole world is in the same bucket when it comes to distress sugar, because the world grows and manufactures more sugar than the world can consume.

Mr. O'MAHONEY. And by this treaty we are entering into an agreement with all the world to partition the supply of sugar and to limit it to the world's capacity under present economic conditions to consume sugar.

Mr. THOMAS of Utah. That is more or less true.

Mr. O'MAHONEY. As a matter of fact, the United States is the market for most of the sugar; it is the most desirable market.

Mr. THOMAS of Utah. It is the largest importer in the world.

Mr. O'MAHONEY. All the world looks with envy at this market.

Mr. THOMAS of Utah. That is true.

Mr. O'MAHONEY. We have Hawaii; we have Puerto Rico; we have the Philippine Islands; we have our own sugarcane-growing States; and we have our own sugar-beet-growing States, all desirous of expanding their production. We know that the improvements developed by science are steadily increasing the proportion of sugar in the cane. The productivity of Louisiana cane and Florida cane and Hawaiian cane is much greater today than it was 10 or 15 or 20 years ago, so that by this treaty we are, as a matter of fact, saying to the world, "We are going to give you part of our market, regardless of the interest of our own sugarcane and sugar-beet producers."

Mr. THOMAS of Utah. Not regardless of their interest.

Mr. O'MAHONEY. Regardless of their desire to produce.

Mr. THOMAS of Utah. If under the present world conditions there were any way to make it possible to guarantee prosperity to the American sugar interests without some kind of international agreement, the statement which the Senator has made would be perfectly valid. But I care not how high we put a sugar tariff; we may even embargo sugar, if we will, but we still have our nearest neighbor—Cuba—to take care of; we still have the Philippines on our hands; we still have Hawaii on our hands; we still have Puerto Rico on our hands.

Mr. O'MAHONEY. But this obligation is to take care of other foreign countries. The Senator has just said that the phrase "foreign countries" in article 9 does not mean Cuba, because we have a preferential arrangement with Cuba.

Mr. THOMAS of Utah. To take care of the sugar of the foreign market, which, of course, is sugar from other foreign countries.

Mr. O'MAHONEY. The obligation of the sentence to which I have been asking the Senator's attention is that "the United States further undertakes to permit a net importation from foreign countries of a net quantity of sugar equal to the amount" of the reduction of the Philippine Island quota.

Mr. THOMAS of Utah. Very well; assume that we have a chance to expand the whole limit of Philippine importations. What is done to Louisiana, what is done to Florida, what is done to the beet-growing States? They have been given nothing, because under the present quota they cannot expand that far, anyway.

Mr. O'MAHONEY. But there are 2 years which will intervene after the present quota act comes to an end before the treaty will cease to be effective. Therefore in 1940, when the Senate and the House of Representatives undertake to rewrite the Sugar Control Act, they will be bound by this provision.

Mr. THOMAS of Utah. Not at all; they would be bound by the conditions of 1940.

Mr. O'MAHONEY. If in the Sugar Control Act of 1940 the quota of the Philippine Islands should be reduced from 800,000 to 400,000, could we, under this treaty, distribute that 400,000 tons among Florida and Louisiana and the Rocky Mountain States?

Mr. THOMAS of Utah. Let us assume that the consumption of sugar will return to the status of 1927 and 1928, and the possibilities are that it will be very much greater than that, and that by 1940 as a result of this international sugar agreement, and as a result of the aim of the International Sugar Council to increase the consumption of sugar when there is a changed world to deal with the former status is reached, and it must not be thought that conditions are going to be frozen as they are today from now on to the end.

Mr. O'MAHONEY. The Senator may be more optimistic than I am with respect to the changing world.

Mr. THOMAS of Utah. Let me tell the Senator that it may be germane and all right to make fun of statements, but it is a fact, in regard to sugar, that it is the least exploited of all products in the world.

Mr. O'MAHONEY. I will grant the Senator that, and I certainly did not mean to make fun of his statement. If he thinks I did, I withdraw the statement. I am merely asking him to answer the plain question whether if we should in 1940 decrease the Philippine quota by 400,000 tons, we would not then be bound by this treaty to give that 400,000 tons to foreign countries, and not retain it for our own people.

Mr. THOMAS of Utah. To the world free market, which of course means the exportations of foreign countries.

Mr. O'MAHONEY. The language here is not "the world free market"; the treaty says "to foreign countries." I am trying to get the Senator to tell me what that means, and what its effect would be.

Mr. THOMAS of Utah. It merely means that there is set up a controlled free market of 3,500,000 tons, and that 3,500,000 tons is all of the sugar which all the 17 exporting countries are allowed to export under the quota system.

Mr. O'MAHONEY. That is true—export to the United States.

Mr. THOMAS of Utah. No; to the world.

Mr. O'MAHONEY. Part of it coming to the United States.

Mr. THOMAS of Utah. That part comes to the United States which the United States needs, of course. If the price of sugar gets above 2 cents in the world market we will want more, because that would bring distress to the consumer in the United States. The Senator will find that every idea has been thought of, and that not a single thing is given, but very, very much is gained.

Mr. O'MAHONEY. I dislike very much to seem to pursue the matter unduly, but it seems to me the Senator has not answered my question. If we cut 400,000 tons off the quota of the Philippine Islands in 1940, we cannot add any part of that to the production of the State of Idaho, of the State of Ohio, of the State of Michigan, of the State of Utah, of the State of Wyoming, of the State of Colorado, or of any of the other States of the Union which produce sugar beets or sugarcane, under the provisions of this treaty. Am I not stating the interpretation correctly?

Mr. THOMAS of Utah. The Senator is not taking in all of the factors, certainly.

Mr. O'MAHONEY. If the Senator would merely answer the question yes or no, then we could take in the other factors and determine where we are going.

Mr. THOMAS of Utah. The language is that if we do not take 800,000 tons from the Philippines we will allow sugar from the free market to come in to take the place of the difference between the 800,000 and what does come in.

Mr. O'MAHONEY. I beg the Senator's pardon; that was not the sentence. It says the United States "undertakes to permit a net importation from foreign countries," not from the free market.

Mr. THOMAS of Utah. That is exactly what I meant to say; foreign countries are included in the free market, and the foreign countries are listed on page 9, and the free market is set up. The Senator will note, in going over the list of those countries, that there is a curb put upon the exportation of every country which exports sugar. That is what all those countries give, and in return we get the guarantee of a decent, stable sugar price.

Mr. O'MAHONEY. Will the Senator, on behalf of the committee, accept the proposed reservation I sent to the desk?

Mr. THOMAS of Utah. No; it would be wrong to accept it. Economically the reservation means nothing, either for the United States or against the United States. Diplomatically it means very much, because it would endanger the going into effect of the whole treaty. It would be the duty of the United States to report this reservation, because it would modify the body of the treaty. It is very different from the other reservation.

Mr. O'MAHONEY. And does the Senator believe that the United States derives sufficient benefits from this treaty to justify the rejection of a proposal of that kind?

Mr. THOMAS of Utah. Oh, very much more than sufficient benefits.

Mr. O'MAHONEY. What benefit does the United States derive?

Mr. THOMAS of Utah. The best way to answer that question is to recite a little bit of history, and then we shall realize the benefits which we derive.

Under the Tariff Act of 1930 we placed the tariff on sugar at 2½ cents for the world market and 2 cents for the Cuban market. Yet with that very high tariff, as I have already said, sugar in the United States reached the price of 2 cents and 6 mills. In other words, there was so large a supply of sugar in the world that sugar came into the United States at the price of 1 mill, one-half of 1 cent, as far as the sugar producers were concerned, because they had to pay the tariff of 2½ cents. That brought utter distress to our sugar industry. It was from that distress that we have been trying to recover; and, no matter what we have done, we have discovered that the world's sugar market is the single factor which controls the price in the United States.

This is the first attempt that I know anything about to control the world market in a given product by international agreement; and sugar is probably the best product with which to begin, because after it is controlled it will bring stability from one end of the world to the other, and an institution is set up which will start studying sugar problems and increase consumption of sugar in the world, and probably bring about better conditions everywhere.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. McKELLAR. I am not familiar with this treaty, nor had I examined it before this afternoon, and I have had opportunity to examine it only hastily since then. If the United States should enter into a subsequent agreement with the Philippines to reduce their quota, say, 400,000 tons, so that it would be 400,000 tons instead of 800,000 tons, does this treaty provide that we must accept 400,000 tons from foreign countries without duty?

Mr. THOMAS of Utah. No; not without duty.

Mr. McKELLAR. In other words, they would pay the same duty, but the sugar could come in from Java or elsewhere, from whatever place may be determined?

Mr. THOMAS of Utah. Yes.

Mr. McKELLAR. Cuba has a preferential position. Could that 400,000 tons be allotted to Cuba?

Mr. THOMAS of Utah. No. As has already been stated, Cuba is bound by her export quota agreements with all countries under this treaty. Therefore, it would be impossible for the United States to allot it to Cuba. It would have to come from the pools of the world's free markets.

Mr. McKELLAR. What I am afraid of is that we are going to get our lines crossed, to use an ordinary expression, in our dealings with the Philippines. After we have passed an act providing for an agreement with respect to sugar with the Philippines, we make this treaty, which is the supreme law of the land, and by which we shall be governed until the expiration of the treaty, or until the treaty is no longer in existence, and we thereby incur an obligation to the Philippines.

Mr. THOMAS of Utah. The Philippines have already incurred an obligation under the treaty, and the Philippine legislature will ratify the treaty. The United States has set up a commission to study the subject.

Mr. McKELLAR. It is not a question about their being bound by the agreement; but what I am wondering about is whether we ought to be bound by an agreement for a longer period of time than the present sugar law provides.

Mr. THOMAS of Utah. That is the 2 years that the Senator from Wyoming [Mr. O'MAHONEY] has mentioned.

Mr. McKELLAR. Yes.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. ELLENDER. As the Senator from Utah knows, there is much agitation at this time to give freedom to the Philippines before the period of time specified in the Tydings Act. Let us assume that next year, at the coming session of the Congress, the Congress should pass a law giving freedom to the Philippines at once. How much of the amount of sugar that is now sent into this country from the Philippines would be assigned to continental producers?

Mr. THOMAS of Utah. In the United States?

Mr. ELLENDER. Yes; and how much would be assigned to Puerto Rico, and to the Virgin Islands, and to any of our possessions, if this treaty were to be ratified as it is proposed?

Mr. THOMAS of Utah. I think none of it, as I have answered the Senator from Wyoming.

Mr. ELLENDER. Does the Senator think that is fair?

Mr. THOMAS of Utah. Very fair. In the first place, the fairness comes to the Philippine Islands in this way——

Mr. ELLENDER. I do not mean the Philippine Islands. I mean to the continental producers.

Mr. THOMAS of Utah. We will come to the continental producers next, if the Senator wishes. It is fair to the Phil-

ippine Islands in that the aim is to change the Philippine exportation to the United States, which will go into the world market in an orderly, proper way without upsetting the Philippine market. It is fair to the world in that the Filipinos are bound by the quota provision, and are therefore prevented from doing what they can do the minute they become independent, which is to dump something like 1,500,000 tons—and they can grow twice that much—on the world market without restraint. It is beneficial to the United States, not only because of the moral obligation we have to see the Filipinos and the Philippine Islands through, but it is beneficial to the United States sugar producers themselves because it gives the control which keeps the quota system with respect to foreign exporters where it is at the present time.

Mr. ELLENDER. But we have that control system now; do we not?

Mr. THOMAS of Utah. We do not.

Mr. ELLENDER. How do we operate now? We do not permit more than a certain amount of Cuban sugar and a certain amount of other foreign sugar to come in. How would we keep our present system?

Mr. THOMAS of Utah. We have control under our quota system. Internationally, in the world market, there is no control at all, unless we can get the exporting sugar countries to agree to this agreement. If the time ever comes when we have an increase above the 3,500,000 tons permitted under the present arrangement, we shall have distress in our own sugar markets here in America, because the price of sugar here in the United States is controlled by the price of sugar on the world markets. Therefore, benefit will result from the treaty all the way around. In fact, no one is hurt by this treaty, and everyone is benefited.

Mr. ELLENDER. Except, as I see it, that if the treaty is ratified, continental producers and the Philippine producers who cannot expand will be penalized.

Mr. THOMAS of Utah. They can expand to the extent of the 800,000 tons, plus the 50,000 tons of Philippine sugar that is coming in now.

Mr. ELLENDER. That is the system under which we are now operating. Is that not true?

Mr. THOMAS of Utah. Yes; that is true, of course.

Mr. POPE. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. POPE. Did the Senator say there were about 10,000,000 tons surplus on the market in 1929 when distress came to the sugar producers all over the world?

Mr. THOMAS of Utah. I do not remember the figure exactly, but it was very much above what the world can take care of—the 3,500,000 tons.

Mr. POPE. Then the 3,500,000 tons would be what we might call a normal carry-over, using a term we have been using in connection with our discussion of the farm bill in the last 3 or 4 weeks. Let me ask the Senator whether in a large way, affecting the world, we are attempting to do what under the farm bill we have been attempting to do with the surplus in our own national economy? Is there not an analogy there concerning dealing with the surpluses in order to have a fair price for the commodities?

Mr. THOMAS of Utah. Of course, this treaty only deals with the export quotas, which are not equivalent to the surpluses, so that internationally it would be better to say we are trying to apply a quota system of exports in much the same way that nationally we apply the quota system in the United States.

Mr. POPE. The Senator from Louisiana was perfectly willing that the individual States might have an allotment under our farm bill, and even that the individual should submit to an allotment in the interest of the public welfare. Would it not be fair to say that the United States should be willing to sacrifice a little something in order to help control the surplus and therefore obtain a fair price for sugar the world over, including the United States?

Mr. THOMAS of Utah. That would be fine if we were sacrificing a single thing economically. That is all we give in return for all that the exporting sugar countries give. When we compare them it should make us a little bit ashamed.

Mr. POPE. I used the term "sacrifice" in this sense, that the Senator from Wyoming and the Senator from Louisiana have both felt we were sacrificing the right of our own producers to increase our production in some way. Even in that sense would it not be fair that we observe some sort of limitation, if it would mean a fair price for those very producers for the sugar they produce instead of permitting them to produce all they want to and, with the rest of the world doing the same thing, to bring down the price of sugar below any possibility of the producer making a living?

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. ELLENDER. In answer to the Senator from Idaho, all that I think we ought to get is a share of the 800,000 tons from the Philippines. As I understand the treaty, it does not respect our rights at all, but gives it all to foreign countries. All I think we ought to get is a few hundred tons to distribute among continental growers. As I understand the treaty, it gives it all to foreigners and none to us.

Mr. O'MAHONEY. Mr. President, will the Senator yield further?

Mr. THOMAS of Utah. Certainly.

Mr. O'MAHONEY. I assume what the Senator from Idaho just said and what the Senator from Utah just said is substantially correct. I do not know that I would want to distribute at all. This treaty, like the Sugar Control Act and like the farm bill, is an attempt to divide among certain producing agencies, individuals, or areas a limited amount, that amount which can be consumed by a world which is on too low an economic level. In the United States of America we have millions of people who are today living upon a security wage and who cannot, therefore, consume all the things they would like to consume—indeed, cannot consume the things they ought to consume if they were to live well and supply their bodies with what their bodies should have.

The trouble with the farm bill, the trouble with the Sugar Control Act, and the trouble with this treaty is that they are all geared to low consumption. The time should come when we begin to gear our treaties and our laws to increasing consumption instead of decreasing consumption.

The reason why I have raised the question this afternoon is not because I apprehend any great danger in the particular treaty now pending, but because I want to serve notice that it is not the intention of the producing areas of the United States continually and permanently to consent to a repressed standard of living. I assume when the treaty was under negotiation and when this particular sentence to which attention has been called was introduced there was a feeling on the part of the negotiators that there might be some reduction of the Philippine quota. But I do not apprehend it was in the mind of the negotiators that that quota would be altogether eliminated or that any large proportion of it would be reduced. Am I correct in that assumption?

Mr. THOMAS of Utah. I think the Senator is very correct. That would be my assumption.

Mr. O'MAHONEY. If it were understood that in all probability the Congress of the United States, in revising the Sugar Quota Act in 1940, would not materially reduce the Philippine quota, there would probably be no very great objection to the ratification of the treaty as it stands. But for one I want to be understood as taking the position that I do not agree, in the event the Philippine Islands are to become free and there should be a substantial reduction of their quota, that the United States should not in any event distribute that substantial quota to its own domestic producers—and when I speak of domestic producers in this regard I include the producers of Hawaii, Puerto Rico, and the Virgin Islands.

Mr. McKELLAR. Mr. President, will the Senator from Utah yield?

Mr. THOMAS of Utah. I yield.

Mr. McKELLAR. There is one assurance I would like to have about the matter. I am not as well versed about it as I should be, perhaps. In the event that we should make an agreement with the Filipinos for their independence, and should establish a preferential quota somewhat as we did with Cuba, allowing Cuba to send her sugar to the United States at a lower tariff rate than other countries enjoyed—in the event that we should conclude it was wise to establish some such agreement with the Philippines, if they should get their independence, in order that they might send in so much sugar at a lower tariff rate rather than send it in free as they do now—would it be our duty to continue to allow their sugar to come in free, or would we be in a position to give them a preferential rate, and not free sugar? Would this treaty interfere with such a program as that?

Mr. THOMAS of Utah. I think not; first of all, because of the time limit; and secondly, I think that whatever we do with the Philippine sugar would have to be done consistent with the present Philippine Act, which, as the Senator will remember, puts an export tax upon imports into the United States after a certain time.

There are so many factors which have to come into the new arrangement that we would have to carry on negotiations as we are carrying on negotiations now, and the arrangement would be worked out between the United States and the Philippines in a way quite consistent with what the United States would have and what the Philippines should have.

Mr. McKELLAR. Then does the Senator feel that he can give the assurance to the Senate that if the treaty should be ratified it would not interfere at all with our relations with the Philippines, the Filipinos, and their independence? In other words, would we be perfectly free to contract with them on the basis of our present law and such future laws as we might undertake to enact?

Mr. THOMAS of Utah. I should think the answer to that question would be definitely yes; that we would be free to act.

Mr. President, I move that the Senate agree to the reservation to the treaty.

Mr. POPE. Mr. President, I desire to ask the Senator just one more question, and to make a statement.

Mr. THOMAS of Utah. I am glad to yield to the Senator from Idaho.

Mr. POPE. I do not want it understood, from what I said a few minutes ago, that I am not definitely in favor of an expansion of production of our sugar. I will at any time do what I can to bring that about; but if I see that that very expansion, along with the expansion of production elsewhere in the world, is going to bring down the price of sugar by creating a surplus, then I shall be consistent with the principles for which I have stood in connection with other recent legislation. I think it is very much more important to the farmer to have a fair price for a reasonable production than it is to have a low price, a distressingly low price, for a large or huge production of any commodity.

I desire to make it perfectly clear that I think perhaps one of the most important features of this treaty is paragraph (b) of article V, which binds all these nations to promote a campaign to bring about new uses and larger consumption of sugar everywhere in the world. I think that must go along hand in hand with any sort of a treaty or a law which tends to limit production so that it will balance effective demand.

Mr. O'MAHONEY. Mr. President, does not the Senator acknowledge that so long as we have a quota system restricting importations from foreign countries to the difference between domestic production and domestic consumption, the price will not be adversely affected?

Mr. POPE. I cannot answer that question.

Mr. O'MAHONEY. Was not that the result of the original Jones-Costigan Act? We kept the world supply off the domestic market, and thereby kept up the price, because we gave the opportunity to domestic producers to market all they could raise.

Mr. POPE. Yes; I think the Senator is correct.

Mr. O'MAHONEY. So that this treaty will have no effect whatever upon the price in the domestic market as long as we have the quota system restricting importations of foreign sugar.

Mr. POPE. Of course, as the Senator from Utah has just pointed out, our domestic price is immediately reflected by the world price.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Colorado?

Mr. THOMAS of Utah. I yield.

Mr. ADAMS. I wish to make a suggestion. It seems to me that the analogy which has been drawn between the farm legislation and the sugar legislation is not sound. In the farm instance we are dealing with a case of surplus domestic production. In the sugar instance we are dealing with a case in which we do not produce enough sugar to supply our domestic demands. In the one case our interest is to dispose of a surplus within our own borders, or to prevent its being economically damaging; but we seem in some way to approach the sugar question as if we had to ask favors from somebody. In the sugar matter we are in a position absolutely to control our own destiny.

So far as the Philippines are concerned, we are not going to be harmed by this provision in the bill. There is a principle involved which I do not like very well. That is that we have to make concessions; that here is an opportunity for us to export sugar, but that we surrender it; that we are putting restrictions upon American sugar production at the very time when the American sugar producer, both cane and beet, is eager to expand his production.

Today we are producing only some 28 percent of the American demand. We are not dealing with a surplus commodity. Our interest in surplus in the sugar business is in world surplus, not in domestic surplus. We have been endeavoring so to deal with the world surplus that our domestic industries other than sugar might profit by it. That is, we have sought to permit our best customers, such as Cuba, to bring sugar here to the point where it would not destroy our domestic sugar production; but the surplus is not a surplus of American sugar. It is a matter of making a wise use of our own domestic production. We are in a position to fix the price of sugar in the United States at the point where the Congress sees fit to fix it by controlling importations, controlling tariffs, and controlling production; and we do not have to go abroad. We do not have to sign agreements. We do not have to make concessions.

I am not opposing the contemplated action, but it is not a matter of necessity. It is not a matter of preserving our domestic sugar industry. It is a matter of preserving good will, and preserving, if anything, the welfare of sugar producers who are foreign sugar producers. We are more concerned in that. This free market is something we look at as a customer, not for sugar, but largely for other products; and I am interested only in seeing that we do not proceed along the lines of donation so far as to injure American sugar producers. We have been a little liberal in the past. We are being a little liberal now.

That is the only point I wanted to make—that we should not draw a false analogy between a domestic surplus and a domestic shortage.

Mr. THOMAS of Utah. Mr. President, I move that the Senate agree to the committee's reservation, and suggest that it be read.

The PRESIDING OFFICER. The Chair will state that the parliamentary situation is that unless there should be an agreement to regard the treaty as having passed through its various parliamentary stages to the point of ratification, the reservation would not be first in order. Let the Chair put the question.

Without objection, the treaty will be regarded as having passed through its various parliamentary stages to the point of ratification.

Mr. O'MAHONEY. Mr. President, reserving the right to object, it is obvious that that would mean that the Senate

would have ratified the treaty without the reservation which the committee has proposed, or else I misunderstood the Chair.

The PRESIDING OFFICER. Let the Chair state the parliamentary situation. Unless the treaty can be considered by agreement of the Senate as having passed through its various parliamentary stages to the point of ratification, each article will have to be voted on separately before the reservation will be in order. Is there objection?

Mr. PEPPER. Mr. President, before the matter comes to a vote on any article I should like, if the Senator will indulge me, to make a brief observation and to make an inquiry.

Mr. THOMAS of Utah. I am glad to yield.

Mr. PEPPER I am very much interested in the point of view which has been presented by the Senators from Wyoming and from Louisiana, particularly with respect to the date of expiration of the treaty as related to the date of expiration of our own Sugar Act, and then the fact that by the terms of article 9, section (a), if there is a reduction in the quota of the Philippines, we do not share in the production of that increment.

I am not sure that I followed the advantage that the United States gains by what I agree with the Senator from Wyoming is a sacrifice of one of our rights. In other words, we agree by this treaty to limit our production in the interest of the world sugar crop. We do that in consideration of the agreement of the other contracting parties that they will reduce their production likewise so that the world supply will be diminished and the price thereby will be improved.

When for one reason or another one of the contracting parties surrenders its production share, one naturally thinks in terms of distribution of that share among the other contracting parties, because we think of it as being in a way analogous to a game in which a given number of persons participate; and when one of them withdraws from the game as it were, there is a larger share for distribution among those who remain. It would at least be difficult to explain to the person who was not an expert in this subject why we should not share in the released quota of the Philippines in our pro rata way with the remaining contracting parties to the treaty. That would be my first inquiry to the Senator—why we should not delete that provision from article 9 and merely provide that we may admit into the United States all except what would be our pro rata share of any reduction in quota which the Philippines might suffer.

The next suggestion would be that our sugar policy at the present time be expressed in terms of the recent act we passed.

Mr. THOMAS of Utah. May I answer the first question?

Mr. PEPPER. Certainly.

Mr. THOMAS of Utah. If we do not import the 800,000 tons from the Philippines, the Philippines then are entitled to send that 800,000 tons into the free market. If we do not make provision for the assimilation of that 800,000 tons, or help to make provision in the free market, we upset the whole quota scheme of all the contracting countries, because they have agreed to limit their exports to three and a half million tons. If 800,000 tons are sent into the free market, that must come out of the exports, or the exports from the other countries will be made less effective. All we do is to guarantee that we will arrange in such a way that the world can take over that which we have been habitually using, and in order that the world may take it over, we will take from the world the 800,000 tons which the Philippines send into the world. So that it is merely an arrangement whereby the set-up in the treaty remains the same.

Mr. PEPPER. Who receives the 800,000 long tons of unrefined sugar and the 50,000 long tons of refined sugar which the Philippines export; the whole world market?

Mr. THOMAS of Utah. At the present time it all comes to the United States.

Mr. PEPPER. That is what I thought. If that be true, if the Philippines suffered a reduction in quota, then the Philippines would not be particularly concerned about who enjoyed the right to produce the amount by which the quota was reduced.

Mr. THOMAS of Utah. Who would take their sugar? Immediately we cut the Philippines out of a chance to export anything, then we bring distress on the Philippine Islands.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. THOMAS of Utah. I yield.

Mr. O'MAHONEY. I think I see what is in the mind of the Senator from Florida, and I may say that the explanation which was given to me by the State Department was that those who were negotiating the treaty on behalf of the foreign countries were fearful that if the United States reduced the quota of Philippine sugar to be consumed in the United States, that amount would be dumped upon the world market, and thereby contribute to depressing the price. So, for the purpose of bringing about stabilization, the United States was induced to agree that by whatever amount it reduced the Philippine quota it would admit sugar from other countries, and in this treaty the other countries agree that by whatever amount the Philippine quota to the United States is reduced, the Philippines may export that same amount, plus 4 percent, to the foreign market. Have I stated it correctly?

Mr. THOMAS of Utah. That is correct.

Mr. PEPPER. Is the explanation satisfactory to the Senator from Wyoming? We who represent sugar-producing States are all in the same position, being producers for the local market.

Mr. O'MAHONEY. I thought I made my position clear a moment ago. I am loath to offer a reservation which the Senator from Utah, on behalf of the Committee on Foreign Relations, will not accept, because I recognize the fact that the Committee on Foreign Relations has devoted a great deal of time and study to this question, and I know that the Senator from Utah has been particularly diligent in that respect. He has advised me that this treaty must be ratified before the end of the month if it is to be effective.

With the statement which the Senator made upon the floor a moment ago that this is a practical matter, and that it is recognized on behalf of the foreign signatories, as well as here, that there is no intention upon the part of the United States to make any substantial reduction, if any at all, in the Philippine quota, I regard this as a technical discussion rather than a practical one, and therefore it is not my purpose formally to offer the reservation; but I want it distinctly understood that those of us who represent the States which produce sugarcane and sugar beets are standing firmly for the right of those States to extend their production when the matter becomes a practical question.

Mr. PEPPER. I appreciate the Senator making that point so clear.

Mr. THOMAS of Utah. We are all in agreement; that is, those of us who have been discussing the question are in agreement with the Senator from Wyoming.

Mr. PEPPER. I thank the Senator from Wyoming for the very clear statement he has made about it. It is a policy in which all of us agree.

The other inquiry relates to the expiration date of the treaty. What is to be the life of the treaty?

Mr. THOMAS of Utah. Five years.

Mr. PEPPER. Five years from what date?

Mr. THOMAS of Utah. From the time it goes into effect, which would be five years from January 1, let us say.

Mr. PEPPER. That would make it expire January 1, 1943. Our Domestic Sugar Act will expire December 31, 1940, will it not?

Mr. THOMAS of Utah. Yes; 3 years from this December.

Mr. PEPPER. Our sugar policy is embedded in the Domestic Sugar Act we passed at the last session. Would the Senator think it advisable that the effective expiration of this treaty should be made coterminous with the expiration of our own Domestic Sugar Act, which is an expression of our domestic sugar policy?

Mr. THOMAS of Utah. If the United States had been negotiating the treaty for the world all by herself, of course,

it would have been to our advantage to have the treaty in absolute agreement with our own domestic arrangement, but the treaty is made to agree with the domestic arrangements of some twenty-odd nations.

Mr. PEPPER. Is there a provision in the treaty for its adaptation to the circumstances which might arise from any change in our domestic sugar policy?

Mr. THOMAS of Utah. Definitely. That is one of the advantages of the treaty. A council is set up, which council shall study the questions and circumstances involved and inform the various signatories to the treaty, and shall take advantage of every exigency which may arise to increase the consumption of sugar, and to bring about the day of good times for sugar producers without infringing upon the rights of the consumers. It is constructive in every particular.

Mr. PEPPER. The last inquiry would relate to the constituency of the council. The council is the agency which is provided by the treaty for determining the operation of the treaty.

Mr. THOMAS of Utah. That is correct.

Mr. PEPPER. The council has a membership embracing what countries?

Mr. THOMAS of Utah. All of the signatory countries are embraced.

Mr. PEPPER. How many constitute the council?

Mr. THOMAS of Utah. The council is to consist of 22 countries. The list is set out on page 14 of the treaty. The voting arrangements are divided in such a way that the United States and the United Kingdom have the greatest weight.

Mr. PEPPER. That is the point to which I was coming. Comparing the weight of the United Kingdom and of the United States, which has the greater weight?

Mr. THOMAS of Utah. They are equal, 17 points for each country.

Mr. PEPPER. Does that include the whole of the British Empire?

Mr. THOMAS of Utah. No; it does not include the whole of the British Empire. It includes the United Kingdom; that is, England, Scotland, and Northern Ireland.

Mr. PEPPER. And if to the United Kingdom, which has just been named by the Senator, were to be added the other countries which compose the British Empire, the British Empire would have a very much greater voting strength on the council than the United States, would it not?

Mr. THOMAS of Utah. Yes; but Senators must remember that South Africa is an exporter, while the United Kingdom is an importer. Canada, for example, has not become a party to the treaty, because she is entirely an importing state. It will be found that no matter how one tries to figure out an advantage, the advantage simply is not there because of the existing economic conditions and circumstances and the political arrangements of the various countries.

Mr. PEPPER. If the Senator will permit me, the junior Senator from Florida will state that he has always been sufficiently mystified by the elasticities of British foreign policy to suspect the possibility that in a case in which such political arrangements existed, at a crucial moment there might come a period of unanimity in which the United Kingdom would be joined by her dominions.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. McKELLAR. I have so much personal liking for the Senator from Utah, and have so much admiration especially for his learning and ability, that I have hesitancy in not voting favorably for the treaty; but I think its ratification would lead to trouble in the future. I wonder if the Senator would feel very ill toward me if I simply voted in the negative without further argument?

The PRESIDING OFFICER. Is there objection to the treaty being considered as having passed through its various parliamentary stages up to the point of ratification?

Mr. McKELLAR. I am not going to object; but, if the Senator from Utah will not feel offended, I shall content myself by voting "no," and let it go at that.

Mr. THOMAS of Utah. The Senator from Utah will not feel offended even if the treaty is rejected; but I am sure that every sugar interest in the United States would be not only sorely offended but actually hurt.

Mr. JOHNSON of Colorado. Mr. President, reserving the right to object, I desire to ascertain whether I shall have an opportunity to vote against ratification.

The PRESIDING OFFICER. Certainly. The question that the Chair put to the Senate was whether there is objection to the treaty being considered as having passed through its various parliamentary stages up to the point of ratification. The treaty is before the Senate and open to amendment.

If there be no amendment to be proposed, the treaty will be reported to the Senate.

The treaty was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification, with the reservation, will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive T, Seventy-fifth Congress, first session, an international agreement regarding the regulation of production and marketing of sugar and an annexed protocol concerning transitional measures, signed at London on May 6, 1937, subject to the following reservation:

The separate statement, viz, "I am instructed by my Government to state that, in the event that its existing legislation imposing quotas upon the importation and marketing of sugar lapses within the life of this agreement, it will be its policy to maintain its tariff on full-duty sugar at no higher rate than that now existing," made on the part of the United States at the time of the signing of this agreement (May 6, 1937, at London) shall not be regarded as constituting a part of this agreement.

The PRESIDING OFFICER. The question is on agreeing to the reservation to the resolution of ratification.

The reservation was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification with the reservation. [Putting the question.] Two-thirds of the Senators present concurring therein, the resolution of ratification with the reservation is agreed to, and the treaty is ratified.

NATIONAL HOUSING PROGRAM—REPORT OF BANKING AND CURRENCY COMMITTEE

The Senate resumed legislative session.

Mr. WAGNER. I ask unanimous consent at this time to report back with an amendment, from the Committee on Banking and Currency, the bill (H. R. 8730) to amend the National Housing Act, and for other purposes; and I submit a report (No. 1300) thereon. The Senator from Ohio [Mr. BULKLEY] and myself have been authorized to report favorably on behalf of the committee—a unanimous vote, by the way—the so-called National Housing Act Amendment of 1937.

Mr. BARKLEY. That is a report on the House bill, as I understand, and not on the Senate bill?

Mr. WAGNER. Yes; with an amendment.

The PRESIDING OFFICER. Without objection, the report will be received, and the bill will be placed on the calendar.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, December 21, 1937, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate Monday, December 20 (legislative day of November 16), 1937

FIRST ASSISTANT SECRETARY OF THE INTERIOR

Ebert K. Burlew, of Pennsylvania, to be First Assistant Secretary of the Interior, vice Theodore A. Walters.

FARM SECURITY ADMINISTRATION

Claude M. Evans, of Texas, to be regional director of the Farm Security Administration, Department of Agriculture, vice D. P. Trent.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO FIELD ARTILLERY

First Lt. William John Ledward, Coast Artillery Corps, with rank from June 13, 1936.

PROMOTION IN THE REGULAR ARMY

TO BE MAJOR

Capt. John Joseph Murphy, Infantry, from December 14, 1937.

POSTMASTERS

ALABAMA

Dezzie A. Littlejohn to be postmaster at Jemison, Ala., in place of N. B. Wells, deceased.

CONNECTICUT

Peter A. Davey to be postmaster at Bridgeport, Conn., in place of E. C. Martin. Incumbent's commission expired April 27, 1936.

Helen Kathleen O'Brien to be postmaster at Glenville, Conn., in place of M. C. Adams, removed.

ILLINOIS

Samuel J. Kreider to be postmaster at Prairie City, Ill. Office became Presidential July 1, 1937.

IOWA

Floyd A. Bishop to be postmaster at Mitchellville, Iowa, in place of Wayne Taylor, resigned.

KANSAS

Carl Willis Gilbert to be postmaster at Plainville, Kans., in place of T. J. O'Brien, removed.

MINNESOTA

Clarence E. Scheibe to be postmaster at Cloquet, Minn., in place of E. S. Scheibe, deceased.

NEW JERSEY

Peter J. Egan to be postmaster at Montclair, N. J., in place of J. L. Kennedy, deceased.

William Dudley Carleton to be postmaster at Ringwood Manor, N. J. Office became Presidential July 1, 1937.

NEW MEXICO

Denzel Luther Lee to be postmaster at Dexter, N. Mex., in place of J. R. McNeil, resigned.

NEW YORK

Laurence D. Brown to be postmaster at Eastview, N. Y., in place of F. M. Rouis, resigned.

NORTH CAROLINA

Barron P. Caldwell to be postmaster at Marion, N. C., in place of M. G. Poteat, deceased.

OHIO

Floyd G. Young to be postmaster at Mendon, Ohio. Office became Presidential July 1, 1937.

PENNSYLVANIA

Mary R. Yocom to be postmaster at Douglassville, Pa. Office became Presidential July 1, 1937.

SOUTH DAKOTA

Glennie Flathers Whites to be postmaster at Iroquois, S. Dak., in place of F. O. Schumaker, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 20 (legislative day of November 16), 1937

POSTMASTERS

CALIFORNIA

Eileen B. Cardiff, Altadena.
Antoinette E. Williams, Merced Falls.
Arthur E. Flint, Penryn.
Benjamin H. Steeg, Twentynine Palms.

NEW YORK

Hans C. Hansen, Fishers Island.
Catherine J. McMahon, Wyandanch.

NORTH DAKOTA

Margaret E. Wirtzfeld, Martin.
Olaf L. Svidal, Starkweather.

TEXAS

Virgil E. Wootton, Hunt.
Stella Jarrett, Olden.
Henry E. Dunlavy, Temple.

HOUSE OF REPRESENTATIVES

MONDAY, DECEMBER 20, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Great is the Lord and greatly to be praised in the mount of His holiness. According to Thy name, O God, so is Thy praise unto the ends of the earth. Thy right hand is full of righteousness. This God is our God forever and ever; He will be our guide even unto death. Heavenly Father, as we look into the past may we most gratefully remember Thy manifold mercies which have been our perpetual accompaniment all the days of our lives. We thank Thee for the privilege of service and for the power of fitting ourselves into the needs of others. Nothing can lessen the worth of our holy faith as long as the religion of loving service endures. Blessed Lord God, as we stand in the foreglow of Mary's holy Child, fill us with the spirit of the Master—hating no one, but speaking and acting with good will toward all. Allow none who suffer to look to us in vain for the manifestations of His pure and lowly ways. In His name. Amen.

The Journal of the proceedings of Saturday, December 18, 1937, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

EXTENSION OF REMARKS

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter signed by the 14 Members of this House from the Rocky Mountain region, composed of the 8 Rocky Mountain States, together with a memorandum which includes certain quotations from Federal statutes and Supreme Court decisions.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a newspaper article written about the possibilities of tin mining in Alaska.

The SPEAKER. Is there objection to the request of the gentleman from Alaska?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent that following the remarks of the gentleman from Minnesota [Mr. KNUTSON] I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 25 minutes following the remarks of the gentleman from Pennsylvania [Mr. RICH].

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. BREWSTER. Mr. Speaker, I ask unanimous consent, on behalf of the gentleman from Ohio [Mr. WHITE] that he may extend his remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. CARLSON. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a radio talk I made on Navy Day.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

ECONOMIC RELATIONS WITH JAPAN

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to speak for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SCOTT. Mr. Speaker, on December 13 I introduced a joint resolution (H. J. Res. 537) authorizing the President of the United States, in cooperation with other nations, to suspend economic relations with Japan. On the same day the gentleman from Maryland [Mr. LEWIS] introduced an identical resolution.

Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SCOTT. Mr. Speaker, I rise today in support of that joint resolution, No. 537, authorizing the President of the United States, in cooperation with other nations, to suspend economic relations with Japan. The resolved clause reads in detail as follows:

Resolved, etc., That in order to restrain further Japanese aggression in Asia, to provide material aid to China, to safeguard the peace of America, and to restore international law and order the President of the United States, in cooperation with other nations, is hereby authorized to employ such economic and financial measures—including prohibition of any or all export and import trade with Japan (except normal peacetime supplies of foodstuffs used by the Japanese people) and extension of credits and materials to China—as may be calculated to withhold further aid to the aggressor and to assist the victim and so hasten the termination of conflict and the making of a just and necessary peace.

Mr. Speaker, the Japanese military and naval forces are now engaged in an unprovoked invasion of a peaceful people, with a consequent ruthless slaughter of innocent men, women, and children, and a continued series of unwarranted attacks on foreigners living or working in China. This war has been going on unchecked for several months. Japan started it without cause and has been waging it without regard for the most elementary rules of humanity. And although scores of thousands of Japan's best army and navy forces are in China fighting against the legitimate Chinese Government and against the Chinese people, Japan has not bothered to declare this invasion formally a war.

The Japanese military authorities claim that they are perpetrating these horrors on the Chinese Nation in "self-defense." This is one of the oldest and most overworked excuses in the vocabulary of aggressors. For the "defense" of Japan, troops, planes, and battleships are sent across the sea to bomb, shell, and destroy cities, towns, and peaceful countryside. For the "defense" of Japan old men, women, and children in China are bombed from the air, machine gunned as they try to flee, executed in batches if they are caught, starved when they escape from cities and towns under siege. And finally, with superb irony, the Japanese generals proclaim that they are seeking the "friendship and cooperation of China."

The Japanese have been calling their tactics in China "self-defense" since 1931, when the first great post-war grab of Chinese territory took place. In annexing Manchuria and setting up a puppet government and a puppet emperor, the Japanese generals and diplomatic spokesmen wore this fine old phrase threadbare. Nobody outside Japan agreed with them then, just as no one agrees with them now. The League of Nations, after sending a commission to China to study the matter for weeks, disagreed emphatically. Japan was condemned by the vote of every delegate of every nation represented—this was sometime before Hitler discovered that the Japanese were his racial brothers. Every nation present agreed that Japan was the aggressor and that it violated not only the Covenant of the League—of which it was then a member—but the Nine Power Treaty of 1922 and the Kellogg Peace Pact as well. Both the Covenant of the League of Nations and the Nine Power Treaty bound Japan to respect the territorial integrity of China. The Kellogg Peace Pact, signed in 1928, bound Japan, with close to 60 other nations, to renounce war forever as an instrument of national policy.

In 1937 the League of Nations, as well as the so-called Nine Power Conference of Brussels, condemned Japan again as the aggressor. The language of the League's findings is clear. On October 6 the Assembly adopted the report of the Far Eastern Advisory Committee, which says:

After examination of the facts laid before it, the committee is bound to take the view that the military operations carried on by Japan against China can be justified neither on the basis of existing legal instruments nor on that of the right of self-defense, and that it is in contravention of Japan's obligations under the Nine Power Treaty of February 6, 1922, and under the Pact of Paris of August 27, 1928.

Secretary of State Hull has added the condemnation of the United States to that of the League, using language of similar clarity:

In the light of the unfolding developments in the Far East the Government of the United States has been forced to the conclusion that the action of Japan in China is inconsistent with the principles that should govern the relationships between nations and is contrary to the provisions of the Nine Power Treaty of February 6, 1922, regarding principles and policies to be followed in matters concerning China, and to those of the Kellogg-Briand Pact of August 27, 1928.

Thus the conclusions of this Government with respect to the foregoing are in general accord with those of the assembly of the League of Nations.

President Roosevelt on December 21, 1937, in a letter to Governor Landon, said:

I believe that the overwhelming majority of our countrymen, regardless of politics, race, creed, or color, from the days of Washington to this hour, have desired to pursue the even tenor of their way at peace with all nations and all peoples.

But throughout our long history we Americans have rejected every suggestion that ultimate security can be assured by closing our eyes to the fact that whether we like it or not we are a part of a large world of other nations and peoples.

As such we owe some measure of cooperation and even leadership in maintaining standards of conduct helpful to the ultimate goal of general peace.

There is no doubt, then, that Japan's invasion of China is a clear violation of treaty obligations entered into freely and voluntarily. Japan is obviously the aggressor in its savage attack on a peaceful nation, and in its continued violation of the rights of neutrals and in increasingly open attacks on the lives and property of those neutrals.

Now the United States is also bound by the Nine Power Treaty and by the Kellogg Pact of 1928. In fact, the United States may claim to have been the initial force behind the drawing up and ratification of both. Our position has always been that the territorial integrity of China must be maintained, with the open door as one of the main principles of our Asiatic policy. We have, on many occasions, spoken forcibly for the preservation of peace throughout the world, and condemned the idea of military aggression in countless statements by leading officials of our Government.

Yet our present attitude toward the Japanese invasion of a friendly nation is hardly consistent with our obligations and our stated position. The fact that we continue commercial relations with Japan is contradictory to the fundamental tenets of our foreign policy. It shows, in fact, that we also have little respect for treaty obligations solemnly entered into. It shows that we are willing to violate our

pledges in the careless spirit in which so many treaties and agreements have been violated within the past 5 or 6 years.

How is this so? Let our exports to Japan tell the story:

Ten months' trade

Exports		January–October 1936, quantity	January–October 1937, quantity
Crude oil	barrels	8,574,559	12,520,904
Gasoline	do	706,163	844,139
Kerosene	do		180,353
Lubricating oil	do	243,498	361,928
Gas and fuel oil	do	6,958,865	9,013,131
Wood pulp	tons	143,921	176,722
Iron and steel scrap, including tin scrap	do	998,134	1,871,644
Wire rods	pounds	28,825,597	63,089,491
Tin plate and terneplate	do	33,480,203	79,633,089
Steel sheets, black	do	1,678,703	29,741,432
Copper, refined	do	71,811,677	111,592,512
Copper, old and scrap	do	3,456,066	10,789,429

Without these materials, the war could not be continued, as Japan has little of them itself.

Japan buys the raw materials and much of the supplies for its war on an innocent people from the United States, which is bound by the same treaties that we condemn Japan for openly flouting. This is done, of course, with the dollar exchange secured from the sale of goods in this country. More than 85 percent of Japanese silk, the principal export, is sold in the United States. Ninety-seven percent of our silk supply comes from Japan. Toys, played with by our children, are converted into airplane bombs to kill Chinese children. Electric-light bulbs, pottery, and a score of other products are sold in this country and the money used to carry on the war of the Japanese militarists against Chinese civilization.

Continuing this trade with Japan, thus arming the Japanese military machine, is inconsistent with our pledges to "respect the territorial integrity and the administrative independence of China." In plain language, we are helping the Japanese Fascist leaders to break the solemn pledges that we ourselves initiated in the Nine Power Treaty and Kellogg Pact at the same time that we denounce these leaders for so doing.

The sanctity of treaties is one basic principle of international law. No state that does not desire to violate its international obligations can permit any act that violates either the letter or the spirit of a treaty. Yet we are doing that constantly in every commercial transaction that we permit with Japan.

Our own Constitution provides that—

> Treaties made, or which shall be made, under the authority of the United States shall be the supreme law of the land.

But the United States has on the statute books domestic legislation that conflicts with its international pledges. I refer to the so-called neutrality law, by which certain trade can be stopped with both parties to a war. That law has not been applied to the present situation in the Far East, presumably because it does conflict with our treaty obligations toward China. But this is not enough. The fulfillment of our treaty obligations calls for positive action, not simply for a negative policy. Hence, Mr. Speaker, the need for the passage of House Joint Resolution No. 537, which would give the President of the United States power to declare an economic embargo on Japan and not on China. Such a resolution gives a positive and effective way for the United States to show its disapproval of the actions of consistent treaty violators and to live up to its pledged word.

But the present war against the Chinese people does not only affect the United States as a blow against the sanctity of international obligations; it affects us much more closely and directly. The President of the United States expressed the very real danger to this Nation of continuing wars of aggression in his speech at Chicago of October 5, when he said:

> The present reign of terror and international lawlessness began a few years ago. It began through unjustified interference of other nations or the invasion of alien territory in violation of treaties and has now reached a stage where the very foundations of civilization are seriously threatened.
>
> Without a declaration of war and without warning or justification of any kind, civilians, including women and children, are being ruthlessly murdered with bombs from the air.
>
> Innocent peoples and nations are being cruelly sacrificed to a greed for power and supremacy which is devoid of all sense of justice and humane consideration.
>
> If these things come to pass in other parts of the world, let no one imagine that America will escape, that it may expect mercy, that this Western Hemisphere will not be attacked, and that it will continue tranquilly and peacefully to carry on the ethics and the arts of civilization.
>
> War is a contagion, whether it is declared or undeclared. It can engulf states and peoples remote from the original scene of hostilities.

The danger is very real to us in America. For years we have thought that our distance from Europe and from Asia would save us from entanglement in their bloody quarrels. The World War of 1914 to 1918 taught us that this is no longer true. We were involved, we lost thousands of our best people, we poured out billions in money. Now the same danger threatens us again. The United States is a world power. It can no longer rest secure in the Western Hemisphere while a war of conquest rages in the Far East and in other parts of the world. The contagion exists, and it will spread unless it is cured now—unless the plague of war is stamped out now at its source.

What is the source of this infection that is spreading over the earth again, less than 20 years after the last horror of world death? The President of the United States again pointed to the answer in his Chicago speech, when he laid the blame straight on the shoulders of the aggressor nations:

> The peace, the freedom, and the security of 90 percent of the population of the world are being jeopardize by the remaining 10 percent who are threatening a break-down of all international law and order. Surely the 90 percent, who want to live in peace under law and in accordance with moral standards which have received almost universal acceptance through the centuries, can and must find some way to make their will prevail.

Ninety percent of the world wants peace. Its will for peace, its desire for a chance to work and live in the midst of peace rather than to spend waking and sleeping hours cowering in the expectation of an air raid or grotesquely muzzling itself against poison gas is being thwarted by the will for war of a small minority.

This has been true, as the President pointed out, for the past several years. In 1931 Japan forced a war on the Chinese people in its seizure of Manchuria. In 1935 Italy bombed and slaughtered the men and women and children of Ethiopia—a people that had been a united nation for longer than the national existence of Italy. Mussolini's own son describes in pathological terms the perverted satisfaction he felt from bombing Ethiopian villages. In 1936 Nazi Germany filled the Rhineland with armed forces, in clear violation of treaty provisions. In 1936, and continuing in 1937, Italy and Germany are waging a war of invasion against Loyalist Spain, a democratic Republic whose constitution is patterned after our own. In each of these wars the innocent have suffered and are suffering for the greed and ambition of the few in control of the aggressor nations. In each instance the aggressors have taken up the Fascist pattern of government, under which all democratic rights and freedoms are suppressed.

Aggression grows by what it feeds upon. The seizure of Manchuria in 1931 did not satisfy imperialist Japan. Five northern Provinces of China were taken in the next grab of territory, and today Japan makes war in the heart of the Chinese nation. Mussolini has not been satisfied with Ethiopia, even though his conquest there is far from complete. His Fascist legions are in Spain today for the same purpose—to seize the property and the labor of peaceful men and women. Nazi Germany looks to expansion in the East, provokes conflict with Czechoslovakia as a necessary preliminary, and shares the spoils of rebel-dominated Spain with Mussolini.

Any hope that permitting aggressor nations to have their way in some far corner of the world that does not seem to

concern us will cure them of aggression is an illusion. The military machine, in antidemocratic, imperialist hands, must continually expand. To expand, it must justify itself in actual use. And in spite of the desire of 90 percent of the people of the world for peace, a military machine so controlled will be used to make war on the world.

President Roosevelt called upon peace-loving people to "quarantine the aggressor nations." That is what this resolution would do. Under its authorization, the President can at once, in concert with other nations, proceed to shut off the flow of raw materials and war supplies that is making it possible for Japan to wage a war of extermination against the Republic of China.

There is no question that an economic embargo against Japan, even by a few nations, could be most effective. Japan is exceptionally vulnerable to foreign boycott. The British Empire, the United States, Holland, France, and their possessions account for almost two-thirds of Japan's exports and imports. If those four nations were to prohibit exports to Japan its most essential imports would be cut off. Japan has stored some reserves, but its war industry and its war machine would be hamstrung in a few weeks if fresh supplies were not available. Four nations, acting together, could cut off those supplies.

House Joint Resolution 537 would enable the United States to take part in concerted action to stop Japanese aggression. We are a great and wealthy Nation. Our wealth must not be used to bring death and misery to our fellow men.

Japan's war in China is a symptom of a world disease that will not spare the people of the United States if it is not stamped out now. Doing nothing to stamp it out will not keep this disease from approaching our shores. Not only our treaty obligations, but our own interest demands that we do something, immediate and effective. That something is the application of an economic embargo on the war-mad leaders of militarist Japan. Let us do our part in the great task of keeping our world and our people at peace.

Mr. Speaker, the joint resolution was referred to the Committee on Foreign Affairs. I hope that that committee will give us a hearing in the early days of the regular session.

A PROGRAM FOR BUSINESS RECOVERY

Mr. BACON. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. Mr. Speaker, I have received today a letter from the president of the Chamber of Commerce of the Borough of Queens. They represent no large business but small and medium-sized business concerns throughout Queens County, N. Y. They are a fine body of patriotic Americans who are deeply concerned with the growing depression. The letter encloses a short program for business recovery, to which they invite my attention. This is so well thought out and so comprehensive, although brief in form, that I ask unanimous consent to include the letter and the program at this point in the RECORD. If the Congress and the administration could but follow these suggestions, we would really have business recovery. I myself subscribe wholeheartedly to this patriotic, nonpartisan program of the Chamber of Commerce of the Borough of Queens.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to follows:

CHAMBER OF COMMERCE OF THE BOROUGH OF QUEENS,
CITY OF NEW YORK,
New York, December 17, 1937.

Hon. ROBERT L. BACON,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN BACON: The other day we heard or read a remark which made a profound impression upon us. It was as follows:

"The unemployed of this country are not looking for work. They are looking for a man who can give them work."

In these words is a golden nugget of truth. We urge that you bear that truth in mind as you consider and vote upon legislation affecting the business interests of the Nation.

The men who can give the unemployed work are today harassed by vicious and restrictive taxes, fearful of the effect of Government extravagance, and worried to the point of paralysis by the specter of further Government interference with the normal flow of business.

We are drifting rapidly into another era of depression. This drift can be stopped; in fact, be reversed by the adoption of a business-recovery program such as the one we enclose.

That program represents the matured opinion of the businessmen who make up your constituency. We urge your most careful consideration and vigorous action in favor of its provisions.

Very truly yours,

JOHN ADIKES, *President.*

A PROGRAM FOR BUSINESS RECOVERY

As businessmen we recognize with keenest interest the desire of the President and the Congress to reverse the tide of business recession. And while we are in sympathy with many of the New Deal objectives, we are firmly convinced that those objectives can be obtained only through sound measures to bring about business and industrial recovery.

We, therefore, strongly urge upon the President and the Congress the immediate adoption of the following program, which will restore confidence in the future to the business interests of the Nation:

A. The undistributed-profits tax must be repealed. It is vicious in effect and restrictive upon normal business expansion.

B. The capital-gains tax must be repealed or sensibly modified. As it stands, it hinders the free flow of private investment moneys into productive channels.

C. The Budget must be balanced within the next year through sound economies in the Federal Government. Such economies are possible without crippling the necessary functions of government, neglecting those of our people in need of relief or adversely affecting business.

D. The Wagner National Labor Relations Act must be revised and clarified, its terms made equitable, thus fostering better relations between employer and employee. Labor unions must accept equal responsibility with employers in regard to the public interest.

E. The so-called wage and hour bill must be dropped. Such legislation would be unenforceable, except under a virtual Federal dictatorship over labor as well as business and industry. It would re-create the chaotic conditions prevalent under N. R. A., tend to raise what would in effect be State tariff walls, and foster sectional differences.

F. Congress must reinvest itself with such of its constitutional rights and powers as were abrogated in the name of emergency.

G. Government and business must foster mutual respect and confidence, each for the other. Only by the establishment of such mutual confidence and respect will economic stability be achieved and the causes of industrial conflict and class hatred be removed.

This program for busines recovery has been promulgated by the Chamber of Commerce of the Borough of Queens. Its provisions, if adopted, will restore confidence to the business interests of the Nation. All American businessmen, through their chambers of commerce, are urged to adopt it as their own and to take every means to force adoption by Congress.

EXTENSION OF REMARKS

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address delivered by Joel David Wolfsohn, executive secretary of the National Power Policy Committee.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. O'CONNOR of New York. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a speech delivered on October 4 of this year at the dedication of the Church Street Postal Annex and Federal Building in New York City, by Postmaster General James A. Farley.

Mr. RICH. Mr. Speaker, reserving the right to object, I wonder if this is the James A. Farley who is the Democratic national chairman.

Mr. O'CONNOR of New York. This is James A. Farley, the greatest Postmaster General since Benjamin Franklin.

Mr. RICH. He has had more speeches in the RECORD during the past 4 years than any other individual.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ELMER LEWIS

Mr. PETTENGILL. Mr. Speaker, the Washington Star of yesterday, under the heading "Capital Sidelights," by Will P. Kennedy, had a very fine tribute to Elmer Lewis, superin-

tendent of the House Document Room. I think it would be a courtesy on the part of the Members of this House, whom he has served so well and so efficiently, to have a unanimous consent to extend my remarks by including in the RECORD at this point this little tribute to Mr. Lewis.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. DUNN asked and was given permission to extend his own remarks in the RECORD.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the National Manufacturers Association, and to include a short article appearing in the New Republic on that subject.

The SPEAKER. Is there objection?

There was no objection.

PERSONAL EXPLANATION

Mr. MARTIN of Colorado rose.

The SPEAKER. For what purpose does the gentleman from Colorado rise?

Mr. MARTIN of Colorado. Mr. Speaker, to call attention to the fact that the Colorado delegation is here in full force this morning, all four Members being present, sitting in a row in brotherly harmony. [Applause.]

APPLAUSE

Mr. LAMBERTSON. Mr. Speaker, I desire to submit a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LAMBERTSON. To ask how many times a Member in extending his remarks in the RECORD may include the word "applause"? One Member last week did that nine times. I thought six is the limit.

The SPEAKER. Does the gentleman submit that as a serious parliamentary inquiry?

Mr. LAMBERTSON. I regard it as serious, Mr. Speaker.

The SPEAKER. The reporters of debates are the ones to insert "applause" in the RECORD, when it occurs on the floor of the House.

Mr. KNUTSON. Mr. Speaker, is it permissible to insert "applause" in an extension of remarks; and if so, how many times?

The SPEAKER. The Chair feels sure that the gentleman from Minnesota, having been here for 20 years, is fully familiar with the rules with respect to that matter.

CONSENT CALENDAR

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that business in order on the Consent Calendar today be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. TEIGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a recent magazine article written by myself.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to address the House for a few moments and to present a request for unanimous consent.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I had hoped the gentleman from New York [Mr. DICKSTEIN] would make his speech this morning, because it was my purpose to call his attention to the statement he made on the floor in the closing days of the last session, during the month of August, at which time he placed in the RECORD the names of a number of persons from St. Louis charging that they were members of a so-called Nazi group that he has referred to so often.

When I returned home some of those he had listed called on me and denied that they had ever had anything to do with such activities and could not understand how Mr. DICKSTEIN had secured their names. I then suggested that they prepare a short affidavit and that I would ask Mr. DICKSTEIN to place them in the RECORD, adding that if he declined I would seek permission to do so.

Those affidavits were in possession of the gentleman from New York for several weeks. A few days ago he advised me, using his own language, "I am willing to give them the benefit of the doubt and concede that they did not belong to the organization, but I do not think I should put the affidavits in the RECORD." I then asked if he would object if I asked such permission. He said he would not.

Mr. Speaker, these people have lived in my city for many years. My investigation discloses they are law abiding and highly respected and object that a Member of Congress should list them as belonging to this group.

It might be interesting to the membership of the House to know that several hundred thousand persons residing in my city were born in Germany or their parents were born in Germany. Their loyalty to this country is shown by the number that joined the armed forces of this country during the World War as well as by their daily actions.

As to this organization and its activities I know little, but I do know that just a few weeks ago they announced a national convention would be held in St. Louis. Immediately another group composed of loyal citizens of our country, many either German-born or of German descent, arranged a protest meeting. This protest meeting was held. The national convention was never held because they were denied the use of any hall or hotel in my city.

As I advised the gentleman from New York at the opening of the present session when he sought permission to place names of residents of a California city in the RECORD, that he should be extremely careful in accepting the word of others without thorough investigation. Of course, the Members realize I have no sympathy for any organization that is not in sympathy with our form of government.

I ask unanimous consent that I be permitted to include them in my remarks—the affidavits I referred to.

The SPEAKER. Is there objection?

Mr. MAVERICK. Mr. Speaker, I reserve the right to object to say that I have seen names in the RECORD with apparently no foundation in fact. I think that when a Member puts names in the RECORD he ought to give his source of information. That has gone on week after week without any foundation whatever.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The affidavits follow:

STATE OF MISSOURI,
City of St. Louis, ss:

Christian Hauck, having been duly sworn on his oath, states that he is the president of the Hauck Bakery Co., located at 2801 South Seventh Street, St. Louis, Mo.

Affiant further states that he resides at No. 3641 Flad Avenue, St. Louis, Mo.

Affiant further states that he is a naturalized citizen of the United States, and has been for 45 years.

Affiant further states that he has never, either directly or indirectly, participated in any Nazi organization meetings nor has he taken any part, either directly or indirectly, in spreading any propaganda relative to Nazi organization, nor has he been directly or indirectly connected in any manner whatsoever with any Nazi movements.

Affiant further states that the publication of his home address after a name other than his own in the [daily] CONGRESSIONAL RECORD of August 19, 1937, on page 12049, has caused him much embarrassment in addition to the financial loss suffered by him.

Further affiant sayeth not.

CHRISTIAN HAUCK.

Subscribed and sworn to before me this 21st day of October 1937.

BOAZ B. WATKINS,
Notary Public.

My commission expires October 4, 1940.

[Affidavit]

STATE OF MISSOURI,
City of St. Louis, ss:

Emil, Frei, being duly sworn, on his oath states that he was born in Dillingen, Bavaria, Germany, July 17, 1869; that he came to the

United States in 1894, going first to San Francisco, and proceeding thence to St. Louis in 1897; that he has lived in St. Louis continuously since 1897, has developed and conducted and is now conducting a stained-glass and mosaic business there.

Affiant further states that he became naturalized as a citizen of the United States in March 1914 and has performed all his duties as a citizen since said date; that he has three children, all of whom were born in the United States and have resided in this country continuously; that he has never at any time since his arrival in this country engaged in any National Socialist (commonly called Nazi) or any other German or other foreign politics of any kind whatsoever, nor has he at any time made propaganda for any such politics.

EMIL FREI.

Subscribed and sworn to before me this 27th day of October 1937.

NORMAN BEGAMAN,
Notary Public.

My term expires August 22, 1939.

[Affidavit]

STATE OF MISSOURI,
City of St. Louis, ss:

George M. Voges, being duly sworn, on his oath states that he was born in the city of Dresden, Germany, on February 25, 1878; that he came to the United States in 1909, proceeding immediately to the city of St. Louis, Mo., where he has resided ever since.

Affiant further states that he was married in the city of St. Louis on September 26, 1911; that the two children of his said marriage were both born in the city of St. Louis; that he became a citizen of the United States about 24 years ago and has ever since performed all his duties as such citizen.

Affiant further states that he has not at any time engaged in any National Socialist (commonly called Nazi) political activities or in any other German or other foreign political activities of any kind whatsoever, nor has he at any time made propaganda for German Nazi or other foreign politics.

GEORGE M. VOGES.

Subscribed and sworn to before me this 12th day of November 1937.

NORMAN BEGAMAN,
Notary Public.

My term expires August 22, 1939.

[Affidavit]

STATE OF MISSOURI,
City of St. Louis, ss:

Gustav A. Ashauer, being duly sworn, upon his oath states that he was born near the city of Munich, Bavaria, on January 4, 1874; that he came to the United States in 1889, proceeding first to the city of Chicago, where he was employed at his occupation of meat cutter.

That he went to sea, remaining about 12 years, and upon his return came to the city of St. Louis, Mo., in September 1906, where he has resided ever since.

Affiant further states that, as early as possible after his arrival in the United States, he executed his declaration to become a citizen and was naturalized 5 years later; that he has been variously employed in the city of St. Louis, and temporarily in the shipyards at Jacksonville, Fla., by the United States Shipping Board from June 1918 to April 1919; that upon his return from Jacksonville he was first employed for a time at Butler Bros. and later at Blackwell-Wielandy Book & Stationery Co.

Affiant further states that since April 1920 he has been employed by the United States post office in the city of St. Louis as laborer, performing the various duties assigned to him.

Affiant further states that he has resided continuously in the city of St. Louis since his return from Jacksonville in 1919, with the exception of a brief visit to Europe in the summer of 1928; that he was married in the city of St. Louis in 1913 to a native of what is now Czechoslovakia; that a daughter was born of this marriage who has received all her education in the public schools of St. Louis, graduating from the McKinley High School and now attending the Hadley Vocational School.

Affiant further states that, while he is a member of several German social organizations, he has never at any time been a member of any German or German-American political organization, nor has he at any time taken part in any National Socialist (commonly known as Nazi) activities, either in the city of St. Louis or elsewhere, or in any German political activities of any kind whatsoever.

GUSTAV A. ASHAUER.

Subscribed and sworn to before me this 17th day of November 1937.

[SEAL] DAVID F. CROSSEN,
Notary Public.

My term expires March 28, 1941.

[Affidavit]

STATE OF MISSOURI,
City of St. Louis, ss:

Walter Luettecke, being duly sworn, upon his oath states that he was born in Bochum, Germany, on the 8th day of May 1903; that he arrived in the United States on July 2, 1928, proceeding immediately to the city of St. Louis, Mo.

That since June 1, 1929, affiant has been employed in the office of the Hamburg-American Line in said city of St. Louis.

That on March 4, 1932, affiant was married to a native of St. Louis and that one child was born of said marriage in said city of St. Louis; that he has resided in the city of St. Louis continuously since his arrival in 1928 as aforesaid, was naturalized as a citizen of the United States in September 1935, and has since said time observed and performed all his duties as such citizen.

Affiant further states that he has not at any time been a member of any German or German-American political organization, and has never engaged or participated in any National Socialistic (commonly known as Nazi) political activities or at any time made propaganda for Nazi principles.

WALTER LUETTECKE.

Subscribed and sworn to before me this 17th day of November 1937.

[SEAL] DAVID F. CROSSEN,
Notary Public.

My term expires March 28, 1941.

[Affidavit]

STATE OF MISSOURI,
City of St. Louis, ss:

Maud S. Barck, being duly sworn upon her oath, states that she is the wife of Dr. Carl Barck, with whom she resides at 3438 Russell Boulevard, in the city of St. Louis, Mo.; that she was born in the city of St. Louis on the 14th day of May 1870, received all her education in the public schools and at Mary Institute, in the city of St. Louis, and has resided in said city all her life;

Affiant further states that she was married to Dr. Carl Barck, a native of Freiburg, Baden, in the city of St. Louis, in 1891; that said Carl Barck was born July 29, 1857, graduated in medicine from the University of Freiburg in 1881, came to the city of St. Louis in 1882, where he was naturalized in 1891; that her said husband has practiced medicine in the city of St. Louis ever since 1882; has been for many years one of the outstanding ophthalmologists of said city; was, from the time of its organization, in about the year 1892, professor of ophthalmology at Marion-Simms Medical College and thereafter, after its conversion into the medical department of St. Louis University, professor in said department and is now professor emeritus of ophthalmology of said medical department of the St. Louis University;

Affiant further states that the two daughters born of her said marriage received their entire educations in the public schools of St. Louis and at Washington University, of said city, and the University of Missouri, respectively, and that the survivor of said daughters is married to a native-born American of English extraction;

Affiant further states emphatically that she is not now, nor has she ever been, a Nazi agitator; that she has not at any time been engaged, either actively or otherwise, in the spreading of propaganda, either in St. Louis or elsewhere, designed to build up the foreign Nazi National Social Party of Germany in our country, as charged by one SAMUEL DICKSTEIN in the House of Representatives of the United States on August 19, 1937; and that she has never at any time been a member of any German-American political organization and has not at any time engaged in any German political activities, Nazi or otherwise, or concerned herself with the political affairs of any country but our own.

MAUD S. BARCK.

Subscribed and sworn to before me this 29th day of November 1937.

[SEAL] NORMAN BEGAMAN,
Notary Public.

My term expires August 22, 1939.

EXTENSION OF REMARKS

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a bill introduced by me and also an editorial appearing this morning in the Washington Herald.

The SPEAKER. Is there objection?

There was no objection.

MR. LEWIS W. DOUGLAS

The SPEAKER. Under special order heretofore made, the gentleman from Minnesota [Mr. KNUTSON] is recognized for 20 minutes.

Mr. KNUTSON. Mr. Speaker, some days ago the newspapers of the Nation gave much publicity to an address by the Honorable Lewis W. Douglas, former Director of the Budget, ex-Congressman, and now president of McGill University, Montreal, Canada, which was delivered at the one hundred and twenty-first dinner of the Economic Club, of New York.

In his address Mr. Douglas suggested that businessmen see eye to eye with the policies of our Secretary of State in the extension of reciprocal-trade agreements.

Mr. Douglas suggests this "process of enlarging markets may inflict pain on certain groups," and asks, "But will they not be willing to suppress their own private interests for the benefit of the public welfare?"

Mr. Speaker, in reading the address delivered by Mr. Douglas I recall another impassioned plea made by that gentleman a few years ago while he was serving in this body as a Representative from the great copper-producing State of Arizona. The question of suppressing private interests for the public welfare was seemingly quite important in those days, but a different ox was being gored. At that time Mr. Douglas said:

I say that because of the effect of this foreign competition upon the copper-mining industry in Arizona practically every other industry within the State suffered.

The plea by Mr. Douglas can be found, Mr. Speaker, on pages 845–848 of the hearings before the Committee on Finance of the United States Senate considering the Revenue Act of 1932. It is from the statement of Congressman Douglas I now quote:

The evidence that has been adduced here this morning shows that because of the great pressure of foreign production the copper-mining industry of the United States, at least almost all of it, is faced with extinction. At least one great State of the Union and all of its people are faced with complete and absolute impoverishment. Permit me to give you a picture of the fiscal condition of the State of Arizona, and here may I interpolate that though I speak of the State of Arizona solely this morning, what I say is true or true in varying degree of 13 other States? I speak of Arizona because I know more of the conditions within that State than elsewhere. The copper mines, the railroads dependent solely upon them, and the communities that have been built up around them in the State of Arizona pay 56 percent of the total taxes of the State, which represents $12,000,000 toward a total State budget of $21,000,000. If the State of Arizona be deprived of that $12,000,000 there will remain, Mr. Chairman, but $2,000,000 after servicing the public debt and its political subsidy. Is that not conclusive evidence that at least one State is faced with permanent bankruptcy?

Thus did Mr. Douglas make a strong plea for adequate tariff protection to the copper industries of his State.

He further went on to say:

I am here pleading the cause of the American producer. I am here pleading the cause of American commerce, of American communities that depend entirely upon this great industry. I am here, sir, pleading the cause of the American miner.

Thus it was that Mr. Douglas pictured the ruin and bankruptcy which was sure to follow in his State unless adequate tariff protection was extended to the producers of copper.

All of this happened in April 1932. What combination of circumstances could possibly have changed Mr. Douglas' viewpoint?

Does he today find conditions materially changed from those of 1932? Are we not still importing, duty-free, copper and copper ores to the value of approximately $3,000,000 a month? Have we not in the first 10 months of this year imported, duty-free, copper and copper ores to the value of over $39,000,000? Would not this copper, if produced in American mines, have furnished employment to thousands of workers who otherwise are idle?

Mr. Speaker, changed associations of times work to change our outlook upon social and economic problems. Regardless of the opinions, however changed of Mr. Douglas, there can be no argument that the time has come when we must choose between abolishing the poverty that is in America and the mingling of it with the poverty of other nations.

This is the big issue today. Are we to break down our economic nationalism and substitute a system of economic internationalism? Are we to share the wealth of America with the poverty of Europe and the Far East? Are we to continue at home a system of subsidies to nearly one-half our people to keep them in indigence and idleness at the expense of those who work and produce to pay the taxes? Or shall we embark upon a program of domestic agricultural and industrial expansion that the field of greatest economic necessity—the supply of food, clothing, and housing—may be developed to care for all of our citizens?

Wisdom and economics point to the latter course as the pathway to a new prosperity.

If tariff protection is good for copper, why not for all other domestic products that come in active competition with the products of the world? The principle of protection is the cornerstone upon which the Republican Party has rested for 75 years. Under the benefits derived by the American people from the protective-tariff system we grew and expanded in a manner that was the marvel and envy of the world. To ask us at this time to depart from that policy is as preposterous as it is fantastic.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. ROBSION of Kentucky. We already have a reciprocal-trade agreement with Canada.

Mr. KNUTSON. That is true.

Mr. ROBSION of Kentucky. Mr. Douglas, a former Member of this House, is a good Democrat, and a former Director of the Bureau of the Budget, is now president of a Canadian university.

Mr. KNUTSON. Yes.

Mr. ROBSION of Kentucky. There is talk now of our entering into a reciprocal-trade agreement with Great Britain. I wonder if the fact that Mr. Douglas is now in Canada connected with this Canadian university might have some bearing on his urging us to go into further reciprocal-trade agreements?

Mr. KNUTSON. Not being Mr. Douglas' father confessor, I am unable to answer the gentleman's query.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. Yes; to the distinguished minority leader.

Mr. SNELL. As I understand from the gentleman's statement, the distinguished gentleman, formerly from Arizona, Mr. Douglas, has changed his position in regard to the tariff since he has become a Canadian college president, from what he advocated when he was looking after the interests of the copper producers of his own State. Is that the situation?

Mr. KNUTSON. Yes. Mr. Douglas appeared before the Senate Finance Committee back in 1932, and, as I recollect it, also made a speech on the floor of the House pleading for a tariff on copper.

Mr. SNELL. I remember his speech on the floor of the House.

Mr. KNUTSON. Advocating a protective tariff on copper, saying that if Arizona and other copper-producing States did not receive such a tariff they would go bankrupt.

Let me say to the distinguished minority leader that if it is necessary for the Guggenheims, the Morgans, and the other big fellows who are engaged in the copper industry to have protection, how much more necessary is it for the little fellow to have it? [Applause.]

Mr. SNELL. I agree with the position the gentleman has taken.

Mr. BREWSTER. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield to my friend from Maine, Governor BREWSTER.

Mr. BREWSTER. The gentleman has been for a long time a member of the House Committee on Ways and Means.

Mr. KNUTSON. For about 6 years.

Mr. BREWSTER. Dealing with tariff matters.

Mr. KNUTSON. Yes; but may I say that under the new order the work has been along destructive rather than constructive lines.

Mr. BREWSTER. Does the gentleman consider that Mr. Douglas was affected by the fact that he was talking to the Economic Club, where the economic royalists gather?

Mr. KNUTSON. Of course, the economic royalists want free trade. They have gone abroad and established factories in almost every line of activity. They want to produce in foreign countries, where labor is cheap, and ship their products to this country, where they can make a handsome profit.

Mr. BREWSTER. Now, in the tariff discussions has anyone ever contended, even Secretary Hull, that we should not have adequate protection on any commodity of which there is an adequate supply, reasonably priced, in the United States?

Mr. KNUTSON. Let me say to the gentleman from Maine that in some of the reciprocal-trade agreements that have

been made we have made material concessions on competitive products.

Mr. BREWSTER. Even though there was an adequate supply in the United States?

Mr. KNUTSON. Oh, absolutely. I will call the gentleman's attention to a situation in his own State. The reciprocal-trade agreement with Canada gives that country a preferential rate on potatoes. Is that not true?

Mr. BREWSTER. That is correct.

Mr. KNUTSON. Nevertheless we today have a domestic surplus of 50,000,000 bushels of potatoes that this Government is buying up for distribution for relief and for diversion to starch and livestock feed.

Mr. BREWSTER. Does the gentleman realize that at the same time, within the past 10 months, 750,000 bushels of Canadian potatoes have come in under that tariff concession?

Mr. KNUTSON. Unfortunately, what the gentleman says is true. I wish it were not.

Mr. BREWSTER. On what basis is action of that sort justified for the American producer?

Mr. KNUTSON. Oh, I presume on the theory that the spirit of brotherly love and the good neighbor should prompt us to divide our home markets and our substance with everyone, wherever he lives, whatever he does, even though he lives and works in the farthest sections of Asia.

Mr. BREWSTER. Would nearly a million bushels of Canadian potatoes, added to the 50,000,000-bushel American surplus, have a part of the responsibility for the present price of 7 cents a peck for American potatoes that is now being paid to the farmers in northern Maine?

Mr. KNUTSON. The gentleman knows that the greater the surplus is the more the price is depressed. When you have but a small surplus it is oftentimes sufficient to turn a buyer's market into a seller's market.

Mr. ANDRESEN of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield to my colleague.

Mr. ANDRESEN of Minnesota. Just to pursue the potato proposition for a moment in order to give some information to my friend from Maine, the Department of Agriculture, through its purchase corporation, is now going out to buy potatoes, potato starch, and potato flour in the district of the gentleman from Maine and also in other sections of the United States. They will probably buy two or three hundred thousand bushels of potatoes to hold the price up. The gentleman from Maine says nearly a million bushels of potatoes have come in from Canada. They will probably buy up the potatoes that come from Canada in order to take them off the market and hold up the price.

Mr. BREWSTER. I wish it to be clear in the RECORD that we are profoundly appreciative of the interest which the Department of Agriculture is taking in our potato problem, but we cannot understand why Secretary Wallace does not inform the Secretary of State that it would be very prudent to stop the importation of Canadian potatoes in order to save the Treasury of the United States and help the American potato grower. If Secretary Wallace will ask Secretary Hull to stop the importation of foreign potatoes, as he can do under the provisions of the trade agreements, Secretary Morgenthau would receive very substantial assistance in his endeavors to balance the Budget.

Mr. KNUTSON. Let me say to the gentleman from Maine that the Secretary of State and the Secretary of Agriculture are avowed free-traders. If they had their way, all trade barriers would be removed. There would be free and unrestricted commerce between all the countries of the world.

Perhaps such a policy would lead to the more abundant life, but I have my doubts. I am one of those old-fashioned Americans who believes that we should buy and consume everything that is raised in this country that we possibly can, and that we should allow no competitive products to be brought into this country so long as the domestic supply is sufficient to take care of domestic needs.

Mr. PLUMLEY. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield to my good friend from Vermont.

Mr. PLUMLEY. I would like to ask a question, which I have asked several times, and which has appeared in the RECORD several times. Is it not carrying the good-neighbor policy altogether too far to ask one to approve an agreement which deliberately and directly robs his own people of their property, at the same time forcing them onto the relief rolls through no fault of their own?

Mr. KNUTSON. If you want me to pass upon that——

Mr. PLUMLEY. Upon the good-neighbor policy extended to an absurd reduction.

Mr. KNUTSON. Of course, personally I think the policy is indefensible. I am satisfied that if we had not negotiated some of these trade agreements we would not now be in the midst of another depression, with 11,000,000 American men and women out of work—the high-water unemployment mark for all time since 1932. We have increased the national debt from $22,000,000,000 up to almost $38,000,000,000. In other words, the American people today owe a public debt—that is, so far as the Federal Government is concerned—that represents almost $38 for every minute since the beginning of the Christian era.

We are now going into another depression and we have no cushion to fall on. Our credit is practically exhausted. There is a limit beyond which people cannot maintain their credit.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield to my genial friend from Oregon.

Mr. PIERCE. I sympathize somewhat with the gentleman's views on the reciprocal tariff and the statements he has been making, but did the high Republican tariffs, the Fordney tariff and the Hawley-Smoot tariff, stay the hand of depression? It is not deeper than any tariffs? I am talking about the present depression.

Mr. KNUTSON. I shall answer the gentleman by asking him another question: Does the gentleman contend that the Hawley-Smoot tariff bill was responsible for the depression in Canada, for the depression in Great Britain, for the depression in France, Belgium, Germany, Italy, the Scandinavian countries, the Orient, South America, and the Antipodes? Does the gentleman contend that American tariff laws were responsible for a world-wide depression?

Mr. PIERCE. Nobody so contends.

Mr. KNUTSON. The Hawley-Smoot tariff bill was no more responsible for the depression in this country than it was for the depression that at that time existed all over the world. That depression was not caused by the tariff, it was a kickback from the war that you folks promised to keep us out of back in the campaign of 1916.

Mr. PIERCE. But the Hawley-Smoot tariff did aggravate the situation.

Mr. KNUTSON. Oh, no; it did no such thing.

Mr. PIERCE. I am not contending that the tariff alone was, but it was a contributing factor.

Mr. KNUTSON. The people in 1932, of course, were ready to believe anything, because of the work of your clever political chemists in mixing up the right kind of doses for them.

Mr. PIERCE. I do not want the gentleman to forget that I did not vote to renew the reciprocal-trade agreements.

Mr. KNUTSON. Did the gentleman vote for it the first time?

Mr. PIERCE. Yes.

Mr. KNUTSON. The gentleman admits he then made a mistake?

Mr. PIERCE. I did not vote to renew them.

Mr. KNUTSON. I will say for the gentleman that he is man enough to admit that he made a mistake in voting for the iniquitous reciprocal tariff law that is robbing us of our home market. That is more than nine-tenths are willing to do.

Mr. PIERCE. I do not, however, want the gentleman to lay all the evils of the capitalistic system and its collapse to the tariffs. May I advise the gentleman to read a recent book just from the press, written by Lundberg, Sixty American Families, if the gentleman wants to see who rules America and who has ruled it since the beginning.

Mr. KNUTSON. And I, too, shall be glad to send the gentleman titles of some books he might read with profit. [Applause.]

[Here the gavel fell.]

Mr. LEWIS of Maryland. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the housing bill, which was passed last Saturday, and to include in my remarks a statement generally relating to the matter by Dr. George L. Knapp, covering a page and a half, such as you see.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The SPEAKER pro tempore. Under the special order of the House, the gentleman from Pennsylvania [Mr. RICH] is recognized for 15 minutes.

Mr. RICH. Mr. Speaker, this is probably the last time I shall have the floor during the year 1937. [Applause.] Many of the Democrats are glad because I do not speak very kindly of this administration—and I would if I honestly could; but to you all, and this includes the Republicans, too, I wish you each and every one a fine Christmas season and a very happy New Year. [Applause.]

I call the attention of the Members to the fact that this special session was called for the purpose of trying to regiment agriculture and for the reorganization of the Government departments. In this connection I quote from the Democratic platform of 1932 the following plank:

> We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagances to accomplish the saving of not less than 25 percent of the cost of Federal Government.

I quote a statement made by the President of the United States on November 4, 1932:

> The people of America demand a reduction of Federal expenditures. It can be brought about not only by reducing the expenditures of existing departments, but it can be done by abolishing many useless commissions, bureaus, and functions; and it can be done by consolidating many activities of the Government.

This is the most extravagant administration in our history of 150 years.

This special session was called for the purposes I have outlined, but not a thing has been accomplished in consolidation of offices or reduction of expense. There will not be anything accomplished in that line—and I make this statement most reluctantly—as long as this administration is in power, you will never economize or consolidate offices as you promised to do. I certainly hope this Congress recognizes this fact and tries to do something. It is imperative. You must cut down Government expenditures and your greatest opportunity is in the field of cutting down useless departments and consolidating other activities.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. RICH. I cannot yield until I finish my statement. Then I will yield to the gentleman if I have time.

I read in the Philadelphia Record this morning an editorial condemning the Members of Congress from Pennsylvania who did not vote for the wage and hour bill, saying they were against labor and for the sweatshops. I call the attention of the Philadelphia Record and you Members of Congress to the fact that labor standards in Pennsylvania under the department of labor and industry, which was administered during a Republican administration and which is now being administered by a Democratic administration, are about as high as any labor standards of any State in this Nation. This statement cannot be denied. If these high standards do not exist, why, for the last 3½ years, has not the Democratic administration of the department of labor and industry of our State done something to correct the conditions? They talk about sweatshops in Pennsylvania. We do not have sweatshops in Pennsylvania. Pennsylvania pays practically the highest wage of any State in the Union. Our laws are good, and they have been and are being enforced.

The State of Pennsylvania has been in the forefront in the enactment of legislation favorable to the workingman and protecting his best interests. This legislation has come during Republican administrations. No better example of the liberal attitude of the industrialists of my State than the Workmen's Compensation Act passed years ago under Republican leadership. Unlike our Democratic friends, it has been the policy of Pennsylvania Republicans to protect the interests, the pay rolls of our workmen against the cheap competitive labor of nations abroad. Our new dealers here in Congress from Pennsylvania favor selling out the interests of our workmen in Pennsylvania to the cheap foreign labor under the policy of reciprocal-trade agreements. Again it should be noted that these same new dealers from Pennsylvania last week favored a wage and hour bill fixing the age of child labor at 14 when our State age is 16 and would thereby further barter away our industrial interests in Pennsylvania or invite a reduction to a lower standard than that which we have established.

But our great problem in Pennsylvania is the tremendous crushing burden of State taxes imposed by the present New Deal administration in our State which is daily driving industries from our State and driving thousands of our people from pay rolls to relief rolls. That administration in Pennsylvania is the most profligate, extravagant, and wasteful band that ever invaded any State capital. This profligacy added to the sell-out of our workingmen's best interests to the C. I. O. outfit for political purposes means the destruction of Pennsylvania industry and the freedom of Pennsylvania workmen. As all of you know, the American Federation of Labor was unalterably opposed to this bill which our new dealers from Pennsylvania supported and which would have forged chains of slavery on every wage earner in the Keystone State.

Mr. TRANSUE. Will the gentleman yield?

Mr. RICH. I cannot yield at this time. With the department of labor functioning in Pennsylvania, we have no such thing as child labor.

Mr. BOLAND of Pennsylvania. Will the gentleman yield?

Mr. RICH. I will yield when I finish my remarks.

If we have child labor in Pennsylvania, the department of labor should act to eradicate it.

When the Philadelphia Record deemed it advisable for political reasons to condemn Members because they did not vote for the recent wage and hour bill, we must remember that bill would have set up the greatest dictatorship this country has ever had, and probably greater than any other bureau of Government now established if that bill, which was presented last week by the administration and endorsed by the C. I. O., had been passed. No one can deny that. Every industry would have had a bureau of its own. The good that we were told would have been derived therefrom would not have been accomplished because of the operation of the various political machines in the different States preying upon the boards. There would have been a tremendous burden placed upon the people of this country to administer a poor-thought-out law.

When we think of industry in this country, and when we think of the people who are hunting jobs all over the country, may I say to the Members of Congress that we should direct our attention toward trying to do something to give business an opportunity to go ahead, or else you are not going to have any jobs in this country for anybody. You have hamstrung industry now to the point of strangulation and this administration is responsible. Did you plan it that way?

Let me call attention to one part of the President's message as given to us when we assembled December 15:

> Although there are geographic and industrial diversities which practical statesmanship cannot well ignore, it is high time that we had legislation relating to goods moving in or competing with interstate commerce which will accomplish two immediate purposes:
>
> First, banish child labor and protect workers unable to protect themselves from excessively low wages and excessively long hours.
>
> Second, end the unsound practice of some communities—by no means confined to any one section of the country—which seek

new industries by offering as the principal attraction labor more plentiful and much cheaper than may be found in competing communities. To them the Congress should reiterate the oft-repeated pledge of political parties that labor is not a mere commodity.

Mr. Speaker, I agree with the President of the United States when he makes that assertion. I want to show what some sections of the country have been doing to take industries away from the State of Pennsylvania which have high standards, industries that have been taking care of their people, industries which have been paying high wages and have eliminated sweatshop conditions. You have all noticed in various magazines the advertisements of the Governors of the following States: North Carolina, South Carolina, Alabama, Georgia, Florida, Louisiana, Tennessee, Kentucky, and Mississippi, in which they try to lure the manufacturers of the North with the promise of ample power at low rates. They offer the promise of giving industries the benefit of T. V. A. low rates at less than cost, this electricity being produced at the expense of the American taxpayer. They also promise efficient native-born labor at reasonable rates.

Let me show you what is being promised manufacturers in the State of Pennsylvania. I shall quote from this letter but instead of using the actual name I will call this gentleman Mr. Blank. I quote:

I think it will be of interest to you to know that the State of Mississippi is using a very clever scheme.

First, these politicians who claim to be at such variance with the methods of the public utilities are workng hand in hand with high-pressure representatives of the public utilities to contact mills in the North, and this is the scheme that was used with ——— concern. A very high-pressure representative of a utility company in Mississippi contacted the company here and induced them to consider a vacant factory building in Gulfport.

Of course, this high-pressured individual gives them all kinds of data relating to lower wages, no taxes, and other advantages that the communities in the South have to offer.

Second, he provided a nice luncheon with Senator ———, for ———, and his partners; and Mr. ——— personally told me that when he inquired as to the labor rates that they expected him to pay in Gulfport, in the State of Mississippi, he advised Mr. ——— that if he would pay from $7 to $9 that that would be highly agreeable to them, because they had figured it out that the average individual in the State of Mississippi can live on approximately $1.83 per week.

I believe that such conclusions on the part of the Senator from Mississippi are at variance with his political outbursts on the floors in Washington.

Next, they arranged a dinner with Gov. Hugh White, again flattering the manufacturer from the North. Mr. ——— personally told me that at this dinner he asked Governor White what his attitude was toward organized labor, and Governor White answered that question in the following manner. He said: "No doubt, Mr. ———, you are conversant with the strength of the Longshoremen's Union." Mr. ——— answered by saying, "Believe they are one of the strongest unions in the world."

The Governor then advised Mr. ——— that when they had trouble on the Pacific coast—meaning the longshoremen—they came into New Orleans in the morning, and they got their men to go out on strike; but by the middle of the afternoon he had National Guards with fixed bayonets at the dock and forced these troublemakers to leave.

This, again, I believe, is not in harmony with New Deal's front toward labor, although it may be in harmony with actual practices, as new dealers in the South feel toward labor. I myself am acquainted with a man in Pennsylvania by the name of ——— who operates sawmills and has some expensive cotton and wheat growing operations in North Carolina. He himself has personally told me that all that has been necessary for him to pay in that region has been 75 cents per day. In the same breath he tells me that the poor devils eat food that you or I would not give our dog.

As black as we northern manufacturers have been painted by so-called "southern politicians," we have never allowed our self-respect to sink to such a low degree; nor have we allowed the class distinction to be so great between manufacturer and employee as it is exhibited in the South.

May I say I have no animosity toward anyone, but the fact is that in States like Pennsylvania the manufacturers are trying to do what is best for the employees. I stand here before you as a Pennsylvania manufacturer and I do not have to put my head under a cloak or hide behind anything, because I am proud of it. I may say I am not the best manufacturer in this country, but I try my best to obey the Golden Rule so far as I can. Of course, I cannot always do what I want to do, nor what others would have me to do.

May I say to the Philadelphia Record that the manufacturers in the State of Pennsylvania have had their taxes increased over 600 percent in the past 4 years, and if the Philadelphia Record does not want all of the Pennsylvania manufacturers to go South they had better pursue a different policy. Of course, we want to control the ruthless manufacturers, and I want to curb them as well as any other Member of Congress, where they do things that are wrong, but let the Record keep its own house clean and pure and I believe they will. If we do not do something in Pennsylvania to give manufacturers and labor some opportunities, we are not going to have any manufacturers in Pennsylvania, and Pennsylvania is going to become a backward State under the regime we have at the present time.

You recall we took a hurried national census a month ago and we did it in 4 days. You have not heard a word about it, and the reason is that so many people were unemployed they are ashamed to pass the information out to the public. If a similar census were taken day, you would find the number of unemployed would be increased about 3,000,000, according to a statement in the labor paper this morning.

We find ourselves in a desperate situation. I hope the Members of Congress will give some consideration to the repeal of the undistributed-profits tax, because I believe this tax is doing more damage than any other law you have enacted. Further, I do not believe it is bringing in one-fourth of the money you thought you were going to get. If necessary, increase the corporate tax 2 or 3 percent, enough to make up the resultant loss of revenue, to make it up. The repeal of this tax law will reduce unemployment to a greater extent than anything else you can do. [Applause.]

[Here the gavel fell.]

Mr. BOLAND of Pennsylvania. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania may be allowed to proceed for 2 additional minutes, in order that I may interrogate him.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BOLAND of Pennsylvania. The gentleman has made the statement there are no sweatshops in Pennsylvania. May I recall to the gentleman's memory the parade in Johnstown led by the wife of the former Governor in Pennsylvania, Mrs. Pinchot, in protest against the sweatshops in Pennsylvania? May I also remind the gentleman of the commission which was appointed to investigate sweatshops in Pennsylvania?

Mr. RICH. Let me answer the statement about Mrs. Pinchot. If there were sweatshops in Pennsylvania at the time Mr. Pinchot was Governor, why did she not point them out to the Governor and show the people of Pennsylvania where they were? The answer is, no one could point out any sweatshops. If it had been done, the Governor is such a man that he would have eliminated them, this I know because he did what he said he would do.

Mr. BOLAND of Pennsylvania. Whatever elimination of sweatshops there has been has been done by the Democrotic administration, and the gentleman knows it.

Mr. RICH. Nothing has been done by the Democratic administration as far as the regulation of sweatshops is concerned, we did not have any when they came into power.

Mr. BOLAND of Pennsylvania. Let me tell the gentleman the Democratic administration in Pennsylvania has passed more laws for the benefit of the people than did the Republican Party in the entire 57 years it was in control.

Mr. RICH. We eliminated child labor long before the Democratic administration came into power. We gave the people of Pennsylvania laws whereby we eliminated the sweatshops, and there was none in the State of Pennsylvania at that time. Nobody knows this better than the gentleman from Scranton, Pa.

Mr. BOLAND of Pennsylvania. Legislation put upon the statute books by the Democratic Party eliminated the Republican Party from any chance of coming back into control in Pennsylvania for a great many years.

Mr. RICH. The gentleman will find at the next election the Republican Party will be back, and it will do away with half the laws you Democrats have enacted, or else change them materially, because you are going to drive industry out of the State of Pennsylvania and labor will suffer greatly. More poor laws have been passed under this administration than have ever been known in the history of the State in the same length of time. You will find that instead of Pennsylvania growing as a manufacturing State it is going to go back and back and back. It is really too bad for the old Keystone State.

[Here the gavel fell.]

Mr. SACKS. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania may proceed for 2 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SACKS. Mr. Speaker, will the gentleman yield for a question?

Mr. RICH. Certainly. If you Democrats have anything good to bring out, bring it out. I would like to hear it. I have not yet heard of any such thing in the last three and a half years, since you have been in power.

Mr. SACKS. The gentleman has made the statement that the Republican Party did away with sweatshops and child labor. Does the gentleman know Governor Pinchot appointed a Republican commission, which found that Pennsylvania had more sweatshops and more exploitation of child labor during his administration than ever before in the history of the State?

Mr. RICH. I may say to the gentleman from Pennsylvania I will give him $5 for every sweatshop in the State of Pennsylvania he can name. Now, start. I will ask for an hour's additional time. Name one, now; name one.

Mr. SACKS. How about Elkland?

Mr. RICH. That is one of the best manufacturing firms in the State of Pennsylvania. They pay high wages, have good working conditions, and they are fine people; they employ about 1,200 men and are paying them a good, high wage rate, and the gentleman should know it. If you call it a sweatshop and should go up there, the employees would ride you out of the State of Pennsylvania on a rail.

Mr. SACKS. I would like to ride the sweatshops out of the State of Pennsylvania on a rail.

[Here the gavel fell.]

Mr. BRADLEY. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BRADLEY. Mr. Speaker, I am very pleased that I happened to walk into the House while my colleague the gentleman from Pennsylvania [Mr. RICH] was speaking, and I am delighted to hear of his interest in working conditions in Pennsylvania. I take it for granted that as a rule he would pay attention to requests from his constituents regarding working conditions in Pennsylvania. A couple of weeks ago I happened to be reading the Philadelphia Record, and I clipped out of their "Mail Bag" column a copy of a letter which was sent to the gentleman from Pennsylvania. I had it in my wallet when I came in and heard him speaking. I suppose he pays attention to the requests of his constituents and the workingmen.

The letter is as follows:

We have sent the following letter to Congressman RICH, House of Representatives, Washington, D. C.:

"DEAR SIR: For the benefit of the working people in your district, will you be so kind as to sign the petition to release the wage and hour bill from the reactionary Rules Committee?"

The gentleman from Pennsylvania [Mr. RICH] had very little to say during the debate on the wage and hour bill. I do not believe I heard him speak very much on the floor at that time, although at other times he seems to occupy the floor for endless periods. Here is a request from his constituents, workingmen, who tell him the wage and hour bill is essential for their welfare. He paid so little attention to it that he did not sign the petition and did not vote for the bill.

Mr. RICH. That letter came from the C. I. O., and I do not recognize them.

Mr. BRADLEY. It came from citizens in the gentleman's district.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to print in the RECORD as an extension of my remarks a letter written by Postmaster General Farley.

Mr. MICHENER. Mr. Speaker, reserving the right to object, how many speeches of the Postmaster General does this make that have been inserted in the RECORD today?

Mr. LUDLOW. This is not a speech but a letter.

Mr. MICHENER. It seems to me there have been about three of these speeches a day put in the RECORD for the past several months.

The SPEAKER. The gentleman from Indiana asks unanimous consent to extend his remarks in the RECORD by including a letter from the Postmaster General. Is there objection?

Mr. MICHENER. We have got past the speech stage and now we are putting in his letters, is that it?

Mr. RICH and Mr. KNUTSON rose.

Mr. RICH. Mr. Speaker, reserving the right to object, we want to know what the gentleman is putting in here. They have almost completely filled this RECORD with speeches of the Postmaster General. He has had more speeches in the RECORD than any Member of Congress.

Mr. LUDLOW. I may say to the gentleman that the Postmaster General should be acquitted of any and all blame for what I am doing here, because he does not know anything about it. This is a very interesting letter which the Postmaster General wrote to Everett C. Watkins, Washington correspondent of the Indianapolis Star, in regard to the abolishment of the post office in the village where Mr. Farley was born. I think everybody would enjoy reading it, and I would like to put it in the RECORD. I would like to include Mr. Watkin's reply, which also is brilliant and entertaining.

Mr. RICH. If everything has gone to pot in his home town and they are going out of business there, something ought to be done to help.

Mr. KNUTSON. Mr. Speaker, reserving the right to object, if there is a case on record where the Postmaster General has recommended the abolishment of a post office or the doing away of a postmastership I think we should know about it, and I hope no one will object.

Mr. LUDLOW. I think so, too, and this is such a case.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes following the remarks of the gentleman from New York [Mr. FISH].

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. DITTER. Mr. Speaker, I ask unanimous consent that on tomorrow, after the disposition of matters on the Speaker's table and any legislative matters that may come before the House, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. Under the previous order of the House, the gentleman from New York [Mr. FISH] is recognized for 25 minutes.

Mr. FISH. Mr. Speaker, I propose to speak on a serious issue in a serious vein and without any degree of partisanship. The issue involves the question of peace or war.

I do not agree with those leaders in this House who seem to feel that members of the Foreign Affairs Committee should not discuss this highly important subject at the present time. Only a few days ago the gentlewoman from Massachusetts [Mrs. ROGERS], a member of the Committee on Foreign Affairs, was publicly rebuked by the majority leader for daring to refer to the Japanese situation in connection with the imports from Japan, and for making some reference to the Neutrality Act. This House used to be the greatest deliberative body in the world. If there is any issue that should be discussed openly and freely upon the floor of the House, it is that involving the peace of our country.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mrs. ROGERS of Massachusetts. It seems as if the majority leader is having so much difficulty with his own side that he tried to guide the speech of Members of the minority.

Mr. FISH. I will only say to the gentlewoman from Massachusetts that it does not make any difference to me what the subject is, the only right and power that we of the minority have is that of expressing our sentiments upon the floor of the House in view of a 4-to-1 majority against us. Certainly, the sinking of the *Panay* is a major issue and one in which the American people back home are vitally interested. They want leadership and facts to go by, but all they have gotten up to the present time is what they see in newspaper articles or editorials or what they hear from Senators in the other branch of the Congress, or statements from the Secretary of State. On this momentous question of peace or war the House of Representatives has equal rights with the Senate in every degree and in every respect. The sinking of the *Panay* has nothing to do with the Senate's power to ratify treaties. It has to do with our American peace policy and the preservation of peace. It is far more important than party affiliations. It is a great American issue and I propose to address my remarks along American lines without regard to partisanship.

Mr. SHANLEY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. SHANLEY. Is it the gentleman's purpose in the course of his remarks to tell us just what the State Department has divulged?

Mr. FISH. It is; and I will answer the gentleman by saying that I doubt if the State Department has now or will have any information that every American cannot have by reading the newspapers, because in the sinking of the *Panay*, as the gentleman will recall, there were newspapermen aboard the ship who were witnesses to everything that happened and were also victims of the situation. They have reported back a full account of what they themselves witnessed.

The American people must not under any circumstances become hysterical and beat the war drums. We must wait for all the facts and the Japanese answer to our demands, and not add fuel to a dangerous situation by threats and talk of war. The deliberate bombing of the American gunboat *Panay* by Japanese airplanes was an international tragedy. You can almost hear the beating of the wings of the angel of death as she hovers over America and Japan. However, I believe that if our Government and our people keep their heads a complete and satisfactory settlement can be reached by arbitration and peaceful means.

I want to go on record, not as the ranking Republican member of the Committee on Foreign Affairs but as a minority member of the House and as a veteran of the World War, as supporting the President and supporting the Secretary of State in their legitimate demands upon Japan for an immediate apology, for payment of compensation, and for definite guaranties that such incidents and attacks upon American warships, upon the American flag, and upon American citizens shall cease in the Far East.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. KNUTSON. It has been suggested that in view of the fact that all the remedies that have been tried heretofore to prime the pump and make it gush forth a new stream of prosperity having failed, that perhaps we might try war. We have tried everything else. Has the gentleman any thought on that as a cure for the new depression?

Mr. FISH. I prefer not to discuss that at present. I loathe and abhor war. There is not a man or woman in this House who loathes or abhors it more. I am willing to go the whole way with the President in legitimate and justifiable demands, and I believe such demands will be acceded to by the Japanese Government, because it is my conviction that the Japanese nation does not want war any more than we do—that the Japanese people, that the Japanese Government, that the Japanese high command are as much against war as the American people.

However, if certain Fascists and militaristic-minded junior officers who participated in this deliberate attack upon the *Panay* represent public opinion in Japan, then I am completely wrong in my statement. I think that they merely represent their own attitude, that they got out of hand, and I am willing to predict right now that the Japanese Government, from the highest authority down, will within the next few days acknowledge publicly the demands made by the President and accede to those demands without further delay or evasion.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. FISH. For a brief question.

Mr. FITZPATRICK. Assuming they refuse to accede to the demands, what is the gentleman's suggestion for our country to do?

Mr. FISH. I shall discuss that situation later on.

Mr. FITZPATRICK. Would the gentleman declare war?

Mr. FISH. I certainly would not declare any war until all of the facts are presented, and we have exhausted every honorable way to preserve peace. Let me proceed with my remarks, and I shall answer the gentleman from New York and also answer more fully the inquiry of the gentleman from Minnesota [Mr. KNUTSON]. What the gentleman from Minnesota wants me to say, and I have been trying not to say it, because I do not want to be thought partisan in these remarks, is that I did not agree with the statement of the President when he proposed that we quarantine certain nations, that we enter into collective action against them, and that we were on the brink of war and could not keep out. I do not agree with that international ideology or philosophy at all.

I do not believe in any such internationalism, that we must police China or Japan or any other nation in the world. But, answering the gentleman from New York [Mr. FITZPATRICK], I do not believe in crossing a bridge until we reach it. At the present time, as far as I want to go, is simply to say that I am convinced that the American people, Republicans and Democrats alike, should stand on a common platform, an American platform, upholding our rights and demanding justifiable apologies, compensation, and guaranties. We can do no less, and when that is done we have done our full duty. The next move is up to Japan.

Mr. FITZPATRICK. What would be our move if they refuse to accede?

Mr. FISH. I am not willing to anticipate a refusal by Japan.

Mr. FITZPATRICK. If they refuse, what would the gentleman do?

Mr. FISH. We will cross that bridge when we get to it, but I do not believe that it will be necessary.

Mr. FITZPATRICK. The gentleman said the next move would be up to Japan.

Mr. FISH. It is up to Japan, and we should give the Japanese Government a reasonable time to answer; but as far as I am personally concerned, I believe war with Japan would be criminal folly—with nothing to be gained and everything to be lost. I am opposed to war because I have

seen war more than most of the Members of the House except the war veterans, and I regard it as mass suicide.

I regard war as having been changed completely in the last generation, because today it means that a whole nation goes to war. If a few sailors have been killed, whose death we deplore, it is better to try in every possible and honorable manner to reach a settlement on a peaceful basis, and I hope to God that we can, instead of going to war at the sacrifice of a hundred thousand or perhaps a million lives and maybe wrecking the country and civilization. Every American must agree that the deplorable situation requires a considerable amount of thought before any such action should be taken. War should be the last resort after all efforts at peaceful arbitration have failed.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. McCORMACK. I think everybody can agree with that statement of the gentleman from New York, everyone with common sense, but the question I have in mind is wherein does the gentleman disagree in connection with this unfortunate happening with what the State Department and the President have done in connection with that happening to date?

Mr. FISH. I, of course, have a motive in speaking, and I shall develop the motive as I go along. I am in entire accord with every step taken by the President and by the Secretary of State up to date. I have, as the gentleman knows, said on the floor of this House that I think our gunboats should be withdrawn from China.

I am still in favor of that policy, but I do not propose to urge the withdrawal of our ships under coercion when our flag is under fire and our gunboat attacked. The American flag is not hauled down in face of threats. I would not withdraw a single gunboat or a single soldier as long as they are threatened or coerced or under attack by a foreign power. [Applause.]

Mr. SHANLEY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. SHANLEY. I agree with the gentleman wholeheartedly. I assume that when these difficulties are over the gentleman foresees an abandonment of the open-door policy in the Far East. Is that true?

Mr. FISH. I do not want to go into that question in this limited debate, because that raises a whole history of conferences and agreements. We even entered into agreements at the time of Secretary Root and Secretary Lansing with Japan, giving the Japanese special rights in China. Assuming Japan conquers China, she will have, by conquest alone, special rights there. Whether that will affect the open-door policy I do not know, but I want to say this to the House, which the American people do not seem to understand, that when you talk of the open-door policy with China, we only do $50,000,000 worth of trade with China, and we do over $200,000,000 worth of export trade with Japan. This year alone we will sell Japan $300,000,000 worth of goods, and we will buy in return $200,000,000 worth of goods from Japan. I do not think we can reach any agreement about the open-door policy until we know what the outcome of the war in China is. I think we would be wasting our time talking about it at the present time.

The reason I have taken the floor today is because I am fearful, with this serious situation confronting America, with our national honor impugned by an attack upon one of our warships by a foreign nation, that certain elements in our country will try to inflame our people with hatred against Japan and promote boycotts, embargoes, reprisals, and threats. I submit that in this country today the Communists, the Russians, the Chinese, and possibly some British subjects are spreading propaganda up and down this land to inflame the passions of the American people and to excite them into threats and reprisals against Japan. When it comes to boycotts, I sympathize with the American Federation of Labor.

I am a protectionist. I know that the goods produced by Japanese labor at 20 cents a day is flooding our country, and that in a certain Ohio city the other day many thousands of men lost their jobs on account of Japanese imports. But their fight is not with Japan. Their fight is with the administration who does not give them adequate protective duties to safeguard those industries and their jobs. They have no fight whatever with Japan. We sell $100,000,000 worth more goods to Japan than we buy, but nevertheless this idea of boycott is spreading like wildfire, and anybody who has studied past international disputes and wars knows that the most serious factor has been trade and commerce. Anyone who knows anything about Japan knows that the Japanese are highly sensitive, highly patriotic; a proud race, and a militaristic race.

So, if a boycott against Japanese goods spreads throughout the country, those same passions that are aroused in America will be correspondingly aroused among the Japanese people. I have seen no signs that the Japanese want any difficulty with America. They tell me the Japanese people all over their country have gone out of their way to make their sentiments known by acts of courtesy to Americans in Japan, by giving them gifts and making presentations of all kinds. But if we adopt this provocative policy and permit it to spread—that we will not buy from Japan, that we will boycott her, that we will go further into embargoes, reprisals, and economic sanctions—then I say it is a step toward war; that war is inevitable if you pursue a policy of that kind against a first-class fighting and commercial power like Japan.

As soon as the Chinese war is over, and it looks like it is about over, and we continue this dangerous policy without any advice or hindrance from the administration—and here is where I criticize the administration somewhat—the President should do everything in his power to warn the American people against the propaganda of the Communists, the Russians, the Chinese, and foreign nations with an ax to grind, who will do everything they can to use our country for their own interests, to pull their own chestnuts out of the fire. Even assuming that Japan offers adequate apologies, compensation, and guaranties within a week's time, but if the boycott spreads like wildfire, I cannot see anything except that such a policy will lead to war.

If we want war, it is the easiest thing in the world to find. If any Member of the House wants a fight and has a chip on his shoulder and looks for a fight, he can get one probably within an hour's time. If we go out with a chip on our shoulder, looking for a fight, we will get it in no time at all.

We do not want any additional territory. We have no militaristic or imperialistic designs or aspirations. All we want is to live at peace with the rest of the world. The American people are not afraid to fight, but we do not propose to go out looking for a chance to go to war.

We have everything to lose and nothing to gain; but we want to let Japan and every other nation in the world know that we will insist on the right of our people for protection; that we will insist that our ships be free to go wherever they have the right to go without being attacked by any foreign power. This is the very minimum we can demand; but we should not, after that is acceded to, permit this unfriendly propaganda and boycott to spread against Japan, who will become our enemy overnight, and if we are looking for war she will not turn the other cheek.

Mr. LUCAS. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. LUCAS. I congratulate the gentleman on his statement that this is one question in which partisanship should not enter, but I call his attention to a question asked by my distinguished friend from Minnesota which, in my opinion, was unfair and unwarranted toward the attitude of this administration upon this very very important question. The gentleman from New York said he would discuss that before he finished. He has not yet touched upon it and I am afraid his time will expire before he does.

Mr. FISH. I rather hesitate to discuss it because anything I say will be regarded as partisan. I do not want to inject

partisanship into my remarks. I have already endorsed, and I hope I am endorsing for my entire party—I do not know that I am, but I hope I am endorsing for all the 17,000,000 Republicans—the attitude that the administration has taken thus far. I do not want to cross any bridge beyond that. But the gentleman must know that the minority thoroughly disapproved the Chicago speech of the President.

We think it was highly dangerous, highly provocative, highly hysterical, and that if followed up it would have meant that we would have gone to war with other nations, either against Japan or to quarantine some other nations. I am not in favor of going to war to preserve peace in other parts of the world.

I know there are two schools of thought: There is the international school of thought represented by the President and the Secretary of State and those who advocate the League of Nations; and there is the isolationist school of thought who want to keep us out of all foreign wars and entanglements, all economic embargoes, all concerted action, free to act in our own way, relying on our own national defense, but trying to isolate ourselves against foreign intrigues, disputes, and war. I admit that I do not understand the philosophy of a great many Americans, including some Republicans who think that we must get into every war that occurs throughout the world. We were forced into the last war against our will by the deliberate attacks of the German submarines without warning upon American ships flying the American flag. We did not want that war; it was forced upon us against our will.

I point out to the gentleman that many other nations stayed out of the World War—Sweden, Norway, Denmark, Holland, Switzerland, and Spain—but there seems to be a strange psychology that we must get into every war that happens in the world. I am unalterably opposed to that. I think we should keep out of every foreign war. [Applause.] If these other nations want to go stark mad, arm to the teeth, and go to war, it is their war and not ours. [Applause.]

Mr. LUCAS and Mr. FITZPATRICK rose.

Mr. FISH. I want to yield to the gentleman from Illinois, who is a war veteran. I think, contrary to public opinion, that the veterans of the World War are more against war and war commitments than any other group in America. [Applause.]

Mr. LUCAS. I know that the gentleman does not agree with the insinuations made by the gentleman from Minnesota about the attitude of this administration, putting this country into another war because we are in a depression at the present time, in order to save this administration—and that is the only conclusion that can be reached from the question the gentleman asked.

Mr. KNUTSON. Mr. Speaker, that is not exactly fair. I merely asked a hypothetical question.

Mr. FISH. I prefer not to answer, because I do not want to be misunderstood.

Mr. LUCAS. That is perfectly all right with me.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman from New York may proceed for 10 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. SHANLEY. Mr. Speaker, will the gentleman yield for the purpose of clearing up a mistake?

Mr. FISH. Certainly.

Mr. SHANLEY. The gentleman has announced his opposition to the Chicago speech of October 5. Has the gentleman seen any evidence of the application of the principles of that speech in the handling of the Sino-Japanese situation at the present time?

Mr. FISH. No, I have not; I am very thankful to say.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield for one question.

Mr. FISH. I yield.

Mr. McCORMACK. The gentleman has referred to boycotts. Of course, we cannot stop individuals or organizations from boycotting; and there is a difference between a boycott conducted by an individual or an organization and one sanctioned by the Government.

Mr. FISH. Certainly there is, but I am advising the Government to warn our people, because they do not realize how quickly, once these movements start, public opinion becomes inflamed; and once public opinion is inflamed in our country a corresponding but opposite inflamed public opinion will grow up in Japan. It is the road that eventuates in war.

I say to the American Federation of Labor—and I have been a friend of the American Federation of Labor and Mr. Green for many years—that their grievance is not against Japan; it is against the administration that permits goods manufactured by 20-cents-a-day labor to come into our country and to replace free American labor paid at American standard of wages. Just so long as Secretary Hull, Mr. Sayre, and others with free-trade obsessions seek to do away with protective duties for the benefit of American labor, just so long will our wage earners continue to lose their jobs. It must be self-evident that our workingman cannot compete with Japanese labor paid 20 cents a day or with certain European labor paid less than a dollar a day without an adequate protective tariff.

The quarrel of the American Federation of Labor is not with Japan but with the administration at Washington.

Mr. Green ought to direct his boycott, if he wants a political boycott, against the administration or, better still, demand protection for American labor. I think the gentleman from Massachusetts is a good protectionist if he will get away from the party long enough to carry out the real sentiments of his mind and the dictates of his heart.

Mr. McCORMACK. That is very nice of the gentleman. I may say the gentleman from Massachusetts endeavors to carry out his own convictions at all times and is capable of expressing his own thoughts, although I appreciate the gentleman's references. The gentleman's views on the science of government and mine are in complete harmony with each other. But in a democratic government there is difficulty in telling the gentleman or me or various groups what they may do or what they may not do.

Mr. FISH. I may say if some Democrat or Republican made a hysterical, inflammatory, and provocative speech at this time, I am sure the gentleman and myself would combine to answer him for preservation of peace and in behalf of the principle of good will among nations.

Mr. McCORMACK. But we would be acting individually.

Mr. FISH. I am not blaming individuals. I blame the Government for not warning the country. The country is being subjected at this time to communistic propaganda, Russian propaganda, perhaps English propaganda, and certainly Chinese propaganda. The people must be made to realize that all forms of reprisals, threats, embargoes, or boycotts means war eventually.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. FITZPATRICK. I agree with the gentleman insofar as getting into war is concerned. I am against any sort of war. But in starting off in his remarks, the gentleman stated that this administration should demand certain things of Japan.

Mr. FISH. That is right.

Mr. FITZPATRICK. Suppose they refused to yield to the demands; what then?

Mr. FISH. I will say to the gentleman that I will go even further than the so-called Ludlow resolution. I would have this Government enter into arbitration treaties with every nation in the world, providing that we will arbitrate everything under the sun except the defense of our Territories and the defense of our own country.

Mr. FITZPATRICK. And if they refuse to arbitrate?

Mr. FISH. As a matter of fact I may say to the gentleman and to the other Members of the House that we have already entered into a definite treaty, in the form of the

Kellogg-Briand Pact, and by our own consent we have agreed that we will not go to war except in defense of our own country. That is a treaty we deliberately entered into and it exists today. I am one of the few adherents of that pact who honestly believe in it. I still believe in those principles as a deterrent against war.

Mr. CRAWFORD. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Michigan.

Mr. CRAWFORD. With Japan having adopted western methods of engineering, the holding down of death rates, and so forth, and with the continued improvement of the Japanese race, as well as having in mind, at the same time, Japan is a shipping and seafaring nation, is it the gentleman's opinion that Japan is seeking raw materials more than it is seeking anything else, or what is the principal objective?

Mr. FISH. I believe that Japan's attack on China is the result of a desire to control the raw materials of China, particularly copper, coal, iron, and cotton, in order to be able to defend herself with those materials. I believe that is the prime motive behind her invasion of China, and, of course, to secure a permanent market for her own goods in China.

Mr. CRAWFORD. I agree with the gentleman in that statement. In the gentleman's opinion, are the moves which are now being made toward a British-American alliance operating in the direction of circumventing moves that may be made in the future by Germany, Japan, and Italy with reference to the Suez Canal in an attempt to take away control of the Suez Canal from Great Britain? Is there a relationship between that possibility and the present negotiations?

Mr. FISH. No. I think the gentleman is a step ahead of our times. At the present time Great Britain has a tremendous stake in China. She has $1,200,000,000 invested there. She owns Hong Kong. She has an enormous trade with China. Japan is rapidly taking away that trade from Great Britain by a lower wage scale and by the use of modern equipment in her own factories, to which the gentleman referred, and eventually will take away most of her trade.

Naturally, Great Britain has a great deal at stake. I am warning our own country, which has not so much at stake, not to be used to pull the British Empire chestnuts out of the fire. Believing in peace, as I do, and advocating and urging it, I believe in a navy second to none for national defense against Japan or against any other country. As long as we have a navy second to none we will never be attacked by Japan unless Japan goes crazy, or by any other nation. The Navy is our first line and main defense. That is why when I talk to my groups back home I never hesitate to let them know that, although I am for peace, I am for a powerful navy so that we cannot be attacked ourselves.

Why be hysterical about the Japanese situation when we know Japan can never attack us as long as we have a Navy that is larger, more powerful, and more efficient than her own? Scrap or demoralize our Navy and then it is time to be worried about the future.

Mr. CRAWFORD. May I ask another question? Can we exercise the principles enunciated in the Monroe Doctrine and carry out the philosophy thereof unless we do have a navy second to none, a navy capable of defending our shores from the Arctic to the Antarctic on both sides of the Western Hemisphere?

Mr. FISH. No, we cannot; and, further, we cannot emphasize the Monroe Doctrine too strongly at the present time, because that is exactly what Japan is emphasizing in China.

Mr. CRAWFORD. Exactly.

Mr. McCORMACK. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Is not our Navy stronger now than it was several years ago?

Mr. FISH. It is stronger and better equipped. I believe we have the best navy in the world today, and I believe we can whip any navy in the world today.

Mr. McCORMACK. But we are better off now than we were 4, 5, 6, or 7 years ago?

Mr. FISH. I think we have had a first-class navy for 10 years.

Mr. McCORMACK. I am not questioning the personnel.

Mr. FISH. I know what the gentleman wants me to say. I believe we have had a very efficient navy for the last 10 years. Today it is highly efficient, and I congratulate the gentleman for his part in maintaining its efficiency.

[Here the gavel fell.]

Mr. SHANLEY. Mr. Speaker, I ask unanimous consent that the gentleman from New York may proceed for 5 additional minutes.

The SPEAKER pro tempore (Mr. O'CONNELL of Rhode Island). Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. SHANLEY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Connecticut.

Mr. SHANLEY. The gentleman believes in strict neutrality; there is no question about that from his past history and from a study of the hearings of the Committee on Foreign Affairs. The gentleman knows that a government as a government has no control over the acts of its people. The gentleman knows further that we have never been able to prevent our people from shipping munitions or extending credit, and that we actually had to go as far as statutory law in order to prevent it. Knowing this, will the gentleman tell us how it is possible for our Government, as a government per se, as a sovereign among other sovereigns in the family of nations, to tell the people of the United States they must be warned about propaganda? Wilson tried to do it in his famous neutrality speech, but it was ineffectual. How can the Government, or how can the President of the United States, do this, consistent with the law of nations?

Mr. FISH. I am not a great supporter of the President. I will, however, admit the President has the greatest radio voice in America and that he can go on a hook-up any night he wants to, speak for a full hour, place the facts before the American people, and plead with them to be calm and cool and keep their feet on the ground, to approach the situation from a sane point of view, and not be carried away by their passions or by foreign propaganda. He can warn them against this, and point out that boycotts, embargoes, reprisals, or threats mean the creation of hatred throughout this country and Japan, and that this is the road to war. I think the gentleman, who is one of the President's warm supporters, would do the President and his country a service, which the gentleman generally does, if he advised the President to make such a speech.

Mr. SHANLEY. The gentleman does not speak my mind because, as the gentleman is a student of international law, he knows it would be a violation of the prerogatives of a sovereign to make such a statement.

Mr. FISH. Surely the gentleman cannot mean that the President of the United States and the head of our Government should not advise our people what to do. I believe it is the duty of the President, just as under the Constitution he advises the Congress what to do, to advise the American people. I had always believed that the President was assumed to be the spokesman for the American people.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Mississippi.

Mr. RANKIN. Has the gentleman seen the statement of Samuel Untermyer advocating an embargo?

Mr. FISH. That is exactly what I am referring to. Samuel Untermyer is a distinguished man. I know and admire him. Yet he is advising a boycott against Japan. First, it was a boycott against Germany; now it is a boycott against Japan; and next it will be a boycott against Italy. The gentleman can see what happens once you launch these different boycotts—suspicion, bad blood, and international hate.

Mr. KNUTSON. Commercial isolation.

Mr. FISH. It means destruction of our trade, the enmity of foreign nations, and maybe war.

Mr. IZAC. Mr. Speaker, will the gentleman yield for a brief observation?

Mr. FISH. Certainly; I will yield.

Mr. IZAC. The finest propaganda in the world is what appears every day in the headlines of the American newspapers. Neither the President himself nor any group is encouraging this. It is just the plain news, and plain news today is what is setting the American people against the Japanese.

Mr. FISH. Certainly. There is no question where our sympathies lie. We are opposed to the invasion of China. We are opposed to the killing of Chinese women and children by Japanese bombs. We resent, of course, the attacks upon our own ships, but we hope the matter will be arbitrated on a peaceful, sound, and sane basis.

Mr. IZAC. I agree with the gentleman.

Mr. FISH. The American people do not want war. There are always certain militaristic cliques, jingoes, war profiteers, or those who have something to gain, who agitate for war in the press; but the rank and file back home do not want war. If they knew that boycotts meant war, they would not be in favor of boycotts or any form of reprisal that would unnecessarily inflame the passions of both Nations and lead to war.

Here is a statement which was given me by the Associated Press a few minutes ago:

> A high Soviet official said today that America is "overrun with Japanese spies, and Japan in its turn seems to be an arena for American intelligence services."

As I read this I recall the old saying about Greeks bearing gifts. Naturally, the Communists and the Soviet authorities are going to do everything they can to incite us against Japan. I am trying to warn the American people against propaganda from abroad and propaganda from within, all of it from people who have an ax to grind.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Speaker, I ask unanimous consent that the gentleman from New York may proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. I do not want to be in a position of criticizing the President for not invoking the provisions of the Neutrality Act. I presume there perhaps may be very good reasons for his not having done so. However, is it not a fact that had the President declared sometime ago a state of war actually did exist between China and Japan, and had he used the power given him in the Neutrality Act, it is likely that those Standard Oil tankers would not have been in the vicinity at the time?

Mr. FISH. I agree thoroughly with the gentleman. I stated before the trouble started that we ought to take those gunboats out of there. I voted for the neutrality bill reluctantly, but it was the only bill before us.

I have said in this House that the Neutrality Act is the law of the land, that war exists in China. Other nations having no neutrality law do not face this issue. We wrote a law which said that when a state of war exists certain things should happen, and there is certainly a state of war in China, but the law is not enforced and the propaganda has gone out, and it has been deliberately put out, if we enforce the law it would help Japan and hurt China. I have pointed out repeatedly that if we had enforced the neutrality law it would hurt Japan and favor China, because Japan is buying everything it wants from us at the present time. They bought $100,000,000 more of goods this year than last year. They have bought $30,000,000 worth of scrap iron. If we had put the Neutrality Act into effect Japan could not have bought as freely as she is doing now and she could not have bought any arms, ammunition, or implements of war whatever.

Mr. BOILEAU. The gentleman is on the Foreign Affairs Committee and I know is familiar with the so-called Neutrality Act. Could the President, under the provisions of that act, have prevented the Standard Oil tankers from being in that vicinity and delivering gasoline or whatever was on those tankers to either party?

Mr. FISH. No; they would not have been affected, because they are river boats that have been there for years, and they were just carrying fuel to their own business establishments on the river. I agree with what the gentleman has in mind that our gunboats were there originally to protect the Standard Oil Co., and that is one reason I wanted them taken out of there.

Mr. BOILEAU. I was only asking for information.

Mr. FISH. But I do not want them taken out under threats or under fire.

Mr. SHANLEY. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. SHANLEY. Just for the purpose of the RECORD, the gentleman must admit the Neutrality Act said that when the President finds there exists a state of war.

Mr. FISH. Certainly. I agree with the gentleman if he wants to be strictly technical, but a state of war exists when armed forces of one nation invade another nation whether there is a declaration of war or not, and no one can deny that Japanese armed forces have invaded China at the present time, destroying Chinese cities and Chinese armies.

Mr. SHANLEY. I do not deny that.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield in that connection?

Mr. FISH. I yield.

Mr. McCORMACK. There is a lot in what the gentleman has said about the way another country may view the matter.

Mr. FISH. That is the trouble.

Mr. McCORMACK. Suppose the President, under the conditions that exist, did say that a state of war exists, how would either one of the two countries view that? Would it be construed as an act of war?

Mr. FISH. Certainly not; we would be merely carrying out our own law of neutrality.

I may say, in conclusion, because I want my record to be clear, and I want it understood that I am speaking from a nonpartisan point of view, I opposed as vigorously as I could under a Republican administration the Congress giving the power to the administration or Mr. Stimson, who was the Secretary of State, to determine the aggressor nation. I opposed it under this administration which wanted the same power. I say, thank God, we did not give it to them. It is the only power practically that the administration wanted that we have not given the administration, until quite recently.

If we had given Mr. Stimson, or if we had given the President and Mr. Hull—both of whom, I believe, want peace, but are internationally minded and believe in collective action and were ardent supporters of the League of Nations—this power, I am fearful we would have been brought into practically all international intrigues, feuds, and boundary disputes, and possibly wars. If we had given either Mr. Stimson or the present administration the power to determine the aggressor nation, I am fearful it would have been used against Japan. Certainly, Japan is the aggressor nation, and if this had been used against Japan it would have been an act of war, and we would have been at war with Japan by now.

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 2 additional minutes, so that I may ask a question.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Is it not true that if the Neutrality Act had been enforced, under the provisions of

the cash-and-carry plan, Japan could have come to this country or sent her ships to this country, bought her commodities, and gone back again, bringing the war to our very doors? I considered that a very dangerous provision of the act. We both were anxious for the sort of neutrality legislation that would be most likely to keep us out of war.

Mr. FISH. I know the gentlewoman from Massachusetts was one of the 12 Members of the House who voted against it, and that was her right, and she had legitimate reasons for opposing the act; but, as a matter of fact, I do not follow that logic at all in the present situation. If the Neutrality Act had gone into effect, Japan could not have bought any arms, ammunition, or implements of war.

Mrs. ROGERS of Massachusetts. But she could have bought cotton and oil and commodities of war. A mandatory act without the cash-and-carry provisions would have been wiser.

Mr. FISH. She is now buying everything—arms, ammunition, implements of war, scrap iron, cotton, and everything else. She could not have bought arms, ammunition, or implements of war if the act had been put into effect.

Then she would have had to send her ships here to buy and carry the goods, but she is using her own ships now to transport her soldiers, and supplies to clothe and feed her soldiers, so that it would not have worked out to her interest. It would have worked out against the interest of Japan if the neutrality law had been put into effect.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mrs. ROGERS of Massachusetts. I believe that the cash-and-carry provision in that act was unwarranted and likely to get us into trouble, and I think the gentleman so believes.

Mr. FISH. I agree, and I did everything I could to have it stricken out.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. RANKIN. The gentleman spoke of propaganda.

Mr. FISH. Yes.

Mr. RANKIN. I wonder if the gentleman knows that the Chinese Ambassador, the Japanese Ambassador, and the Russian Ambassador each appeared before meetings of Members of Congress on this bill and discussed this matter within the last 2 or 3 weeks?

Mr. FISH. I know; and I think it is a fine thing; and I congratulate whoever on the Democratic side is in charge of arranging those meetings, because the way to understand and get at the facts is to get around the table, ask questions, and get first-hand information. I hope that our present dispute and disagreement with Japan will be settled by arbitration or on a peaceful basis without boycotts, embargoes, reprisals, and inciting hatreds that may eventuate in war. [Applause.]

The SPEAKER pro tempore (Mr. O'CONNELL of Rhode Island in the chair). The time of the gentleman from New York has expired.

Under previous order of the House, the gentleman from Alabama [Mr. PATRICK] is recognized for 30 minutes.

FREIGHT RATES

Mr. PATRICK. Mr. Speaker, I want to speak to the Members of the House for a few minutes, and I am glad the House is so well filled this morning. I desire to speak for a moment or two about the Ramspeck amendment to the Interstate Commerce Act. I hope it soon may be brought out on the floor for debate. The Interstate Commerce Commission is an arm of this body that is overwhelmed with work, and we ought to help it. That bunch of fellows has a bigger job than any one body can perform, and this freight rate and general transportation structure is offering one of our most serious national problems and it is going to grow worse and harder and stronger and higher and fiercer as we travel down the avenue of time, and if we do not provide means of stemming the tide, the folks who follow us after we are dead are going to have a tremendous debt.

Last Saturday the Interstate Commerce Commission approved a rise in transportation rates for this country. This includes rates on hundreds of articles, commodities such as sugar and meat and brick and clay products and salt, oil-well supplies and hundreds of other things necessary to the economic life of Mr. and Mrs. America. I am not protesting against that. The traffic experts in the United States have stated advisedly, no doubt, that this increase is necessary. I am not protesting the amount of the rate. I am protesting merely the discrimination that is applied in the rate, and so in these rate-making differentials there has grown up in this country five rate-making zones.

One of the artists of Congress has kindly drawn a map here of the United States, and gentlemen will see that it is a very good map. These are the five zones represented that have grown up. To begin with, that may have been necessary, and doubtless was; but engineering skill long ago overcame the physical barriers that originally gave rise to this practice, but we have followed this topsy-turvy system, this crazy-quilt pattern, ever since.

Mr. LUCAS. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. Not now. I will tell the gentleman what to do. Just sit there and let his ideas accumulate, and at the end of my remarks he may have plenty to ask.

Mr. LUCAS. I have an interesting question that I would like to ask.

Mr. PATRICK. I am afraid that if I answer that question the gentleman will leave.

Mr. LUCAS. I am going to leave anyway.

Mr. PATRICK. Then if the gentleman is going to leave anyway I certainly am not going to yield. So we must consider this, because it has grown up and now is about to get a throat hold on the United States. It is discriminatory, it is unnatural. It has the effect of a monopoly, and you know a geographical monopoly is just as evil in its effect as a monopoly of a rich corporation or any other sort of a monopoly. Over half the votes unfortunately are in this section right here, roughly bounded by the Mississippi River on the west and the well-known Mason and Dixon's line on the south, known as official territory. This [indicating] represents the southern territory, and this is the southwestern, which takes in Texas, Louisiana, Arkansas, and Oklahoma. Up here [indicating] when they ship from this point to this point they pay $1, and for the same down here the folks pay $1.37, and yet they stick it out. It is even worse over here in the Pacific and Western Trunk area. These are the five zones, when there should be but one.

Mr. BREWSTER. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. Not now.

Mr. BREWSTER. I am going to stick it out.

Mr. PATRICK. Then I shall not yield and I will see if the gentleman is here when the time comes.

Now, the way the matter has grown up is threatening us, and it is getting worse every day. It is becoming a more serious thorn in Uncle Sam's side every day. What is the use for us to have engineering improvements and devices and all that sort of thing when it inures to the benefit of a few all the time?

You remember the gentleman from Texas [Mr. SUMNERS] got up here the other day and suggested it may be wise to take some action to stop inventions and stop patents for a while. Well, that would be a step backward. We do not want to do that. We want to bring down the barriers and monopolistic inclinations that are giving rise to the evil. That is what we have got to do. Blessings of invention and improvement should be distributed equitably to all America. Here is a little old rhyme, before I forget it:

In heathen tribes, where skulls were thick, did primal passions rage,
They had a system sure and quick, to cure the blight of age.
If one's native youth had fled, and time had sapped his vim,
They simply popped him on the head, and that was the last of him.

[Laughter.]

But in this, our enlightened age, we're made of finer stuff,
And so we look with righteous rage, on methods so crude and tough,
So when our man grows old and gray, and bent and short of breath,
We simply take his job away, and let him starve to death.

[Laughter.]

So, ladies and gentlemen, this has given us the trouble we are having today. I introduced an amendment here last Friday concerning this very thing, an amendment to the wage and hour bill, which would dissolve this discrimination. I believe fully, if my amendment had been agreed to, the bill would not have been referred back to the committee as it is today.

Mr. KNUTSON. There is no doubt about it.

Mr. PATRICK. There is no doubt about it. I even have the Republicans with me. Thank you. [Laughter.]

As a matter of fact, an evil like this grows; it started up with a reason and it grew into the status that it occupies today. When I introduced that amendment I wanted to call your attention to this fact—it was defeated only by 32 votes, and the Republicans stood up in a body. Why? Because most of them come to Congress from this official territory and for once they were willing to vote with the members of the Democratic committee and followers that were anxious to keep it just as it is.

Now, that gives us a tremendous lot of disturbance in the South. It is very significant, Mr. Speaker, as long as a band of people in this democratic Nation take advantage of unwholesome circumstances for the purpose of unjustly discriminating against others of the country, there will be natural jealousies and actions that are bound to disrupt the movement of progressive legislation. That follows as naturally as the night the day.

Friday, at the end of a 5-minute talk supporting the rate-making amendment that I presented, "Minuteman" CITRON was on his feet with a prepared speech of exactly 5 minutes, and in preparing his speech, sifting through the 5,000 commodities that are transported, the gentleman from Connecticut found that watermelons have a good rate from Georgia into Connecticut. Therefore he said, "We will destroy the amendment," and he voted to destroy it.

Now, he was not complaining. He does not anticipate shipping any watermelons from Connecticut into Georgia. Nature is not built that way. But he simply cited that as an advantage of one item to set off thousands of items in steel, foodstuffs, meats, livestock, vegetables, and the general run of freight traffic that is exchanged in the course of a year between the North and the South. In other words, instead of correcting the evil he wishes it to remain. That is to say, if my calf got in your garden and ate a few of your turnips, you will let your whole herd of cows play havoc with my whole cornfield.

It is a strange thing how a Congressman in this body is willing to tolerate any evil so long as his particular section is not exposed to the burden of that evil. Of course, a man has no business in Congress unless he is vicarious enough by nature to respond to the pulsations of his own community. I am the voice and vote of my district. If there is pain and hunger in my district, I suffer. If there is unemployment in my district, part of that pain belongs to me. I cannot escape it. I realize that.

The boost passed on to the cost of the transportation of commodities by the Interstate Commerce Commission Saturday is a relative thing and it falls with a heavy foot on the section against which the discrimination is greater. Mine is an inland industrial and manufacturing district. Much of ours is the production and manufacture of steel and iron goods, and we have no water route, but must depend on overland transportation, and we are bound to feel the hard blow of this change not because of the advance, the advance is no doubt necessary. The experts have recognized it, and therefore we must recognize it. We do not want to starve our transportation media to death. We know they have a right to do business and to make a reasonable profit.

Perhaps the Republicans have been complaining. They think we Democrats are forgetting that men who have made a living during the years with businesses that have thrived have still got to live if the welfare of our Nation is to continue; so we are not protesting against any increase in freight rates if it is alike all over the country and if there is no differential. But this discrimination margin has the same percentage of expansion and it leaves that district at a disadvantage on the markets of the Nation and in the securing of contracts. It enables the manufacturer, who has no such expense in hauling his goods to underbid the man who has to absorb more expense. The present unfair and inexcusable freight-rate structure creates such a barrier to manufactured goods that only the larger corporations can absorb this differential and survive the handicap. As it is now, the rate in my section is such that a piece of iron must be mined from the earth, run into pigs, shipped to Ohio, Indiana, or Pennsylvania and made into a plow and perhaps shipped back to Alabama to furrow down a cotton row less than a mile from the spot where it was taken from the earth. Why? Because the differential prevents the successful operation of a manufacturing plant at the point of mining, prevents them from making a profit on their goods after they have absorbed the additional transportation expense that arises out of this differential. The money goes into transportation, which should go into the employment of labor.

Mr. THOMPSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. Take out a pencil and write it down on a piece of paper so you will not forget it.

Mr. THOMPSON of Illinois. I think the gentleman is in error about one matter.

Mr. PATRICK. I know, however, that you boys will straighten us out—you always do.

Mr. THOMPSON of Illinois. The gentleman is doing very well.

Mr. PATRICK. The purpose of the wages-hours legislation was announced as a remedy, among other things, to properly distribute labor and wages, and there is nothing existing in the fabric of our economic set-up that contributes more to the concentration in our already crowded areas than the unfair transportation differential. When our Senators and our Congressmen of the North and the East learn that these evils indirectly assail them and that the general economic health of the Nation certainly contributes to their economic health they will rise up and help overthrow this evil. Monopolistic influences are always harmful, and this is as true of geographic groupings as it is of individuals, financial overlords, and great corporations. Democracy demands that there be an economic declaration of freedom in this Nation, and there is no way to fight monopoly that offers a greater opportunity than this freight and transportation problem. The program of the New Deal shall never have done a full job of work until it affects this much-needed reform, and to it I pledge my every effort until it is accomplished, and until my days are spent.

As I stated, there are 5,000 recognized commodities that went into that survey of the T. V. A., that they considered in compiling this. There are certain items that justified this in the beginning. Five outstanding things it seems that more than anything else affect cost. First, there are the economic and geographical conditions; second, the policy of the carriers—and how this is abused; third, policies of the Government as expressed in statutes and as administered by the regulatory bodies, especially the Interstate Commerce Commission; fourth, special consideration because of the service to be furnished and the value added to commodities by their transportation—and that is also abused; fifth, the effect of competition. That is how it grows up. When I was a boy in school I remember how the big boys used to grab off all the playground and make us little fellows play in the

back yard, if we got to play at all. This is what has happened in the economic structure of the Nation.

I leave the South, as it is commonly called now, and take an illustration in the southwestern part of Texas. From Fort Smith, Ark., to Cincinnati, Ohio, is 755 miles and the freight rate per 100 pounds is $2.04; but from Cincinnati, Ohio, to Pittsfield, Mass., which is exactly the same distance, 755 miles, the freight rate is only $1.37.

That is $2.04 compared to $1.37. The same identical situation applies with reference to Shreveport and Cincinnati as compared with Cincinnati and Holyoke, Mass. The distance is 808 miles and the rate is $2.15 compared to $1.43. From Galveston, Tex., to Indianapolis, Ind., is only 997 miles and the rate is $2.52. From Indianapolis, Ind., to Portland, Maine, the mileage is 1,009 and the rate is $1.55. There it is, $2.52 as compared to $1.55. In shipping from Indianapolis to Portland, Maine, over all that route, you travel 1,009 miles, and from Galveston, Tex., to Indianapolis you travel right up that valley only 997 miles, yet it costs $2.52.

I could give you many other figures and I will include a number of tables in the RECORD showing the situation in southern territory, southwestern territory, and the Texas and California areas.

The point is, unless the Government gets big enough and democratic enough to make one area of the entire United States so that you can ship at the same rate on a railroad in one direction and back the same commodities, there will be rank discriminations. You ship in some instances over the same road, the train is handled by the same crew in the opposite direction, the same commodity involved, and it will run as high as 32 percent higher to ship in one direction as compared with the other. That is not just or right and it is not democratic. The reaction will hurt the East in the long run, as much is it does the rest of the Nation.

There is pending the Ramspeck amendment to the Interstate Commerce Act, even though my amendment was voted down, and we should get behind it and get this passed upon.

Mr. BREWSTER. Will the gentleman yield?

Mr. PATRICK. I yield to the gentleman from Maine. He is not only a stanch Republican but he is from the far East.

Mr. BREWSTER. May I ask the gentleman if he takes responsibility for that map?

Mr. PATRICK. Yes.

Mr. BREWSTER. Will the gentleman move the States of Maine and Vermont back a little nearer into the Union? That looks like an ostrich's neck up there.

Mr. PATRICK. Nobody can do that except you boys. You are the fellows to do it. I know you feel reproached, but we cannot help it. We gave you an invitation at the last election to come into the Union.

Mr. KNUTSON. The gentleman has also left off Cape Cod.

Mr. PATRICK. Cape Cod is there.

Mr. BREWSTER. We are very much interested in the gentleman's missionary work for the State of Maine.

Mr. PATRICK. I am going up there some time.

Mr. BREWSTER. Do I understand the gentleman would put the freight rates on a pure mileage basis?

Mr. KNUTSON. At 20 cents a mile?

Mr. PATRICK. On a pure mileage basis?

Mr. BREWSTER. Does the gentleman intend setting up the rate structure of the country on a mileage basis?

Mr. PATRICK. To make the bald statement, as the gentleman does, would leave off any condition.

Mr. BREWSTER. Is that not what the gentleman said in his peroration?

Mr. PATRICK. Would I put it on a strictly mileage basis?

Mr. BREWSTER. Is that not what the gentleman said?

Mr. PATRICK. No. I did not say that. I did say we should have one area. To do what the gentleman stated would abolish the Interstate Commerce Commission. I do not want to abolish the Interstate Commerce Commission. They are still sitting up there.

Mr. BREWSTER. The gentleman proposes to discriminate on some other basis than the present differential basis?

Mr. PATRICK. I am proposing to have no unfair discrimination at all. I am proposing a break-down of the zones.

Mr. BREWSTER. What rule does the gentleman lay down if he does not advocate the present differentials to govern freight rates? The gentleman will have to have differentials.

Mr. PATRICK. Oh, I said we are bound to have differentials.

Mr. BREWSTER. The gentleman said he would not have anything but mileage considered.

Mr. PATRICK. What position does the gentleman take different from what I take?

Mr. BREWSTER. The gentleman criticizes all of these freight rates because it costs more to ship from Galveston to Indianapolis than it does a thousand miles to Portland, Maine. In other words, in the gentleman's very glowing peroration the gentleman said the entire country should be considered as one area and rates charged according to the distance traversed.

Mr. PATRICK. If the zones were entirely broken down and nothing considered by mileage, the evil would not be half as bad as it is today.

Mr. BREWSTER. But the gentleman does agree we have built this country on the basis of differentials over a period of at least 50 years?

Mr. PATRICK. This may be idealistic, and it may be too much to hope for, outside of the eastern area, but I would be very glad to see the freight rates put on nothing else but a mileage basis.

Mr. BREWSTER. But the gentleman does recognize that would disrupt the existing economic structure?

Mr. PATRICK. It would do more good than harm as compared with the system employed today.

Mr. LUCAS. How would the gentleman's district be affected by this change?

Mr. PATRICK. Does the gentleman mean by the change I suggested?

Mr. LUCAS. Yes. How would the gentleman's district be affected by the change, assuming the Congress adopted what he suggests?

Mr. PATRICK. It would permit us to have a fair rate. Here is how we would be affected exactly.

I will give you a concrete example. We manufacture soil pipe in Birmingham. We could very easily sell this pipe in Chicago, Ill., as far as the expense of producing it is concerned; but in Pittsburgh, or in some place which is no farther away, or even maybe a little farther away than Birmingham, they also make soil pipe. They can produce it at the same expense we can, we will say, or maybe it will cost them a little more for labor today. However, by the time the manufacturer in Birmingham absorbs the additional transportation costs and gets to the market the man at Pittsburgh can underbid him. Therefore my laborer is left without a job, because my manufacturer is left without a contract and cannot sell the goods. My workman is left out of a job entirely. Then these eastern boys wonder why we could not go with them, and why, for example, after signing the petition on the wage and hour bill, we voted to recommit it. One of the most important reasons is that we first must see that our men in the South have jobs before we can determine how much they shall get on the job or what hours they shall have.

Mr. LUCAS. Did I understand the gentleman to say there is a discriminatory freight rate as between Pittsburgh and Chicago and between Birmingham and Chicago as far as what you produce is concerned?

Mr. PATRICK. Oh, yes. We have to cross this line [indicating]. Here is Chicago, and here is a place over here that is at a greater distance from Chicago than we are. We can shoot our commodities right up here, and yet we have to pay a much higher freight rate than they do over here.

Mr. LUCAS. What is the basis for it?

Mr. PATRICK. It started with trade agreements way back yonder at the beginning of the thing, when transportation and engineering had not reached the degree of proficiency it enjoys today. Since they got this advantage they have plastered it on the rest of the United States ever since, because the fellows up there enjoy the fat rewards, and they are not willing to break down these barriers and give a free enjoyment of transportation to the Nation.

Mr. THOMPSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. I yield to the gentleman from Illinois.

Mr. THOMPSON of Illinois. The gentleman talks about soil pipe and other pipe manufactured in the gentleman's district. Do not the same industries which have plants in the gentleman's district also have plants in Pittsburgh; and after all, is it not a question as to where these industries themselves want to manufacture their commodity?

Mr. PATRICK. We are thinking in terms of the workingman—the man who labors. Of course, if you were thinking only of the big rich boys, they could all concentrate and have their plants right around Pittsburgh.

Mr. THOMPSON of Illinois. There are factories in Birmingham, and there are factories in Gary.

Mr. PATRICK. Certainly.

Mr. THOMPSON of Illinois. If a city, for instance, gives an order for a thousand tons of water pipe to the McWane Cast Iron Pipe Co. or any other such company, I do not know how the purchaser, the Interstate Commerce Commission, or anyone else can tell that particular corporation it should manufacture the pipe in Birmingham or Pittsburgh or anywhere else.

Mr. PATRICK. Exactly. I am so glad the gentleman asked me that question. What will happen? Why, he will manufacture it in Pennsylvania. We want these barriers broken down so he may manufacture it anywhere and give everybody a break all over the United States.

We are not worrying about the manufacturer, we are worrying about the workingman who would have the job in Texas or Oklahoma or Utah or Alabama. Of course, as long as he can make a larger profit by not having to absorb the transportation differential, McWane is going to make the pipe at his plant within the eastern area. This is exactly the reason you have a concentration of manufacturing activities all over the eastern section, because when the order is received, no matter where he has plants, he is going to make the pipe up there. This is where the men are going to work and where the men are going to get jobs. This is where they can pay a better wage and have better hours and lop our ears off; and just because we do not walk up and go down the road with them, they say we are not toting fair, and they wish they had not helped us out on the crop program.

[Here the gavel fell.]

Mr. THOMPSON of Illinois. Mr. Speaker, I ask unanimous consent that the gentleman from Alabama may proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. THOMPSON of Illinois. What has been the effect of the barge lines operated by the Federal Government through the Inland Waterways Corporation on both the Warrior and the Mississippi Rivers upon the problem the gentleman is discussing?

Mr. PATRICK. It has helped, but what about us poor fellows who do not have the advantage of barge lines? We have inland rates and we have no waterways. We have to depend on the overland hauls.

Mr. THOMPSON of Illinois. Has not the Inland Waterways Corporation or the Federal Barge Line established a very expensive terminal, built at Government expense, at a place called Birmingport, in order to serve Birmingham in the gentleman's district?

Mr. PATRICK. Yes; and it does not scratch the surface of the whole problem. It is way off down there, and you have to haul over a dusty road with trucks.

Mr. THOMPSON of Illinois. I have always understood the Federal Government operated a railroad from Birmingham over to this water terminal at Birmingport.

Mr. PATRICK. I will have to take the gentleman down there and show him the true picture.

Mr. THOMPSON of Illinois. They do operate a railroad there. It is so indicated by the report of the Inland Waterways, submitted to Congress by General Ashburn.

Mr. PATRICK. I am sorry to say it does not suffice.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. Yes; I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. They, up in this special area, not only have an advantage in rail rates, as the gentleman has shown, but they have a tremendous advantage by reason of water transportation.

Mr. PATRICK. I am not as informed on that as I would like to be. Doubtless that is true.

Mr. ROBSION of Kentucky. What I rose particularly to inquire about is, Is it not a fact that the rates are higher from the South to the North and East than they are on the same commodities over the same distances from the North and East to the South?

Mr. PATRICK. Exactly. A shipment of stoves went from Chicago to Montgomery, which is our State capital, then back over the same route, handled by the same train crew, occupying the same length of time, and on that return shipment the rate was nearly 30 percent higher. This is the practice all over the Nation.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. I yield to the gentleman from New York.

Mr. O'CONNOR of New York. I know a little about that situation. What is the basis for that?

Mr. ROBSION of Kentucky. Is it not due to the wider influence of Government in this tremendous area with such a large population?

Mr. O'CONNOR of New York. I will assume the fact; but why should that be?

Mr. PATRICK. On 5,000 articles that were compiled——

Mr. O'CONNOR of New York. I am not interested so much in the fact; but, assuming the fact, what argument is made as to why there should be that difference, whether the condition is presently or originated way back?

Mr. PATRICK. Oh, the argument was originally made that over these sections railroads were new and transportation was so much more burdensome and expensive over these areas, but, as I say, engineering and invention and everything else have improved that condition so that it is not a drop in the bucket compared with the tremendous differential that is burdening us.

Mr. MAHON of Texas. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. I yield.

Mr. MAHON of Texas. I want to congratulate the gentleman on presenting these matters to the Congress, and I want to assure him that I am pleased to hear him say he is going to continue to crusade for the correction of the situation he is now talking about.

Mr. PATRICK. I thank the gentleman from Texas.

Mr. LUCAS. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. I yield.

Mr. LUCAS. Do I understand that all this new invention and improvement in engineering that the gentleman has referred to did not affect that railroad line that runs over to Birmingham from that new port?

Mr. PATRICK. There is a railroad there. We are proud of it, but one little railroad cannot do enough even to solve a local problem.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. I yield to the gentleman from Mississippi.

Mr. RANKIN. The situation the gentleman from Alabama has described applies not only to iron pipe, but to everything else produced in that area.

Mr. PATRICK. Oh, of course. I just used that as an illustration.

Not only have I studied this matter but I have here a report which I recommend that any of you gentlemen who are interested study, House Document No. 264, International Freight Rate Problem.

Mr. RANKIN. I wish the gentleman would put that report in the RECORD.

When they passed a law here to put trucks under the Interstate Commerce Commission, they excepted trucks owned by the people producing the goods. Therefore, the manufacturers and the producers of agricultural commodities are accumulating their own trucks and hauling their own material across these lines in order to keep from being penalized. Therefore the railroads that sponsored the legislation are being affected, and they are coming back now and asking for an increase of fifteen or twenty million dollars a year on top of the exorbitant transportation rates in force throughout the country. There is always a way to get around a dishonest law or a dishonest regulation, and unless this thing is changed the people are going to continue their efforts to find a way around it, as they have been doing by purchasing and operating their own trucks.

Mr. PATRICK. I thank the gentleman from Mississippi very heartily for his statement.

Mr. BREWSTER. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. Yes.

Mr. BREWSTER. As I understand the gentleman's illustration, a man in Pittsburgh now has a job making this soil pipe, and you want a man down in your district to have the job of making that pipe. What difference does it make to the prosperity of the United States as a whole, about which you have talked, whether the fellow in Pittsburgh has the job or the man in Birmingham?

Mr. PATRICK. One of the very grave problems of the Nation is the problem of distributing labor.

Mr. BREWSTER. In either event we are going to have one fellow on relief and the other is going to have a job; and, as far as I can see, your proposition is to transfer the job to your locality.

Mr. PATRICK. We say there should be a proper distribution of national activities everywhere. You could not do everything in New York. We have a great big United States here with 130,000,000 people in it, and we do not want to stack everything up at one place and become monopolistic. We can become geographically monopolistic just the same as we may become financially or socially monopolistic.

Mr. RANKIN. Carrying out the argument of the gentleman from Maine, why kick about one man going out and holding another man up at the point of a gun and taking his money away from him? Does not one man have the money when it is all over? You are now robbing one section of the country for the benefit of another, and I may say with respect to the gentleman from Illinois [Mr. LUCAS] that he is out there in somewhat of a no man's land, and he is paying the extra burden. They are piling the extra burden on his section in addition to penalizing people who live across that line.

Mr. PATRICK. Suppose we were all in a poker game: If you were the houseman and you should take out your haul every time there is a hand played, if we play long enough you will have all the money, and in the shipment of thousands of commodities between the East and the other sections of the Nation every day by these unfair differentials there is a little wave of money that passes to the East, and it goes in the same direction every day. When a commodity is given a certain rate over a route, that rate over that route ought to be the same identical thing in any direction, at any time, under any circumstances, and any other method is neither democratic nor fair, and everybody is bound to know it. [Applause.]

[Here the gavel fell.]

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and insert certain tables.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The tables referred to follow:

[Rates stated in cents per 100 pounds]

From—	To—	Miles	First-class rates
Nortonville, Ky.	Enfield, Ill.	104	64
Jeffersonville, Ind.	Indianapolis, Ind.	107	58
Difference [1]			6
Madisonville, Ky.	Terre Haute, Ind.	159	76
Terre Haute, Ind.	Huntington, Ind.	156	67
Difference [1]			9
Lexington, Ky.	Columbus, Ohio.	196	88
Cincinnati, Ohio.	Toledo, Ohio.	197	73
Difference [1]			15
Nashville, Tenn.	Indianapolis, Ind.	297	123
Indianapolis, Ind.	Kent, Ohio.	296	87
Difference [1]			36
Knoxville, Tenn.	Columbus, Ohio.	393	141
Baltimore, Md.	Warren, Ohio.	392	94
Difference [1]			47
Memphis, Tenn.	Indianapolis, Ind.	438	138
Decatur, Ill.	Akron, Ohio.	427	104
Difference [1]			34
Chattanooga, Tenn.	Chicago, Ill.	592	170
Philadelphia, Pa.	Toledo, Ohio.	595	123
Difference [1]			47

[1] Difference in favor of official territory.

Comparisons of typical interterritorial first-class freight rates from southwestern territory to official territory with corresponding rates within official territory for approximately equal distances

[Rates stated in cents per 100 pounds]

From—	To—	Miles	First-class rates
	ZONE III		
Little Rock, Ark.	Decatur, Ill.	454	154
Springfield, Ill.	Cleveland, Ohio.	454	106
Difference [1]			48
Little Rock, Ark.	Galesburg, Ill.	528	169
Galesburg, Ill.	Youngstown, Ohio.	535	116
Difference [1]			53
Little Rock, Ark.	Chicago, Ill.	625	177
Chicago, Ill.	Auburn, N. Y.	626	125
Difference [1]			52
Enid, Okla.	Chicago, Ill.	725	202
Chicago, Ill.	Lancaster, Pa.	727	138
Difference [1]			64
Fort Smith, Ark.	Cincinnati, Ohio.	755	204
Cincinnati, Ohio.	Pittsfield, Mass.	755	137
Difference [1]			67
Shreveport, La.	Cincinnati, Ohio.	808	215
Cincinnati, Ohio.	Holyoke, Mass.	808	143
Difference [1]			72
Fort Smith, Ark.	Columbus, Ohio.	834	212
Dayton, Ohio.	Concord, N. H.	832	144
Difference [1]			68
Dallas, Tex.	Chicago, Ill.	905	237
Chicago, Ill.	Burlington, Vt.	909	154
Difference [1]			83

[1] Difference in favor of official territory.

Comparisons of typical interterritorial first-class freight rates from southwestern territory to official territory with corresponding rates within official territory for approximately equal distances—Continued

From—	To—	Miles	First-class rates
	ZONE III		
Fort Worth, Tex	Cincinnati, Ohio	962	244
Cincinnati, Ohio	Portland, Maine	964	154
Difference [1]			90
Dallas, Tex	Indianapolis, Ind	861	235
Indianapolis, Ind	Springfield, Mass	863	145
Difference [1]			90
Galveston, Tex	Indianapolis, Ind	997	252
Indianapolis, Ind	Portland, Maine	1,009	155
Difference [1]			97

[1] Difference in favor of official territory.

Iron and steel articles

(Carloads, minimum weight 40,000 pounds, as described in Exceptions to Official and Southern Classifications. In 1935 the Interstate Commerce Commission prescribed (209 I. C. C. 640), for ultimate publication by the interested carriers, a new basis of rates on iron and steel articles moving interterritorially between official and southern territories. A scale of arbitraries ranging from 2 cents per 100 pounds for distances of 200 miles and less to 21 cents per 100 pounds for 1,500 miles was prescribed, such arbitraries to be added for the portions of the hauls within southern territory. The rates in the following table do not reflect the basis of this decision.

[Rates stated in cents per 100 pounds]

From—	To—	Miles	Rates
Birmingham, Ala	Alto Pass, Ill	376	39
Akron, Ohio	Waukegan, Ill	379	30
Difference [1]			9
Birmingham, Ala	Carbondale, Ill	386	40
Youngstown, Ohio	Hammond, Ind	391	31
Difference [1]			9
Birmingham, Ala	Tamoroa, Ill	415	42
Chicago, Ill	Wheeling, W. Va	417	33
Difference [1]			9
Birmingham, Ala	Centralia, Ill	443	44
Pittsburgh, Pa	Danville, Ill	444	33
Difference [1]			11
Birmingham, Ala	Muncie, Ind	536	50
Buffalo, N. Y	Aurora, Ind	540	33
Difference [1]			17
Birmingham, Ala	Gary, Ind	638	56
Buffalo, N. Y	Springfield, Ill	635	39
Difference [1]			17
Birmingham, Ala	Battle Creek, Mich	701	58
Buffalo, N. Y	East St. Louis, Ill	707	41
Difference [1]			17

[1] Difference in favor of official territory.

Stoves and ranges

Carloads, minimum weight 24,000 pounds, rated fifth class in official classification and 31½ percent of first class in exceptions to southern classification

[Rates stated in cents per 100 pounds]

From—	To—	Miles	Rates
Nashville, Tenn	St. Louis, Mo	321	39
Belleville, Ill	Cincinnati, Ohio	329	32
Difference [1]			7
Nashville, Tenn	Chicago, Ill	440	43
Detroit, Mich	Evansville, Ind	434	36
Difference [1]			7

[1] Difference in favor of official territory.

Stoves and ranges—Continued

From—	To—	Miles	Rates
Anniston, Ala	St. Louis, Mo	540	52
Pittsburgh, Pa	Rockford, Ill	538	41
Difference [1]			11
Sheffield, Ala	Chicago, Ill	572	51
Detroit, Mich	Reading, Pa	578	41
Difference [1]			10
Chattanooga, Tenn	Chicago, Ill	592	54
Detroit, Mich	Poughkeepsie, N. Y	587	43
Difference [1]			11
Rome, Ga	Chicago, Ill	671	57
Detroit, Mich	Worcester, Mass	667	46
Difference [1]			11
Atlanta, Ga	Chicago, Ill	731	60
Belleville, Ill	Roanoke, Va	744	49
Difference [1]			11

[1] Difference in favor of official territory.

Marble, granite, and stone

Uncarved blocks, pieces, or slabs, minimum weight 36,000 pounds, rated 35 percent of first class in exceptions to official classifications and 30 percent of first class in exceptions to southern classification

[Rates stated in cents per 100 pounds]

From—	To—	Miles	Rates
Tate, Ga	Columbus, Ohio	554	50
Bloomington, Ind	Rochester, N. Y	550	41
Difference [1]			9
Knoxville, Tenn	Rock Island, Ill	669	53
Indianapolis, Ind	Reading, Pa	666	45
Difference [1]			8
Knoxville, Tenn	Atlantic City, N. J	704	54
Indianapolis, Ind	Allentown, Pa	702	47
Difference [1]			7
Knoxville, Tenn	Newburgh, N. Y	783	57
Indianapolis, Ind	New York, N. Y	790	50
Difference [1]			7

[1] Difference in favor of official territory.

Plumbers' goods

Enameled or other than enameled, carloads, minimum weight 30,000 pounds, 40 percent of first class in official and 35 percent of first class in southern classification

[Rates stated in cents per 100 pounds]

From—	To—	Miles	Rates
Chattanooga, Tenn	Cincinnati, Ohio	338	46
Pittsburgh, Pa	Allentown, Pa	339	37
Difference [1]			9
Chattanooga, Tenn	Columbus, Ohio	452	54
Chicago, Ill	Pittsburgh, Pa	454	42
Difference [1]			12
Chattanooga, Tenn	Springfield, Ill	501	55
Louisville, Ky	Johnstown, Pa	491	44
Difference [1]			11
Chattanooga, Tenn	Akron, Ohio	579	59
Chicago, Ill	Rochester, N. Y	565	47
Difference [1]			12
Chattanooga, Tenn	Chicago, Ill	592	60
Louisville, Ky	Rochester, N. Y	599	48
Difference [1]			12
Chattanooga, Tenn	Youngstown, Ohio	630	61
Louisville, Ky	Richmond, Va	639	52
Difference [1]			9
Chattanooga, Tenn	Buffalo, N. Y	758	66
Chicago, Ill	Amsterdam, N. Y	755	56
Difference [1]			10

[1] Difference in favor of official territory.

Unfinished cotton-piece goods

Fabrics made wholly of cotton, or cotton and jute mixed, in the original piece, not finished; rated 45 percent of first class in exceptions to western classification and 57 percent of first class in exceptions to official classification

[Rates stated in cents per 100 pounds]

From—	To—	Miles	Rates
Dallas, Tex	Springfield, Ill	726	96
Aurora, Ill	Roanoke, Va	702	77
Difference [1]			19
Shreveport, La	Muncie, Ind	788	97
Milwaukee, Wis	York, Pa	793	79
Difference [1]			18
Dallas, Tex	Chicago, Ill	905	96
Chicago, Ill	Burlington, Vt	909	88
Difference [1]			8
San Antonio, Tex	Milwaukee, Wis	1,286	131
Alton, Ill	Portland, Maine	1,254	103
Difference [1]			28
Little Rock, Ark	Toledo, Ohio	738	88
Rockford, Ill	Williamsport, Pa	741	79
Difference [1]			9

[1] Difference in favor of official territory.

Canned goods

Canned or preserved foodstuffs (not cold-packed fruits or vegetables); rated fifth class or 35 percent of first class, minimum weight 36,000 pounds in official classification and 35 percent of first class in exceptions to western classification minimum weight 36,000 pounds

[Rates stated in cents per 100 pounds]

From—	To—	Miles	Rates
Fort Smith, Ark	Springfield, Ill	509	66
Chicago, Ill	Buffalo, N. Y	513	39
Difference [1]			27
Tulsa, Okla	Peoria, Ill	548	66
Marion, Ind	Roanoke, Va	536	41
Difference [1]			25
Fort Smith, Ark	Indianapolis, Ind	650	71
Indianapolis, Ind	Baltimore, Md	650	45
Difference [1]			26
Dallas, Tex	Springfield, Ill	726	81
Springfield, Ill	Roanoke, Va	720	47
Difference [1]			34
Shreveport, La	Cincinnati, Ohio	808	77
Cincinnati, Ohio	Holyoke, Mass	808	50
Difference [1]			27
Fort Smith, Ark	Columbus, Ohio	834	81
Muncie, Ind	New Haven, Conn	830	49
Difference [1]			32
Dallas, Tex	Indianapolis, Ind	861	86
Indianapolis, Ind	Bridgeport, Conn	871	51
Difference [1]			35
Fort Worth, Tex	Cincinnati, Ohio	962	86
Cincinnati, Ohio	Portland, Maine	964	54
Difference [1]			32
Houston, Tex	Indianapolis, Ind	963	91
Indianapolis, Ind	Fall River, Mass	960	53
Difference [1]			38
San Antonio, Tex	Springfield, Ill	1,004	91
Chicago, Ill	Fall River, Mass	995	54
Difference [1]			37

[1] Difference in favor of official territory.

CONTROL OF WAGES AND HOURS IN INDUSTRY

Mr. MEAD. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. MEAD. Mr. Speaker, we have just finished a very interesting debate concerning the question of hours and wages. During that educational discussion we had opportunity to study the economic views of the several schools of thought represented in this august body. We listened to the man who still believes in the individualistic theory of the crude tool days, associated with the development of our country prior to the Civil War. We listened to the advanced political philosophy of the man who, looking into the future, realizes what a pathetic and tragic figure individual man is in the face of the miraculous machine development of our day. We saw here on the floor men ready to make a start; others opposed to a start under any conditions. We listened to the oratory of men who wanted perfection itself to begin with, and to others, who, realizing the exigencies of parliamentary procedure, were anxious to make a beginning. Yet the study of a year, the discussion of a week, the consideration given the legislation by the Committee on Labor all went for naught, except that we are enlightened perhaps by reason of the experiences we gained as a result of the discussion on hours and wages.

If every man in America were as advanced today as was an outstanding Republican in 1916, a conservative Republican of mature political experience, a Republican oftentimes assailed for his reactionary philosophy, but who nevertheless was a strong, substantial leader of his party, who was Secretary of State and Secretary of War by appointment of President Theodore Roosevelt; I repeat, if men understood the question as he did in 1916, the wage and hour bill would be in conference today. Listen, my colleagues, to the prophetic utterances of Mr. Elihu Root, delivered in 1916. This article comes from the very conservative United States Weekly, edited by that conservative publisher, Mr. David Lawrence. In 1916 Mr. Root had this to say:

> The real difficulty appears in the new conditions incident to the extraordinary industrial development of the last half century—

If Mr. Elihu Root could have been with us last week, with his knowledge of the vast and more refined development that has taken place since his demise, how much stronger and how much more emphatically would he have delivered the message. But let me continue the quotation from Mr. Root:

> The real difficulty appears to be that the new conditions incident to the extraordinary industrial development of the last half century are continuously and progressively demanding the readjustment of the relations between great bodies of men and the establishment of new legal rights and obligations not contemplated when existing laws were passed or existing limitations upon the powers of government were prescribed in our Constitution. In place of the old individual independence of life, in which every intelligent and healthy citizen was competent to take care of himself and his family, we have come to a high degree of interdependence in which the greater part of our people have to rely for all the necessities of life upon the systematized cooperation of a vast number of other men, working through complicated industrial and commercial machinery.

How true that is when we stop to think that the breakfast we ate this morning was made possible through the efforts of some 3,000 men. How true that is when we realize that if we violate the laws of nature, nature without warning rises up and kills. The same is true of our economy. How true it is, my friends, and still we violate the economic laws when we permit one industry to fix prices by controlling production, by setting standards of wages and labor conditions all over these United States.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the time of the gentleman be extended for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. MEAD. On the other hand we would allow that uncontrolled industry—agriculture—to go on in the chaotic ways of the past, creating devastating surpluses, and destroying price levels, while shouting the philosophy of the rugged individualist, that we oppose the interference of Government, and then conjure up in our minds such words as "regimentation" and make them appear as hateful terms in the opinion of men.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. McCORMACK. Is not the real conservative the one who recognizes the problems that confront the people at a particular time and then tries to meet those problems in the interest of the people generally and of the Government? Is not he the real conservative?

Mr. MEAD. The gentleman is correct; and let me add just this final word to what the gentleman has so properly contributed to my remarks: The conservative is also one who, anxious to perpetuate the system in existence at the time, makes such needed advances as will prevent the destruction of the then existing system of government.

But let me go back to Elihu Root. Let me say to those Republicans who opposed his attitude while th's bill was under consideration that until his party rises up to the leadership that his prophetic vision held in mind for them they will, in my judgment, fail to merit the support of the people of the United States.

Finally Mr. Root goes on to say:

> Instead of the completeness of individual effort working out its own results in obtaining food and clothing and shelter, we have specialization and division of labor, which leaves each individual unable to apply his industry and intelligence, except in cooperation with a great number of others whose activity conjoined to his is necessary to produce any useful result.
>
> Instead of the give and take of free individual contract, the tremendous power of organization has combined great aggregations of capital in enormous industrial establishments, working through vast agencies of commerce, and employing great masses of men in movements of production and transportation and trade so great in the mass that each individual concerned in them is quite helpless by himself.
>
> The relation between the employer and the employed, between the owners of aggregated capital and the units of organized labor, between the small producer, the small trader, the consumer, and the great transporting and manufacturing and distributing agencies all present new questions for the solution of which the old reliance upon the free action of individual wills appears quite inadequate.
>
> And in many directions the intervention of that organized control which we call government seems necessary to produce the same result of justice and right conduct which obtained through the attrition of individuals before the new conditions arose.

The SPEAKER. The time of the gentleman from New York [Mr. MEAD] has expired.

BRIDGE ACROSS THE TENNESSEE RIVER BETWEEN COLBERT COUNTY AND LAUDERDALE COUNTY, ALA.

Mr. SPARKMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill, S. 3114, to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

> *Be it enacted, etc.*, That the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County in the State of Alabama, authorized to be built by the State of Alabama, its agent or agencies; Colbert County and Lauderdale County in the State of Alabama; the city of Sheffield, Colbert County, Ala.; the city of Florence, Lauderdale County, Ala.; and the Highway Bridge Commission, Inc., of Alabama, or any two of them, or either of them, by an act of Congress approved June 12, 1934, as amended, are hereby extended 1 and 3 years respectively, from the date of the approval of this act.
>
> SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

On page 2, line 2, after the figures "1934", insert "and extended August 23, 1935, and May 1, 1936."

In line 3, after the word "hereby", insert the word "further."

The amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNUAL REPORT OF CENTRAL STATISTICAL BOARD—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk, and referred to the Committee on Expenditures in Executive Departments:

To the Congress of the United States:

Pursuant to the provisions of section 5 (f) of the act of Congress approved July 25, 1935, I transmit herewith for the information of the Congress the Third Annual Report of the Central Statistical Board for the period from July 1, 1936, to June 30, 1937.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *December 20, 1937.*

THE RUBBER INDUSTRY

Mr. HARTER. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes on the rubber industry.

The SPEAKER. Is there objection?

There was no objection.

Mr. HARTER. Mr. Speaker, I notice in the public press that the Department of Justice is about to investigate the rubber industry, because certain bids were received upon public contracts, which were in identical terms and figures. Evidently the Department of Justice feels that the rubber industry is monopolistic and should be investigated. It happens that anybody who is familiar with the rubber industry and its history over recent years, well realizes that the rubber industry of all of the large industries of this country, is anything but a monopoly. Unfortunately for those identified with the rubber industry, both employees and stockholders, have suffered through the cutthroat competition and price cutting which existed for many years. Instead of fair prices prevailing for tires, one manufacturer would try to outdo another in seeing how far he could depress prices. This gave rise to a tremendous speeding up of labor in the factories, difficulty in paying proper wages and little, if any return, to those who had made investments in the shares of the rubber companies. Naturally this was economically unsound and particularly was this true because the public was not asking lower tire prices.

There is no commodity or manufactured article which is in common everyday use where we get more for our money than in the purchase of automobile tires. You can hardly mention an article of clothing or anything in general use which gives as much value for the expenditure, as the rubber tire. Instead of costing more, it costs much less than it did 15 or 20 years ago, and gives us several times the mileage and the service than it did at that time.

One thing the organizing and unionization of the employees of the rubber industries did as no other, and that was to make the heads of these companies realize the futility of the continuous slashing of tire prices.

While we are unalterably opposed to anything that smacks of collusion in submitting bids for public business, we are of the opinion that no hasty action should be taken with reference to the rubber industry.

Mr. Speaker, I ask unanimous consent to extend my remarks by including a recent editorial appearing in the Akron Beacon Journal.

The SPEAKER pro tempore (Mr. O'CONNOR of New York). Is there objection to the request of the gentleman from Ohio?

There was no objection.

The editorial is as follows:

[Akron (Ohio) Beacon Journal]

THE EDITOR'S NOTEBOOK

There is a distinct note of irony in the New Deal's determination to prosecute five Akron rubber companies for submitting identical bids several months ago on a piece of Government business.

Labeled for years as the "most destructive price cutters in industry," the tire makers finally listened to the importunities of both stockholders and labor and decided to put an end to the "dog eat dog" tactics that had prevailed through good times and bad.

And what happened? They agreed so perfectly on their schedule of prices that the strong arm of the law is now shaking a menacing finger at them for an alleged violation of our antitrust laws.

On October 23, 1935, the Beacon Journal spoke as follows:

"Today the tire industry is in the throes of the most ruthless and economically unjustifiable cutthroat era of selling in the history of modern merchandising. Every trick in the category of unfair competition is being employed.

"Discounts running up to 40, 50, and 60 percent are almost standard practice. Retailers are being subsidized by manufacturers. Volume buyers write their own ticket. All thought of operating at a profit seemingly has been cast to the winds. The one all-pervading idea in the rubber industry today is to exterminate competitors; to seek a level of costs so low that the less favorably situated manufacturers cannot stand the pace and will be forced out of the field."

There was a great deal more written in a similar vein, but the few paragraphs quoted above are sufficient to show that the rubber companies at that time were locked in a death struggle in which only the strongest and most adequately financed concerns could possibly survive.

But long before their strength was exhausted in this war of extermination a common enemy appeared on the scene, which made them forget all about fighting each other. It was the labor movement.

Say what you will about the rubber union, it was the first force in the history of the industry that ever made the Litchfields, Firestones, Tews, Seiberlings, and O'Neils see through the same pair of glasses.

The price cutting stopped. Our manufacturers began to get for their tires something more nearly in line with what they were worth. As Mr. Litchfield pointed out in one of his talks, the automobile tire we buy today costs but one-fourth as much and lasts 10 times as long as those manufactured before the war. The customer was satisfied, the industry maintained a high wage scale, and the companies began to make some money.

But a government which had made a concerted drive for higher commodity prices and which, through its wanton extravagance and killing taxes, had tilted the cost of everything we buy to the ceiling, was not satisfied.

It must have a Federal investigation of the "monopolistic" causes of the same price advances which it had heretofore encouraged. In no other way can the political ambitions of one Robert Jackson, the Department of Justice's crusading young lawyer, be advanced. So the Rubber Trust was selected as one of the goats to be offered up on the sacrificial altar.

It would all be very amusing if it were not quite so serious. Kicked around for years, the rubber companies finally decide to try a few common-sense rules in business. It works fine until the Government hears about it. And the Government, which is more interested in making a sucker out of a businessman than it is in getting men back to work, says, "Wait a minute, there; you can't do that. You're conspiring against the dear public."

Of course, the public isn't making any squawk about the price of tires, but what does the Government care about that? The boys down in Washington are looking for headlines.

Please don't get the idea that we are condoning the practice of submitting identical bids on Government business. It is both a vicious and a stupid practice. We would be at a loss to explain how the men who comprise the sharp-pencil squad at the rubber companies ever hoped to get away with it.

But even the thought of sending men to jail for price fixing who had won their letters in price cutting long before we ever heard of the New Deal leaves us just a bit confused and limp.

J. S. K.

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. FERGUSON. Mr. Speaker, I know I am addressing myself to a very difficult problem that confronts the Nation. On August 30 I addressed the following letter to the President of the United States. I read in part:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., August 30, 1937.

HIS EXCELLENCY THE PRESIDENT OF THE UNITED STATES, HON. FRANKLIN D. ROOSEVELT,
The White House, Washington, D. C.

DEAR PRESIDENT ROOSEVELT: As a Member of Congress that voted for the Neutrality Act, I believe that Congress by its vote, if it were in session, would invoke that section of the Neutrality Act that prohibits the shipment of arms and munitions to countries involved in war and ban shipments of all forms of munitions to China and Japan.

Congress has given you, as President of the United States, the power to stop the shipment of arms and ammunition. I fully realize the complexities of the situation. I feel it my duty, however, as a Member of Congress to give you my views on this troublesome problem.

Respectfully yours,

To this letter I received a very courteous reply from the President advising me that the situation was receiving his personal attention, as we all know it has received his wholehearted and capable attention.

Certainly we are involved in a situation that requires all the powers invested by the Congress in the President and the State Department to be used to steer us safely through this situation. Congress by its act, however, before the situation became so grave, gave the President power to stop the shipment of arms and ammunition. Certainly since this law was in existence before the situation became so critical, and certainly since even under the old neutrality law the power to prevent the shipment of arms and ammunition was invoked, neither China nor Japan could consider it in retaliation to Japan's recent action should the President invoke that clause in the Neutrality Act barring the shipment of arms and ammunition. I am sure the country does not want to be in the position of furnishing the very arms and ammunition which are endangering the lives of our nationals who are in China at this time. My position is the same as it was last August 30. The sale of these arms and munitions should be stopped.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. FERGUSON. I yield.

Mr. JOHNSON of Oklahoma. As I understand the situation, Japan is at this time experiencing some financial difficulties. It is well known that some of our international bankers are making huge loans to Japan at this time. It is also generally understood that if American bankers would withdraw those loans or refuse to make further loans to the Japanese Government the Sino-Japanese war would end within 60 days.

Mr. FERGUSON. I have no such definite information on the subject. Credits undoubtedly are being extended by American bankers at this time with which to purchase arms and ammunition in this country. In fairness to the President I must say shipments are not allowed in American vessels.

Mr. MICHENER. Mr. Speaker, if the gentleman will yield, what is the difference between the bankers doing it and the Government permitting it?

[Here the gavel fell.]

Mr. FERGUSON. My time has expired.

Mr. BREWSTER. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maine?

There was no objection.

AMERICA BECOMES OF AGE

Mr. BREWSTER. Mr. Speaker, America approaches the parting of the ways. In this Christmas season America may well pause and withdraw for a season to the heights of spiritual contemplation to survey the great procession of civilization of which we are becoming an increasingly important part.

Ever since England sank the Spanish armada in defense of its sacred soil security has been spreading through the world on the basis of British might.

British power has held the balances even between the contending European factions and has been able steadily to spread its sway throughout the world.

The British Empire stands today as the symbol of peaceful progress won originally by might of arms.

The lesson of American independence was not lost. In Asia, Africa, and America teeming colonies stand as mute monuments to the capacity of the Anglo-Saxon to coloniza-

THE LEAGUE OF NATIONS

Following the World War the world was offered the League of Nations as a guaranty of the status quo. This system now faces a challenge from the nations who were debarred. The growing might of the fascist powers seeks an outlet on every hand.

BRITISH TRADE POLICIES

Coincident with an expanding colonial empire, Great Britain fostered the growth of international law governing the right to trade.

Wherever the British merchant marine carried the British flag in search of trade there was the British Navy to enforce respect for more and more generally acknowledged rights.

Small countries might challenge these rights in vain. For four centuries the British Empire has been developing respect for trade and for the British flag that flew above the most remote trading post.

The British Empire now faces ceaseless attacks on a vastly extended front. In Asia, in Africa, and even near at home in Europe this conflict is being fomented by all the cunning devices of modern propaganda.

In the Near East and the Far East, in the North Sea, the Mediterranean, and the Indian Ocean the British lion faces an increasingly angry pack.

Anglo-Saxon civilization makes a profound appeal. Disregarding the battle for our birth and the occasionally recurring strife that marked the assertion of our independence, America yet recognizes the great heritage of its English ancestry in a thousand varied ways.

Our system of government, our laws, our customs, our language—almost all those subtle influences that give character to a nation and a civilization are drawn from our Anglo-Saxon ancestry that founded the scattered Colonies along our shores.

This bond of blood and custom transcends in compacting power any alliances that it would be possible for the hand of the diplomat to write.

ENGLAND'S PROBLEM

Yet there broods over the scene the solemn warning of George Washington that America must beware of those entangling alliances that have to do with the systems of Europe and of Asia in which our vital interests are not concerned. England now faces perhaps the most serious challenge to its might. Great Britain holds the balance of power in this complex modern world only if the great American democracy shall align itself at the British side.

America must soon become of age. America may align itself with Great Britain and for much of this present century may in all human probability dominate the world and enforce upon the Fascist and Communist powers alike our conceptions of a civilization that shall serve the progress of the world.

The United States will then assume its share of the white man's burden that is laying so heavily upon the English back. Let us be mindful, however, that if we adopt this policy we must assume responsibilities that are exceedingly grave.

WHAT ARE WARS FOR?

Only children believe that wars are provoked by episodes that precipitate these conflicts. No nation that has the slightest degree of intelligence in the direction of its foreign policies permits wars to be fought unless the vital interests of the country are concerned.

BRITISH POLICY

Great Britain has repeatedly exemplified this ancient maxim and has endured year after year affronts that would have warranted military action if they had deemed that British interests would be served.

The British stake in their colonies and in British trade is so great that Great Britain must ultimately fight or face the same inevitable disintegration that came to the Roman Empire when the barbarian hordes flowed down from the north and east and west.

One may confidently depend upon British policy intelligently to prepare and to determine when the right moment has arrived to assert their might. It is not every violation of a treaty that impels Britain to take arms. They did not think the day had come when Manchukuo was overrun by the Japanese. They did not think it was time to act when Germany defied the Treaty of Versailles and marched its forces into the Rhine and began rearmament upon a constantly increasing scale in defiance of the provisions of the treaty Germany had signed—albeit under the compulsion of its military collapse.

Great Britain has endured in recent years aggressive acts in the Mediterranean that a few decades ago would not have been tolerated for a single week. The British lion growls but it does not feel the time has come to strike.

WORLD WAR

Three years of careful preparation and propaganda were essential before America was ready to enter the World War upon the side of the Allies. Revelations of recent years have revealed in startling clarity that America was very poorly informed as to much of what was going on both in the issues that were at stake and in the secret agreements that were involved.

America has been sadly disillusioned by the discovery of many of the sordid arrangements that went on behind the scenes while the men of all nations were laying down their lives in behalf of the high ideals that were held before their eyes.

In this Christmas season America may well pause and adopt as its New Year's resolution a determination to educate Americans everywhere to the implications of our foreign policy in order to arrive at an intelligent determination of the path America shall take.

BRITISH AND AMERICAN STAKES IN FAR EAST

Great Britain has tremendous stakes in the Far East with more than a billion-dollar investment in China, besides the British-India possessions and Australia and New Zealand at the Antipodes, that stir restlessly at the growing might of the Japanese. The Dutch East Indies are also a most attractive morsel for an aggressor nation and the British must consider their defense.

Yet, with the Russian and German threat upon one flank in the North Sea and Italy harrying the life line of the Empire through the Mediterranean, the British are frankly unable to meet the onrushing hordes of the Japanese in the Far East unless the United States is associated with them in any action.

This has been the significance of many developments of recent months as English officials have repeatedly declared their readiness to go as far as the United States should deem expedient.

The United States' stake, however, is very different. So far as the material interests immediately involved in Asia are concerned, those interests are negligible from whatever angle they may be viewed.

If we assume an American investment of $200,000,000 in China, a child will realize that we should obligate more than that amount in the first week of any major war.

INTERNATIONAL LAW

But what of the rights of international law and of international trade and what will become of the world if aggressor nations shall be permitted without restriction to ride roughshod across the world?

How long before America must meet a new barbarian horde? How long will America be left with any degree of security if aggressor nations shall be permitted with impunity to brush us from the trade routes of the world?

TOO WISE TO FIGHT

Most Americans do not belong to the company of those who are too proud to fight, but an increasing army of Americans are joining the hosts of those who are too wise to fight unless the vital interests of America are obviously involved.

COLONIAL STAKES

America obviously has no colonial stake across either the Atlantic or Pacific oceans that drive us to resist the acts of the aggressors. Great Britain has no choice. Great Britain must choose to fight.

America's stake is rather in the desire to see a peaceful world and the increasing establishment of law and order that shall reach to its remotest borders.

The United States has a material stake in the desire to expand its trade. After the Civil War, as American industrial development and foreign trade grew apace, the United States attempted to follow British precedent in extending its trade empire throughout the world. British precedents and practices have in large measure prevailed. A navy second to none has been developed along British lines. Accepted practices in international trade have been enforced in countries where civilization had not as yet taken root.

This has been true of successive administrations in the State Department without regard to partisan complexion. J. P. Morgan has testified that he honestly and earnestly believed that the vital interests of the United States lay with the Allies. All the financial and propaganda power of the Morgan interests and their affiliates may have been properly dedicated to bringing America into the war on the side of the Allies. Fifty thousand American boys gave their lives in that crusade.

Certainly the sorry condition of the world today does not indicate that we achieved victory for our objective of making the world safe for democracy. Democracy faces a challenge today such as it has not known since it established itself in the Napoleonic era a century and a half ago.

FOREIGN AFFAIRS NONPARTISAN

As America enters the valley of decision to determine its foreign policy for coming years, let us remember that partisanship in such a situation is not calculated now to serve. Certainly neither President Roosevelt nor Secretary Hull were responsible for the gunboat *Panay* being upon the Yangtze nor for the policy of convoying the Standard Oil tankers that were carrying supplies up the river. That practice has been followed under successive administrations without regard to which one of the great parties was here in power.

Whether the gunboat would have continued its voyages and the Standard Oil tankers would have continued to operate on the Yangtze if the President had observe the Neutrality Act and found that a state of war existed in China is a matter of debate. All shipments of war supplies from America would have been automatically stopped. Shipment of other supplies could have been put upon a cash-and-carry basis, with foreign boats required for their transportation. This would have eliminated any danger of American ships or the American flag or American seamen becoming involved.

NEUTRALITY LEGISLATION

The duration of this crisis is not the time to discuss whether the President has observed or should observe the neutrality law enacted by the Congress of the United States and signed by the President. If there existed in the executive department of the Government the conviction that this law constituted an unwarranted encroachment upon the constitutional powers of the Executive to conduct our foreign affairs or if it was deemed to be extremely unwise, then in either event there existed in the Executive the power to veto. But this power was not exercised. The act was signed and became a law, and certainly under any conception of the democratic process that translates the issue to the question of whether or not the provisions of the law are applicable.

The Counselor for the State Department, Hon. R. Walton Moore, indicated very clearly during the committee hearings on the original Neutrality Act that it was not contemplated that discretionary power to find a state of war was to be placed in the President. Certainly the language used in the present law was not calculated to convey such a congressional intent.

Whether or not a state of war actually exists in China today would not seem to be a matter of debate. With this crisis past it may be hoped that serious consideration will be given by those in authority to the application of this neutrality law whether or not the State Department believes this law to represent a wise policy for the United States.

FOREIGN TRADE

Any dispassionate survey of the condition of the world and of the growth of aggressor nations and their evident ambitions must convince one that the maintenance of our foreign trade in Asia and Europe and Africa will require that we ultimately must fight.

Would it not be well for America before we are too inextricably involved to consider carefully whether or not the gain will be worth the cost it must inevitably involve?

One does not need to question the sincerity of Secretary Hull in urging reciprocal-trade agreements as the path to peace in order to recognize that the more widespread become our trade interests the more inevitably we shall be involved in foreign difficulties of one kind or another, and that American boys must eventually be sent overseas to protect our rights of trade.

The alternative is the adoption of a gradual policy of independence of those areas where aggressor nations are seeking to extend their sway insofar as Europe, Asia, and Africa are concerned. We are not obliged to go to Donnybrook fair. An old political adage advises "Never argue the right-of-way with a skunk."

America has been placed with two mighty moats to protect us on the east and on the west. It will be a long time in the future before the warring nations of Europe and Asia will be prepared to meddle with the United States anywhere in the Americas.

MONROE DOCTRINE

No doctrine is more firmly embedded in our foreign relations than the Monroe Doctrine. On that platform America for this century may safely take its stand and prepare to defend its rights and vital interests against all comers in this increasingly restless world.

The other policy of extending our foreign trade to the three continents across the seas will mean that within a decade we shall be involved in foreign wars in either Asia or Europe. Whatever temporary success we gain will be at a terrific cost as it will mean that we are involved in acting as a policeman for the world.

The abandonment of the Philippines is strong notice to the world that America does not intend to become involved in the Far East. Those in charge of our foreign policy during this coming year and the Congress of the United States may well consider carefully whether the vital interests of America may not be better served by frankly recognizing the condition of world affairs and determining not that America is too proud to fight but that America is too wise to fight except in behalf of matters that directly concern the welfare of the people of the United States and of the Americas in which we recognize our proper sphere of interest.

BRITISH FRIENDSHIP

This policy need indicate no lack of sympathy for the challenge which the British Empire must now face and no lack of the aid which America may properly extend in a variety of ways to our beleaguered English cousins, but it does mean that America must develop a policy that is American and nothing else, and that takes into account the vital interests of America and of no other nation.

The more dependent American economic interests become upon trade overseas the more inevitably does America face the certain threat of war.

Perhaps America may eventually emerge as "The Lost Horizon," where the civilization of our day may be preserved from the barbarian hosts. Here the weary struggling peoples of Europe and of Asia may eventually turn for surcease from the vain struggle to solve their problems with the sword.

ALL-AMERICAN POLICY

Let America prepare to defend the Americas against foreign encroachment of any kind. Let America develop an economy which may increasingly be independent of supplies from overseas. America may then survey with some measure of equanimity and yet with no lack of profound sympathy the seething struggles of the nations overseas.

Let us turn back the pages of history and read the wisdom of Holy Writ, "He who takes the sword shall perish by the

sword." Let us prepare ourselves properly to meet any menace that may come, but let us also have full confidence that the tombs of Alexander, Caesar, and Napoleon tell the certain story of those who seek to dominate the world by force.

America need seek to avoid no responsibility for the preservation of civilization. But America may well recognize its unique position among the nations of the earth. America may serve the interests not only of America but of all mankind by guarding well its own and thus preserve that precious heritage we have received from the ten generations of our ancestors who have sacrificed so greatly to build America to a position of preeminence among the nations of the world. [Applause.]

EXTENSION OF REMARKS

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD by inserting a short editorial in today's News on wages and hours.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief article by a constituent of mine, Mr. Walter Lippmann.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 67) entitled "Joint resolution conferring jurisdiction on the Court of Claims to hear and determine the claim of the estate of John F. Hackfeld, deceased."

PERMISSION TO ADDRESS THE HOUSE

Mr. STACK. Mr. Speaker, on tomorrow, after the reading of the Journal and the disposition of business on the Speaker's desk, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 2 o'clock and 54 minutes p. m.) the House adjourned until tomorrow, Tuesday, December 21, 1937, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Tuesday, January 11, 1938, at 10 a. m.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. MARTIN'S subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Tuesday, January 4, 1938. Business to be considered: Hearing on sales-tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, trainlengths bill.

COMMITTEE ON THE JUDICIARY

The Special Bankruptcy Subcommittee of the Committee on the Judiciary will continue a public hearing on the Frazier-Lemke bill (S. 2215) to amend section 75 of the Bankruptcy Act, in the Judiciary Committee room at 346, House Office Building, on Wednesday, January 5, 1938, at 10 a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

901. A letter from the Secretary of War, transmitting a draft of a bill to authorize credit in the accounts of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department, which the War Department presents for the consideration of the Congress with a view to its enactment into law; to the Committee on Claims.

902. A letter from the Secretary of Commerce, transmitting a draft of a proposed bill to amend laws for preventing collisions of vessels, to regulate equipment of motorboats on the navigable waters of the United States, to regulate inspection and manning of certain motorboats which are not used exclusively for pleasure and those which are not engaged exclusively in the fisheries on inland waters of the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOURCES

Under clause 2 of rule XIII,

Mr. EICHER: Committee on Interstate and Foreign Commerce. H. R. 8623. A bill authorizing the State Highway Departments of North Dakota and Minnesota and the Boards of County Commissioners of Traill County, N. Dak., and Polk County, Minn., to construct, maintain, and operate a free highway bridge across the Red River of the North westerly of Nielsville, Minn.; without amendment (Rept. No. 1657). Referred to the House Calendar.

Mr. EICHER: Committee on Interstate and Foreign Commerce. H. R. 8409. A bill authorizing the State Highway Departments of North Dakota and Minnesota and the Boards of County Commissioners of Traill County, N. Dak., and Norman County, Minn., to construct, maintain, and operate a free highway bridge across the Red River of the North between Caledonia, N. Dak., and Shelly, Minn.; without amendment (Rept. No. 1658). Referred to the House Calendar.

Mr. REECE of Tennessee: Committee on Interstate and Foreign Commerce. S. 3114. An act to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.; with amendment (Rept. No. 1659). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DEROUEN: A bill (H. R. 8772) to extend the authority of the Secretary of the Interior to grant privileges, leases, and permits to all lands and buildings under the jurisdiction of the National Park Service, and for other purposes; to the Committee on the Public Lands.

Also, a bill (H. R. 8773) to authorize the Secretary of the Interior to dispose of surplus buffalo and elk of the Wind Cave National Park herd, and for other purposes; to the Committee on the Public Lands.

By Mr. SCHNEIDER of Wisconsin: A bill (H. R. 8774) to amend the Seamen Act of March 4, 1915, as amended and extended, with respect to its application to tug towing vessel firemen, linemen, and oilers; to the Committee on Merchant Marine and Fisheries.

By Mr. SIROVICH: A bill (H. R. 8775) for the creation of a National Commission on Unemployment; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ELLENBOGEN: A bill (H. R. 8776) for the relief of John Grannis; to the Committee on Military Affairs.

By Mr. POLK: A bill (H. R. 8777) granting an increase of pension to Sallie A. Guthrie; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3674. By Mr. GAMBLE: Petition of Frank Colao and other residents of White Plains and East White Plains, N. Y., imploring the Congress to keep the United States out of foreign entanglements, and especially to avoid any trouble with the Government of Japan; to the Committee on Foreign Affairs.

3675. Petition of Mr. and Mrs. Herman Lindhjem and other residents in Valhalla, N. Y., urging a reduction in the interest rate on mortgages held by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

3676. By Mr. HART: Petition of the Hudson County Railroad Smoke Association of Jersey City, N. J., urging that rate increases be given the railroads; to the Committee on Interstate and Foreign Commerce.

3677. By Mr. RICH: Petition of the Local Union No. 862, Brotherhood of Railroad Trainmen, of Williamsport, Pa., favoring the Black-Connery labor bill; to the Committee on Labor.

3678. By Mr. THOMAS of New Jersey: Petition of 75 residents of Garfield, N. J., urging the passage of the Ludlow war referendum (H. J. Res. 199); to the Committee on the Judiciary.

3679. By the SPEAKER: Petition of the Associated Commercial Clubs of the Black Hills of South Dakota and Wyoming, Sturgis, S. Dak., petitioning consideration of their resolution dated August 27, 1937; to the Committee on Military Affairs.

SENATE

TUESDAY, DECEMBER 21, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, December 20, 1937, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr Chaffee, one of its reading clerks, announced that the House had passed the bill (S. 3114) to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala., with amendments, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 67) conferring jurisdiction upon the Court of Claims to hear and determine the claim of the estate of John F. Hackfeld, deceased, and it was signed by the President pro tempore.

TENNESSEE RIVER BRIDGE, ALABAMA

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 3114) to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala., which were, on page 2, line 2, after "1934", to insert "and extended August 23, 1935, and May 1, 1936"; and on page 2, line 3, after "hereby", insert "further."

Mrs. GRAVES. I move that the Senate concur in the House amendments.

The motion was agreed to.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Dieterich	La Follette	Pope
Andrews	Donahey	Lodge	Radcliffe
Ashurst	Duffy	Logan	Reynolds
Austin	Ellender	Lonergan	Russell
Bailey	Frazier	Lundeen	Schwartz
Bankhead	George	McAdoo	Schwellenbach
Barkley	Gerry	McCarran	Sheppard
Borah	Gibson	McGill	Shipstead
Bridges	Graves	McKellar	Smathers
Brown, N. H.	Green	McNary	Steiwer
Bulkley	Guffey	Maloney	Thomas, Okla.
Bulow	Hale	Miller	Thomas, Utah
Burke	Harrison	Minton	Vandenberg
Byrd	Hatch	Murray	Van Nuys
Capper	Hayden	Neely	Wagner
Caraway	Herring	Norris	Walsh
Chavez	Hitchcock	Nye	Wheeler
Connally	Holt	O'Mahoney	White
Copeland	Johnson, Colo.	Pepper	
Davis	King	Pittman	

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] is absent because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Mississippi [Mr. BILBO], the Senator from Washington [Mr. BONE], the Senator from Michigan [Mr. BROWN], the junior Senator from South Carolina [Mr. BYRNES], the senior Senator from Missouri [Mr. CLARK], the Senator from Iowa [Mr. GILLETTE], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LEWIS], the Senator from New Jersey [Mr. MOORE], the Senator from Louisiana [Mr. OVERTON], the senior Senator from South Carolina [Mr. SMITH], the junior Senator from Missouri [Mr. TRUMAN], and the Senator from Maryland [Mr. TYDINGS] are necessarily detained from the Senate.

Mr. AUSTIN. I announce that the Senator from Delaware [Mr. TOWNSEND] is absent because of illness in his family.

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

TRIBUTE TO ADMIRAL DEWEY AND OTHER VERMONT NAVAL OFFICERS

Mr. AUSTIN. Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed to me by the Honorable Josephus Daniels, United States Ambassador to Mexico. Mr. Daniels was Secretary of the Navy in the Cabinet of President Wilson from March 5, 1913, to March 6, 1921. His letter attests the eminent services of Admiral Dewey not only as an able and outstanding officer of the Navy but also as a distinguished statesman. He also refers to other distinguished officers of the Navy who were born in Vermont and to Hon. Charles H. Darling, of Burlington, Vt., who was Assistant Secretary of the Navy from 1901 to 1905. I should like to have their service glorified in this manner.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE FOREIGN SERVICE OF THE
UNITED STATES OF AMERICA,
AMERICAN EMBASSY,
Mexico, December 15, 1937.

The Honorable WARREN R. AUSTIN,
United States Senate, Washington, D. C.

DEAR SENATOR: It gave me very great pleasure to read in the CONGRESSIONAL RECORD of December 1 your tribute to Admiral Dewey, who was my best friend and chief adviser in the years when I was Secretary of the Navy, before we entered the World War.

As you point out, Admiral Dewey, then commodore, was the first naval statesman to appreciate when we entered the War with Spain that the most dynamic blow against Spain could be struck in the far-away Philippines. While other admirals and captains were for high command in the Caribbean, where the chief interest in the war centered, Dewey had the vision to see that breaking the power of Spain in the Philippines would lead to the perfect victory, which came later.

When he sailed away, most Americans thought, if they thought at all, that Dewey's ships were virtually interned in the Far East for the duration of the war. He knew better, and the result

proved his stand as well as his statesmanship. Of the latter, few Americans knew enough of him to appreciate his high rank in peace as well as in war. He was no imperialist, but a straight-out American of the old school. He was not among those who wished to annex the Philippines. He believed they were as capable of self-government as the Cubans.

True to the tradition of the Navy, he left the fixing of the policy in the Philippines wholly to civil administrators, doing nothing in the Philippines but holding the rudder true till the President and Congress determined upon the policy of his country toward the Philippine Islands. In that he was true to the American naval tradition, as to the duties of the armed forces of the country, a principle which was set forth most clearly by an able Assistant Secretary of the Navy, Charles H. Darling, of Vermont, in a letter to the chairman of the Naval Affairs Committee in 1904.

I do not think anyone has made a clearer and more able study of the American policies as relating to the Navy than Mr. Darling of your State. I not only had admiration of Admiral Dewey's ability but I never knew a more charming gentleman. Upon one occasion, speaking to the graduates of the Naval Academy, I advised each one of them to get a hero, and I gave reasons why they should select Admiral Dewey.

Vermont's contribution to the Navy not only included Assistant Secretary Darling and Admiral Dewey but also Admiral Clark, who, at the beginning of the Spanish-American War, navigated the famous *Oregon* around South America and brought it to the Caribbean in time to make it a valued addition to the American Fleet. He was one of the best of the American admirals. Not long after my appointment as Secretary of the Navy it was my duty to name a new member of the Council of Aides, and, after making a careful study of all the admirals eligible for such a designation, I selected Admiral Harry T. Mayo, a native of Vermont, and later advanced him to be Commander in Chief of all the American Naval Forces, and he held this position before and during the entire World War. His services deserve the highest commendation of his countrymen.

My admiration for Admiral Dewey and other Vermont naval leaders is such that I could not resist the temptation to write and express my gratification that you had called attention to Admiral Dewey's greatness, so that the younger generation would know that he deserves to be ranked among the greatest naval heroes of the country.

With sentiments of esteem and high regard, I am,

Sincerely yours,

JOSEPHUS DANIELS.

PETITIONS AND MEMORIALS

Mr. MALONEY presented resolutions of the C. I. O. City Council of Bridgeport, Conn., favoring the making of substantially increased appropriations for the W. P. A. and other relief agencies, which were referred to the Committee on Appropriations.

Mr. RADCLIFFE (for Mr. TYDINGS) presented a memorial of sundry citizens of Cumberland, Md., remonstrating against the levying of any excise or processing taxes on primary food products, which was referred to the Committee on Agriculture and Forestry.

Mr. COPELAND presented a resolution adopted by a meeting of employers and retail merchants of Troy, N. Y., favoring the enactment of legislation to remove tax and other restrictions operating adversely to business enterprise, which was referred to the Committee on Finance.

He also presented a resolution adopted by the League of Women Voters of Mount Vernon, N. Y., protesting against the enactment of the bill (S. 3022) to amend the law relating to appointment of postmasters, which was ordered to lie on the table.

He also presented letters in the nature of memorials from Lake Keuka Chapter No. 120, Izaak Walton League of America, of Penn Yan, and Newfane Grange, No. 1159, Patrons of Husbandry, of Newfane, both in the State of New York, remonstrating against the enactment of legislation to transfer the Forest Service and other agencies of the Department of Agriculture to the Department of the Interior, which were ordered to lie on the table.

VIOLATIONS OF FREE SPEECH AND RIGHTS OF LABOR—INDUSTRIAL ESPIONAGE (REPT. NO. 46, PT. 3)

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to submit a report on behalf of the subcommittee of the Committee on Education and Labor created under Senate Resolution 266 (74th Cong.), dealing with one phase of its investigation—industrial espionage.

The VICE PRESIDENT. Without objection, the report will be received and printed with an illustration.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COPELAND:

A bill (S. 3155) to extend the provisions of an act entitled "An act placing certain noncommissioned officers in the first grade," approved March 3, 1927; to the Committee on Military Affairs.

By Mr. LONERGAN:

A bill (S. 3156) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the New Haven Colony, then consisting of the towns of New Haven, Milford, Branford, Guilford, and Stamford, Conn., and Southold, Long Island; to the Committee on Banking and Currency.

JAPAN'S ORIENTAL POLICY—SPEECH BY SENATOR PITTMAN

[Mr. HATCH asked and obtained leave to have printed in the RECORD a speech delivered in the Senate on Monday, February 10, 1936, by Senator PITTMAN on the subject of Japan's Oriental Policy, which appears in the Appendix.]

FEDERAL INCORPORATION LAW—ADDRESS BY SENATOR O'MAHONEY

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a radio address on the proposed Federal incorporation law delivered by Senator O'MAHONEY on Sunday, December 19, 1937, which appears in the Appendix.]

FEDERAL INCORPORATION—ADDRESS BY WILLIAM B. WARNER

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD a radio address by William B. Warner on the subject of Federal Incorporation delivered on Sunday, December 12, 1937, which appears in the Appendix.]

THE POSTAL SERVICE—ADDRESS BY JAMES A. FARLEY

[Mr. BULKLEY asked and obtained leave to have printed in the RECORD an address on the postal service, delivered by Hon. James A. Farley at the convention of the National Federation of Post Office Clerks in Toledo, Ohio, September 7, 1937, which appears in the Appendix.]

BRITISH WAR DEBTS

[Mr. WALSH asked and obtained leave to have printed in the RECORD an article by Senator SHIPSTEAD and an editorial appearing in the Washington Times of December 17 on the subject of British War Debts, which appear in the Appendix.]

POWER TRUCE—STATEMENT BY ADMINISTRATOR OF BONNEVILLE PROJECT

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD an article entitled "Power Truce as Administrator of Bonneville Project Sees It," which appears in the Appendix.]

ELIHU ROOT—ADDRESS BY NICHOLAS MURRAY BUTLER

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an address on the late Elihu Root delivered by Dr. Nicholas Murray Butler, November 12, 1937, which appears in the Appendix.]

ADDRESS BY DR. JAMES R. ANGELL BEFORE CONFERENCE ON EDUCATIONAL BROADCASTING

[Mr. WHITE asked and obtained leave to have printed in the RECORD an address delivered by Dr. James R. Angell before the Second National Conference on Educational Broadcasting at Chicago, Ill., December 1, 1937, which appears in the Appendix.]

AMERICAN FORCES IN THE ORIENT

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article from the Washington Herald of December 21, 1937, relative to the maintenance of American forces in the Orient, which appears in the Appendix.]

NATIONAL HOUSING PROGRAM

The VICE PRESIDENT. According to the debate, as reported in the CONGRESSIONAL RECORD of yesterday, the anti-lynching bill was evidently postponed for the purpose of considering the so-called housing bill of which the Chair understands the Senator from New York [Mr. WAGNER] is in charge. The Chair recognizes the Senator from New York.

Mr. WAGNER. I move that the Senate proceed to the consideration of House Bill 8730, the so-called housing bill.

The VICE PRESIDENT. The question is on the motion of the Senator from New York.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8730) to amend the National Housing Act, and for other purposes, which had been reported from the Committee on Banking and Currency with an amendment to strike out all after the enacting clause and insert:

That this act may be cited as the "National Housing Act amendments of 1937."

SEC. 2. Title II of the National Housing Act, as amended, is amended to read as follows:

"TITLE II—MORTGAGE INSURANCE

"DEFINITIONS

"SEC. 201. As used in section 203 of this title—

"(a) The term 'mortgage' means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than 99 years which is renewable or (2) under a lease having a period of not less than 50 years to run from the date the mortgage was executed; and the term 'first mortgage' means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State, district, or Territory in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(b) The term 'mortgagee' includes the original lender under a mortgage, and his successors and assigns approved by the Administrator; and the term 'mortgagor' includes the original borrower under a mortgage and his successors and assigns.

"(c) The term 'maturity date' means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

"MUTUAL MORTGAGE INSURANCE FUND

"SEC. 202. There is hereby created a mutual mortgage insurance fund (hereinafter referred to as the 'fund'), which shall be used by the Administrator as a revolving fund for carrying out the provisions of this title with respect to mortgages insured under section 203 as hereinafter provided, and there shall be allocated immediately to such fund the sum of $10,000,000 out of funds made available to the Administrator for the purposes of this title.

"INSURANCE OF MORTGAGES

"SEC. 203. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and upon such terms as the Administrator may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title and outstanding at any one time shall not exceed $2,000,000,000, except that with the approval of the President such aggregate amount may be increased to not to exceed $3,000,000,000: *Provided further*, That on and after July 1, 1939, no mortgages shall be insured under this title except mortgages (1) that cover property which is approved for mortgage insurance prior to the completion of the construction of such property, or (2) that cover property the construction of which was commenced after January 1, 1937, and was completed prior to July 1, 1939, or (3) that cover property which has been previously covered by a mortgage insured by the Administrator.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) Have been made to, and be held by, a mortgagee approved by the Administrator as responsible and able to service the mortgage properly.

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount—

"(A) not to exceed $16,000 and not to exceed 80 percent of the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling or dwellings designed principally for residential use for not more than four families in the aggregate, irrespective of whether such dwelling or dwellings have a party wall or are otherwise physically connected with another dwelling or dwellings, or

"(B) not to exceed $5,400 and not to exceed 90 percent of the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling designed principally for a single-family residence (i) the construction of which is begun after the date of enactment of the National Housing Act Amendments of 1937 and which is approved for mortgage insurance prior to the beginning of construction, or (ii) the construction of which was begun after January 1, 1937, and prior to the date of enactment of the National Housing Act Amendments of 1937, and which has not been sold or occupied since completion: *Provided*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 percent of the appraised value in cash or its equivalent, or

"(C) not to exceed $8,600, and not to exceed the sum of (i) 90 percent of $6,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 80 percent of such value in excess of $6,000 and not in excess of $10,000, of a property of the character described in paragraph (2) (B) of this subsection and subject to the same limitations and conditions which apply to such property: *Provided*, That after July 1, 1942, no mortgage shall be accepted for insurance under this paragraph or paragraph (2) (B).

"(3) Have a maturity satisfactory to the Administrator, but not to exceed 20 years from the date of the insurance of the mortgage: *Provided*, That until July 1, 1939, a mortgage of the character described in paragraph (2) (B) of this subsection shall be eligible for insurance under this section if it has a maturity satisfactory to the Administrator, but not to exceed 25 years from the date of the insurance of the mortgage.

"(4) Contain complete amortization provisions satisfactory to the Administrator requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Administrator.

"(5) Bear interest (exclusive of premium charges for insurance) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed 6 percent per annum if the Administrator finds that in certain areas or under special circumstances the mortgage market demands it.

"(6) Provide, in a manner satisfactory to the Administrator, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided) to amortization of the principal of the mortgage.

"(7) Contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Administrator may in his discretion prescribe.

"(c) The Administrator is authorized to fix a premium charge for the insurance of mortgages under this title, but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 percent per annum nor more than an amount equivalent to 1 percent per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments, except that as to any mortgage described in section 203 (b) (2) (B) and accepted for insurance prior to July 1, 1939, the premium charge shall be one-fourth of 1 percent per annum on such outstanding principal obligation. Such premium charges shall be payable by mortgagee, either in cash, or in debentures issued by the Administrator under this title at par plus accrued interest, in such manner as may be prescribed by the Administrator: *Provided*, That the Administrator may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage: *Provided*, That such premium charges shall also be applicable to mortgages insured prior to the date of enactment of the National Housing Act amendments of 1937, and all such premium charges which become due after such date shall be computed accordingly. If the Administrator finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required that the mortgage complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Administrator may prescribe; but no mortgage shall be accepted for insurance under this section unless the Administrator finds that the project with respect to which the mortgage is executed is economically sound. In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date, the Administrator is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this section until such maturity date; and in the event that the principal obligation is paid in full as herein set forth and a mortgage on the same property is accepted for insurance at the time of such payment, the Administrator is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

"PAYMENT OF INSURANCE

"SEC. 204. (a) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Administrator of title to the property which meets the requirements of rules and regulations of the Administrator in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Administrator. Upon such conveyance and assignment the obligation of the mortgagee to pay

the premium charges for insurance shall cease and the Administrator shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, special assessments, water rates, which are liens prior to the mortgage, insurance on the property mortgaged, and any mortgage insurance premiums paid after either of such dates, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are accepted for insurance prior to July 1, 1939, under section 203 (b) (2) (B) of this act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 percent of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Administrator, on account of foreclosure costs actually paid by the mortgagee and approved by the Administrator an amount not in excess of 2 percent of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of $75.

"(b) The Administrator may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(c) Debentures issued under this section shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Administrator with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed $50, shall be adjusted by the payment of cash by the Administrator to the mortgage from the fund as to mortgages insured under section 203 and from the housing fund as to mortgages insured under section 210.

"(d) The debentures issued under this section to any mortgagee with respect to mortgages insured under section 203 shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor, shall be signed by the Administrator by either his written or engraved signature, and shall be negotiable and the debentures issued under this section to any mortgagee with respect to mortgages insured under section 210 shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Administrator by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the mortgage was offered for insurance, but not to exceed 3 percent per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature 3 years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued. Such debentures as are issued in exchange for property covered by mortgages insured under section 203 or section 207 prior to the date of enactment of the National Housing Act amendments of 1937 shall be subject only to such Federal, State, and local taxes as the mortgages in exchange for which they are issued would be subject to in the hands of the holder of the debentures and shall be a liability of the fund only, and such debentures shall be fully guaranteed as to principal and interest by the United States; but any mortgagee entitled to receive any such debentures may elect to receive in lieu thereof a cash adjustment and debentures issued as hereinafter provided and bearing the current rate of interest. Such debentures as are issued in exchange for property covered by mortgages insured after the date of enactment of the National Housing Act amendments of 1937 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of the fund, or the housing fund, as the case may be, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the fund or the housing fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(e) The certificate of claim issued by the Administrator to any mortgagee shall be for an amount which the Administrator determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the Administrator of the property covered by the mortgage, the mortgagor had redeemed the property and paid in full all obligations under the mortgage and those arising out of the foreclosure proceedings. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 percent per annum. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (f).

"(f) If the net amount realized from any property conveyed to the Administrator under this section and the claims assigned therewith, after deducting all expenses incurred by the Administrator in handling, dealing with, and disposing of such property and in collecting such claims, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

"(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Administrator shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property; and

"(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Administrator shall pay to the holder of such certificate the full amount of such excess.

"(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Administrator shall have power to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the Administrator shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Administrator as provided in this section: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed $1,000.

"(h) No mortgagee or mortgagor shall have, and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the Administrator or in any claim assigned to him; nor shall the Administrator owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collector of any such claim.

"CLASSIFICATION OF MORTGAGES AND REINSURANCE FUND

"SEC. 205. (a) Mortgages accepted for insurance under section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any such mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Administrator in connection therewith and all earnings on the assets of the group account shall be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for property conveyed to the Administrator under section 204 in connection with mortgages insured under section 203, payments made or to be made to the mortgagee and the mortgagor as provided in section 204, and expenses incurred in the handling of the property covered by the mortgage and in the collection of claims assigned to the Administrator in connection therewith, shall be charged to the account of the group to which such mortgage is assigned.

"(b) The Administrator shall also provide, in addition to the several group accounts, a general reinsurance account, the credit in which shall be available to cover charges against such group accounts where the amounts credited to such accounts are insufficient to cover such charges. General expenses of operation of the Federal Housing Administration under this title with respect to mortgages insured under section 203 may be allocated in the discretion of the Administrator among the several group accounts or charged to the general reinsurance account, and the amount allocated to the fund under section 202 shall be credited to the general reinsurance account; except that any expenses incurred with respect to mortgages described in section 203 (b) (2) (B) shall be charged to the general reinsurance account.

"(c) The Administrator shall terminate the insurance as to any group of mortgages (1) when he shall determine that the amounts to be distributed as hereinafter set forth to each mortgagee under an outstanding mortgage assigned to such group are sufficient to pay off the unpaid principal of each such mortgage, or (2) when all the outstanding mortgages in any group have been paid. Upon such termination the Administrator shall charge to the group account the estimated losses arising from transactions relating to that group, shall transfer to the general reinsurance account an amount equal to 10 percent of the total premium charges theretofore credited to such group account, and shall dis-

tribute to the mortgagees for the benefit and account of the mortgagors of the mortgages assigned to such group the balance remaining in such group account. Any such distribution to mortgagees shall be made equitably and in accordance with sound actuarial and accounting practice.

"(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account, or be subject to any liability arising out of the mutuality of the fund, and the determination of the Administrator as to the amount to be paid by him to any mortgagee or mortgagor shall be final and conclusive.

"(e) In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the Administrator in accordance with section 204, and the Administrator is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Administrator is given written notice of such payment by the mortgagor, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under section 204 shall terminate as of the date of such notice. Upon such termination the mortgagor shall be entitled to receive a share of the credit balance of the group account to which the mortgage has been assigned in such amount as the Administrator shall determine to be equitable and not inconsistent with the solvency of the group account and of the fund.

"INVESTMENT OF FUNDS

"SEC. 206. Moneys in the fund not needed for the current operations of the Federal Housing Administration shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued, and the several group accounts to which such debentures have been charged shall be charged with the amounts used in making such purchases.

"RENTAL HOUSING INSURANCE

"SEC. 207. (a) As used in this section—

"(1) The term 'mortgage' means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than 99 years which is renewable or (B) under a lease having a period of not less than 50 years to run from the date the mortgage was executed, upon which there is located or upon which there is to be constructed a building or buildings designed principally for residential use; and the term 'first mortgage' means such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State, district, or Territory in which the real estate is located, together with the credit instrument or instruments, if any, secured hereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments.

"(2) The term 'mortgagee' means the original lender under a mortgage, and its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.

"(3) The term 'mortgagor' means the original borrower under a mortgage and its successors and assigns.

"(4) The term 'maturity rate' means the date on which the mortgage indebtedness would be extinguished if paid in accordance with the periodic payments provided for in the mortgage.

"(5) The term 'slum or blighted area' means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light, or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

"(6) The term 'rental housing' means housing the occupancy of which is permitted by the owner thereof in consideration of the payment of agreed charges, whether or not, by the terms of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises.

"(b) In addition to mortgages insured under section 203, the Administrator is authorized to insure mortgages as defined in this section which cover property held by—

"(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend corporations formed under and restricted by Federal or State housing laws as to rents, charges, capital structure, rate of return, or methods of operation; or

"(2) Private corporations, associations, or trusts formed or created for the purpose of rehabilitating slum or blighted areas, or providing housing for rent or sale, and which possess powers necessary therefor and incidental thereto, and which, until the termination of all obligations of the Administrator under such insurance, are regulated or restricted by the Administrator as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Administrator may make such contracts with, and acquire for not to exceed $100 such stock or interest in, any such corporation, association, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of such housing fund, and shall be redeemed by the corporation, association, or trust at par upon the termination of all obligations of the Administrator under the insurance.

"(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount not to exceed $5,000,000 and not to exceed 80 percent of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, and such part thereof as may be attributable to dwelling use shall not exceed $1,350 per room, and the mortgage shall provide for complete amortization by periodic payments within such term as the Administrator shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. No mortgage shall be accepted for insurance under this section unless the Administrator finds that the property or project, with respect to which the mortgage is executed, is economically sound.

"(d) The Administrator shall collect a permium charge for the insurance of mortgages under this section, which shall be payable annually in advance by the mortgagee, either in cash or in debentures issued by the Administrator under this title at par plus accrued interest. In addition to the premium charge herein provided for, the Administrator is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project during construction: *Provided*, That such charges for appraisal and inspection shall not aggregate more than one-half of 1 percent of the original principal face amount of the mortgage.

"(e) In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date, the Administrator is authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date.

"(f) There is hereby created a Housing Insurance Fund (herein referred to as the 'housing fund'), which shall be used by the Administrator as a revolving fund for carrying out the provisions of this section and section 210, and the Administrator is hereby directed to transfer immediately to such housing fund the sum of $1,000,000 from that part of the fund now held by him arising from appraisal fees heretofore collected by him. General expenses of operations of the Federal Housing Administration under this section and section 210 may be charged to the housing fund.

"(g) The failure of the mortgagor to make any payment due under the terms of such mortgage shall be considered a default under a mortgage insured under this section and, if such default continues for a period of 30 days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided upon assignment, transfer, and delivery to the Administrator, within a period and in accordance with rules and regulations to be prescribed by the Administrator of (1) all rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others arising out of the mortgage transaction; (3) all policies of title or other insurance or surety bonds or other guarantees and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Administrator shall, subject to the cash adjustment provided for in subsection (j), issue to the mortgagee a certificate of claim as provided in subsection (h), and debentures having a total face value equal to the original principal face amount of the mortgage plus such amount as the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property, less the sum of (i) that part of the amount of the principal obligation that has been repaid by the mortgagor, (ii) an amount equivalent to 5 percent of the unpaid amount of such principal obligation, and (iii) any net income received by the mortgagee from the property.

"(h) The certificate of claim issued by the Administrator to any mortgagee shall be for an amount which the Administrator determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on

the date of the assignment, transfer, and delivery to the Administrator provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 percent per annum. If the net amount realized from the mortgage, and all claims in connection therewith, so assigned, transferred, and delivered, and from the property covered by such mortgage and all claims in connection with such property, after deducting all expenses incurred by the Administrator in handling, dealing with, acquiring title to, and disposing of such mortgage and property and in collecting such claims, exceeds the face value of the debentures issued and the cash adjustment paid to the mortgagee plus all interest paid on such debentures, such excess shall be divided as follows:

"(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Administrator shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property; and

"(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Administrator shall pay to the holder of such certificate the full amount of such excess.

"(i) Debentures issued under this section shall be executed in the name of the housing fund as obligor, shall be signed by the Administrator, by either his written or engraved signature, and shall be negotiable. They shall bear interest at a rate determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the mortgage was insured, but not to exceed 3 percent per annum payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature 3 years after the 1st day of July following the maturity date of the mortgage in exchange for which the debentures were issued. Such debentures as are issued in exchange for mortgages insured after the date of enactment of the National Housing Act amendments of 1937 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of the housing fund which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the housing fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(j) Debentures issued under this section shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provision for redemption, if any, as may be prescribed by the Administrator with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section, and the aggregate face value of the debentures issued, not to exceed $50, shall be adjusted by the payment of cash by the Administrator to the mortgagee from the housing fund.

"(k) The Administrator is hereby authorized either to (1) acquire possession of and title to any property, covered by a mortgage insured under this section and assigned to him, by voluntary conveyance in extinguishment of the mortgage indebtedness, or (2) institute proceedings for foreclosure on the property covered by any such insured mortgage and prosecute such proceedings to conclusion. The Administrator shall so acquire possession of and title to the property by voluntary conveyance or institute foreclosure proceedings as provided in this section within a period of 1 year from the date on which any such mortgage becomes in default under its terms or under the regulations prescribed by the Administrator: *Provided*, That the foregoing provisions shall not be construed in any manner to limit the power of the Administrator to foreclose on the mortgaged property after the expiration of such period, or the right of the mortgagor to reinstate the mortgage by the payment, prior to the expiration of such period, of all delinquencies thereunder. The Administrator at any sale under foreclosure may, in his discretion, for the protection of the housing fund, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses, and may become the purchaser of the property at such sale. The Administrator is authorized to pay from the housing fund such sums as may be necessary to defray such taxes, insurance, costs, fees, and other expenses in connection with the acquisition or foreclosure of property under this section. Pending such acquisition by voluntary conveyance or by foreclosure, the Administrator is authorized, with respect to any mortgage assigned to him under the provisions of subsection (g), to exercise all the rights of a mortgagee under such mortgage, including the right to sell such mortgage, and to take such action and advance such sums as may be necessary to preserve or protect the lien of such mortgage.

"(l) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Administrator shall also have power, for the protection of the interests of the housing fund, to pay out of the housing fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, any property acquired by him under this section; and notwithstanding any other provision of law, the Administrator shall also have power to pursue to final collection by way of compromise or otherwise all claims assigned and transferred to him in connection with the assignment, transfer, and delivery provided for in this section, and at any time, upon default, to foreclose on any property secured by any mortgage assigned and transferred to or held by him: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed $1,000.

"(m) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this section or section 210, the receipts derived from any such mortgage or claim assigned to the Administrator and from any property acquired by the Administrator, and all earnings on the assets of the housing fund, shall be credited to the housing fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this section or section 210, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Administrator under this section or section 210, shall be charged to the housing fund.

"(n) In the event that a mortgage insured under this section becomes in default through failure of the mortgagor to make any payment due under the terms of the mortgage and such mortgage continues in default for a period of 30 days, but the mortgagee does not assign and transfer such mortgage, and the credit instrument secured thereby, to the Administrator in accordance with subsection (g), and written notice thereof is given to the Administrator, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and written notice thereof is given to the Administrator, the obligation to pay the annual premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.

"(o) Moneys in the housing fund not needed for current operations of this section and section 210 shall be deposited with the Treasurer of the United States to the credit of the housing fund, or invested or used to purchase debentures issued under this section and section 210 in the same manner as provided with respect to the fund in section 206.

"(p) The Administrator, with the consent of the mortgagee and the mortgagor of a mortgage insured under this section prior to the date of enactment of the National Housing Act amendments of 1937, shall be empowered to reissue such mortgage insurance in accordance with the provisions of this section as amended by such act, and any such insurance not so reissued shall not be affected by the enactment of such act.

"TAXATION PROVISIONS

"SEC. 208. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"STATISTICAL AND ECONOMIC SURVEYS

"SEC. 209. The Administrator shall cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies. Expenses of such studies and surveys, and expenses of publication and distribution of the results of such studies and surveys, shall be charged as a general expense of the fund and the housing fund in such proportion as the Administrator shall determine.

"ADDITIONAL HOUSING INSURANCE

"SEC. 210. (a) In addition to mortgages insured under sections 203 and 207 the Administrator is authorized to insure mortgages as defined in section 207 (a) (1), covering property upon which there is to be constructed one or more multifamily dwellings or a group of not less than 25 single-family dwellings: *Provided*, That the property shall have been approved for mortgage insurance prior to the beginning of construction.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount in excess of $16,000 but not in excess of $200,000, and not in excess of 80 percent of the amount which the Administrator estimates will be the value of the property when the proposed improvements are completed, and such part thereof as may be attributable to dwelling use shall not exceed $1,150 per room.

"(2) Have a maturity satisfactory to the Administrator, but not to exceed 21 years, and contain complete amortization provisions satisfactory to the Administrator.

"(3) Bear interest (exclusive of premium charges for insurance) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time.

"(4) Contain such terms, conditions, and provisions with respect to advances during construction, assurance of completion, recognition of equitable rights of contract purchasers in good standing, release of part of the mortgaged premises from the lien of the mortgage, insurance, repairs, alterations, payment of taxes, default and management reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Administrator may in his discretion prescribe.

"(c) The provisions of the last two sentences of section 203 (c), and the provisions of section 204, of the first sentence of section 205 (e), and of sections 207 (b) and 207 (d), shall be applicable to mortgages insured under this section.

"RULES AND REGULATIONS

"SEC. 211. The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title."

SEC. 3. Section 301 (a) of such act is amended to read as follows:

"SEC. 301. (a) The Administrator is further authorized and empowered to provide for the establishment of national mortgage associations as hereinafter provided which shall be authorized, subject to rules and regulations to be prescribed by the Administrator—

"(1) To make loans and advances upon mortgages which are accepted for insurance or insured under title II of this act: *Provided*, That no such association controlled or operated by the United States or any agency of the United States shall make any loan or advance upon mortgages which are accepted for insurance or insured under section 203 of this act;

"(2) To purchase, service, or sell any mortgages, or partial interests therein, which are insured under title II of this act;

"(3) To purchase, service, and sell uninsured first mortgages and such other liens as are commonly given under the laws of the State, District, or Territory in which the real estate is located to secure advances upon real estate held in fee simple, or under a lease for not less than 99 years which is renewable, or under a lease having a period of not less than 50 years to run from the date the mortgage was executed, together with the credit instruments, if any, secured thereby; but the amount of the principal obligation of any such uninsured mortgage shall not exceed 60 percent of the appraised value of the property as of the date the mortgage is purchased by the association; and

"(4) To borrow money for any of the foregoing purposes through the issuance of notes, bonds, debentures, or other such obligations as hereinafter provided."

SEC. 4. Section 301 (d) of such act is amended to read as follows:

"(d) No association shall transact any business except such as is incidental to its organization until it has been authorized to do so by the Administrator. Each such association shall have a capital stock of a par value of not less than $2,000,000, and no authorization to commence business shall be granted by the Administrator to any such association until he is satisfied that such capital stock has been subscribed for at not less than par and that at least 25 percent thereof has been paid in cash, or in Government securities at their par value, or in first mortgages or such other first liens as are described in section 301 (a) hereof, which mortgages or liens shall be taken at such value as the Administrator may determine, not exceeding (except as to mortgages insured under title II of this act) 60 percent of the appraised value of the property as of the date of subscription, and that the remainder of the subscription to such capital stock is payable in the same manner and at such time as may be determined by the Administrator: *Provided*, That no association shall issue notes, bonds, debentures, or other such obligations until such time as such subscriptions are paid in full in cash or Government securities at their par value or in mortgages or other liens as hereinbefore set forth."

SEC. 5. Section 302 of such act is amended to read as follows:

"SEC. 302. Each national mortgage association is authorized to issue and have outstanding at any time notes, bonds, debentures, or other such obligations in an aggregate amount not to exceed (1) 15 times the amount of its paid-up capital and surplus, and in no event to exceed (2) the current unpaid principal of mortgages held by it and insured under the provisions of title II of this act, plus the amount of its cash on hand and on deposit and the amortized value of its investments in bonds or obligations of, or in bonds or obligations guaranteed as to principal and interest by, the United States. No national mortgage association shall borrow money otherwise than through the issuance of such notes, bonds, debentures, or other obligations, except with the approval of the Administrator and under such rules and regulations as he shall prescribe. An association may, if its bylaws so provide, accept any notes, bonds, debentures, or other obligations issued by it in payment of obligations due it at par plus accrued interest: *Provided*, That such notes, bonds, debentures, or other obligations so accepted shall be canceled and not reissued."

SEC. 6. Section 303 of such act is amended to read as follows:

"SEC. 303. Moneys of any national mortgage association not invested in first mortgages or other liens as provided in section 301, or in operating facilities approved by the Administrator, shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or guaranteed as to principal and interest by the United States; except that each such association shall keep and maintain such reserves as the Administrator shall by rules and regulations prescribe, and may purchase in the open market notes, bonds, debentures, or other such obligations issued under section 302."

SEC. 7. Section 307 of such act is amended to read as follows:

"SEC. 307. All notes, bonds, debentures, or other obligations issued by any national mortgage association shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Every national mortgage association, including its franchise, capital, reserves, surplus, mortgage loans, income, and stock, shall be exempt from taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Nothing herein shall be construed to exempt the real property of such association from taxation by any State, county, municipality, or local taxing authority to the same extent according to its value as other real property is taxed."

SEC. 8. Section 512 (a) of such act is amended to read as follows:

"SEC. 512. (a) Whoever, for the purpose of obtaining any loan or advance of credit from any person, partnership, association, or corporation with the intent that such loan or advance of credit shall be offered to or accepted by the Federal Housing Administration for insurance, or for the purpose of obtaining any extension or renewal of any loan, advance of credit, or mortgage insured by the said Administration, or the acceptance, release, or substitution of any security on such a loan, advance of credit, or for the purpose of influencing in any way the action of the said Administration under this act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published any statement, knowing the same to be false, or alters, forges, or counterfeits, or causes or procures to be altered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been altered, forged, or counterfeited, or willfully overvalues any security, asset, or income, shall be punished by a fine of not more than $3,000 or by imprisonment for not more than 2 years, or both."

SEC. 9. Section 512 of such act is further amended by adding at the end thereof the following new subsections:

"(d) No individual, association, partnership, or corporation shall hereafter, while the Federal Housing Administration exists, use the words 'Federal Housing' or 'National Housing,' or any combination or variations of any of these words, alone or with other words, as the name under which he or it shall do business, which shall have the effect of leading the public to believe that any such individual, association, partnership, or corporation has any connection with, or authorization from, the Federal Housing Administration, the Government of the United States, or any instrumentality thereof, where such connection or authorization does not, in fact, exist. No individual, association, partnership, or corporation shall falsely advertise, or otherwise represent falsely by any device whatsoever, that any project or business in which he or it is engaged, or product which he or it manufactures, deals in, or sells, has been in any way endorsed, authorized, or approved by the Federal Housing Administration, or by the Government of the United States, or by any instrumentality thereof. Every violation of this subsection shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both.

"(e) Whoever, for the purpose of inducing the insurance of the accounts of any institution by the Federal Savings and Loan Insurance Corporation or for the purpose of obtaining any extension or renewal of such insurance by said Corporation or for the purpose of influencing in any way the action of the said Corporation under this act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published, any statement, knowing the same to be false, or utters, forges, or counterfeits, or causes or procures to be uttered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been uttered, forged, or counterfeited, or willfully overvalues any security, asset, or income, of any institution insured or applying for insurance by said Corporation, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

"(f) Any person who willfully and knowingly makes, circulates, or transmits to another or others any statement, or rumor written, printed, or by word of mouth, which is untrue in fact and is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of the Federal Savings and Loan Insurance Corporation, or who knowingly counsels, aids, procures, or induces another to start, transmit, or circulate any such statement or rumor, is guilty of a misdemeanor punishable by a fine of not more than $1,000 or by imprisonment of not exceeding 1 year, or both."

SEC. 10. Title V of such act is further amended by adding after section 513 thereof the following new section:

"SEC. 514. The provisions of section 10 (a) 1 and 10b of the Federal Home Loan Bank Act, as amended (49 Stat. 294, 295); paragraph 7 of section 5136 of the Revised Statutes, as amended (49 Stat. 709); section 24 of the Federal Reserve Act, as amended (49 Stat. 706); subsection (n) of section 77B of the Bankruptcy Act, as amended (49 Stat. 664); section 5 (c) of the act approved January 31, 1935, continuing and extending the

functions of the Reconstruction Finance Corporation (49 Stat. 1); and all other provisions of law establishing rights under mortgages insured in accordance with the provisions of the National Housing Act, shall be held to apply to such act, as amended."

SEC. 11. (a) Section 35 of chapter III of the act entitled "An act to regulate the business of life insurance in the District of Columbia," approved June 19, 1934 (48 Stat. 1152), is amended by inserting between paragraph (3) and paragraph (4) of such section a new paragraph to read as follows:

"(3a) Bonds or notes secured by mortgages or deeds of trust insured by the Federal Housing Administrator: The restrictions in subsection 3 of this section in regard to the ratio of the loan to the value of the property shall not apply to such insured mortgages."

(b) Paragraph (4) of section 35 of such act is amended to read as follows:

"(4) Bonds or other evidences of indebtedness of the farm-loan banks authorized under the Federal Farm Loan Act or acts amendatory thereof or supplementary thereto, and bonds or other evidences of indebtedness of national mortgage associations."

SEC. 12. The last sentence of paragraph "seventh" of section 5136 of the Revised Statutes, as amended, is further amended by inserting before the colon after the words "guaranteed as to principal and interest by the United States" a comma and the following: "or obligations of national mortgage associations."

Mrs. CARAWAY. Mr. President, will the Senator from New York yield to me?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Arkansas?

Mr. WAGNER. I yield.

Mrs. CARAWAY. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from a businessman in Arkansas in regard to the pending bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION OF TEXARKANA,
Texarkana, Tex., December 13, 1937.

Senator HATTIE W. CARAWAY,
Washington, D. C.:

Am addressing this letter to you and would appreciate your reading this letter with my comments on the change recommended in the Federal Housing Administration.

At the present time the Federal Housing Administration will insure a loan for 20 years at an interest rate of from 4 to 5 percent, plus one-half of 1 percent service charge and one-half of 1 percent F. H. A. insurance, which gives lending agencies who wish to make an interest rate of 5 percent privilege of doing so and having it insured.

Bills were introduced by Senator WAGNER (S. 3055), House bill (H. R. 8520) of Representative STEAGALL. Hearing immediately upon the introduction of these bills, F. H. A. Administrator Stewart McDonald and Governor Marriner S. Eccles and R. F. C. Chairman Jesse Jones.

1. In the course of his testimony before both committees, Mr. McDonald made statements and placed materials in the record indicating that savings, building and loan associations charged exorbitant interest rates.

If Mr. McDonald, head of the F. H. A., would continue the present bill and quit making excuses why it has not gone over, and give the Home Owners' Loan Corporation a chance to prove that the Federal home-loan bank will function and furnish necessary additional funds to the savings and loan associations and other agencies who are eligible for membership in the Federal home-loan bank, they will take care of all worthy people who wish a home and will loan the money at an interest rate that they can pay.

Savings and loan associations and other thrift institutions of the building and loan type are loaning money now for 5 percent up, and in many cases are loaning as much as 95 percent of the appraised value of the property.

2. Mr. Eccles admitted that thrift institutions of the building and loan type could not operate under the rates proposed. He advocated strongly that the commercial banks participate extensively in the home-financing business, indicating that the provisions of the bill would operate satisfactorily as regards commercial banks.

Mr. Eccles states that thrift institutions of the building and loan type could not operate under the proposed rates suggested by the President.

It is very unfair to the thrift institutions for Mr. Eccles to make such a statement when the thrift institutions have not been given an opportunity. Since the Federal home-loan bank was created the lending institutions have had something behind them that they felt in time of need they could call upon and their wants would be taken care of.

In the past thrift institutions had to depend upon the banks for additional funds in the time they needed them, and if the banks were not in position to lend them money it embarrassed the lending agencies.

3. Mr. Jones confined his testimony largely to the proposed organization and functioning of national mortgage associations by the R. F. C.

Mr. Jones has done a fine job in the R. F. C., and I believe when he completes what he has already and the Government gets out of the lending field there will be ample funds to take care of all business to put the machinery running smoothly again.

The pump has been primed and there is plenty of water in the well if they will quit disturbing the well.

4. There were repeated references in the testimony to the building societies (savings and loan associations) of Great Britain which make high-percentage loans to home owners. It was not mentioned, however, that British building societies have been strongly encouraged in recent years in Great Britain by business and Government leaders (including the present Prime Minister), and by Government policies. Builders and real-estate operators put up deposits and guarantee the high-percentage loans that are made. Finally funds flow into the English societies at 2½ percent on deposits and at from 3½ to 4 percent on shares. In this country our Government is selling United States Savings Bonds at an advertised yield of 2.9 percent, and the perils and costs of mortgage lending are substantially greater. Incidentally, in Great Britain it is practically unknown for a commercial bank to make a mortgage loan, and over 90 percent of the home building and home owning is financed by building societies.

Real-estate taxes are not prior liens to mortgages and foreclosures take about 2 weeks and cost just a few dollars, to mention some of the conditions which are different.

If a borrower who secured a loan of 90 percent of the value and it was insured by the Federal Housing Administration, the lending institution would have a loss in the property before they could get possession of it, if the borrower decided he would not pay anything on the loan and live in it until he was dispossessed by law.

I have found while I was acting as district manager of the Home Owners' Loan Corporation for southwest Arkansas it was not the interest rate that got the home owner in trouble, it was the high taxes.

If F. H. A. insure 90-percent loan the borrower would turn the house back without any foreclosure expense within 6 months after completion of the loan, property would not sell for 90 percent of the loan.

In States like New York, Illinois, and 60 percent of the other States in the Union it takes from 12 to 25 months to go into court and get possession of the property by foreclosure. And it takes from $150 to $350 court cost. (This is the experience of the Home Owners' Loan Corporation shown in their monthly magazine of November 1937 in vol. 4, no. 2, on p. 43.)

For an example, if a dead beat secured a loan and it was insured through the Federal Housing Administration at 90 percent of its cost in the State of Alabama and you would not start foreclosure for 5 or 6 months after the loan was made, the average time is 25 months to complete a foreclosure in Alabama, and the cost of the property was $5,000, amount of the loan would be $4,500 (90 percent of the value), interest at the rate of 5 percent for 2½ years would be around $550, and the average taxes on $5,000 home would be around $75 a year, or total of $187.50. By the time the borrower turned the property back, taxes and interest would amount to around $750, not counting anything for the cost in getting possession of the property. Borrower could live in the house for 2½ to 3 years for $500, or about $15 to $20 a month rent.

In New York and Illinois the court cost for foreclosure is from $250 to $350.

If it is necessary to take possession of a piece of property in those States and you had made a 90-percent loan it would be impossible to sell that property for 80 percent of the actual cost after securing it.

5. Still, American experience and problems are the important issues and very few men who have had real experience in the long-term financing of homes believe that 90-percent loans are sound, safe, or wise, either for the borrower or the lender. Certainly, the men who sit as directors and trustees in thrift institutions will hesitate to place thrift funds in 90-percent loans, unless many safeguards are possible, including a return sufficient to build real reserves for absorption of losses. There will be losses in such operations even though they are absorbed partly by the lender and partly by the F. H. A. mortgage fund and the Federal Treasury in the next depression.

I believe if they will quit agitating the lowering of interest rate and increasing the percentage of the loan, that the building of homes will be as large as it was at the peak. As long as there is agitation about the reduction of interest rate, people are afraid to borrow money to build a home for fear they will pay a larger interest rate than they will be able to secure later.

The Federal Insurance Corporation did a good job in restoring confidence to investors in savings and loan associations and other thrift and savings and loan institutions.

The Federal home-loan bank is the agency for thrift institutions the same as Federal Reserve bank to the banks. The home-loan bank, if given a chance, will furnish the necessary funds to the thrift institutions to take care of all home owners who wish to build a home if they are worthy, and will make the rate of interest in keeping with the discount rate at the time the loan was made.

The Government should not expect lending agencies to make loans for a longer period than 10 years. If interest rate goes down, the borrower has the privilege of paying the loan off, and he will do so. But the lending agency cannot increase his interest rate above that shown in the contract. Regardless of what rate of interest he will have to pay for the money he borrows, and if the

dividend paid to the investors is not in keeping with the dividend of other institutions they will withdraw their funds and create a condition similar to the one we have just passed. Federal Insurance Corporation would have to liquidate these thrift institutions and cause the public to lose confidence in them again.

Thanking you for your patience in reading what I have to say on this subject, I am,

Yours very truly,

A. B. CLARK, *Secretary.*

Mr. ELLENDER and Mr. CONNALLY jointly submitted amendments intended to be proposed by them to the bill (H. R. 8730) to amend the National Housing Act, and for other purposes, which were ordered to lie on the table and to be printed in the RECORD, as follows:

Insert at the appropriate place the following new section:

"SEC. —. Section 404 (a), (b), and (c) of the National Housing Act is hereby amended by striking out the words 'one-eighth of 1 percent' and inserting in lieu thereof the words 'one-twelfth of 1 percent.'"

Insert at the appropriate place the following new section:

"SEC. —. Section 403 of the National Housing Act is hereby amended by adding the following new and additional subsection (e):

"'(e) The Corporation, out of its insurance premiums, shall pay for all regular examinations to which insured institutions are subjected by the Insurance Corporation. This does not apply to examinations prior to insurance or special examinations arising in cases of default, defalcations, and like unusual circumstances.'"

Insert at the appropriate place the following new section:

"SEC. —. Subsection (n) of section 4 of the Home Owners' Loan Act of 1933, as amended, is amended by the addition of the following language:

"'Of the total authorized bond issue of the Corporation $200,000,000, with the approval of the Secretary of the Treasury, shall be available for the purchase of bonds, debentures, or notes issued under section 11 of the Federal Home Loan Bank Act, as amended; and any funds realized by the Corporation from the sale of such investments made under the provisions of this subsection may be reinvested by the Corporation at any time in said bonds, notes, and debentures.'"

Insert at the appropriate place the following new section:

"SEC. —. Section 5 of the Home Owners' Loan Act of 1933, as amended, is hereby amended by inserting after subsection (i) a new subsection to read as follows:

"'(j) Any Federal Savings and Loan Association may convert itself into a State-chartered savings and loan association or mutual savings bank upon a vote of 51 percent or more of the votes cast at a legal meeting called to consider such action; such conversion shall be subject to the laws of the State in which the institution is located and shall be consummated only upon acceptance of the institution by the State under such terms and arrangements as the State statutes and the supervisory authorities of the State prescribe. Upon completion of such conversion, the association shall no longer be subject to the rules and regulations or examination by the Federal Home Loan Bank Board, but institutions having Government funds invested in their shares may not convert without the assent of the Federal Board.'"

Insert at the appropriate place the following new section:

"SEC. —. Subsection (b) of section 405 of the National Housing Act, as amended, is amended to read as follows:

"'(b) In the event of a default by an insured institution the Corporation shall promptly determine the insured members thereof and the amount of each insured account, and shall make available to each of them, after notice by mail at his last known address as shown by the books of the insured institution and upon surrender and transfer to the Corporation of his insured account free and clear of any lien or other encumbrance, either (1) a new insured account in an insured institution not in default, in an amount equal to the insured account so transferred, or (2) at the option of the insured member, the amount of his account, which is insured under this section, as follows: At least 10 percent in cash; and one-half of the remainder in negotiable debentures of the Corporation payable within 1 year from the date of default, bearing interest from such date at the rate of 2 percent per annum; and the balance in negotiable debentures of the Corporation payable within 3 years from the date of default, bearing interest from such date at the rate of 2 percent per annum. The Corporation shall furnish to each insured institution a certificate stating that the insurance of accounts in such institutions is to be paid in the manner described in this subsection.'"

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute reported by the Committee on Banking and Currency.

Mr. BORAH. Mr. President, I take it the Senator from New York [Mr. WAGNER] is going to explain the proposed substitute?

Mr. WAGNER. Together with the Senator from Ohio [Mr. BULKLEY] I may be able to enlighten the Senator as to its provisions. We are addressing ourselves to the amendment in the nature of a substitute proposed by the Committee on Banking and Currency.

Mr. President, the substitute proposed by the committee for the so-called housing bill as passed by the House carries out the major recommendations of the President's recent message. By appropriate amendments of the National Housing Act of 1934 the bill would stimulate and encourage private capital to enter the field of residential construction in large volume and on a long-term basis.

The rationale of the measure is embodied in the statement before the committee by General Wood, president of Sears, Roebuck & Co., when he said:

> I think it is universally conceded that regardless of what measures are necessary at the present time, housing offers the best opportunity for the long pull to bring business back.

This statement is scarcely debatable. A series of studies undertaken by the Brookings Institution, by the United States Chamber of Commerce, and very recently by the National Housing Committee, establish beyond question that there exists today a major need for new housing and replacement, growing out of a combination of circumstances, including particularly the long depression lag in residential construction. While dwelling units were constructed during the period 1923 to 1930 at a rate of about 700,000 per year, the average for the period from 1930 to 1937 fell to about 180,000 a year.

This accumulated shortage in dwelling facilities, estimated at from two to three million units, exists almost entirely in the field available for rent or ownership to families of modest income.

As a result, we have accumulated during this period of 7 years a tremendous deficit or shortage in housing. To make up this deficit and house our people, even according to the standards of the last decade, would require at least a 5-year program at several times our present rate of residential construction.

The failure thus far to meet these actual needs is nothing short of tragic when we consider the consequences from the standpoint of unemployment. The testimony before the committee shows that unemployment in construction alone more than accounts for our failure to reach the 1929 employment level. We cannot expect to curtail expenditures for work relief or public construction unless private enterprise takes up the burden in some effective way.

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Idaho?

Mr. WAGNER. I yield.

Mr. BORAH. Did the committee secure any data or any facts and figures as to the number of vacant or empty houses now in the United States?

Mr. WAGNER. Not directly in that way, but we have received evidence of surveys made along that line. For instance, a survey made by the United States Chamber of Commerce shows that on the bases of the estimated growth in the number of families or housekeeping units, the accumulated deficit as of January 1, 1936, can be liquidated only by building an average of 730,000 new units per year for a 10-year period.

The exhaustive surveys of the Brookings Institution and the National Housing Committee along these same lines are described in the report of the Committee on Banking and Currency. The Brookings survey, made in 1936, shows that in order to house our population by 1941 according to 1929 standards, we would require an annual average construction of over three times the 1936 construction rate. The National Housing Committee survey, recently announced, shows that our normal housing needs require construction of 485,000 new units in 1938 and again in 1939, without taking into account the deficit of 2,000,000 units accumulated since 1930.

Mr. BORAH. That may all be true, but these glittering generalities throw very little light on the subject. Of course, we need more houses which people should be permitted to occupy, but could they occupy them? In view of the fact that we have numerous reports to the effect that there are now vacant houses all over the country, there must be economic conditions which prevent the people from occupying

houses. I am not criticising, but endeavoring to ascertain who it is the bill is supposed to benefit.

Mr. WAGNER. All the testimony is to the effect that there are not many such empty houses. I shall try to reach that point a little later. I am sure that the surveys made by men competent in that field would not have overlooked the factor of houses which are now vacant. The testimony showed that the shortage I have described exists almost entirely among the homes available to families of modest income, who can afford to pay only between $20 and $40 per month in rent or carrying charges.

Mr. BORAH. It may be that I am entirely misinformed, but I have been informed directly by people from different cities that there are vast numbers of vacant houses in the different places. They contend there are plenty of houses to be had, but occupants are wanting. Now can we, by this bill, meet the situation so as to get more occupants?

Mr. WAGNER. I am sure the Senator has been misinformed in that respect. I know that whatever homes have been constructed recently within the reach of those of modest incomes, were sold or rented almost immediately upon completion. It seems to me that indicates a demand for that type of house.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Nebraska?

Mr. WAGNER. I yield.

Mr. NORRIS. If the Senator is through with that point I wish to ask him a question about the phraseology of the bill. If he expects later to explain what I am going to ask I shall not press him for an answer about it now. The Senator was about to explain the bill, but thus far has said nothing about the very first section.

The heading of that title is "Title II—Mortgage insurance—Definitions." Then it proceeds:

> The term "mortgage" means a first mortgage on real estate—

And so forth. Then we also find that—

> The term "first mortgage" means such classes of first liens—

And so forth. Subsection (b) defines the term "mortgagee." Then subsection (c) provides:

> The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

I am wondering if the term "maturity date" has any different meaning than what we ordinarily understand it to mean. It seems to me the definition only defines what is well known now; also the terms "mortgage," "mortgagee," and "mortgagor." Is there anything new in these definitions different from our general understanding of them?

Mr. WAGNER. No; there is not. I may say to the distinguished Senator from Nebraska that that is a technical change which was made so that there would be no question as to what was meant by the maturity date in the insurance policies when a mortgage is insured. That is not a substantive change at all.

Mr. NORRIS. I understand, I think, what "maturity date" means; but, as I read the definition, it is only a definition of what "maturity date" is universally understood to mean. What is the use of defining something unless the meaning is something different from what is ordinarily understood?

Mr. WAGNER. Some questions have arisen as to what the maturity date is.

Mr. NORRIS. It would assist anyone in examining the bill if he understood that these definitions really change the present legal meaning of the terms defined. If they do not change the meaning, why try to define the terms at all?

Mr. BARKLEY. Mr. President, if the Senator will yield to me in that connection——

Mr. WAGNER. Certainly.

Mr. BARKLEY. The question arose as to whether there might be some confusion between the actual date when the obligation became due and when it was paid off, because, perhaps, of deferred payments. It might be that the obligation would not be discharged on the date when, on its face, it became due. It might be discharged a year later because of lack of ability to pay all installments promptly; and it was desired to avoid any confusion as between the date when the obligation was finally discharged and the date when it would be discharged if all payments were promptly met.

Mr. NORRIS. Mr. President, let me ask a question at that point. Does this definition change the present legal meaning of the maturity date, even in that case?

Mr. BARKLEY. I do not think it does.

Mr. NORRIS. Then why should we try to define the term?

Mr. BARKLEY. It was felt that there might be some confusion between the actual termination of the contract according to its face and its termination according to lapsed payments.

Mr. WAGNER. Mr. President, it is purely a technical matter. In the event that it should be necessary to foreclose a mortgage, and the property eventually should become the property of the Government—which we hope will occur only in a very few instances—debentures are to be issued to the mortgagee in payment for the transfer of the property. The bill provides that those debentures shall become due 3 years after the maturity date of the mortgage. In order that no question should ever be raised by any of those who were to receive the debentures as to what that date is, we felt it necessary to define it in the bill itself.

I had just reached the point, as I recall, of the deficit now existing in the building of homes to house our people. As I said before, that also involves the terrific unemployment which has existed in the building industry, incidentally, from the very beginning of the depression. The building industry is one of the very few industries which has never lifted itself out of the depression. Even during the past year, when we were slightly increasing our rate of construction, the volume of construction never reached more than thirty-odd percent of the 1929 level. By construction of, say, 800,000 units in any one year it is reasonably estimated that about two and a half million men can be steadily employed during that year at the building sites, in the factories where the materials are fabricated, and so on.

What does that mean? That does not mean the employment of those 2,000,000 men only. Their reemployment will give them a great fund of purchasing power, which they will utilize not only to buy some of these very homes we are providing for, but more clothing, more food, and so on. In this way we shall also increase the prosperity not only of trades allied with the building industry but of industry generally, and of agriculture as well. The statement of these cumulative consequences is so obvious—although until recently very little understood—that I hardly need elaborate upon it.

This bill is therefore all important from an economic standpoint. It will not only check the present economic recession but lead to a rounded, lasting recovery.

Witnesses who appeared before us testified to their study of the English system. Recently I myself took the time to go—at my own expense, of course; I do not think I need say that—and make a study of the British housing experience. Every economist in Great Britain and everyone else who is informed on the subject will tell you that England lifted itself out of its depression, and absorbed its unemployed, and brought about almost complete recovery, through its tremendous building program, which is still going on.

Mr. POPE. Mr. President, will the Senator yield?

Mr. WAGNER. Yes.

Mr. POPE. Is the Senator going to point out the way in which this bill either supersedes or extends the original Federal Housing Act, I think of 1934?

Mr. WAGNER. Yes; I shall try to do that. There are some very important technical features of it which I am going to ask the Senator from Ohio [Mr. BULKLEY] to explain, because of his mastery of that subject.

Mr. GEORGE. Mr. President, may I interrupt the Senator for just a moment?

Mr. WAGNER. Certainly.

Mr. GEORGE. I believe the Senate committee entirely eliminated title I.

Mr. WAGNER. Yes.

Mr. GEORGE. Will the Senator, in the course of his remarks, make any reference to title I?

Mr. WAGNER. I suppose I shall be obliged to do so. I do not think I shall be disclosing a secret when I say that I myself doubted the wisdom of eliminating title I; but the majority of the committee—and I confess that the weight of argument seemed to be in their favor—advocated its elimination. I think it will be referred to, if not by myself, by the Senator from Ohio [Mr. BULKLEY].

I was just stating that Great Britain practically lifted itself out of the depression to a position of almost complete recovery and the absorption of practically all its unemployed by a comprehensive housing program undertaken through the combined efforts of business and government. That program resulted in employment which not only affected the building industry and all the allied trades but it also brought a prosperous condition to the workers in industry generally.

In developing a rounded housing program for the Federal Government, we are properly proceeding on the theory that a large volume of residential construction should be achieved with a maximum reliance on private enterprise and a minimum expenditure of public funds.

The expenditures undertaken in the slum-clearance law enacted at the last session were essential to afford proper housing for those families in our lowest-income groups. We could not possibly expect their housing needs to be provided by private enterprise operating at a profit. The United States Housing Authority is now well under way. The disbursements which it is authorized to make for slum clearance will be more than repaid by the employment and purchasing power afforded by the volume of construction encouraged under the law, and by the elimination of the social and economic consequences of slum conditions.

In the present bill, we are concerned with the vast field of residential housing for people of very moderate means. This field is wide open for private enterprise. A recent report of the United States Chamber of Commerce tells us that "the greatest business opportunity of the age is to provide more and better homes for the average citizen at reduced costs."

The bill provides all that should be required to facilitate a large flow of private capital into the field of residential construction for rental or home ownership, particularly in view of the extremely favorable public and private money market now prevailing.

That brings me, perhaps, to the first major provision of the bill. Three types of insurance of mortgage loans are provided for.

Insurance is made available under section 203 for mortgages on private homes up to $16,000; under section 210, for mortgages on multifamily units or groups of small homes up to $200,000, adaptable particularly for the smaller towns; and under section 207, for mortgages on large-scale projects for rent or home ownership up to $5,000,000, especially designed for larger cities or suburban developments. The interest rate on any of these mortgages may not exceed 5 percent, and the mortgage loan, with one exception as to small homes, is limted to 80 percent of the value of the property. The Administrator is required to make an annual insurance premium charge in stipulated amounts. No further appropriation is necessary to expand the existing insurance system. The funds appropriated under the original act are made available for the purposes of all three categories of mortgage insurance.

The insurance system is established on a sound basis and is surrounded by adequate safeguards. Under the existing law, more than $1,000,000,000 in mortgages have been insured to date, the average being about $4,000. Thus far, only 47 foreclosures have occurred, and it has been necessary to issue only a few thousand dollars worth of debentures in payment of the insurance liability.

Section 203 is intended to expand the opportunities for families of modest means to buy their own homes upon more favorable terms than they can now secure. To me, this is the most important provision of the bill, because it is addressed to the widest field for the construction industry and for the reemployment of those now out of jobs, and because it affords an opportunity for our American families of very modest means, through long-term financing, sound in my opinion, to acquire their own homes. I think nothing so much contributes to the stability and security of our economic and political system as to have a large home-owning population.

Section 203 deals first with homes up to $6,000, and then, somewhat differently, with homes from $6,000 up to $16,000.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WAGNER. Yes.

Mr. CONNALLY. I notice that section 203 covers projects up to $16,000, to accommodate not more than four families. Does the bill give any assurance against speculation?

One individual hardly would build a house for four families in order to live in it himself. Would not that section encourage speculators and builders to utilize this legislation to build a four-apartment house, and then, if they can sell it out to four individuals at a profit, fine; but if they do not, the Government will become the landlord? Why provide for four families if it is the purpose to encourage the individual to own his home?

It seems to me that under the four-family provision an individual would either have to go into "cahoots" with three or four others to make a joint loan, or else he would have to buy a house from some proprietor, who would be a speculator.

Mr. WAGNER. Mr. President, if we are to try to revive the entire building industry, we cannot limit the bill altogether to homes costing $6,000 or less. Although there is a much smaller demand, there is nevertheless a demand existing also—and we must encourage it, if we can, under sound financing—for the construction of other types of homes, large apartment homes, or homes for multiple families. We have to rely upon the effectiveness of administration by the Federal Housing Administration, which, I think everyone will concede, has been very successful in making insurance upon loans only of a sound type. Before a particular mortgage is insured, appraisals are made to assure that the loan insured is a safe loan, and the matter is thoroughly investigated. Moreover, in the case of $16,000 houses, the loan can be made only up to 80 percent of the value of the property.

Mr. CONNALLY. Will the Senator yield further?

Mr. WAGNER. I yield.

Mr. CONNALLY. Is it proposed by the bill to provide for the construction of large apartment houses?

Mr. WAGNER. It authorizes the insurance of loans made by private individuals or private institutions for the construction of the large-type projects as well as individual homes.

Mr. CONNALLY. Ninety percent?

Mr. WAGNER. No; 80 percent.

Mr. CONNALLY. It seems to me that would inevitably lead to pure speculation and jobbing, because no one but a large operator can build a large apartment house, and after it is built, no one owns it except the owner. The tenants do not receive any benefit in the way of ownership.

Mr. WAGNER. Mr. President, I prefer to yield only for a question now.

Mr. CONNALLY. I beg the Senator's pardon; I thought he wanted the matter discussed.

Mr. WAGNER. I do want the matter discussed, and as to the matter the Senator just mentioned, there has been a very good experience so far. Large loans have been insured by the Federal Housing Administration, and thus far there has been no sign of speculation in the construction of the homes. Where houses have been built under mortgages insured by the Housing Administration, as soon as their construction was finished, they were occupied 100 percent; there has been no sign of speculation. I am sure the Administrator, who has experience and is very efficient, and has a very efficient staff, would sense any effort at speculation through overvaluation.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. SHIPSTEAD. Has the Senator explained the difference between the pending bill and the existing Housing Act?

Mr. WAGNER. Yes; one of the primary differences is that under the pending bill construction loans may be made on loans under sections 207 and 210, whereas under existing law the Administrator is limited to insuring loans after construction. Under the proposed law, in order to encourage new construction, he would be authorized to insure the loan at the time construction began.

Section 203 provides that for limited periods, in the case of houses valued at $6,000 or less, mortgages may be insured up to 90 percent of the appraised value of the property, the amortization period may be up to 25 years; and there is a reduction of 1 percent in the actual interest and premium charges allowed under existing law. The object is to afford a person of modest means an opportunity to buy his own home under terms with which he can comply.

Wage earners who can afford a monthly carrying charge of from $20 to $40, depending on the value of the house, can now avail themselves of the opportunity to buy their own homes. This will open up a new mass market for construction operations. I believe that still further advantages to the home owner will accrue from the economies incident to the large-scale operations authorized under section 207. The construction of these large projects for rental or home ownership is probably the most important single element in the entire statutory plan.

When Great Britain inaugurated its program of encouraging private industry to engage in the construction of small homes, a down payment of 20 percent was required and a loan was made up to 80 percent of the value. The market was sluggish, because it was discovered that while many of the wage earners held onto their homes more tenaciously than other groups they had difficulty in securing the necessary funds, or had not been able to save enough money to put up 20 percent of the cost. The construction and sale of homes was tremendously stimulated the moment the down payment was reduced to 10 percent. Other terms made are also very reasonable. I believe the amortization period is as long as 25 years; one witness testified that in some instances it runs to 30 years.

There may be some who doubt the wisdom of insuring loans where there is a down payment of only 10 percent. Personally, I hold to the view, knowing something about our wage-earning population and our population of modest income, that such a loan is a preferred risk. As the Senators know, the man of modest means is not very ambitious, he does not demand very much, but he would like to have a home for his own family. A down payment of 10 percent and the opportunity for home ownership mean more to him than to other individuals who can afford a 30- or 40-percent down payment. As I have said, England's experience was that the mass market for small homes was created almost entirely by a reduction of the down payment to 10 percent. As soon as this occurred there was a multiplication of the sale of homes to the type of people of whom I am speaking, and their financial experience thus far has confirmed the soundness of these loans.

Mr. SHIPSTEAD. Mr. President, will the Senator yield for another question?

Mr. WAGNER. Certainly.

Mr. SHIPSTEAD. In 1920 a building program was started in England, but it was stopped because of the high cost of materials and the high cost of building. I understand that later a change was made, as a result of which they were able to keep the costs down. Has anything been done here to assure a reasonable cost to those who are to build houses?

Mr. WAGNER. One of the reasons why they were able to reduce their costs materially was that they built on a large scale, and it is to be hoped that may be done under the pending measure. It is readily uriderstandable that when a man is building just one home for himself it is going to cost more than if a project is undertaken where 1,000 homes are built at one time. The builder will economize through the purchase of standardized materials in large volume. Moreover, he may be able to make an arrangement with the workers whereby, in consideration of the steady employment afforded on a large project or development, they will agree to a modification of the hourly rate of wage. That has actually been done in New York and elsewhere. For these reasons it is very much hoped that costs will go down. Since the operations are to be controlled by private industry, these arrangements must be handled through negotiations between industry and labor. Mr. Green, president of the American Federation of Labor, stated before our committee he had no doubt but that in all the communities where the question will arise, labor is ready to cooperate with industry so as to make this program a success.

Mr. SHIPSTEAD. I do not know to what extent the Senator has explained the bill; I was not able to come to the Senate Chamber until just a few moments ago, and if he has explained the things about which I am asking I will not take any more of his time.

Mr. WAGNER. It does not matter; I do have a prepared speech.

Mr. SHIPSTEAD. Certain questions arise in my mind which I should like to have explained. For instance, is there anything in the bill to prevent the lending of money to speculators, who buy land and build houses, very poor houses, with a lot of paint and a lot of gadgets which look all right, which are not any good after 5 or 10 years? It costs more to keep such houses in repair than it does to pay rent. Is any provision made for inspection to see that the houses are properly built so that the buyer will not be swindled, as is done in many of the suburbs? I know people who have made payments down, and after using the house 2 or 3 years, have to spend $1,000 or $2,000 to repair it.

Mr. WAGNER. The bill itself provides for a thorough investigation before a loan is insured by the Federal Housing Administration. In addition to that, we have the testimony of the officials of the Federal Housing Administration, who told us in detail just how carefully they scrutinize every one of these loans. Appraisals are made—the neighborhood is surveyed to determine whether the project would be successful. As the building progresses, inspectors are constantly on the job to see that the provisions of the loan are complied with and that the construction is according to sound specifications. There is a thorough investigation, so that the kind of a venture to which the Senator refers, in my opinion, is impossible. The Federal Housing Administration has had several years' experience in that line, and nothing but sound building has taken place under their very strict supervision. So that the question which the Senator raises is amply safeguarded, both by the law and by the efficiency of the Administration.

Mr. SHIPSTEAD. Under the pending bill, how big a loan can be made on a house? Is it 80 percent or 90 percent?

Mr. WAGNER. We are trying to make home ownership available to the man of modest means, of whom I have been speaking. On homes valued at $6,000 or less, the loan may be insured up to 90 percent of the value.

Mr. SHIPSTEAD. How big a loan can the prospective builder get?

Mr. WAGNER. Ninety percent, which would be $5,400.

Mr. SHIPSTEAD. Then the Government will insure 90 percent of that?

Mr. WAGNER. Ninety percent of the value of the property, which, in the case of a $6,000 home, would be $5,400. Then there is provision for a down payment of 10 percent, and for amortization payments over a 25-year period.

Mr. SHIPSTEAD. The proposal is to insure the full value of the loan?

Mr. WAGNER. To insure the full loan, which is 90 percent of the value of the property. If we do not do that, in my opinion, we might as well stop talking about giving the wage earner, or the man of modest means, an opportunity to buy his own home. Under the building programs carried out in some foreign countries, the down payment is in some instances even lower than 10 percent.

Take the situation in Sweden: There they have a tremendous housing development. Not only is a down payment of only 10 percent required, but the interest is down to 4½ percent, and in some instances down to 4 percent. In some other countries—I think not in Sweden—the interest rate is down to as low as 3½ percent. I am making a plea, Senators, for the man in that class we are considering, because I know he is not only going to buy the home but he is going to keep the home. The experience in Sweden and in other countries has been unusually successful. The people there buy their homes, and they keep their homes for themselves and their families.

Mr. SHIPSTEAD. Mr. President, I do not think the comparison just presented by the Senator is a fair one, because the people he is referring to have jobs, and they keep them.

Mr. WAGNER. I am speaking about every country where the plan has been put into effect.

Mr. SHIPSTEAD. Under present conditions here no man is assured of a job.

Mr. WAGNER. He is not assured of a job in Great Britain any more than he is in this country, and yet there they have had a very successful experience along this line. Their undertaking was practically a failure until the down payment was reduced to 10 percent. Then building of the kind we are considering was stimulated. As I said, that was 7 years ago, and those who have bought houses under that plan are paying right up and occupying their homes.

Mr. SHIPSTEAD. I should like to call another thing to the Senator's attention. The Home Owners' Loan Corporation took over loans on homes which had been built by private corporations, loans which were made by private corporations on the basis of 50 percent of the value of the property; and it is my understanding that wholesale foreclosures have been made with respect to those homes. The people who purchased the homes could not make the payments on the loans which were made at 50 percent of the value of the property.

Mr. WAGNER. I can answer that question in this way: There is as much difference between the financing proposed under this legislation and the financing of small homes before the depression as there is between day and night. The small-home owners were exploited in this country during the period of time to which the Senator refers. That was the difficulty when the depression came. Had a method of financing been provided them by which they paid $30 or $40 or $20 per month for their homes, we should not have had anything like the threatened foreclosures with which we were confronted in 1933. But what was the type of lending then?

In the first place, one could not possibly get more than a 5-year first mortgage upon his house. In most instances the first mortgage was for a period of only 3 years. The loan, the first mortgage, would be for 60 percent of the value of the property. For the next 20 percent of the value of the property, a second mortgage would be made at about 10 percent interest, and for the next 10 percent, a third mortgage would be placed on the property, for which exorbitant interest was exacted. The whole set-up was almost a racket. The interest actually paid on that mortgage was staggering in amount; including bonuses and what not, it frequently exceeded 20 percent. Although the owner of the property made only a 10-percent down payment, he was constantly confronted, not with a long-term amortization at a reasonable rate of interest—5 percent—but with a 3-year amortization period, and with interest at perhaps the staggering sum of 20 percent. When the time came that he was not able to make a $1,000 or $2,000 payment on the property because of unemployment, the bank, or whoever had the loan, said, "We are very sorry about it, but we will foreclose."

If the home owner had had the financing which we are now providing for in this bill, these men would have been able to continue paying their $20 to $30 per month and to keep their homes. We are now wiping out that ruthless exploiter's method of financing; we are providing a method under which the required payments can reasonably be made, and as a result, we shall have a home-owning population.

Mr. SHIPSTEAD. This method will eliminate the various commissions on first mortgages and second mortgages and third mortgages?

Mr. WAGNER. Absolutely.

Mr. SHIPSTEAD. The man who makes the original loan——

Mr. WAGNER. We have only one loan, and it is up to 90 percent of the value of the property on small homes. It is to be reduced each year, with only a 5-percent interest rate.

Mr. SHIPSTEAD. What part of that does the original lender get? He gets the 5 percent?

Mr. WAGNER. He gets the 5 percent, and that is all he gets.

Mr. SHIPSTEAD. Then there is some charge for insurance?

Mr. WAGNER. One-quarter of 1 percent premium.

Mr. SHIPSTEAD. Is that all?

Mr. WAGNER. Yes.

Mr. SHIPSTEAD. Is there any charge for inspection?

Mr. WAGNER. None by the Federal Administrator.

Mr. SHIPSTEAD. Who pays the inspector of the Federal Administrator?

Mr. WAGNER. There may be that charge by the lender, but that is not going to be a very large sum, and it is limited by the Administrator's regulations.

Mr. SHIPSTEAD. Let me ask another question. For instance, a man builds a house under this plan. He has only one mortgage on the house. We will assume that he has a house built which is worth every cent he puts into it. Then he may lose his job. He wants to get his equity out; he wants to sell the house. Assuming that he goes to a real-estate man, the real-estate man wants a commission. The owner of the house cannot pay the commission, but he makes some arrangement to pay the amount required and puts on another mortgage subject to the first one. Is there anything to stop that?

Mr. WAGNER. Of course we cannot provide for every contingency; but the Senator is making an argument against these people owning any property. Every man who owns a house, even if he pays 40 percent down, may meet the same difficulty. If the Senator feels that we ought not to afford this opportunity for these people of moderate means to own homes, if the Senator thinks they are safer without homes, that is another proposition.

Mr. SHIPSTEAD. No; I do not mean that at all. I am glad to have the Senator explain the terms under which the mortgages are made, and the guarantee principle.

Mr. WAGNER. The hypothetical situation which the Senator has just presented may happen to any home owner, of course. It is his home, and if a time comes when he is unable to meet these very modest payments there is nothing I know of that we can do for him.

Mr. SHIPSTEAD. If he himself can sell the house, he escapes that situation.

Mr. WAGNER. That is up to him. It is his property. The Government has nothing to say about that.

Mr. SHIPSTEAD. When he gets possession of the house, there is only one mortgage.

Mr. WAGNER. Yes.

Mr. SHIPSTEAD. That is a great advantage.

Mr. WAGNER. That is not the only advantage. Other advantages are the low rate of interest and the long term of amortization. The period of amortization is 25 years. Think of the difference between an amortization period of 25 years and a loan period of 3 years! The average person, if called upon to pay up at the end of 3 years, simply cannot pay in periods of economic stringency. That has been the difficulty heretofore, and that is why there were so many foreclosures during the depression. This bill is addressed directly and primarily to the financing requirements of the home owner himself. The monthly carrying charge and the original down payment are the all-important elements from his standpoint. There is a big difference between being called upon suddenly to pay a thousand dollars and paying to the

bank each month his $30 or $40, which he would pay anyway in the form of rent.

Mr. SHIPSTEAD. May I make just one other observation? The trouble with farm mortgages has been that loans have been made too liberally. Too large loans have been made. The farmer could not pay the loan and so he lost his farm. Such a loan policy did not help him to keep the farm. It seems to me there is the danger here that if we make the loan so large the one who borrows cannot meet the payments the home owner will lose his home.

Mr. WAGNER. The loans under the old plan were actually made up to 90 percent and were under a method of exploitation in the form of first, second, and third mortgages. The borrower frequently could not meet his payments under that method of borrowing.

Mr. SHIPSTEAD. Of course, the building record has been a disgraceful record.

Mr. WAGNER. Yes. This bill controls it absolutely. That is why I am really hoping, knowing the Senator's sympathies for the very people I am talking about and his anxiety to serve them, that the Senator will see his way clear to support this measure.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. WAGNER. I yield to my colleague.

Mr. COPELAND. As the Senator knows, I am very much interested in this bill.

Mr. WAGNER. Yes, indeed.

Mr. COPELAND. I have, however, had from practically every building and loan association in New York State, protests against the amount of the insurance. I assume that that matter was given consideration by the committee.

Mr. WAGNER. Yes.

Mr. COPELAND. A few moments ago my colleague made reference to the experience in Great Britain. Was not the situation in Great Britain that it was required of the home owners that the amount between 75 percent and 90 percent of the mortgage should be endorsed by some responsible contractor, or building-material man, or other person?

Mr. WAGNER. That was required for a while, Mr. President, and then it was abandoned. It has been abandoned for some time in Great Britain.

Mr. COPELAND. My colleague is quite certain?

Mr. NORRIS. Mr. President, we are unable to hear the questions of the Senator from New York [Mr. COPELAND]. I think they are interesting, and we should like to hear them.

Mr. COPELAND. Mr. President, I have not thought they were so important; but I shall be glad, of course, to be heard.

The understanding I had about the Great Britain situation was that while they had made provision for a 90-percent loan, the owner was required to have an endorser for the difference between 90 percent and 75 percent; that when the loan dropped to 75 percent, it was all carried by the Government. But my colleague tells me that that was the experience early in Great Britain, and that later the same arrangement which is now being proposed was adopted.

Mr. WAGNER. Yes; exactly, and that is the arrangement in Great Britain today.

Mr. COPELAND. Does my colleague believe that building and loan associations are justified in their fear that if this arrangement is made it will kill the building and loan associations?

Mr. WAGNER. I do not. If I thought that I would not advocate this legislation. The building and loan associations can take advantage of the provisions of the bill, as can every other sound institution, and I am sure that the legislation will in no way interfere with them.

Mr. COPELAND. Were the various building and loan associations heard?

Mr. WAGNER. Yes; they were. Their representative was heard and submitted a number of amendments which the Senator from Ohio [Mr. BULKLEY], who was chairman of the subcommittee, submitted to the subcommittee in detail, one after the other, and the entire committee discussed every amendment proposed.

Mr. COPELAND. Were any of those amendments adopted?

Mr. WAGNER. Yes; in part, some were adopted.

Mr. COPELAND. I merely wish to make note of the fact that almost without exception, even as late as yesterday they are making serious complaint regarding the matter I have just spoken of, and also regarding the proposed reduced interest rate, because of its effect upon millions of dollars' worth of mortgages which they have outstanding under the ordinary rules of building and loan associations.

Mr. WAGNER. Of course, as to the interest rate, it may be that some of their outstanding loans do carry a higher interest rate; but I think it has been generally conceded that interest rates have been too high. It seems to me that Congress, in a moderate and sound way, by slow steps, should make every effort to bring down the rate of interest. For instance, the Home Owners' Loan Corporation Act not only served the beneficent purpose of saving nearly a million homes but it also had an effect upon the market in reducing the rate of interest. Generally speaking, I think it had a very salutary effect throughout the country in bringing down interest rates for the average home owner.

Mr. COPELAND. If my colleague will bear with me at that point, I think the reference to the Home Owners' Loan Corporation is unfortunate, because that Corporation has already foreclosed on 200,000 homes. The complaint was made that, of course, the rate of interest was too high; but when I have made inquiry of the Corporation here, they have said that they were bad loans; that the borrowers were not such as could carry on, and that, of necessity, foreclosures were inevitable. It will be unfortunate for us to enter upon a campaign which would result in the temporary encouragement of possible builders and then to meet the fate that hundreds of thousands have met under the operations of the Home Owners' Loan Corporation.

I merely speak of these matters because I wish the Senate to understand that there are those who make complaint about the bill. Personally I think there is nothing more important, not alone to the happiness of our people but also to their health and morals, and even to the stability of the Government, than to have the people live in their own homes. The more people we can get in their own homes, homes in which they have a real equity, the greater the improvement in conditions which make for good citizenship and good government. But, at the same time, in formulating a bill we must take into consideration all the matters which may, if they are not given attention, work to the detriment of the bill. I have merely presented these matters to ascertain if consideration has been given them, and I assume, from what my colleague says, that all these matters were considered by the committee?

Mr. WAGNER. Yes; they were. I assure the Senator very careful consideration was given to them by the committee.

Mr. COPELAND. Of course, so far as I am concerned, I want to support the bill.

Mr. WAGNER. I recall very distinctly that the Senator from Ohio [Mr. BULKLEY] explained each separate proposition to the subcommittee in detail.

Mr. DUFFY. Mr. President——

Mr. WAGNER. I yield to the Senator from Wisconsin.

Mr. DUFFY. I quite agree with the Senator's statement that up to this point the Federal Housing Administration has done a splendid job in the way of inspection, and otherwise, and I think they are to be commended for it. I was just wondering, however, if the policy is to be changed so that we insure after the construction has started and before it has proceeded very far, must there not necessarily be somewhat of a change in procedure in order to have a closer inspection as the work goes along rather than inspection at the end?

Mr. WAGNER. Yes. The inspection goes on from the beginning of the construction right up to its completion, and there are sufficient conditions in the insurance contract, so that if there is any violation of or deviation from the conditions prescribed, the insurance is nullified.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. WAGNER. Certainly.

Mr. ELLENDER. To what extent may home owners refinance under the bill, that is, those who have been foreclosed on in the past?

Mr. WAGNER. This bill has no application to that sort of situation.

Mr. ELLENDER. Am I to understand that this bill applies only to new home building?

Mr. WAGNER. It applies practically only to new home building.

Mr. ELLENDER. Is any provision made whereby, for instance, a man may buy a home and remodel it? Considering the amount it will cost him to rebuild, is there any provision in this act whereby he may take over a home of that kind, which is already built, upon paying so much cash and amortizing the balance?

Mr. WAGNER. He can have his mortgage insured up to 80 percent of the loan now.

Mr. ELLENDER. But I have reference to buildings already erected.

Mr. WAGNER. Up to 80 percent of the value of the property, he can do that. I may add that the provision as to the 90-percent loan is to end in 1942; so that the 90-percent loan is not established as a permanent matter.

Mr. ELLENDER. And that is applicable to new construction?

Mr. WAGNER. That is applicable to new construction.

Mr. SCHWARTZ. Mr. President——

Mr. WAGNER. I yield to the Senator from Wyoming.

Mr. SCHWARTZ. Reverting to what was said a moment ago about small loans up to $5,400 and 90-percent insurance and the need of such loans for residents of urban districts, I notice that the House bill extends that benefit to people in rural districts as well as to those in urban districts; that it extends it to farmers, ranchers, and others residing in the country, as appears on page 4, but I see on page 46 of the Senate bill there is the same House section, except that the reference to those living in rural districts has been stricken out. Why is that necessary?

Mr. WAGNER. There has never been any distinction between urban and rural housing under this legislation. Reference to both urban and rural localities is mere surplusage.

Mr. SCHWARTZ. Is it not a fact that in the administration of the law in the past it has not been extended to people living in rural districts?

Mr. WAGNER. I think that is so.

Mr. SCHWARTZ. And by putting such provision in this bill we will make it definite that those living in rural districts are entitled to it?

Mr. WAGNER. So far as I am concerned, I think there is no doubt that it applies to rural as well as urban sections. If there is any doubt on that score, I certainly should have no objection to putting in the words "urban or rural." I may say to the Senator, however, so far as financing of home construction in the rural districts is concerned that under the Agricultural Credit Administration a loan can be secured upon much more favorable terms than are provided by the pending bill. Such a loan can be obtained, I think, at 3½-percent interest. Whether any money has been advanced for new construction, I do not know, but certainly the authority is in that act for such advancement.

Mr. PEPPER. Mr. President, will the Senator from New York yield right there?

Mr. WAGNER. I yield.

Mr. PEPPER. Apropos that subject—under the Federal Farm Credit Administration Act, I think a loan is possible to the farmer, but it is not possible for him to make a loan up to 90 percent. He can make one up to 75 percent under existing law.

Mr. WAGNER. That is true. Of course, the low rate of interest almost makes up that difference. I certainly would not object to any proposal to make this bill available to the farmer.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. LA FOLLETTE. I intend to submit an amendment which I hope will meet with favorable consideration on the part of those who are interested, extending the provisions of this act to rural and semirural communities. When the time comes and opportunity is afforded to discuss it, I will be glad to go into the question.

Mr. VANDENBERG. Mr. President, may I ask the Senator from New York a question?

Mr. WAGNER. Certainly.

Mr. VANDENBERG. As I understand, when the home owner builds his $6,000 home and obtains a 90-percent loan he has a 10-percent stake in the undertaking. He has a loan of 90 percent, and he has invested 10 percent. But the bank that loans the 90 percent is insured a hundred percent, so that the bank has no stake at all. Is that correct?

Mr. WAGNER. It is not altogether correct. The bank has a stake in that it must meet the expenses of foreclosure, up to a certain point, in the case of default.

Mr. VANDENBERG. It substantially guarantees a 5-percent investment to the banker insofar as the law is applicable. Is that correct?

Mr. WAGNER. The Senator is speaking about the 5 percent?

Mr. VANDENBERG. Yes.

Mr. WAGNER. That is a different type of loan. It does not apply to the small-home loans.

Mr. VANDENBERG. What is the argument, and I assume there must have been one, against cutting the 100-percent insurance down to say 95 or 90 percent, so that the bank that loans the money shall be a partner in the enterprise along with the home builder?

Mr. WAGNER. For the large-scale loans there is a provision to that effect now in the bill.

Mr. BULKLEY. Mr. President, will the Senator from New York yield to enable me to comment on that question?

Mr. WAGNER. Certainly.

Mr. BULKLEY. The bank has a stake in the transaction because the bank is required to foreclose and pay foreclosure costs and deliver ultimately a good title to the Administrator before it can be reimbursed. Then when it is reimbursed it is not in 5-percent securities, but in debentures with interest at 3 percent maturing 3 years after the time the mortgage would have matured if it had remained in good standing. So the bank does have a substantial stake in the transaction.

Mr. VANDENBERG. That is interesting, but is it the banking judgment of the Senator from Ohio that if the insurance were allowed only up to 95 percent it would materially handicap the operations under the bill?

Mr. BULKLEY. These are all questions of degree. It is difficult to say whether it would or not. It is much easier to explain that it is 100 percent subject to certain restrictions if the bank has to foreclose.

Mr. VANDENBERG. I agree it is easier to explain, but it is also easier to lose.

Mr. BULKLEY. No one figure can be said to be right and every other figure wrong. We thought this a reasonable arrangement.

Mr. WALSH. Mr. President, will the Senator from New York yield to me?

Mr. WAGNER. I yield.

Mr. WALSH. I invite attention of the Senator from New York to the elimination from the bill of opportunities for prospective home owners to purchase homes which are now existing and being deprived of the opportunity of securing insured mortgages for such purchases. As I understand the bill, after July 1 the Federal Housing Administrator can insure mortgages of home owners up to 90 percent on new construction.

Mr. WAGNER. Yes.

Mr. WALSH. Under existing law, mortgages can be insured up to 80 percent on existing homes in distinction from newly constructed homes. Is that correct?

Mr. WAGNER. Yes.

Mr. WALSH. A correspondent of mine has called attention to four factors that ought to be considered before we

eliminate the possibility of a home owner who desires to purchase an existing property being denied the insurance provision of this bill.

Mr. WAGNER. The 90-percent provision?

Mr. WALSH. Yes. I wish to read them to the Senator:

(1) There are many occupants of existing dwellings able to assume home ownership but who lack sufficient ready money for a down payment in excess of 10 percent of the purchase price. To qualify for mortgage insurance under the present law requires an additional down payment of at least 20 percent.

(2) Many existing property owners who would like to buy existing dwellings for homes are also unable to do so through their inability to make an initial down payment in excess of 10 percent.

(3) Again for similar reasons home owners desirous of selling their homes in order to purchase other ones are handicapped in carrying out their plans.

(4) Banks, insurance companies, and other financial institutions in Massachusetts and in all parts of the country own properties valued at $6,000 or less which could be sold readily to prospective home owners if 90-percent insured mortgages were available.

I think the statement of the four points by my correspondent puts forward a strong argument in favor of continuing, after July 1 next, the opportunity for persons to purchase, by the aid of insured mortgages, existing properties. I should like to have the Senator comment on that subject.

I may first call his attention to the fact that a large amount of property has been thrown upon the market by the Home Owners' Loan Corporation foreclosing, and there is a good deal of existing property that could be utilized by persons who desire to buy a home if this insurance provision were available to them.

Mr. WAGNER. The Senator has brought up a very important point, which was discussed fully in the subcommittee. Some witnesses testified in relation to it. However, the difficulty is these are rather favorable terms for a short period of time, and the idea of the proposed legislation is to encourage construction. If we extend it to cover existing property we may discourage construction very much, and not carry out the real objective of the legislation.

Mr. WALSH. The idea of my correspondent is to encourage home ownership. Of course, the present law does that by making available 80-percent loans to a prospective home owner to purchase a home already existing.

Mr. WAGNER. Yes; he may get up to 80 percent. After July 1, 1939, however, all insurance must be on new construction.

Mr. WALSH. I had assumed the matter had been called to the attention of the committee, and I was desirous of getting its viewpoint. The committee is of the opinion that the proposed legislation at this time should be confined to home building after July 1 and limited to a few years?

Mr. WAGNER. Yes; to encourage construction as much as possible, with certain flexibilities in the legislation.

Mr. POPE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Idaho?

Mr. WAGNER. I yield.

Mr. POPE. In the State of Idaho under the present Federal Housing Act there has developed what we call a "no man's land" with reference to the making of loans on homes. For instance, a man living just outside the city limits is employed in town. The Farm Credit Administration would not make him a loan because he was not engaged in farming and could not, therefore, comply with their requirements. The Federal Housing Administration could not make a loan because he lived outside the city limits. A number of people like that are living in what we call "no man's land" in the administration of the Federal Housing Act. Is it the opinion of the Senator that under the terms of the pending bill the same situation would exist?

Mr. WAGNER. The Federal Housing Administration, under the terms of the bill being considered here, and under the provisions of the present law, has authority to make loans on houses of that character. They would continue to have that authority under this bill. The authority exists to insure loans on those small dwellings, but as a matter of administration it has not been done, I understand.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. BULKLEY. There is no infirmity in the right to make the loan. The difficulty is in getting an appraisal satisfactory to the borrower. The suburban resident can get a loan through the Housing Administration, but he claims an added value to his residence on account of the fact that he has a garden connected with it. The Housing Administrator says, "We are not in the farm loan business. We can only give you an appraisal based on residential value." The Farm Credit Administration has the converse of that situation. The difficulty is rather one of getting an appraisal satisfactory to the borrower than of the authority to make the loan.

Mr. POPE. I understand that explanation has been made, but in the State of Idaho it did not work out that way. Our Federal Housing Administrator said the value was there, the appraisal was all right, but because of regulations or restrictions, and because the party lived outside the city limits, he could not qualify to obtain the loan.

Mr. WAGNER. If the Senator has been properly informed as to the facts, I would differ with the attitude of the Federal Housing Administration. I think under those circumstances the loan ought to be insured.

Mr. POPE. I agree with the Senator fully, and I have urged that upon the Administration, but in vain. That difference existed apparently somewhere in the interpretation of the law to the point where we had a "no man's land" existing for a distance outside of the city limits where no one could make loans.

Mr. WAGNER. There is no justification for such an interpretation of the law. I think it is very helpful that the Senator has brought up that point so that we may present our views to the Federal Housing Administration.

Mr. BAILEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from North Carolina?

Mr. WAGNER. I yield.

Mr. BAILEY. I should like to ask the Senator about the consequence of the proposed legislation upon the building and loan associations. I shall be content to preface that by saying that I have received a great many telegrams from officers of these associations in my State and they are very greatly concerned.

As I understand, there is some element of competition. The building and loan association runs on a plan of this kind: Say that I myself wish to build a home; I go to the association and contract to borrow, say, $4,000. The loan is to be secured on the home. Then I take stock in the association, and I mature the stock by paying so much per month on a 6-percent basis. That is the usual building and loan standard. The stock is supposed to mature in 66 months. I am speaking now from the point of view of the North Carolina experience. It happens to have been my own experience with a building and loan association; that is, a 6-percent basis, with maturity in 66 months. The basis here is 25 years; that is 300 months. What is the rate of interest here?

Mr. WAGNER. Five percent.

Mr. BAILEY. I am not sure what the building and loan rate is now, but I know that it was 6 percent, plus certain benefits they got from not crediting the borrower on the monthly payments. There was a little accumulation, a little leeway. Will the consequence of this competition be such as to cripple the building and loan associations or tend to put them out of business?

Mr. WAGNER. The Senator from Ohio [Mr. BULKLEY] went over these amendments very carefully. I am going to ask him in a moment to answer that question. Let me make a preliminary statement, however.

My own view, for whatever it is worth, is that the passage of this bill will in no way interfere with the operation of the building and loan associations. In the first place, the

90-percent provision is limited to new construction, and the building and loan associations may take advantage of this provision just as others may do. The bill in no way interferes with their present operation or their present ownership. To the extent that it may cause competition in the future, however, I do not think it is an unhealthy thing. It certainly will not interfere whatever with their present machinery and their outstanding loans. If the bill has a tendency to reduce the rate of interest as to new construction, I think it will be salutary rather than harmful.

Mr. BAILEY. The Senator's answer is rather satisfactory. I wish to support the legislation. As I understand, the building and loan associations may come in under the measure.

Mr. WAGNER. Oh, absolutely.

Mr. BAILEY. And they will have relatively the same advantage that they have now in dealing with the banks. They probably will get money cheaper.

Mr. WAGNER. Absolutely.

Mr. BAILEY. So a man who buys a lot and is about to build a home probably will be aided by this bill, because the building and loan security is a great deal more exacting than that provided by the bill.

Mr. WAGNER. That is true. Let me say that this is only for a limited period of time. This is not permanent legislation. The statute limits the insurance of 90-percent loans to July 1, 1942, so that in any event it is a temporary provision.

Mr. BAILEY. Very well. I am very well satisfied.

Mr. WAGNER. I was about to say that the Senator from Ohio [Mr. BULKLEY] knows more about that particular phase of the matter than I do.

Mr. BULKLEY. Mr. President, I will say right there that so far from objecting to the 90-percent provision, the building and loan associations asked that the limit be raised to more than $6,000 homes. We have in part complied with that request by making a larger loan up to $10,000. We compute 90 percent of the first $6,000, and 80 percent of the excess above $6,000, up to a $10,000 loan.

Mr. BAILEY. I just want to say to the Senator that I am rather relieved. I was alarmed at first, because when I left the Senate Chamber last Saturday and went over to my office I found that I was getting the most importunate telegrams from building and loan associations in North Carolina begging me to undertake to defeat this measure.

Mr. WAGNER. That was due to a misunderstanding, I am sure.

Mr. BAILEY. I did not wish to defeat it; I wanted to vote for it. Now, I think the idea is that it would tend to help them, and make capital more readily available for them.

Mr. WAGNER. That is my view.

Mr. ELLENDER. Mr. President, will the Senator yield for a question?

Mr. WAGNER. I yield.

Mr. ELLENDER. Will not the cost of doing business in the case of the building and loan associations be greater than those of the banks in handling loans of the same character?

Mr. WAGNER. I hardly think so.

Mr. ELLENDER. As I understand, the present cost to the building and loan associations for insurance of accounts is one-eighth of 1 percent and besides that sum they must pay for the examination of their books, which involves an extra charge; whereas in the case of the banks they pay one-twelfth of 1 percent for insurance of their accounts and the F. D. I. C. assumes the cost of examination.

Mr. WAGNER. I think the Senator is mistaken as to the premium charge.

Mr. ELLENDER. I should like to have that question discussed, so as to clarify the point raised by the Senator from North Carolina.

Mr. WAGNER. I will ask the Senator from Ohio [Mr. BULKLEY] to consider that question.

Mr. BULKLEY. Mr. President, if the Senator will indulge me a moment, I think I can do something to clear up the whole situation about the building and loan associations.

Mr. Friedlander, of Houston, Tex., chairman of the advisory council of the Building and Loan League, appeared before our committee and testified as to what their interests are. Just this morning I received a telegram signed by Mr. Friedlander and others of the Southwest, suggesting certain amendments to the bill; but as the telegram does not have the alarmist character that the Senator from North Carolina [Mr. BAILEY] has noted in some of the telegrams he has received from his State, I should like to have it read from the desk, so that we may see how those who are best advised about the interests of the building and loan associations feel about the proposed legislation.

Mr. WAGNER. I suggest that the Senator himself read it.

Mr. BULKLEY. Very well. The telegram is as follows:

LITTLE ROCK, ARK., *December 20, 1937.*

Senator ROBERT J. BULKLEY,

Care United States Senate Office Building, Washington, D. C.:

LITTLE ROCK, ARK., December 18.—The undersigned, representing the Federal Home Loan Bank of Little Rock and the Building and Loan Leagues of the States of Arkansas, Louisiana, Mississippi, New Mexico, and Texas, have been in conference all day considering how the savings and loan associations could most effectively cooperate with the President's housing program. After mature consideration of the bill as proposed, it is our balanced opinion that in order for these home-financing institutions to fully and actively cooperate and be of the most service in the program it is necessary that the bill as proposed be amended in accordance with recommendations made to both committees by the United States Building and Loan League. In the event it is not possible to secure adoption of all amendments recommended by the United States Building and Loan League, it is imperative and absolutely necessary, if the thrift and home-financing institutions are to afford any material assistance in this program, that the following amendments as proposed be made to the bill: First, amendment proposed to section 5 of the Home Owners' Loan Corporation Act of 1933, providing for the conversion of Federal savings and loan associations into State-chartered savings and loan associations and/or mutual savings banks; second, amendment proposed to section 403 of the National Housing Act, providing that the insurance corporation shall pay out of insurance premiums collected the expense of regular examinations of insured institutions; third, amendment to section 404 (a), (b), and (c) of National Housing Act, reducing the insurance premium from one-eighth to one-twelfth of 1 percent, comparable to premiums charged banks insured by Federal Deposit Insurance Corporation.

I. Friedlander, Houston, Tex.; Wm. H. Clark, Jr., Dallas, Tex.; Matt G. Smith, Baton Rouge, La.; J. G. Leigh, Little Rock, Ark.; T. J. Butler, Austin, Tex.; E. J. Nolan, New Orleans, La.; R. H. McCune, Roswell, N. Mex.; H. T. Leonard, Kosciusko, Miss.; O. C. Hathaway, Shreveport, La.; Gordon H. Campbell, Little Rock, Ark.; Allain C. Andry, New Orleans, La.; O. W. Boswell, Paris, Tex.; Will C. Jones, Jr., Dallas, Tex.

Senators will note that there are three amendments that they insist upon as necessary and vital, and only three. All of the suggestions have been carefully considered and, in part, complied with indirectly by provisions in the bill. These three amendments all relate to administrations other than the Federal Housing Administration. They relate to the home loan banks and to the Federal Savings and Loan Insurance Corporation.

The committee took the position that it should not amend acts relating to administrations other than the Housing Administration without hearing representatives of those other administrations, and that so many suggestions had been received with respect to competitive conditions that would be created by this bill that it would take too long a time to hear the representatives of other administrations, and therefore that we would pass by these suggestions without prejudice, and hear the Federal Savings and Loan Insurance Corporation and the Home Loan Bank Board at a later time, when we come back next January.

So we have not refused to consider these proposals. On the contrary, we desire to give them most careful consideration; but we hope that no one will suggest putting them on the present bill, because they relate only to the question of competitive conditions, which we can consider in connection with new legislation next January.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. WAGNER. I yield to the Senator from Louisiana.

Mr. ELLENDER. The Senator concedes, then, that under the law as it exists the homesteads would be at a disadvantage in comparison to the banks in the handling of their business, does he not?

Mr. BULKLEY. There is nothing in this bill that creates that disadvantage. The disparity in the insurance charge has existed for a long time.

Mr. ELLENDER. That may be true. I have sent up amendments to the desk. However, I do not propose to urge them at this time, in view of the fact that the Senator from Ohio [Mr. BULKLEY] has assured us that the issues involved in the amendments will be considered by his committee early next session. It is not my purpose to delay the passage of the pending bill.

Mr. O'MAHONEY. Mr. President——

Mr. WAGNER. I understand that the Senator from Wyoming desires to ask the Senator from Ohio a question. I yield for that purpose.

Mr. O'MAHONEY. I have listened with a great deal of interest to what the Senator from Ohio has had to say, particularly because I have been the recipient of a large number of telegrams and letters from persons interested in Federal savings and loan associations who seem to be very much concerned lest the amendments suggested by the United States Savings and Loan Association should not be adopted.

If the Senator will permit me, I desire to read a letter which was received from the secretary-treasurer of the Provident Federal Savings & Loan Association of Casper, in my State. He states in this letter:

PROVIDENT FEDERAL SAVINGS & LOAN ASSOCIATION OF CASPER,
Casper, Wyo., December 18, 1937.

HON. JOSEPH C. O'MAHONEY,
United States Senator, Washington, D. C.

MY DEAR SENATOR: Our savings and loan association, and I am sure that I can speak in the same tone for the rest of the savings and loan associations in the United States, is willing and anxious to do everything practical and possible to encourage the buying, building, and owning of homes in our community.

I believe in the wisdom of the President and that the time is most auspicious for his encouragement in the building of homes. I believe, however, that no radical changes in the present policy of savings and loan associations throughout the United States should be undertaken without first seeking the advice and help of those men who represent the savings and loan institutions throughout the United States and I mean none other than the representatives of the United States Building and Loan League. We cannot personally appear before you but must rely on those in whom we have placed our confidence, to act as our spokesman.

I have before me a copy of the suggested amendments to H. R. 8520 and S. 3055 presented by the Senate Banking and Currency Committee by Mr. Friedlander upon behalf of the United States Building and Loan League, December 10, 1937, and I can say with all the strength that I can muster that the import of these bills is of such serious consequence that the men piloting the ship of state must give thorough and earnest consideration to the proposed amendments as there is the most imminent danger of legislation being passed that will be of far greater harm than good to the home builder and small investor in this great country.

I earnestly request that no legislation be passed over the sound advice of those men representing over 4,000 individual institutions who have 80 percent of the combined assets of the savings and loan business in the United States.

Respectfully yours,

DEWEY H. JONES,
Secretary-Treasurer.

Of course, I have not had an opportunity to study this bill; I know the committee has been giving diligent attention to it, and I should like to have the Senator say to us whether in his opinion the bill in its present form is likely to be inimical to the interests of these newly established Federal savings and loan associations, and whether the bill can be safely passed without the amendments which were presented to the committee in December.

Mr. BULKLEY. Mr. President, I wish to reiterate and corroborate what has been said by the Senator from New York, namely, that our committee is very solicitous about the interests of the building and loan associations. We consider that they are in a measure under our care quite as much as the Federal Housing Administration is. We would not willingly do anything to damage them. We have heard their representatives at length, and we have considered their suggestions in detail.

Of course, we have not been able to agree with every suggestion that has been made. It is seldom that any group makes a long list of suggestions every one of which can be approved in toto. The summary of the building and loan associations' situation seems to me to be well stated in this telegram I have just read. The first signer of the telegram is the designated representative of the Building and Loan League to come before our committee, the chairman of their advisory council, and he has stated the three amendments which he considers necessary and vital. None of those has been rejected, though I have stated the reason why we have not included them in the bill, and why I hope Senators will not insist that they be included in the bill. In good faith we intend to consider those very propositions as soon as we get back after the holidays.

Mr. O'MAHONEY. That is exactly the point I wanted to bring out. I understood the Senator to say that these amendments had not been rejected, but would be given consideration at the next session.

Mr. BULKLEY. Exactly.

Mr. O'MAHONEY. Is it the opinion of the Senator that they can be safely passed over at this time?

Mr. BULKLEY. There is no doubt about it. No great boom in building loans could happen so quickly as to anticipate our action on these propositions.

Mr. O'MAHONEY. In other words, the Senator feels that the importance of getting the legislation enacted is so great as to outweigh the suggestion that these amendments should be incorporated in the proposed law?

Mr. BULKLEY. I do not think there is any doubt about it. Let me call attention to the reason why it is essential that the legislation should be passed and signed by the President at the earliest possible moment. As soon as the President's message suggesting changes in the Administration and suggesting benefits to be given to borrowers on homes was received, all building enterprise stopped and waited to see what we were going to do. No one will commit himself to a new enterprise until he knows for sure what benefits are to be provided by the pending bill. Therefore the activity will not start again until the bill has been passed and signed.

Mr. O'MAHONEY. Will that make it possible for us to give assurance to our correspondents that these suggested amendments will be given detailed consideration by the committee?

Mr. BULKLEY. Absolutely, and in good faith.

Mr. CONNALLY. Mr. President, will the Senator from New York yield to me to ask a question of the Senator from Ohio?

Mr. WAGNER. Certainly.

Mr. CONNALLY. I have enjoyed very much the explanation given by the Senator from Ohio. In the Home Owners' Loan Act, which is a Federal act we passed, we undertook to deal with the building and loan associations, and provide a method of refinancing, as well as for direct loans by the Government through the Home Owners' Loan Corporation. As I remember, we provided for the creation of 12 regional banks, did we not?

Mr. BULKLEY. By the Home Loan Bank Act we provided for the creation of 12 regional home-loan banks. That, however, was prior to the Home Owners' Loan Corporation.

Mr. CONNALLY. But we passed both acts, and they are Federal enactments.

Mr. BULKLEY. Oh, yes.

Mr. CONNALLY. The objectives of those acts were somewhat like those behind the pending bill, to aid in financing and in building homes. We also created Federal savings associations, as I recall it.

Mr. BULKLEY. That is correct.

Mr. CONNALLY. And they are Federal institutions. Does it not seem to the Senator that when we are enacting this legislation we should not put into it provisions which will place the proposed organizations, which will also be federally sponsored, at a disadvantage in competition with the pres-

ent set-up, and would we not be doing that? And is it not true, as the Senator has suggested, that immediately on the President's suggesting these changes, building stopped, and will this not have the same effect in the operation of the building and loan associations? A prospective builder will say, "Wait; I am not going into the savings association until I see what is going to happen to the housing situation."

Mr. BULKLEY. I do not think that will be the effect of it. The building and loan associations are eligible to get exactly the same benefits under the proposed act as any other lending institution.

Mr. CONNALLY. Yes; as any other lending institution, but if the individual builder can get insurance up to 90 percent under the proposed law, he is not going to bother with a savings bank.

Mr. BULKLEY. He must have a lender in any case. He cannot draw the money from the Housing Administration.

Mr. CONNALLY. But he may get it from a bank.

Mr. BULKLEY. He may get it from a bank or from a building and loan association.

Mr. CONNALLY. If the Government insures up to 90 percent and the bank gets 100-percent insurance, it is going to let the builder have the money.

Mr. BULKLEY. The Government will insure the building and loan associations just the same. We will give them exactly the same benefits.

Mr. CONNALLY. I am glad the Senator is giving assurance that the committee is to consider these three amendments in January. It seems to me that right now is the time to consider them.

Mr. BULKLEY. The Senator understands, I hope, the reason of the committee for not considering them at this time. It was that we did not want to involve the Federal Savings and Loan Insurance Corporation and the home-loan banks, when we were in a hurry to get this bill through, for the reasons I have stated. It is a different administration.

Mr. CONNALLY. Exactly; but it all relates to the same thing, and it is all Federal jurisdiction. The answer of the Senator is that we are in a hurry, and that is exactly what should not be the case. We should not be in a hurry in handling a $3,000,000,000 proposition.

Mr. BULKLEY. I have told the Senator exactly why we are in a hurry. It is because in effect we have the building industry stopped now, and there is no way to help that. That is the situation we are in.

Mr. CONNALLY. I thank the Senator, and I appreciate his explanation, which is very lucid and very interesting, but I do think that while we are considering this matter we should not take two bites at it. We ought to put it all through now and harmonize this with the building and loan association situation.

Mr. BULKLEY. We believe it can be much better harmonized by hearing the responsible officials of the home-loan banks and the building and loan associations.

Mr. CONNALLY. Why did not the Senator hear them?

Mr. BULKLEY. Because we have tried to confine the proposed legislation to housing, in the interest of conserving time. We are right up to the very last day now before the Christmas holidays, and we proceeded as fast as we could and heard only the Housing Administration. If we bring in other administrations or other matters, we do not know where we will stop, and we thought we ought to confine our attention to the one administration at this time.

Let me again assure the Senator that there is nothing in the bill which will cause any sudden upset of all the business conditions of the country. There is nothing that could possibly happen that could materially harm these associations before we will have time to give them adequate consideration next January.

Mr. CONNALLY. I should like to ask the Senator one other question.

Mr. BULKLEY. I shall be glad to answer.

Mr. CONNALLY. There is provision in the bill about refinancing existing mortgages. The final date is July 1, 1939, is it not?

Mr. BULKLEY. That is provided by existing law. The pending bill proposes to cut it off as of July 1, 1939.

Mr. CONNALLY. That is another thing of which the savings associations are complaining. They say that ought to cease on the 1st of July 1938, for the reason that the Housing Administration is entering the field of refinancing and competing with them when refinancing itself does not create any new houses. The purpose of this bill is to aid new construction.

Mr. BULKLEY. Let me show the Senator just how much they are damaged by that proposition. Under the existing law all private construction is eligible to be refinanced, and it is eligible to be refinanced without any limit of time. Now for the first time we are proposing to put a limit on it, and that limit is July 1, 1939. If we do not pass this measure, there will be no limit on it. Does the Senator think that they will be damaged by putting that limit on it? They complain that we do not cut it short enough. If we do not pass the bill, it will not be cut off at all.

Mr. CONNALLY. The Senator may be correct.

Mr. BULKLEY. I am correct about that.

Mr. CONNALLY. I am simply seeking information from a responsible member of the committee. I am simply putting that forth as one of the complaints which have reached me concerning the legislation. The insurance referred to will be good only for 80 percent?

Mr. BULKLEY. That is correct.

Mr. CONNALLY. The 90-percent insurance, I understand, does not apply to refinancing?

Mr. BULKLEY. No. It applies only to new construction.

Mr. CONNALLY. It applies only to new construction?

Mr. BULKLEY. Yes.

Mr. WAGNER. And only up to 1942.

Mr. BULKLEY. I should be glad to explain to the Senator that the Housing Administration is doing a considerable business in the refinancing of existing construction, getting a good premium income from it, and they did not want to be cut off any sooner than 1939. The Senate understands also that there is some doubt about whether they ought to be cut off at all at that date. In fact, the Senator from Massachusetts [Mr. WALSH] has complained that we are cutting them off. So we are really steering a middle course between the different views.

Mr. VANDENBERG. Mr. President, will the Senator from New York yield to me for a question?

Mr. WAGNER. I yield.

Mr. VANDENBERG. I am referring to page 41 of the Senate text, which appears to strike out section 36 of the House bill. As I understand section 36 of the House bill it would extend, under certain limitations, the existing privileges for the improvement and renovation of existing homes. Do I understand that the Senate bill eliminates all aid of that character?

Mr. WAGNER. The Senator is now speaking of title I?

Mr. VANDENBERG. Yes.

Mr. WAGNER. Yes, Mr. President.

Mr. VANDENBERG. The Senate bill eliminates all such aid?

Mr. WAGNER. Yes.

Mr. VANDENBERG. In cities like Detroit, particularly, and in the metropolitan area surrounding it there seems to be a very deep feeling that except as this sort of aid is continued, the new aid, which permits the creation of new sections with new homes, will almost destroy some of these sections where the older homes of Detroit are which still need the renovation aid under title I.

Mr. WAGNER. A little later I am going to ask the Senator from Ohio [Mr. BULKLEY] to discuss that feature of it, together with some other technical features of the legislation. I think I can say candidly that I was one of those who thought that title I, with all its drawbacks and the loss of money to the Federal administration, might, perhaps, be extended for another period of time. But the majority of the committee—and I will say their arguments were rather persuasive—felt that that ought not to be done, because the majority of these loans can be obtained from banks, and

they are now being obtained, without the Government guaranty and consequent risk of loss. Senators will remember that the Government charged no premium; that there was no limitation upon the interest which the banker may charge the prospective borrower; that there was no limitation upon the time in which he was required to repay it. There was no premium to be charged, and the statute fixed no limitation upon the amount of interest or the maturity date. In other words, we were not protecting the borrower by specific legislation in certain important respects.

The experience under title I has been rather unfortunate, because a considerable loss has been incurred by the Government. There was a question in the minds of the Senators whether that loss, which was expected to continue to some extent in the future, was offset by a sufficient contribution of the entire plan to the general welfare. The Senator from Ohio [Mr. BULKLEY] will go into more detail with respect to the actual experiences which the Government has had in the way of paying to the lending institutions their losses under these loans.

Mr. VANDENBERG. I understood that one of the chief objections, as the result of this experience to which the Senator refers, was the fact that so much of this money was used for the purchase and installation of equipment and machinery of one sort and another.

Mr. WAGNER. Those items did involve considerable losses.

Most of the losses, I am told, were incurred under loans of that character. But generally speaking, under title I, it seems to me, we are not giving very much protection to the borrower. Yet we are obliged to make whole the lending institutions up to 10 percent of their losses. I had a more liberal view about title I. I thought perhaps the employment which would be provided under it would outweigh the expenditure by the Government. The majority of the committee disagreed with me, and I was quite willing to submit to their perhaps superior judgment.

Mr. VANDENBERG. If the Senator will permit me I shall make just the further observation, that the text of the House bill definitely eliminates loans for the purchase and installation of equipment and machinery, so as to get around the major objection that has previously risen.

Mr. WAGNER. Yes. But the House bill includes one other provision which seems to me rather risky. It permits loans up to $2,500 to be made, without security, for the construction of a new house. Where mortgage loans are insured under title II of the law the borrower is fully protected. His interest rate is fixed and other conditions are prescribed primarily for his protection. But under this new provision of title I an individual may go to a bank and secure $2,500 upon a note. There is no limitation upon what interest rate may be charged, except as the Administrator may fix it by regulation. There is no provision for the amortization of that loan over a period of time, so as to give the new owner an opportunity to pay his obligation in installments over a long period of time. I view that provision with a great deal of concern. I do not know how the Senate will view it.

Mr. VANDENBERG. If the Senator will allow me to conclude. It is asserted to me that there are not sufficient lending facilities in the metropolitan area of Detroit, for instance, to deal with the needs for renovation and repair, and it is further asserted that there is a very deep-seated feeling that this bill creates a prejudicial situation if funds are available for new construction which creates a new home neighborhood somewhere else, and yet funds are withheld to recreate and renovate a previous area.

Mr. WAGNER. We do not withhold funds. As I understand, and I believe the Senator will agree with me, 70 percent of the lending institutions are continuing to make this type of loan since title I expired last April 6. We have not in any way frustrated the facilities for securing these loans. All that we have done is to take away from these institutions the gratuitous security which the Government gives them. I doubt whether the granting of such security was justified even in the beginning, except as an emergency proposition.

Mr. VANDENBERG. I hope we may have a chance to vote directly on that question.

Mr. WAGNER. Undoubtedly we shall.

Mr. GEORGE. Will the Senator yield?

Mr. WAGNER. I yield.

Mr. GEORGE. I ask the Senator if the evidence before the committee indicated there were sufficient facilities for the handling of the loans of the title I type in the smaller communities, in the villages?

Mr. WAGNER. The Federal Housing Administrator, who has, of course, been in touch with this situation was of the personal opinion that this guaranty ought not to be continued. He expressed the conviction that there are ample facilities throughout the country for loans of this type without this guaranty by the Government against losses.

Mr. GEORGE. I have very great respect for the Administrator and his force, because I think he has done a very excellent job. I would have a great respect for his judgment, but I think that unless title I of the measure should be restored and new construction provided for under some limitation, the smaller towns and villages will not find facilities through which they can finance that kind of construction. And I think that while title I did, of course, expose the Government to certain risks—I think we all recognize that—at the same time I believe it did stimulate a great deal of business, and I think it helped a great deal, and I believe that under proper limitations there is still room for its retention in the bill.

I had hoped that the committee might retain the House amendment restoring title I under the limitations fixed by the committee, with such other limitations, of course, as might be necessary.

The Senator has considered the point that the borrower has no protection. I had the impression that the Housing Commission would not insure and could of course not be required to insure any loan unless it did meet certain conditions prescribed by the Commission so as to give the borrower a reasonable protection.

Mr. WAGNER. To begin with, let me say that my views, which were expressed to the committee, were substantially similar to those expressed by the Senator. I felt that there was still need for title I, so as to give home owners who might not be able to secure loans without security a chance to modernize, but I confess, as the discussion proceeded in the committee, my argument was considerably weakened by those who presented the opposite point of view. I do not know that there is any authority in the bill to prescribe, for instance, the period of time which the banking institution must give the borrower in which to repay the loan.

Mr. GEORGE. I had that impression; I thought that was one of the regulations adopted. It certainly ought to be, if it is not.

Mr. WAGNER. At any rate, I am at liberty to vote with the Senator under my reservation if the question comes up.

Mr. DAVIS. Mr. President——

Mr. SCHWARTZ. Mr. President, will the Senator yield for a question?

Mr. DAVIS. Mr. President——

Mr. WAGNER. I yield first to the Senator from Pennsylvania, who, I think, rose first.

Mr. DAVIS. Did the committee receive any testimony as to the number of houses in the country which should be reconditioned?

Mr. WAGNER. No; there are no accurate statistics on that point. The Senator means modernized, does he not?

Mr. DAVIS. Yes; modernized.

Mr. WAGNER. We have a record of the number of loans made for that purpose under title I. I will ask the Senator from Ohio if he recalls the amount?

Mr. BULKLEY. It is $650,000,000.

Mr. WAGNER. The sum of $650,000,000 has been loaned by institutions under title I to those who desire to modernize their homes. That will give the Senator some idea as to how much money has been spent for modernization. How many houses were covered I am unable to say, although there may be statistics as to that. The volume of the loans indicates that probably a million and a quarter homes were affected by title I, the owners of such homes making the loans to modernize them.

I wish to refer briefly to loans under section 207 and section 210. Then I am going to ask the Senator from Ohio to explain what I think is perhaps the most important provision in the bill, namely, the development of mortgage associations, so as to facilitate loans.

Mr. SCHWARTZ. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from New York yield to the Senator from Wyoming?

Mr. WAGNER. I yield.

Mr. SCHWARTZ. The statement was made that, under the House provision reenacting title I, there was nothing to protect the borrowers or to limit the banker.

Mr. WAGNER. Perhaps I made too broad a statement. There are terms prescribed.

Mr. SCHWARTZ. On page 42, the House bill provides, among other things, as to loans—

> Nor unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title.

Is it not the opinion of the Senator that that will probably protect the borrowers?

Mr. WAGNER. I think I made too broad a statement when I said that there were no limitations provided. But there is no provision for a premium to be charged to the lender for insuring his loans, and there is, therefore, no fund created to cover losses. Those losses would have to be met directly by the Government.

Mr. SCHWARTZ. I should like to make one more suggestion to the Senator, in view of the statement he has just made as to the investment of some $650,000,000 during the years 1935 and 1936 under title I. I understand that statistics show that the total loss under that form of loan was 1.16 percent.

Mr. WAGNER. The loss has been, net, only $6,000,000 out of the total amount loaned.

Mr. DAVIS. What was the total amount?

Mr. WAGNER. It was $650,000,000.

Mr. PEPPER. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Florida?

Mr. WAGNER. I yield.

Mr. PEPPER. Did not the President in his message recommend the revival of title I?

Mr. WAGNER. Yes; he did.

Mr. PEPPER. Is there any reason why we should not do that?

Mr. WAGNER. I have already announced that if such an amendment is proposed, I will vote for it.

Mr. PEPPER. I should like to give notice of an amendment providing for the revival of title I, the amendment to be presented at the appropriate time.

Mr. WAGNER. Mr. President, I have already taken too much time. I shall only refer briefly to the types of loans provided under section 207 and section 210.

Under section 207, the loans may be insured up to $5,000,000. Such loans are not to exceed 80 percent of the value of the property, and the maximum per room is fixed at $1,350. The rate of interest may not exceed 5 percent. I think it is safe to say that as to most of these loans, being in large amounts, the rate will be less than 5 percent. Experience thus far has indicated that interest on such loans is between 4 and 4½ percent. Insurance on these large-type loans may be collected only if the property is assigned to the Administrator upon default, and prior to foreclosure proceedings. This provision is made because the larger the project the more important it is to prevent waste or deterioration between the time of the default and the time the property is taken over. We want to make that time as short as possible in order to protect the property and the Government's stake in it.

In connection with such loans under section 207, it was contended that, since the lender of the large sum of money had an absolute 100-percent guaranty against loss, there was no inducement on his part to be provident in the granting of the loan. In order that the lender might have a stake in the loan up to the time of its final liquidation, the committee provided that he shall retain a 5-percent interest for which he will receive a certificate of claim.

Under section 210 loans, including advances during construction, may be insured up to $200,000, on a valuation of 80 percent. The interest rate may not exceed 5 percent. There is a limitation of $1,150 per room on that part of the loan attributable to dwelling use. It may be difficult to build within metropolitan areas structures which have such a limitation, and it is therefore contemplated that loans under this section will probably be made upon properties in the outlying sections and in the communities with smaller populations.

Such loans may be made either for construction of individual homes to the extent of 25 or more or for the ordinary apartment house.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Texas?

Mr. WAGNER. I yield.

Mr. CONNALLY. Under section 210 the limitation on loans is $200,000. Is it intended that in the kind of structures to be erected under that section those occupying the buildings shall be owners or merely tenants?

Mr. WAGNER. They may be either. It is provided that houses may be built in units of 25 or more homes for individual occupancy.

Mr. CONNALLY. In case of a $200,000 project, which would be an apartment house, all the negotiations and dealings would be with a builder and not with a tenant or the intended owner at all, would they not?

Mr. WAGNER. Oh, no.

Mr. CONNALLY. Somebody has got to build or arrange to build an apartment house.

Mr. WAGNER. Originally it would be undertaken by the builders.

Mr. CONNALLY. Personally, I am very much in favor of the initial home owner being aided and stimulated, but I do not think that the Government ought to invest two or three billion dollars in the building of apartment houses the builders of which are going to make some money or profit, or they would not build them, on the 90 percent Government guaranty. It seems to me that opens wide the door to speculation and juggling. Anybody who knows anything knows that building apartment houses in Washington and in other cities over a long period of years has been a terrific source of exploitation and highjacking. Right here in the city of Washington an investigation some years ago revealed shocking frauds in manipulating and building apartment houses.

Mr. WAGNER. In the first place the builder can have his loan insured only up to 80 percent of the value of the structure, so there is that limitation upon him.

Mr. CONNALLY. That value, of course, is dependent on the kind of appraisals made. We have had appraisals in all these experiences heretofore. One man may appraise at one figure and another one at 20 or 25 percent more.

Mr. WAGNER. Thus far the Housing Administrator has been very careful in his appraisals. Complaints have frequently been made that the appraisals made have been too conservative. If we are to encourage building, under proper

safeguards, I think this is a very important provision, because it takes care of more of the less populated sections of the country where there is this demand, not only for individual homes, but also for the smaller type of apartment houses. I am sure the Senator from Texas, upon reflection, will regard this as a rather useful provision, to give employment and to provide facilities for the people living in the less populated sections of the country.

We come now to what I regard as another very important provision of the bill. I am going to ask my colleague, the Senator from Ohio [Mr. BULKLEY] to discuss the title which relates to the mortgage associations. I think the entire bill depends largely upon the proper development of those associations.

May I say in closing: This bill has already won a very favorable response from all elements of our population throughout the country. I am confident that if promptly enacted into law, it will command the earnest and wholehearted cooperation of labor and business. Given such cooperation, the legislation cannot but achieve the expectations held out for it. I firmly believe it will go a long way toward the solution of our unemployment problem, and enable us to achieve that lasting recovery toward which we have been bending all our efforts.

Mr. BULKLEY obtained the floor.

Mr. WAGNER. Mr. President, I suggest the absence of a quorum.

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. We are proceeding now to the consideration of the bill as one entire amendment in the nature of a substitute for the House bill. Would it not be in order for the sponsors of the bill to ask that the amendment in the nature of a substitute be considered independently and taken up section by section?

The VICE PRESIDENT. The substitute is open to amendment in any portion. The House rules do not apply to the Senate. The substitute is being considered as an original bill.

The Senator from New York has suggested the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Dieterich	La Follette	Pope
Andrews	Donahey	Lodge	Radcliffe
Ashurst	Duffy	Logan	Reynolds
Austin	Ellender	Lonergan	Russell
Bailey	Frazier	Lundeen	Schwartz
Bankhead	George	McAdoo	Schwellenbach
Barkley	Gerry	McCarran	Sheppard
Borah	Gibson	McGill	Shipstead
Bridges	Graves	McKellar	Smathers
Brown, N. H.	Green	McNary	Stelwer
Bulkley	Guffey	Maloney	Thomas, Okla.
Bulow	Hale	Miller	Thomas, Utah
Burke	Harrison	Minton	Vandenberg
Byrd	Hatch	Murray	Van Nuys
Capper	Hayden	Neely	Wagner
Caraway	Herring	Norris	Walsh
Chavez	Hitchcock	Nye	Wheeler
Connally	Holt	O'Mahoney	White
Copeland	Johnson, Colo.	Pepper	
Davis	King	Pittman	

The PRESIDING OFFICER (Mr. POPE in the chair). Seventy-eight Senators have answered to their names. A quorum is present. The Senator from Ohio [Mr. BULKLEY] has the floor.

Mr. BULKLEY. Mr. President, the Senator from New York [Mr. WAGNER] has already discussed the provisions of the bill to a degree which causes me to hesitate to take much time of the Senate in discussing it further. He has suggested, however, that I explain the provisions with reference to the organization of national mortgage associations.

Mr. VANDENBERG. Mr. President, before the Senator starts that discussion I should like to ask him a question, if he will yield for that purpose.

Mr. BULKLEY. Certainly.

Mr. VANDENBERG. May I ask the Senator his opinion regarding the retention of title I?

Mr. BULKLEY. Yes. I am glad to have the Senator ask that question. I think title I should not be revived at this time. Let me elaborate upon that statement.

When title I was written there were very few lending institutions in the country making loans of the character provided for by title I. The insurance which was offered by the Federal Government gave a great many institutions a start on that type of business, educated them how to handle it, showed them how it might be handled without a large percentage of loss. It has been handled without a large percentage of loss. Some 6,400 institutions have made loans under that title.

Last summer a questionnaire was sent out, after the title had expired last April, inquiring how many of the institutions would continue to make the loans anyway and absorb the losses themselves. More than half of the institutions which had made loans replied to the questionnaire, and those that replied were the ones which had done the bulk of the business. Two-thirds of those replies—68 percent, to be accurate—stated they were continuing to make the loans without the Government guaranty.

Title I was an original promotional effort. It was an educational effort. I doubt if any Senator could justify the continuance of the principle of title I as a permanent policy of the Government.

Let me explain why I make that statement. There is no premium charged for the insurance. There is no security required for the loan. What the Government loses is out-and-out loss—100 percent loss, and while it may be justified as a promotional and educational effort, that part of it has been exhausted. We have combed the country over for 3 years during the time that title was in force and, I believe, have induced as many lenders as ever could be induced to lend under that section. Now the greater proportion of them are continuing to make the loans and absorbing the losses in the ordinary course of business, which they ought to do. As to those who are continuing to do that, the payment of this guaranty under title I is nothing but a pure subsidy on the business they are doing in any event. It does not induce them to do it at all. They are doing it as it is.

Now let me show you some striking examples of what happened while this title was in effect.

I have before me a list showing the exact amounts of all losses paid under that title. We have been requested to keep the names confidential, and I intend to observe that confidence; but, just as an example of what may happen and what did happen under this title, I am going to cite the cases of two great financial institutions in New York City, both of which were making loans of this general character before title I was written, both of which have continued to make loans of the same general character since the title expired last April, and yet one of them was reimbursed for losses incurred on loans made during those 3 years to the tune of $848,000, and another one was reimbursed to the extent of $795,000. Those were nothing but the payment of 100 percent subsidies out of the United States Treasury to big financial institutions in New York City which could perfectly well afford to carry their own losses, and were carrying similar losses before the law was enacted, and are carrying similar losses today.

On this list there is another bracket consisting of finance companies. Some of the finance companies are subsidiaries of great banks. A subsidiary of a great bank in the Northwest was reimbursed to the extent of $1,948,000—a direct subsidy to that institution out of the United States Treasury. Down on this list are other finance companies, and the names of some of them disclose right on their faces that they are subsidiaries of concerns which are engaged in the manufacture and sale of building materials.

Mr. VANDENBERG. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. BULKLEY. Yes.

Mr. VANDENBERG. If there is anything scandalous about the administration of F. H. A., why is it that the names have to be withheld? Why is it not a matter of public record and a matter of public information?

Mr. BULKLEY. I have not said that there is anything scandalous about the administration. What I am contending is that it would be scandalous to reenact this title. Nothing has been done that they were not entitled to do under the law as we passed it; and I desire to exonerate both the institutions and the Housing Administrator. They did exactly what they were entitled to do under the law; and if there is any scandal it attaches only to us for writing such a law. As I said, I do think we were justified in enacting the law as a temporary matter at that time, and it never was enacted as anything except a temporary matter. It was supposed to expire on April 1, 1936, and then we gave it a year's extension to April 1, 1937, and then it did expire. I contend that there is absolutely no justification for reenacting it at this time.

Mr. VANDENBERG. Mr. President, may I ask the Senator whether the provisions and the new limitations written into the House bill in any way circumscribe adequately some of the unfortunate phases of the original act?

Mr. BULKLEY. I do not think they circumscribe them to any material extent at all. What happened was that when we extended the law for a year, from 1936 to 1937, we also, very unfortunately, and against my better judgment, extended the scope of it; and the extension of the scope to the refrigeration machinery and other types of equipment increased the losses without increasing any public benefits. Those things are now eliminated; but the essential vice of the whole thing remains in the House provision, because it is an absolute gift from the Federal Treasury for no adequate consideration moving to the Treasury or to the public.

Mr. VANDENBERG. Then let me ask the Senator another question. I am no more interested than he is in perpetuating the sort of practice he describes, but I am interested in equity; and I desire to know from the Senator whether it is not true that the passage of the new bill, which extends all of these facilities to new construction and withholds all of them from old construction, inevitably condemns the older sections of the large cities almost to an ultimate slum existence, and whether it does not prohibit the use of the facilities at all in the smaller communities which lack banking facilities?

Mr. BULKLEY. The Senator is not quite accurate in his statement. When he says, "these facilities," if he means the same kind of facilities provided in title I, there is nothing in the Senate committee's report that extends any such facilities anywhere, because title I is nothing but free insurance on an unsecured risk. We have no such thing at all in our bill as reported. In the first place, we have no free insurance. In the second place, we have no unsecured risks.

Mr. VANDENBERG. If the Senator will pardon me, he has nearly the equivalent of the thing he defines when he insures a bank 100 percent upon its investment in a loan, and permits the bank to collect 5-percent interest on it.

Mr. BULKLEY. The Senator is entitled to make that statement, but it is not quite accurate. The bank runs the risk of paying the cost of foreclosure, and the cost of foreclosure varies a good deal from one State to another. That risk is very substantial in some States. In other States it is less so; but it is not an unsecured risk. It is a very carefully secured risk; and, after all, a premium is paid which the actuaries of the F. H. A. believe will be sufficient to carry the losses.

Since we are on that subject, I will make the exception that as to the one-fourth of 1 percent provision of the bill that we have reported, we think there is an element of subsidy in that, not in favor of the banks, but in favor of the home owner, to this extent only: The one-fourth of 1 percent is computed to be sufficient to pay all of these losses that will be incurred on this business, but it will not be sufficient, in addition to the loss payments, to pay the cost of doing the business. We have, therefore, provided in the bill we have reported that the cost of doing that business shall be charged to the general reinsurance fund, so that there shall be no chance of its being charged against any fund in which a borrower has some equitable interest; but it is a kind of insurance which is very easily and fundamentally distinguishable from what the Senator is advocating under title I. Beyond that, the bill as reported does not cut off all loans on existing property as of this date. Loans on existing property may still be made up to July 1, 1939.

Mr. PEPPER and other Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Ohio yield; and if so, to whom?

Mr. BULKLEY. I yield to the Senator from Florida.

Mr. PEPPER. I desire to make an inquiry. Has the President communicated to the committee any change in his recommendation that title I be revived?

Mr. BULKLEY. I have not heard directly from the President. I am advised that he does not care very much whether it is revived or not, but I do not feel any authority to speak for the President in the matter. If the President wants to have it revived, I am sure it is because he is not well informed, and the Administrator has not recommended that it be revived.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield to the Senator from Kentucky.

Mr. BARKLEY. In regard to title I and the financial situation referred to by the Senator, I think he stated—and it is a fact—that some 6,400 lending institutions cooperated with the Government during the life of title I and made loans under it, whereas prior to that time I think about 140 or 150 lending institutions were making that type of loans. The amount of money that was loaned under title I during its life was $560,000,000, and there was a loss to the Government amounting to $12,674,000. That loss was sustained by the Government largely on account of the transactions of some 100 banks out of the 6,400 that were cooperating with the Government.

The Senator knows, of course, as the committee knows, that in the committee I favored the retention of title I in the bill, not because it is necessarily vital but because it might pick up a considerable number of straggling home owners who were not able to get in under the wire prior to the expiration of title I, due to the long course of education that it was necessary for the F. H. A. to undertake in order to explain what the rights of the home owners were. If it be true that the revival of title I might pick up a large number of these latecomers, many of whom at the very last tried to get in but did not—and I happen to know personally of a good many who did——

Would the fact that the Government had to pay considerable losses to a few large institutions which would have sustained their own losses justify Congress in refusing to revive title I if it would have been of benefit to a great number of others?

Mr. BULKLEY. That is a long question, but I think I can answer it satisfactorily. The $12,000,000 figure is the amount which has been paid on claims. It is not the ultimate loss figure. We do not know what the ultimate loss figure will be. On the one hand, the $12,000,000 will be somewhat reduced by salvage on some of the claims that were assigned to the Administrator. I do not think it will be increased by payments on delinquencies which have not as yet occurred, because considerable insurance is still outstanding, and we do not know what the ultimate loss will be. But the Administrator realizes that title I as it was written was part of an educational campaign rather than a financial transaction; and it is estimated that title I will have cost the Government at least $35,000,000 by the time the accounts are all in. I am not objecting so much on the ground that the Government cannot afford to lose the money; I do not think

the Government is likely to lose any amount of money it cannot afford to pay in this connection, but I am objecting to the morals of it and to the practicability of it. I do not think any substantial number of losses will be incurred if title I is revived that would not have been incurred anyway. The pressure for title I is distinctly coming from the manufacturers and the sales organizations which are selling building products and would like to have the Federal Treasury reimburse them for what ought to be their ordinary trade losses on bad accounts.

Mr. BARKLEY. Of course, the Treasury does not reimburse a lumber company.

Mr. BULKLEY. It does if the lumber company has a finance company as a subsidiary, which is a perfectly simple matter, and which occurs time and again.

Mr. BARKLEY. That would be possible.

Mr. BULKLEY. It is not only possible, but it is very practicable.

Mr. BARKLEY. There are not very many lumber companies which have financial subsidiaries.

Mr. BULKLEY. There are more than the Senator may think.

Mr. BARKLEY. The point I wish to raise—and I do not want to take the Senator's time, because we are all anxious to dispose of the bill—is that if the losses to which the Senator has referred have occurred largely within, say, a hundred centers of population in the country, is it really a true picture of the benefits of title I when the opportunity was available to thousands of communities and thousands of institutions all over the country to revive construction and repair work and give employment to carpenters and others engaged in the building industry?

Mr. BULKLEY. The list I have before me shows well over a hundred; but the answer is that we have not the full picture as yet. There is much of this character of insurance which is outstanding and in the future subject to claims which have not as yet been made. This list includes only cases where payments have actually been made.

Mr. BARKLEY. It includes claims as low as $868, and all the way up to more than a million dollars.

Mr. BULKLEY. It does not include any claim that has not been paid as yet; and we do not know how many more there will be.

Mr. BARKLEY. The well-organized financial institutions which have incurred losses and want to be reimbursed certainly have already come in.

Mr. BULKLEY. Yes; but they will do business anyway, whether or not we insure them.

So much for that subject. I am going now to discuss the national mortgage association provision unless someone has a question on this other subject. The original Housing Administration Act contained a provision for the organization of national mortgage associations with a minimum capital of $5,000,000 and authority to issue their debentures or obligations to the amount of 10 times the paid-in capital stock. No associations were organized under that invitation. Later we amended the act and increased the authorization of the issuance of securities up to 12 times the paid-in capital stock, and still none have been organized. It is believed to be important for the development of this housing program that organizations should be formed in order to assist in the financing of the larger projects and to some extent in the financing also of individual homes. Further encouragement is needed for the organization of these associations.

The bill as reported provides for an increase in the authorization to issue debentures from 12 times the capital to 15 times the capital. The committee considered that very carefully and agreed that 15 times was a reasonable authorization, although the House bill provides for an increase to 20 times the authorized capital.

We have reduced the minimum required capital to $2,000,000. It is further proposed by this bill to make the securities issued by such corporations exempt from taxation to the same extent as other similar obligations are tax exempt. These securities are sold more or less in competition with securities of the United States Housing Authority, the Federal land banks, the home-loan banks, and the Federal Farm Mortgage Corporation, all of which have the right to issue tax-exempt securities.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. PEPPER. What would be the Senator's attitude toward an amendment which would reduce the eligible capitalization of these mortgage loan associations from $2,000,000 to $1,000,000?

Mr. BULKLEY. I do not think there is any one figure that is sure to be right. We cannot be certain about that. The authorities who have testified before us believe that the safety and profitableness of the organization are better safeguarded by a large capitalization, because the overhead expense of operating a million-dollar corporation is almost as much as the operating expenses of a two-million-dollar corporation, and the larger corporation gets a greater spread and diversification of business. So that as the capitalization is reduced, the factors of safety are reduced. But I am not sure that $1,000,000 would not be all right. However, the committee considered that proposition and thought that $2,000,000 would be fair.

Mr. BARKLEY. Mr. President, will the Senator yield again?

Mr. BULKLEY. Gladly.

Mr. BARKLEY. The theory upon which that decision was reached was that it is better to have a few strong organizations than to have a large number of smaller ones scattered over the country which cannot enjoy the stability and permanence and financial standing a larger organization could obtain.

Mr. BULKLEY. That is exactly right, and I share that view. I think we should make a further effort with the added encouragement we are giving in this bill without reducing the capital stock, but I do not think a reduction to $1,000,000 would in any way ruin the structure.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. COPELAND. The Senator heard the questions I directed to my colleague this morning about the building and loan associations. Is it the Senator's belief that they have no complaint to offer on account of the formulation of the pending bill?

Mr. BULKLEY. I think they are offering some complaint, but, answering the Senator's question in another way, I do not think the bill will do them any damage. I believe that the amendments which are suggested in the telegram which I read a little while ago, signed by the chairman of the advisory council and other building and loan officials, ought to have very serious consideration by our committee. The amendments relate to competitive changes which these gentlemen believe will be brought about by the bill, and they ask for the amendment, not of the Housing Act, but rather of the acts creating the home-loan banks and the Federal Savings and Loan Insurance Corporation.

Mr. COPELAND. I take it the Senator intends to bring up that matter at another time.

Mr. BULKLEY. Yes; that has been stated and confirmed by the chairman of the committee, as well as by me.

Mr. COPELAND. Then, whatever justifiable complaint they have will perhaps be answered by further legislation?

Mr. BULKLEY. Let me assure the Senator that all the members of our committee are very solicitous for the welfare of the building and loan associations, and we certainly do not want to do anything which we believe would cause damage to them.

Mr. COPELAND. I am glad to hear that, because I think those associations are doing a very noble service.

Mr. BULKLEY. There is no doubt about that; the building and loan associations are performing a splendid service, and we want to hear from them further, and if there are

any competitive conditions really created that are fairly detrimental to them we want to cure them right away.

Mr. KING. Mr. President, this morning I called the attention of the Senator to a communication I had received from Mr. Dye, one of the leading representatives of these organizations. The Senator has that letter. Has the reply which the Senator has just made to the Senator from New York any relation to the points made in the letter to which I invited the Senator's attention?

Mr. BULKLEY. The reply I made does answer in general terms. On reading the letter, I may say that the Senator's correspondent discusses the question of terminating the law as to existing construction as of July 1, 1939, and that has already been discussed. They wanted us to terminate it a little sooner, but, as the Senator is aware, we are having some complaints that it is being terminated at all. So I think we have steered a middle course in that respect.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. STEIWER. I think this ground has been covered heretofore, but in order to make it perfectly clear to the Senator from New York and others, let me say that the subcommittee gave some little attention to the suggestions made by the building and loan associations for further amendment. We were not adverse to the amendments they suggested; we did not reach final conclusions respecting them; but it became obvious to us that the proposals for amendment related to the amendment of another law under the supervision of another agency of the Federal Government. I was one of those who thought the amendments ought to be considered. I was one of those who shared the feeling of the Senator from Ohio that we ought not to do anything to cripple the building and loan associations. I believe it to be true, however, that all the members of the subcommittee, after consideration, reached the conclusion that it was better to offer a separate bill dealing with these other amendments and to consider it separately early in the next session. The chairman of the committee and others assured us that consideration would be given to the proposal.

I have no doubt that in due time these amendments will be considered on their merits, and if it is believed that anything in this bill brings about a new competitive situation which is unfair to the building and loan associations the committee will act very promptly to bring before this body legislation which will enable Congress to deal with the problem.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. COPELAND. I am very much obliged to the Senator from Oregon [Mr. STEIWER] for what he has said. I realize that the legislative situation is such that it would be unfortunate now to go into an argument with respect to this particular matter, but I assume from what the Senator from Ohio said, as well as from what was said by the Senator from Oregon, that there will actually be prepared a bill which will be presented for consideration early in the next session. Am I correct about that?

Mr. BULKLEY. What I intended to say was that the committee would carefully consider the suggestions advanced by the building and loan interests, and would consider the comments thereon by the Home Loan Bank and the Deposit Insurance Corporation authorities, and try to come to some conclusion as to what ought to be done. I have not declared for any particular legislation in advance of hearing such presentations.

Mr. COPELAND. Leaving them a slender reed, then, with respect to this particular matter. If no one else introduces such a bill I am going to do it, because if the building and loan associations feel that they have any real grievance I think they should have an opportunity to state it, and present their views to the Senate, because for 100 years those organizations have done wonderful work in this country. I can speak feelingly, because ownership of the first house I ever owned was made possible through one of those organizations. I know that is true of hundreds of thousands of home owners in America. We ought not to take any action which in any way would hamper that institution, which has shown its virtue for so many years that it has become a permanent American institution.

Mr. BULKLEY. I am not willing for the Senator to give any impression that I do not believe in the merits of the building and loan associations, or in the sincerity of their officers and representatives. I may not agree with every proposition they present, any more than I have found it possible on every occasion to agree with the Senator from New York.

Mr. KING. Mr. President, I may say that if the bill under consideration does materially injure the building and loan associations, or jeopardize their existence or their action in the future, I shall not vote for the bill.

Mr. BULKLEY. After very careful consideration, I am sure there is not the remotest possibility of such a thing occurring; but even if the bill injured them to a much less degree, we still ought to consider the matter and have a full hearing on the matter in the committee next month.

There is another suggestion in the letter which the Senator from Utah has handed to me, and it refers to an endorsement and guarantee on the amount above 80 percent of any of these 90-percent loans. I will say to the Senator that the subcommittee of which I am chairman adopted such a provision and recommended it to the full committee, and the full committee, by a very close vote, rejected it. There is a legitimate difference of opinion about that matter. The reason why it was rejected was because we thought so many contractors and builders are of such questionable responsibility that it would not do very much good, but that in every case it would slow down and make the operation more difficult; and the committee came to the conclusion that in the emergency which we feel we are in, in endeavoring to revive the building industry we would not be justified in encumbering the measure with that provision. The committee did consider it most carefully, however, and almost adopted it.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. VANDENBERG. If there is any appreciable sentiment in the committee in favor of requiring endorsement on 15 or 20 percent of the loan, I should think there would be a very substantial committee sympathy with the proposition to cut the insurance from 100 percent to 95 percent or 90 percent. What does the Senator say about that?

Mr. BULKLEY. What I say about that is that we have had a great deal of controversy on that point insofar as it affects the larger loans under section 207, and with respect to that we did in effect reduce the amount to 95 percent. We provide that the lender, in case of a default on the large mortgages, may, on request of the Administrator, assign the mortgage with all of the accompanying claims to the Administrator and be relieved of the cost of foreclosure, but will receive in debentures only 95 percent of the amount of the claim; and that is precisely what we have recommended in the bill.

With respect to the smaller loans, we though such action was not necessary for the reason that I have already outlined—that in those cases the lender has to go to the expense and risk of foreclosure and getting a good title, and we thought that was enough penalty for him.

Mr. VANDENBERG. The Senator would resist an amendment to reduce the insurance to 95 percent in the smaller brackets of loans?

Mr. BULKLEY. I should, on the ground that the committee has carefully considered it and thought there was enough penalty in those cases. I will say to the Senator from Michigan, however, that I do not think it would be a very material amendment. I do not think it would hurt the operation very much.

Mr. KING. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. KING. I apologize for interrupting the Senator's very admirable address, but I am very much concerned in regard to the point made in the letter I handed the Senator from Mr. Dye. I received a telegram from one of the leading builders in my State. I am advised that he is one of the officers of one of the companies engaged in building, and so on. He states as follows:

The situation seems obvious that the pending bills—

Speaking of the House and the Senate bills—

without some amendments—

Those are the amendments suggested, I think, in the letter to which I have referred—

will destroy the whole Federal savings and loan set-up, resulting in loss of the entire source of home financing, and probable loss to Government on insurance of shares. Associations just beginning to attract flow of private money for lending, and confidence is restored by insurance of shares and membership in Federal home loan bank system, and able to pay dividends. Any step which sets back this recovery means step toward continued public financing rather than private financing of whole housing situation.

S. P. DOBBS.

I commend this telegram to the attention of the members of the committee, because I know that this man is earnest and sincere, and he knows the building business.

Mr. BULKLEY. Of course, I would not question his sincerity, but I can assure the Senator that there is not a single member of our committee who would agree with that judgment. We certainly went over the suggestions very carefully, and we do not agree that the bill as reported is going to be of any substantial detriment to the building and loan associations.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. COPELAND. Is the bill so safeguarded that a speculative builder could not get a loan under it to build a dozen houses to rent or sell?

Mr. BULKLEY. It is safeguarded so far as one can safeguard such a thing by law. It is a question of administration and inspection. The Administrator is charged with the duty of inspecting and protecting us against such things.

Mr. COPELAND. Then when that inspection is made there will actually be an inquiry as to the prospective owner and his circumstances, so that there will be as good assurance as can be had that it is really a bona fide home-building proposal?

Mr. BULKLEY. Yes. Construction loans, I will say, are authorized to be made in advance of the knowledge of identity of individual purchasers. A concern might make a construction loan under section 210 to build a series of houses before it knew to whom it was going to sell the houses. When the houses were ultimately sold to the home owners, of course, the identity of the individual home owners would be disclosed, and their responsibility would be subject to reasonable check.

Mr. COPELAND. Suppose such a builder were to build 10 houses at $5,000 each, or a total of $50,000. How much could he borrow to begin with?

Mr. BULKLEY. $40,000; 80 percent of the total.

Mr. COPELAND. And it would simply be the decency and good standing of the individual who applied for the loan which would determine whether or not it would be granted?

Mr. BULKLEY. The decency and good standing of the individual, plus the Administrator's judgment as to the value of the property and the appropriateness of the development.

Mr. COPELAND. Then, as a matter of fact under that plan could not a speculative builder proceed to put up 10 houses, although at the time he had no thought as to who would buy those houses, and ultimately they might be left upon his hands, and the Government have a loss accordingly?

Mr. BULKLEY. He certainly could build them without knowing the identity of the purchasers, but the likelihood of his doing it in an ill-advised way is safeguarded in three different ways. In the first place, he does not want to make the commitment and put his own investment into it and be stuck with the houses. In the second place, the lender of the money would not want such a thing to happen, and would recheck against it. In the third place, the Administrator, who has to insure the loan, would make a further check. So we have at least a triple check against it.

Mr. COPELAND. I thank the Senator.

Mr. McGILL. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. BULKLEY. I yield.

Mr. McGILL. I should like to understand better than I do the provision on page 45 with reference to the insurance of $16,000 mortgages on dwellings designed for residential use for not more than four families. I observe that there is no provision within that paragraph making it applicable to buildings under construction or which may have been constructed or the construction of which is begun in 1937. I should like to know whether or not under this provision a mortgage of not to exceed $16,000 could be insured regardless of when the building was constructed. In other words, could there be insured an old mortgage that had been in existence for a period of several years on that type of building?

Mr. BULKLEY. That may be done under existing law; but by the provisions of this bill that is made to cease as of July 1, 1939.

Mr. McGILL. But up until July 1, 1939, a mortgage covering a building adapted to the use of four families up to an amount of $16,000 could be insured regardless of when the building was constructed or when the mortgage indebtedness was incurred?

Mr. BULKLEY. That is correct.

Mr. COPELAND. Mr. President, will the Senator yield to me once more?

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from New York?

Mr. BULKLEY. I yield.

Mr. COPELAND. I regret to encroach upon the time of the Senator, but he made reference to section 210. I observe on page 76, line 2, that in such a speculative building scheme—I called it that before—the number provided is 25 single-family dwellings. Why was the number placed at 25 instead of 10, we will say?

Mr. BULKLEY. There again there is no certainty that one figure has any magic in it. Twenty-five was considered to be the lowest number that could well be built on a wholesale scale, and the section contemplates the wholesale construction of houses.

Mr. COPELAND. If the Senator will permit me, the purpose of this bill is to encourage home ownership. My judgment is that the so-called speculative builder might not be capable of putting up 25 houses when he might be capable of erecting 10. Would the Senator see any objection to changing the number 25 to 10?

Mr. BULKLEY. Again, while I do not think that would wreck the bill, it is the judgment of the Administrator that 25 is a better minimum because it insures a more economical operation.

Mr. COPELAND. That may be true, but I can see that in a small community, a small city or town, there might be ready sale or use for 10 dwellings when 25 would be altogether out of thought; that would be too great a number altogether. I am quite earnest when I say that, in my opinion, the number should be reduced, perhaps, to 10.

Mr. BULKLEY. I think I have said all I can about it. The best judgment we were able to obtain was that 25 was a better number, though I could not say that 24 would be fatal or that 10 would be fatal.

Mr. COPELAND. Does the Senator see some virtue in what I have stated?

Mr. BULKLEY. I see the Senator's point of view, but I think the other point of view is a better one.

Mr. COPELAND. I am not so sure about that. I think we could have 10 groups of 10 houses built before we could have four groups of 25 houses built. I believe that the benefit of the bill, if that change were made, would reach down into the smaller communities and reach families who, perhaps, in many ways would be better qualified to carry the burden later when they asumed it. In the city of New York, for instance, there are few people who own their own homes. As I remember, 93 percent of the homes in New York are rented. This bill is not going to do much good, at least, this feature of it, in New York City, although it might accomplish good in certain suburbs and outlying sections of the city. Consider a smaller city in my State, a city such as Port Jervis, for example. It would be absurd to erect 25 houses when it might be wise and provide all the benefits of the bill if a group of 10 could be built.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield on that point?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Washington?

Mr. BULKLEY. I yield.

Mr. SCHWELLENBACH. There is no reason why the Administrator, if he felt that it was necessary to have 25 buildings erected, could not refuse to approve a loan for, say, less than 25 if the limit was only 10 as suggested by the Senator from New York.

Mr. BULKLEY. I think that is true.

Mr. COPELAND. But, if the Senator will permit me, the bill says:

> Covering property upon which there is to be constructed one or more multifamily dwellings or a group of not less than 25 single-family dwellings.

Mr. SCHWELLENBACH. I am suggesting that if the number were changed to 10 the Administrator could still refuse to insure a loan if he thought that 25 were necessary. There is nothing mandatory about it.

Mr. BULKLEY. I think that is true. Frankly, the matter never was considered by the committee. We simply took expert advice on it.

Mr. COPELAND. At the proper time, if I may, I am going to propose that the number be changed to 10 instead of 25. I think it would be a benefit.

Mr. BULKLEY. I do not think that is material; I do not think it makes much difference.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. WAGNER. So far as New York City is concerned, in the Queens County section there have been built, under the present law, with the 80-percent loan provision, about 25 percent of all the homes that have been built in the United States in recent years. So that New York City has been benefited directly by the present act, and it seems to me it will benefit a little more by the pending bill.

Mr. COPELAND. Mr. President, may I ask a colleague does he not feel that in Queens and the outskirts of the Bronx there would be a greater prospect for the erection of buildings if the group were cut to 10 instead of 25?

Mr. WAGNER. The Senator means under the provision for $200,000 loans in section 210?

Mr. COPELAND. Yes.

Mr. WAGNER. I see no objection to that. I feel, after all, it is within the discretion of the Administrator as to whether or not he will insure the loan at all. I think the Senator from Ohio and I will agree to accept that amendment.

Mr. COPELAND. Is it proper now to offer it?

Mr. BULKLEY. I ask unanimous consent that the amendment may be offered now.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio that the amendment offered by the Senator from New York be now considered? The Chair hears none, and the clerk will state the amendment to the committee amendment.

The LEGISLATIVE CLERK. In the committee amendment, on page 76, line 2, it is proposed to strike out "25" and insert "10."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. BULKLEY. Mr. President, I have no desire to consume the time of the Senate further. I think all the important phases of the bill have been covered, but the details are entirely too numerous to be discussed in a brief compass on the floor.

Mr. BRIDGES. Mr. President, I have listened to the remarks of the senior Senator from Ohio [Mr. BULKLEY] in his explanation of the bill. I differ with him in one very material respect, and that is the elimination of title I of the Federal Housing Act. It seems to me, in view of the President's recommendation, plus the action of the other House, particularly as many Members of that body have now journeyed to their homes, that if we are going to enact housing legislation at the present special session, we should keep faith with title I of the present act.

I have heard the remarks made by the distinguished Senator as to certain organizations and associations which will stand to benefit by title I. May I read into the RECORD a letter from the National Retail Lumber Dealers' Association, which most of the Members of this body have received today and which deals with this subject in a rather concrete way? The letter is written and signed by Mr. Frank Carnahan, Washington, D. C., secretary of the National Retail Lumber Dealers' Association, and reads as follows:

NATIONAL RETAIL LUMBER DEALERS ASSOCIATION,
Washington, D. C., December 20, 1937.

Subject: Amendments to National Housing Act.
Hon. H. STYLES BRIDGES,
United States Senate, Washington, D. C.

MY DEAR SENATOR: The Senate will be called upon today to pass amendments to the National Housing Act, all of which are proclaimed to the public as a means to end the depression, to build thousands of homes, and to put millions of men to work. With the clicking of cameras and the flashing of bulbs, the Senate Banking and Currency Committee yesterday completed its colossal task of reporting out a bill with recommendations which, in our opinion, will have little, if any, effect on the building situation. The Senate Banking and Currency Committee has deleted from the administration's bill the most important and the only section, in our opinion, that would do any good—that is, the section which would have renewed title I of the National Housing Act providing for modernization and repairs. This one section of the act, we are confident, if renewed, would influence modernization and repair work to the extent of over $300,000,000 this next year, with a nominal cost to the Government.

In our opinion, all the rest of the features of the proposed amendment are pure bunk when it comes to any effect they may have on stimulating building. Why mislead the public about 90-percent loans when under the present act there is a provision for 80-percent loans, yet the average loan under the F. H. A. today is only 71 percent? Perhaps, if the limitation is raised to 90 percent, we may reach a high average of 75 percent, but if 90-percent loans are so desirable now, why has not the Federal Housing Administration been making 80-percent loans?

By elimination of title I, renewal of which was recommended by the President in his message to Congress, and which, in our opinion, has been the only feature of the F. H. A. that has been entirely successful, the Senate Banking and Currency Committee has, in our opinion, taken away the one feature that might have stimulated use of materials and put men to work.

It may be stated to you that the need for this section of the act has expired. This is not a true statement of fact. There is a tremendous demand for modernization and improvements on run-down property, and the citizens of the country are today in better position to assume credit responsibilities to make these improvements than they were 3 years ago; yet, in 1935–36, when the original title I was in effect, over $560,000,000 worth of repair work was done—and the ratio of net loss on this amount of business was 1.16, as stated by Stewart McDonald, on page 19 of the hearings on the housing bill before the House Banking and Currency Committee.

This association, together with 15 other national associations representing the entire building industry, has repeatedly tried to impress upon Federal Housing Administrator McDonald and the Congress that they should do something to renew this work. If the purpose is to move goods and increase employment, do not pass this proposed legislation without extending title I. This office has

been deluged with telegrams and long-distance calls from small industrial banks and lending institutions which are eager to go ahead and make loans as they previously did under title I, urging the cooperation of the building industry to properly present this matter to Congress. But pressure against renewal is coming from larger financial institutions, which have gone into this modernization feature since it expired last April and are today charging $7 and $8 discount, or interest of 14 to 16 percent, advising Congress that loans are being taken care of, and that there is no need for Government insurance. We say to you that there is this need, that there is this demand, and that you can only fulfill it by a continuation of the 10-percent guaranty under title I. The mere fact that the Government is behind it will lend confidence to the citizens of the country, and they will go ahead again and make needed repairs. The House Banking and Currency Committee unanimously adopted renewal of title I. These Representatives know the true situation in all the outlying districts of the Nation, and they know that there is this demand.

There are two things that will revive the building industry today; one is the renewal of title I, and the other is some small encouragement to private industry to concentrate on $1,500 to $3,000 homes, which is fully 75 percent of our demand today. We are proud to say to you that the retail lumber dealers of this country have built thousands upon thousands of this class of homes during the last 2 or 3 years, and if initial mortgage money and liberalization of property restrictions could be secured, we could build many more thousands during the next several years. We have during the past year built fine quality houses throughout the United States with an average selling price, including lot, as follows:

4-room house	$3,165
5-room house	3,555
6-room house	3,858

And we will build thousands more if you will give us the little encouragement needed.

Very truly yours,

FRANK CARNAHAN, *Secretary.*

Mr. PEPPER. Mr. President, I send to the desk an amendment, which I offer.

The VICE PRESIDENT. The Senator from Florida offers an amendment.

Mr. BRIDGES. Just a moment. I have the floor yet.

The VICE PRESIDENT. The Chair begs the Senator's pardon.

Mr. BRIDGES. I have received many communications from my section of the country, and the manifest interest is in a renewal of title I of the Federal Housing Act. To that end I offer the amendment which I send to the desk and ask to have read.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. 13. Section 2 of title I of the National Housing Act is hereby reenacted and as so reenacted is amended (1) by striking out "April 1, 1936, and prior to April 1, 1937", and inserting in lieu thereof "the date of the enactment of the National Housing Act amendments of 1937 and prior to July 1, 1939", and (2) by striking out "$100,000,000" and inserting in lieu thereof "$125,000."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Hampshire to the committee amendment in the nature of a substitute.

Mr. BRIDGES. On that I ask for the yeas and nays.

Mr. BARKLEY. Mr. President, I desire to ask the Senator from Ohio [Mr. BULKLEY] with respect to the proposal of the Senator from New Hampshire. The House bill contains a provision for the revival of title I. Is not the substitute proposed by the Senate committee the same as the text of the House bill except for the amendments inserted therein by the Senate committee, eliminating that title? Is not the simplest way to get a vote on that proposal simply by disagreeing to that part of the Senate committee amendment which eliminates the proposal to revive title I of the House bill?

Mr. BULKLEY. Mr. President, I do not think there is any way to do that, because the Senate committee amendment is one amendment in the nature of a substitute.

Mr. PEPPER. Mr. President, a parliamentary inquiry. I have on the desk an amendment to the bill now before the Senate, which is an amendment proposing to revive title I, which is the House provision on that subject. May I not offer that as a substitute for the amendment offered by the Senator from New Hampshire?

The VICE PRESIDENT. The Senator may do so.

Mr. PEPPER. Very well. I offer an amendment as a substitute for the amendment of the Senator from New Hampshire.

The VICE PRESIDENT. The clerk will report the amendment in the nature of a substitute offered by the Senator from Florida for the amendment of the Senator from New Hampshire.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following:

SEC. 13. Section 2 (a) of the National Housing Act, as amended, is further amended—

(a) By striking out the words "April 1, 1936, and prior to April 1, 1937" in the first sentence of such subsection and inserting in lieu thereof the words "the date of the enactment of the National Housing Act amendments of 1937 and prior to July 1, 1939";

(b) By striking out from such sentence the words "additions upon improved" and inserting in lieu thereof the words "improvements upon urban or rural";

(c) By striking out from such sentence the words "and the purchase and installation of equipment and machinery upon such real property,";

(d) By striking out the last two sentences of such section and inserting in lieu thereof the following: "In no case shall the insurance granted by the Administrator under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after the date of the enactment of this act exceed 10 percent of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, shall not exceed in the aggregate $100,000,000."

SEC. 14. Section 2 (b) of such act, as amended, is further amended to read as follows:

"(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it, if the amount of such loan, advance of credit, or purchase exceeds $10,000 with respect to loans, advances, or purchases for financing repairs, alterations, or improvements upon existing structures, or exceeds $2,500 with respect to loans, advances, or purchases for financing the building of new structures, nor unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Florida [Mr. PEPPER] in the nature of a substitute for the amendment of the Senator from New Hampshire [Mr. BRIDGES]. [Putting the question.] The ayes seem to have it.

Mr. BULKLEY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Pittman
Andrews	Dieterich	Lodge	Pope
Ashurst	Donahey	Logan	Radcliffe
Austin	Duffy	Lonergan	Russell
Bailey	Ellender	Lundeen	Schwartz
Bankhead	Frazier	McAdoo	Schwellenbach
Barkley	George	McCarran	Sheppard
Borah	Gerry	McGill	Shipstead
Bridges	Gibson	McKellar	Smathers
Brown, N. H.	Graves	McNary	Steiwer
Bulkley	Green	Maloney	Thomas, Utah
Bulow	Hale	Miller	Townsend
Burke	Hatch	Minton	Vandenberg
Byrd	Hayden	Murray	Van Nuys
Capper	Herring	Neely	Wagner
Caraway	Hitchcock	Norris	Walsh
Chavez	Holt	Nye	Wheeler
Connally	Johnson, Colo.	O'Mahoney	White
Copeland	King	Pepper	

The VICE PRESIDENT. Seventy-five Senators have answered to their names. A quorum is present. The question is on the amendment in the nature of a substitute offered by the Senator from Florida for the amendment of the Senator from New Hampshire.

Mr. BULKLEY. On that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. STEIWER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. STEIWER. Am I correct in understanding that the question is on a substitute for the amendment of the Senator from New Hampshire and that the substitute is the text of the House bill relating to title I?

The VICE PRESIDENT. The Chair so understands. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. VANDENBERG (when his name was called). On this question I have a pair with the senior Senator from Illinois [Mr. LEWIS]. Not knowing how he would vote if present, I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. HALE (after having voted in the negative). Has the Senator from South Carolina [Mr. BYRNES] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. HALE. I have a general pair with the Senator from South Carolina. I understand, however, that if he were present he would vote as I have voted. Therefore I will allow my vote to stand.

Mr. SHIPSTEAD. I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I do not know how he would vote if present, and therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. BARKLEY. I announce the unavoidable absence of the Senator from North Carolina [Mr. REYNOLDS], who is in attendance upon the Interstate Commerce Commission on official business, and state that if present he would vote "yea."

Mr. McKELLAR (after having voted in the affirmative). I understand that my general pair, the Senator from Delaware [Mr. TOWNSEND], is not present. I transfer my pair with him to the senior Senator from Louisiana [Mr. OVERTON], and will let my vote stand.

Mr. McNARY (after having voted in the affirmative). I have a general pair with the Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the Senator from California [Mr. JOHNSON], and will allow my vote to stand.

Mr. BARKLEY. The Senator from Pennsylvania [Mr. GUFFEY] is detained in a conference at the White House.

Mr. MINTON. I announce that the Senator from Tennessee [Mr. BERRY] and the Senator from Delaware [Mr. HUGHES] are absent from the Senate because of illness.

The Senator from Mississippi [Mr. BILBO], the Senator from Washington [Mr. BONE], the Senator from Michigan [Mr. BROWN], the Senator from South Carolina [Mr. BYRNES], the Senator from Missouri [Mr. CLARK], the Senator from Iowa [Mr. GILLETTE], the Senator from Virginia [Mr. GLASS], the Senator from Alabama [Mrs. GRAVES], the Senator from Mississippi [Mr. HARRISON], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LEWIS], the Senator from Arkansas [Mr. MILLER], the Senator from New Jersey [Mr. MOORE], the Senator from Louisiana [Mr. OVERTON], the Senator from South Carolina [Mr. SMITH], the Senator from Oklahoma [Mr. THOMAS], the Senator from Missouri [Mr. TRUMAN], the Senator from Maryland [Mr. TYDINGS], and the Senator from Montana [Mr. WHEELER] are unavoidably detained.

The result was announced—yeas 46, nays 22, as follows:

YEAS—46

Andrews	Davis	La Follette	Pepper
Austin	Dieterich	Lodge	Pittman
Bankhead	Duffy	Logan	Pope
Barkley	Ellender	Lonergan	Russell
Borah	George	McAdoo	Schwartz
Bridges	Gibson	McCarran	Sheppard
Brown, N. H.	Green	McKellar	Thomas, Utah
Bulow	Hatch	McNary	Van Nuys
Capper	Hayden	Minton	Wagner
Caraway	Herring	Murray	Walsh
Chaves	Hitchcock	Nye	
Copeland	Johnson, Colo.	O'Mahoney	

NAYS—22

Adams	Connally	King	Radcliffe
Ashurst	Donahey	Lundeen	Schwellenbach
Bailey	Frazier	McGill	Smathers
Bulkley	Gerry	Maloney	Steiwer
Burke	Hale	Neely	
Byrd	Holt	Norris	

NOT VOTING—28

Berry	Glass	Lewis	Thomas, Okla.
Bilbo	Graves	Miller	Townsend
Bone	Guffey	Moore	Truman
Brown, Mich.	Harrison	Overton	Tydings
Byrnes	Hughes	Reynolds	Vandenberg
Clark	Johnson, Calif.	Shipstead	Wheeler
Gillette	Lee	Smith	White

So Mr. PEPPER's amendment in the nature of a substitute for Mr. BRIDGES' amendment was agreed to.

The VICE PRESIDENT. Without objection, the amendment of the Senator from New Hampshire, as amended, will be agreed to.

Mr. LODGE. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Massachusetts will be stated.

The CHIEF CLERK. On page 77 in the committee amendment, it is proposed to strike out all of lines 17 to 19, inclusive, and to insert in lieu thereof the following:

SEC. 211. The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title: *Provided*, That the rates of pay for persons employed upon the construction of property covered by a mortgage insured under this title shall be not less than prevailing rates of pay for work of a similar nature in the same locality, as determined by the Department of Labor with the approval of the President: *Provided further*, That adequate labor standards shall be maintained on all construction of property covered by a mortgage insured under this title.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. LODGE] to the amendment reported by the committee.

Mr. LODGE. I call for the yeas and nays.

The yeas and nays were not ordered.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Pittman
Andrews	Dieterich	Lodge	Pope
Ashurst	Donahey	Logan	Radcliffe
Austin	Duffy	Lonergan	Reyno'ds
Bailey	Ellender	Lundeen	Russell
Bankhead	Frazier	McAdoo	Schwartz
Barkley	George	McCarran	Schwellenbach
Borah	Gerry	McGill	Sheppard
Bridges	Gibson	McKellar	Shipstead
Brown, N. H.	Graves	McNary	Smathers
Bulkley	Green	Maloney	Steiwer
Bulow	Hale	Miller	Thomas, Utah
Burke	Hatch	Minton	Townsend
Byrd	Hayden	Murray	Vandenberg
Capper	Herring	Neely	Van Nuys
Caraway	Hitchcock	Norris	Wagner
Chavez	Holt	Nye	Walsh
Connally	Johnson, Colo.	O'Mahoney	Wheeler
Copeland	King	Pepper	

The VICE PRESIDENT. Seventy-five Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. LODGE] to the amendment reported by the committee.

Mr. McNARY. I call for the yeas and nays.

Mr. PITTMAN. Mr. President, I should like to have the amendment restated.

The VICE PRESIDENT. The clerk will again state the amendment.

The amendment was restated.

Mr. CONNALLY. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. I make the point of order that the amendment has already been rejected.

The VICE PRESIDENT. The Chair thinks that to so hold would be taking an advantage. The Chair announced that not sufficient hands were raised to second the demand for the yeas and nays, and that was officially the decision of the Chair. The Senator from Oregon asked for a quorum, and after a quorum developed the Chair is of opinion that he must give the Senate an opportunity to say whether it desires to have the yeas and nays called.

Mr. CONNALLY. The Senator from Texas made the point of order because as a matter of fact a quorum was

present. The rule provides that one-fifth of those present must second a demand for the yeas and nays before the yeas and nays may be ordered. The fact that not a sufficient number seconded the demand for the yeas and nays in nowise is proof that there was not a quorum present, and the presumption is that there was a quorum present, because there had just been a quorum call, and the presumption that there is a quorum present continues up to the time when the absence of a quorum is suggested.

The VICE PRESIDENT. The Senator states an obvious truth. However, the Senate of the United States has a rule which the Chair must observe. Seventy-five Senators answered to their names on the recent roll call. Immediately the yeas and nays were demanded. It was the duty of the Chair to determine whether a sufficient number seconded the demand, and the Chair performed that duty.

Mr. NORRIS. Mr. President, I do not desire to take the time of the Senate in discussing the amendment, but I should like to inquire of the Senator from New York or the Senator from Ohio what the objection to the amendment is. The amendment strikes me as containing a very good proposal. If there is any reason why it should not be put into the bill, I should like to hear it.

Mr. WAGNER. The Senator did not understand me to make any objection to it. I made no objection. I propose to vote for the amendment if there is a roll call.

Mr. NORRIS. I did not so understand.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Several Senators demanded the yeas and nays.

The VICE PRESIDENT. Is the demand seconded? The Chair is of opinion that not a sufficient number second the demand.

Mr. McNARY. The roll call showed 75 Senators responding.

The VICE PRESIDENT. Seventy-five Senators answered to their names, and 12 hands were raised to second the demand for the yeas and nays.

SEVERAL SENATORS. Regular order!

The VICE PRESIDENT. The Chair undertakes always to preside in a constitutional manner and tries to be fair and accurate. This is a constitutional matter, and the Chair counted as accurately as he knew how.

Mr. McNARY. I appreciate that, but we are all given to making errors now and then. I think probably the count the clerk made was not quite accurate. I now ask for a standing count.

Mr. KING. Regular order.

The VICE PRESIDENT. Of course, the Chair admits that the Senator from Oregon [Mr. McNARY] is correct in stating that errors do occur.

Mr. McNARY. Mr. President, only 15 were necessary in order to require a roll call.

The VICE PRESIDENT. The Senator is correct.

Mr. McNARY. And the Senator from Oregon counted 17.

The VICE PRESIDENT. In view of the statement of the Senator from Oregon——

Mr. BARKLEY. Mr. President, under the rules of the Senate, whose duty is it to count, the duty of the Senator from Oregon or of the Vice President?

The VICE PRESIDENT. The rules do not provide anything about it. It happens that there are no rules on the question. When the present occupant of the Chair came to the Senate it had been the custom for a number of years, the Chair was informed, for the clerk to do the counting. The Chair submitted the matter to the Senate once before, being of opinion that it was his duty to do the counting, and the Senate acquiesced. If the Senate desires to have the clerk do the counting in the future, in view of the suggestion that the Chair has made an error this afternoon, the present occupant of the Chair will be very glad to be relieved of that duty.

Mr. McNARY. Mr. President, I do not allege that the Chair made an error. Perhaps I have. But in view of the charges and counter charges, I think my request for a standing count should be granted.

The VICE PRESIDENT. The Chair thinks that in view of the Senator's positive statement that he counted 17 hands, there should be a recount.

Mr. CONNALLY. Mr. President, I make the point of order that the Chair has announced the count, and that the action of the Chair can only be overruled on an appeal from the decision of the Chair, and not in this fashion.

The VICE PRESIDENT. The present occupant of the Chair thinks he has discretion in the premises. If the Senator from Texas thinks otherwise, and he desires to make a point of order and the Senate desires to debate it, the Chair will be very glad to have that done. The Chair would like to be relieved of this responsibility as far as possible, but whenever the Constitution requires action on the part of the Senate, it occurs to the Chair that it is his duty to see that the constitutional provision is carried out so far as possible, and that is why the Chair took the responsibility of counting, to see whether one-fifth of those present were in favor of having a roll call, because if so, under the Constitution they were entitled to a roll call.

Mr. BORAH. Mr. President, may I ask what is before the Senate at this time?

The VICE PRESIDENT. The Senator from Oregon has asked that the Chair make a recount.

Mr. BORAH. I thought that had been disposed of, and I was about to discuss the amendment.

The VICE PRESIDENT. No; it has not been disposed of. The Chair asks that those seconding the demand for the yeas and nays raise their hands and keep them raised until they are counted. [After counting.] A sufficient number of hands is raised, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON], which I transfer to the senior Senator from California [Mr. JOHNSON] and vote "yea."

Mr. SHIPSTEAD (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am not informed as to how that Senator would vote if he were present, and I withhold my vote. If permitted to vote, I would vote "yea."

Mr. VANDENBERG (when his name was called). On this vote I have a pair with the senior Senator from Illinois [Mr. LEWIS]. Not knowing how he would vote, in his absence I withhold my vote.

The roll call was concluded.

Mr. HALE. I have a general pair with the junior Senator from South Carolina [Mr. BYRNES], who is absent, but I am informed that if present he would vote as I intend to vote. I vote "yea."

Mr. MINTON. I announce that the Senator from Tennessee [Mr. BERRY] and the Senator from Delaware [Mr. HUGHES] are absent because of illness.

The Senator from Florida [Mr. ANDREWS], the junior Senator from Mississippi [Mr. BILBO], the Senator from Washington [Mr. BONE], the Senator from Michigan [Mr. BROWN], the junior Senator from South Carolina [Mr. BYRNES], the senior Senator from Missouri [Mr. CLARK], the Senator from Iowa [Mr. GILLETTE], the Senator from Virginia [Mr. GLASS], the senior Senator from Mississippi [Mr. HARRISON], the junior Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. MCADOO], the Senator from Nevada [Mr. MCCARRAN], the Senator from New Jersey [Mr. MOORE], the Senator from Louisiana [Mr. OVERTON], the senior Senator from South Carolina [Mr. SMITH], the senior Senator from Oklahoma [Mr. THOMAS], the junior Senator from Missouri [Mr. TRUMAN], and the Senator from Maryland [Mr. TYDINGS] are unavoidably detained.

Mr. BARKLEY. The Senator from Pennsylvania [Mr. GUFFEY] is detained in a conference at the White House.

The result was announced—yeas 51, nays 17, as follows:

YEAS—51

Adams	Dieterich	Johnson, Colo.	Pepper
Austin	Donahey	La Follette	Pittman
Bankhead	Duffy	Lodge	Pope
Barkley	Ellender	Lonergan	Reynolds
Borah	Frazier	McGill	Schwartz
Bridges	Gerry	McKellar	Sheppard
Bulkley	Gibson	McNary	Smathers
Capper	Graves	Maloney	Thomas, Utah
Caraway	Green	Murray	Van Nuys
Chavez	Hale	Neely	Wagner
Connally	Hayden	Norris	Walsh
Copeland	Hitchcock	Nye	Wheeler
Davis	Holt	O'Mahoney	

NAYS—17

Bailey	George	Lundeen	Schwellenbach
Brown, N. H.	Hatch	Miller	Steiwer
Bulow	Herring	Minton	
Burke	King	Radcliffe	
Byrd	Logan	Russell	

NOT VOTING—28

Andrews	Clark	Lee	Smith
Ashurst	Gillette	Lewis	Thomas, Okla.
Berry	Glass	McAdoo	Townsend
Bilbo	Guffey	McCarran	Truman
Bone	Harrison	Moore	Tydings
Brown, Mich.	Hughes	Overton	Vandenberg
Byrnes	Johnson, Calif.	Shipstead	White

So, Mr. LODGE's amendment to the amendment of the committee was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 50, after line 18, it is proposed to insert:

(d) The Administrator is authorized to insure, pursuant to the provisions of this section, any mortgage which (A) covers a farm upon which a farm house or other farm buildings are to be constructed or repaired, and (B) otherwise would be eligible for insurance under the provisions of paragraph (b) of this section: *Provided*, That (1) the construction and repairs to be undertaken on such farm shall involve the expenditure for materials and labor of an amount not less than 15 percent of the total principal obligation of said mortgage; (2) the mortgagor shall establish that he cannot obtain credit on equally advantageous terms from any private- or public-lending agency or institution; and (3) the Secretary of Agriculture, or his designee, shall certify that the farm if operated on a sound farm management basis can reasonably be expected to yield a return sufficient to enable the mortgagor to operate the farm and to amortize the mortgage indebtedness in accordance with its terms.

Mr. LA FOLLETTE. Mr. President, there is practical unanimity of feeling, so far as I am aware, that if possible some opportunity should be afforded to enable this measure to operate in the rural communities. We are all aware of the appalling conditions in many rural localities with respect to housing. I believe that the language proposed by my amendment provides a practical means of making this measure applicable to the rural communities. I have conferred with the Senators in charge of the bill, and I feel sure they will accept the amendment.

Mr. WAGNER. Mr. President, I agree with what the Senator from Wisconsin has said; and, speaking for the Senator from Ohio [Mr. BULKLEY] and myself, we accept the amendment.

Mr. MALONEY. Mr. President, will the Senator yield so that I may ask him a question?

Mr. LA FOLLETTE. I yield.

Mr. MALONEY. Will this amendment, if adopted, provide that the farmer may get a loan on his farm and a new dwelling in excess of the cost of the dwelling?

Mr. LA FOLLETTE. No. The reason for inserting the words "not less than 15 percent" is simply to indicate that the situation which it will be necessary to take into consideration on a farm is that there is more land there than there will be in an urban community where this bill is to apply, and, of course, the regulations will take care of the situation and properly safeguard it. The Senator realizes that a very different rule must be applied when the larger acreage on the farm is considered in relation to the value of the buildings to be constructed upon the farm.

Mr. MALONEY. But I understand from the Senator that it is not his intention to provide that there may be a loan on new farm construction in excess of the cost of the building or buildings.

Mr. LA FOLLETTE. If this measure is to operate in rural communities we must take into consideration the fact that the farmer owns a much larger percentage of land in proportion to the building than is the case in the urban centers.

Mr. MALONEY. I am afraid I do not make myself clearly understood. What I fear is that the farmer may have a farm in the form of a building lot valued at $5,000, and he may build a house valued at $1,000. I am wondering if he may get a loan on the combined $5,000 and $1,000 value.

Mr. LA FOLLETTE. The intent of the amendment is to permit the responsible authority to take into consideration the land value involved in an operation in a rural community just as they take into consideration the land value in an operation in an urban community.

Mr. MALONEY. Then, in view of that explanation, I shall have to base my vote on the assumption that under this F. H. A. set-up we are willing to loan a farmer money far in excess of the value of the building he may construct.

Mr. LA FOLLETTE. That is not the intent, I may say; but if the Senator will consider the problem further, he will see that a very different situation exists insofar as the rural problem is concerned than that with respect to an urban community. It is only to take care of that condition that the "not less than 15 percent" provision has been placed in the amendment.

Mr. O'MAHONEY. Mr. President, is it not a question of security?

Mr. LA FOLLETTE. It is. That is correct.

Mr. O'MAHONEY. And the security which is provided with respect to an urban dwelling and with respect to a rural dwelling is exactly the same?

Mr. LA FOLLETTE. That is correct.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 63, line 21, after the word "associations", it is proposed to insert—

Cooperative societies which are legal agents of owner-occupants.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD] to the committee amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee as amended.

The amendment of the committee as amended was agreed to.

The VICE PRESIDENT. The question is, Shall the amendment be engrossed and the bill be read a third time?

The amendment was ordered to be engrossed and the bill to be read a third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. STEIWER. Mr. President, I wonder if I may not have unanimous consent to call attention to page 49, line 7, where there appears to be an incongruity as to the meaning of the words "such premium." I invite the attention of the Senator from New York [Mr. WAGNER] to that matter. Would the Senator be agreeable to inserting the word "all" before the word "such", so that it would clearly show that the premiums referred to are all the premiums in that section and not merely those referred to in the three preceding lines?

Mr. WAGNER. There is a possibility, Mr. President, that a rather strict construction may be put upon the word "such" so as to include only one type of premium, and the amendment suggested by the Senator from Oregon really ought to be made in the interest of clarity.

Mr. STEIWER. Mr. President——

Mr. WAGNER. Mr. President, I ask unanimous consent——

Mr. STEIWER. I defer to the chairman of the committee.

Mr. WAGNER. I ask unanimous consent that the word "such" be eliminated and that there be substituted therefor the words "all such."

Mr. STEIWER. I say to the Senator from New York that I discussed the matter with the counsel for the Federal Housing Administration, and he suggested merely the insertion of the word "all" before the word "such."

Mr. WAGNER. It would be necessary to have the word "such" stricken out, and the words "all such" inserted.

Mr. STEIWER. Very well. I ask unanimous consent to have that amendment to the committee amendment considered.

The VICE PRESIDENT. Is there objection to the unanimous-consent request of the Senator from Oregon [Mr. STEIWER]? The Chair hears none. The question is on the amendment of the Senator from Oregon [Mr. STEIWER] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. DAVIS. Mr. President, I have listened attentively to the remarks made by the eminent Senators from New York and Ohio [Mr. WAGNER and Mr. BULKLEY] in respect to the possible influence which this measure may have on the building and loan associations. They have indicated their belief that the bill will have no adverse influence on those associations, and this point of view has been confirmed by discussion, following questions asked by the Senator from New York [Mr. COPELAND] and the Senator from Utah [Mr. KING].

There are thousands of my constituents in Pennsylvania whose home ownership has been and is being made possible only through building and loan associations, and I should not be willing to vote for this measure if it would place them in jeopardy. The Senator from New York [Mr. COPELAND] has indicated that at the beginning of the regular session of Congress he will bring to the floor any measures necessary to secure the rights of the building and loan associations. I shall join him in this matter.

Mr. President, I ask unanimous consent to have printed in the RECORD letters and telegrams received from the following persons whose interests are affected by this bill: William Reinhardt, president, Pennsylvania Building & Loan Associations; David G. Morgan, Allegheny County League of Building & Loan Associations; Norman E. Clark, New Castle Mutual Building & Loan Association; Samuel Stern, secretary, Philadelphia County League Building & Loan Associations; J. G. Good, secretary, Home Protective Savings & Loan Association; E. H. Stumpf, the Flintkote Co.; Robert T. Houlden, Pittsburgh, Pa.; D. C. Burns Realty & Trust Co.; Arthur F. Schmidt, Pittsburgh, Pa.; William Fischer, secretary, Spring Hill Building & Loan Association; Joseph Hermann, Monaca Federal Savings & Loan Association.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

PENNSYLVANIA LEAGUE OF
BUILDING & LOAN ASSOCIATIONS,
December 20, 1937.

Senator JAMES J. DAVIS,
Washington, D. C.

MY DEAR SENATOR: The Pennsylvania League of Building & Loan Associations, having the responsibility of investing the savings of 650,000 thrifty citizens of the Commonwealth of Pennsylvania, through our 1,250 member associations having assets totaling more than $600,000,000, respectfully request your consideration of the new housing legislation (H. R. 8520) from our practical side of the question.

Please consider the proposed housing legislation along the following lines:

1. Ninety-percent mortgage loans have always proved to be unsound. However, if 90-percent mortgages are to be made—and if it does encourage new construction, the construction industry will profit most. Therefore, why not require the construction industry to assume some of the liability by contributing to an insurance pool to insure the loans until the unpaid balance is reduced to 75 percent? Great Britain's 90-percent mortgage loans operate under a plan such as this.

2. Little savers must be encouraged by a reasonable return on their savings, otherwise thrift institutions will not have the money to make any mortgage loans. The Government's baby bonds pay 2.9 percent interest. We naturally pay more dividends than the Government. Reducing our interest rate on mortgage loans to 5 percent will prevent our institutions from operating successfully, and this will further retard new housing.

3. National mortgage associations are not needed. The Federal Home Loan Bank System, paying its own way, is capable of doing the job. Is it truly private enterprise if Government capital must be used to organize national mortgage associations for the purpose of making and purchasing mortgages insured by the United States Government through the Federal Housing Administration?

4. We suggest it is not proper for the United States Government to adopt a permanent policy of guaranteeing or insuring private mortgage debts by placing it on a subsidy basis with the United States Treasury obligated to pay the lenders if a future depression causes widespread mortgage default.

5. Thrift institutions such as ours are today doing one-half to two-thirds of all home financing in this country.

We will gladly cooperate if given a reasonable opportunity.

Respectfully,

PENNSYLVANIA LEAGUE OF
BUILDING & LOAN ASSOCIATIONS,
WM. REINHARDT, *President.*

Attest:

GEO. W. CLIFFE,
Secretary-Treasurer.

ALLEGHENY COUNTY LEAGUE OF BUILDING
AND LOAN ASSOCIATIONS,
Pittsburgh, Pa., December 18, 1937.

Hon. JAMES J. DAVIS,
Washington, D. C.

DEAR SENATOR: To give you the reactions of your many friends back home on the housing bill, S. 3055, now before your honorable body, I enclose a resolution which is self-explanatory. We feel that you are fully informed as to the operation and objectives of these time-honored institutions and nothing should be done to cripple them. The objective of any good citizen should be to become the owner of a home. It is a grievous mistake to encourage a man to buy a home on a 90-percent loan. He has very little equity and very shortly becomes dissatisfied with the heavy burden he carries and gives up in despair; in the meantime the loaning institution becomes the target for his misfortune.

Having come from the ranks, you will appreciate this language.

Very truly yours,

DAVID G. MORGAN.

Resolution in opposition to H. R. 8520 and S. 3055 by the Allegheny County League of Building and Loan Associations, Pittsburgh, Pa.

Whereas the President of the United States, Hon. Franklin D. Roosevelt, has by message to the Congress asked that body for the enactment of a measure in enlargement of the present laws which make provisions for instrumentalities created by the Government of the United States to bring forth an extensive campaign of building houses and structures and providing financial means whereby dwellings can be obtained by the down payment of only 10 percent on the part of the purchasers of said dwelling places, and giving him 20 years to pay the balance of 90 percent at the interest rate of 5 percent, and yield to the loaners being 5½ and 5¼ percent; and

Whereas the measures are before the Congress known as H. R. 8520 and S. 3055, making the provision to carry out the suggestion as contained in the President's message; and

Whereas the Allegheny County League of Building and Loan Associations, comprising 300 units within the borders of Allegheny County, Pa., and having assets of $750,000,000, by its executive committee, consisting of all the officers of such league, and representatives of the constituted associations, has met and given fullest consideration to the bills aforesaid, does earnestly make objection to the passage of these bills for reasons, some of which are as follows:

1. The President has sensed in his message setting forth the plan that he feels losses may result in the operation of the scheme, which, he says, "If any costs should result to the Government, it will be negligible when measured by the volume of construction," etc.

2. The Government's conduct of this proposition resulting in any losses means losses of billions of dollars to the little lenders attached to the building and loan institutions of our county and the country at large who cannot compete with same.

3. Loaning 90 percent to the individual does not put him in a position where psychologically he can feel that he has enough invested to make it worth while to keep his payments made, resulting in inevitable failure of the plan.

4. The building and loan associations cannot lend with any safety whatever to its shareholders 90 percent of the value of the property; it would be charged with the utmost poor judgment by those whose money is involved.

5. The building and loan associations of Pennsylvania and of the country have been engaged for over 100 years in actively financing the repair, buying, building, and owning of homes. During 1936 these concerns throughout the country loaned nearly a billion dollars, and 1937 will pass that figure. A governmental scheme such as provided for in this measure and operating at a loss will place our institutions in a position where they cannot operate at all.

6. The building and loan institutions during the 100 years and more that they have been in the home-financing business have

helped and assisted 8,000,000 families to acquire their homes, and these folks attest the usefulness and benefits of our institution. The people are willing to still continue their faith in our associations without the supposed necessity of a governmental proposition to be operated, according to our President, at a loss.

7. The measures put the banks further into the house-financing field. Their place is undoubtedly on the commercial side of business.

Therefore be it

Resolved by the executive committee of the Allegheny County League of Building and Loan Associations in meeting assembled, After fully discussing the entire terms and features of H. R. 8520 and S. 3055, and whose officers and management have had much experience in the home-financing field, and with the desire to give due credit to our President in his wish to relieve the present difficulties suffered by the people of our country, yet does not and cannot conceive that the plan presented can have any effect other than complete economic failure, resulting in loss to the great throng belonging to our building and loan movement and many others.

Therefore our institutions are absolutely opposed to the passage of these bills as drawn and urge all our Senators and Representatives in the Congress of the United States to oppose and prevent the passage of the same.

This resolution adopted by unanimous vote December 16.

ARTHUR F. SCHMIDT,
President.

Attest:

DAVID G. MORGAN,
Secretary.

NEW CASTLE MUTUAL BUILDING AND LOAN ASSOCIATION,
Newcastle, Pa., December 17, 1937.

Senator JAMES DAVIS,
Washington, D. C.

DEAR SENATOR DAVIS: I should like to discuss with you President Roosevelt's new housing bill. First, let us look at section 7, pages 3 and 4. I gather that the proposal is to make 90-percent loans on owner-occupied houses. I believe you will agree with me that this is hardly sound, for if the 90 percent is financed on the basis of a 20-year loan, the payments will be so small that the reduction of the loan will be very slight in 4 or 5 years, and without question the depreciation and obsolescence on the property during that period would wipe out the purchaser's equity in the same. Then there are other things to be considered, such as shifting of districts and a possible depreciation in real-estate values. Taking these things into consideration it would seem to me that it would be quite dangerous practice for an association which is a guardian of small savers' funds to participate in these 90-percent loans. It would seem more reasonable to me to allow the percentage to remain as is or possibly reduce it to 75 percent.

I also notice that section 9, page 5, requires the reduction of the insurance premium paid by the borrower to one-fourth of 1 percent on the diminishing balance. Inasmuch as the former rate on 80-percent loans was one-half of 1 percent on the original balance, it seems unreasonable to think that we can safely insure these mortgages up to 90 percent at one-fourth of 1 percent.

Section 26, page 32, has to do with the forming of national mortgage associations. I have always been a strong supporter of the Federal home-loan bank system, the Federal Savings and Loan Associations, and the Federal Savings and Loan Insurance Corporation. I believe they have the credit facilities necessary to put on a very worth-while housing program in America. As far as the banks are concerned I can see no necessity for these associations, for they already have the privilege of discounting their mortgages with the Federal Reserve System.

It is my thought that there are three things which could be done which would stimulate the flow of funds into building and loan associations, thereby increasing the funds available to support a housing program:

First. It would seem reasonable that building and loan associations which are insured by the Federal Savings and Loan Insurance Corporation should not pay a higher insurance premium than the banks which are insured in the Federal Deposit Insurance Corporation. The banks pay one-twelfth of 1 percent and the rate for the Federal Savings and Loan Insurance Corporation is one-eighth of 1 percent with a possible additional one-eighth assessment.

Second. Many State-chartered associations would insure their accounts in the Federal Savings and Loan Insurance Corporation and thereby would be in a position to attract new funds to their associations if the examinations of the associations were paid for by the corporation.

Third. The method of liquidating an insolvent association is quite a slow process, the shareholder receiving 10 percent of his funds in cash and the balance in non-interest-bearing debentures over a period of 3 years. I believe it would be wise to place a rate of 2 percent on these debentures and in this way make investments in insured building and loan associations more attractive.

I shall appreciate your giving consideration to these thoughts. I do not claim they will solve the situation, but from my experience in the building and loan business, I believe the things I have mentioned would be of assistance to a housing program.

I should be very happy to discuss this further with you at your convenience.

Yours truly,

NEW CASTLE MUTUAL BUILDING AND LOAN ASSOCIATION,
NORMAN E. CLARK, *Secretary.*

PHILADELPHIA, PA., *December 20, 1937.*

HON. JAMES J. DAVIS,
United States Senate, Washington, D. C.:

The Philadelphia County League of Building and Loan Associations approve 90-percent financing of homes only if 5 percent or more of purchase price left with lending institution by those profiting on sales. Does not approve of reduction in interest rate, as this would retard the investment of private funds in our institution, because we could not pay sufficient rate of dividends after deducting operating costs. We also recommend adoption of amendments to existing legislation as proposed by the United States Building and Loan League, particularly the following: Reduce premium charge by Federal Savings and Loan Insurance Corporation to one-twelfth of 1 percent, same as premium to commercial banks, and have Federal Savings and Loan Insurance Corporation assume examination costs in connection with insured institutions, as charge of $25 per day is exorbitant. Provide for interest at not less than 2 percent to be paid on debentures of the Insurance Corporation given in case of default. We wish to cooperate with the President's program to build new homes, but also wish our institutions to be in a position to compete with other lending institutions. Your support of this program is requested, and will be greatly appreciated by our league.

SAMUEL STERN,
Secretary, Philadelphia County League of Building and Loan Associations.

HOME PROTECTIVE SAVINGS AND LOAN ASSOCIATION,
New Brighton, Pa., December 15, 1937.

Senator JAMES J. DAVIS,
Washington, D. C.

DEAR SENATOR DAVIS: The future of the building and loan associations rests greatly upon the passage of the proposed amendments to the Federal Housing Administration as proposed by President Roosevelt. You are, no doubt, familiar with the building and loan situation in the State of Pennsylvania, as being one of the largest financial groups in the State and the safest and best field open for the small investor.

The institutions are now being insured by the Government in the same manner in which the banks are insured, and this naturally will create greater confidence with these investors. To invite the small investor or the workingman it will be necessary to give him a fair return on his investment. This amendment as proposed will reduce the return to the small investor by reducing the interest rate on mortgages.

The amendment proposes to increase the percentage to be loaned from 80 to 90 percent, which, in our opinion, would be very risky and would be possibly buying the property should we have even a slight depression in this country. Our experience previous to the depression was to make loans up to 66⅔ percent of a fair appraised value, and when it became necessary for the association to exchange our mortgages for Home Owners' Loan Corporation bonds, a Government agency, we could not, in most cases, receive the actual amount due us. It also proposes to create a national mortgage association, which would be in direct competition to the building and loans, especially in the field dealing with home-mortgage loans.

We earnestly urge that you use your influence in defeating such adverse legislation to the building and loan associations of this country.

Yours very truly,

HOME PROTECTIVE SAVINGS AND LOAN ASSOCIATION.

For the board of directors:

J. G. GOOD, *Secretary.*

THE FLINTKOTE CO.,
Pittsburgh, Pa., December 14, 1937.

HON. JAMES J. DAVIS,
United States Senate, Washington, D. C.

DEAR SIR: In the President's special message of November 29, 1937, there was included a recommendation that insurance be provided for repair and modernization loans similar to that formerly provided for under title 1 of the National Housing Act.

Such insurance stimulated construction and added to the public welfare by making funds available for this type of work at minimum cost.

Immediately following the enactment of the National Housing Act a marked improvement in construction was noticeable, whereas a decline followed when Congress did not extend the provisions of title 1 on April 1, 1937.

A modernization program at this time will have a desirable effect, as it will provide immediate employment until such time that employment can be taken up by the new construction program.

May I ask you to add your support to this legislation?

Very truly yours,

E. H. STUMPF.

PITTSBURGH, PA., *December 18, 1937.*

Hon. JAMES J. DAVIS,
United States Senator from Pennsylvania,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I have been associated with the building and loan association movement in Pittsburgh and vicinity in Allegheny County for a period of 25 years, and I am writing you this letter respecting the passage of the housing bill known as S. 3055. This bill provides for instituting Government instrumentalities for the purpose of building and selling houses and dwelling places to people, and, according to the plan, these folks need only to pay 10 percent down and the balance of 90 percent in 20 years at 5 percent.

It appears as an unwise measure. An individual who only pays down 10 percent in the purchase of a property has not the psychological interest to continue payments. You know enough about the natures of people to O. K. that proposition. You also know that styles of houses change in less than 20 years. In fact, every 10 years we see a different architecture and different character to house building, with equipment far different than those prior to that time, and people will shelve themselves out of houses that are out of date and seek to go elsewhere, according to the trend of the changes in houses, construction, and equipment. This would leave the Government holding the bag in a great many cases. But first of all, our building and loan associations cannot compete with a Government institution wherein only 10 percent is paid down by the buyer. We have found that conservatism prompts us to loan on the basis of at least 25 percent being paid by the borrower for the purchase of any property. Notwithstanding that fact, we find that during this depression we have been compelled to foreclose in many cases.

I urge your opposition to this bill. The passage thereof, to my mind, will put the building and loan associations out of business, so that they may not be able to function.

Yours very truly,

ROBERT T. HOULDEN.

THE C. D. BURNS REALTY & TRUST CO.,
Denver, Colo., December 16, 1937.

Senator JAMES J. DAVIS,
Washington, D. C.

DEAR SENATOR: Recently the National Association of Real Estate Boards filed a brief with the Senate Finance Committee, the House Ways and Means Committee, and with the subcommittee of the House Ways and Means Committee, appointed to study revenue revision, of which Hon. FRED M. VINSON is chairman.

We are extensive holders of subdivisions and have done a great deal of home building in the past and we believe that a gross injustice will be done to us and people in similar position in the personal holding company provisions of the Income Tax Act.

All laws that tend to slow up business activity and retard building cannot help but be an obstacle in the way of prosperity. We fully realize the tremendous responsibility and the awful burden of your position and we most humbly ask that you give as much consideration as possible to what we think is a very meritorious and just presentation of our case.

Wishing you every success in your very responsible position, and with the compliments of the season, I am

Yours sincerely,

D. C. BURNS.

PITTSBURGH, PA., *December 18, 1937.*

Hon. JAMES J. DAVIS,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I represent, as attorney, 10 building and loan associations in this county and also many hundreds of shareholders in other building and loan associations. We are all vitally interested in preventing the passage of Federal housing bills, H. R. 8520 and S. 3055. The future status of these associations is at stake if these bills are passed in their present form.

As you no doubt know, building and loan associations have prospered and performed a fine service to our community in helping the thrifty and ambitious workmen attain homes on a sound amortization plan. The associations have performed this valuable service for over 100 years and never departed from the sound basic principle of security. We feel that the proposed amendment, if passed, will be an unsound plan economically and will force nearly all building and loan associations out of business. This will mean irreparable harm to our community and to the many millions of shareholders scattered over the country. I therefore strongly urge you to vote against the passage of this bill in its present form.

Very truly yours,

ARTHUR F. SCHMIDT.

SPRING HILL BUILDING & LOAN ASSOCIATION, No. 2,
Pittsburgh, Pa., December 18, 1937.

Hon. JAMES J. DAVIS,
Senator, Senate Office Building, Washington, D. C.

DEAR SIR: I, secretary of the Spring Hill Premium Building & Loan Association No. 2, North Side, Pittsburgh, have heard your opposition to the passage of Senate bill 3055. The executive committee of Allegheny County League of Building and Loan Associations, comprising over 300 associations in the county, have also voiced their opposition to this measure. It is dangerous to our building and loan associations. We resolved in all likely not being able to function urging your opposition to the passage of this bill (S. 3055). We have been very conservative in all the years of our existence. We like to loan on the basis of 50 percent of the valuation of the property, and not exceed 65 percent wherever the moral risk is favorable. We certainly would not be able to compete with the institution requiring the borrower to pay only 10 percent down and the balance at 5 percent in 20 years. Our shareholders would not tolerate such an unwise policy.

Please use your best endeavor to oppose passage of Senate bill 3055.

Very truly yours,

THE SPRING HILL PREMIUM BUILDING AND LOAN ASSOCIATION, No. 2,
WILLIAM FISCHER, *Secretary.*

MONACA FEDERAL SAVINGS & LOAN ASSOCIATION,
Monaca, Pa., December 17, 1937.

Hon. J. J. DAVIS,
Washington, D. C.

DEAR MR. DAVIS: The board of directors of the Monaca Federal Savings & Loan Association, by resolution duly passed Wednesday, December 15, 1937, at their weekly meeting, respectfully request you to give all your support and good influence to the amendments proposed by the United States Building and Loan League to S. 3055, now before the House Banking and Currency Committee.

A copy of these proposed amendments have been furnished you by the United States Building and Loan League, and a careful consideration of them will certainly convince you that they are very necessary for the protection, life, and existence of a building and loan. If the bill, as originally drawn, is permitted to pass without these proposed amendments, especially Nos. I, III, VI, X, XIV, and XV, building and loans will be again forced to the wall and driven clear out of the field.

Trusting you will give this your personal consideration and use your good offices for the protection and life of the associations, I am,

Very truly yours,

JOSEPH HERMANN,
Executive Vice President.

MONACA FEDERAL SAVINGS AND LOAN ASSOCIATION,
Monaca, Pa., December 17, 1937.

Hon. J. J. DAVIS,
Washington, D. C.

DEAR MR. DAVIS: The board of directors of the Monaca Federal Savings and Loan Association, by resolution duly passed Wednesday, December 15, 1937, at their weekly meeting, respectfully request you to give all your support and good influence to the amendments proposed by the United States Building and Loan League to S. 3055, now before the House Banking and Currency Committee.

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Trusting you will give this your personal consideration and use your good offices for the protection and life of the associations, I am,

Very truly yours,

LAMARTINE L. LEGOULLON,
Director of the Monaca Federal Savings and Loan Association, Monaca, Pa.

MONACA FEDERAL SAVINGS AND LOAN ASSOCIATION,
Monaca, Pa., December 17, 1937.

Hon. J. J. DAVIS,
Washington, D. C.

DEAR MR. DAVIS: The board of directors of the Monaca Federal Savings and Loan Association, by resolution duly passed Wednesday, December 15, 1937, at their weekly meeting, respectfully request you to give all your support and good influence to the amendments proposed by the United States Building and Loan League to S. 3055, now before the House Banking and Currency Committee.

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Trusting you will give this your personal consideration and use your good offices for the protection and life of the associations, I am

Very truly yours,

DANIEL J. VOGT,
Secretary, Monaca Federal Savings and Loan Association, Monaca, Pa.

MONACA FEDERAL SAVINGS AND LOAN ASSOCIATION,
Monaca, Pa., December 17, 1937.

Hon. J. J. DAVIS,
Washington, D. C.

DEAR MR. DAVIS: The board of directors of the Monaca Federal Savings and Loan Association, by resolution duly passed Wednes-

day, December 15, 1937, at their weekly meeting, respectfully request you to give all your support and good influence to the amendments proposed by the United States Building and Loan League to S. 3055, now before the House Banking and Currency Committee.

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Trusting you will give this your personal consideration and use your good offices for the protection and life of the associations, I am,

Very truly yours,

W. R. LEIGH,
Director of the Monaca Federal Savings and Loan Association, Monaca, Pa.

MONACA FEDERAL SAVINGS AND LOAN ASSOCIATION,
Monaca, Pa., December 17, 1937.

Hon. J. J. DAVIS,
Washington, D. C.

DEAR MR. DAVIS: The board of directors of the Monaca Federal Savings and Loan Association, by resolution duly passed Wednesday, December 15, 1937, at their weekly meeting, respectfully request you to give all your support and good influence to the amendments proposed by the United States Building and Loan League to S. 3055, now before the House Banking and Currency Committee.

A copy of these proposed amendments have been furnished you by the United States Building and Loan League, and a careful consideration of them will certainly convince you that they are very necessary for the protection, life, and existence of a building and loan. If the bill as originally drawn is permitted to pass without these proposed amendments, especially Nos. I, III, VI, X, XIV, and XV, building and loans will be again forced to the wall and driven clear out of the field.

Trusting you will give this your personal consideration and use your good offices for the protection and life of the associations, I am,

Very truly yours,

LOUIS J. IRVIN,
Director of the Monaca Federal Savings and Loan Association, Monaca, Pa.

MONACA FEDERAL SAVINGS AND LOAN ASSOCIATION,
Monaca, Pa., December 17, 1937.

Hon. J. J. DAVIS,
Washington, D. C.

DEAR MR. DAVIS: The board of directors of the Monaca Federal Savings and Loan Association, by resolution duly passed Wednesday, December 15, 1937, at their weekly meeting, respectfully request you to give all your support and good influence to the amendments proposed by the United States Building and Loan League to S. 3055, now before the House Banking and Currency Committee.

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Trusting you will give this your personal consideration and use your good offices for the protection and life of the associations, I am,

Very truly yours,

ALEXANDER BUCSKO,
Vice President, Monaca Federal Savings and Loan Association, Monaca, Pa.

MONACA FEDERAL SAVINGS AND LOAN ASSOCIATION,
Monaca, Pa., December 17, 1937.

Hon. J. J. DAVIS,
Washington, D. C.

DEAR MR. DAVIS: The board of directors of the Monaca Federal Savings and Loan Association, by resolution duly passed Wednesday, December 15, 1937, at their weekly meeting, respectfully request you to give all your support and good influence to the amendments proposed by the United States Building and Loan League to S. 3055, now before the House Banking and Currency Committee.

A copy of these proposed amendments have been furnished you by the United States Building and Loan League and a careful consideration of them will certainly convince you that they are very necessary for the protection, life, and existence of a building and loan. If the bill, as originally drawn, is permitted to pass without these proposed amendments, especially Nos. I, III, VI, X, XIV, and XV, building and loans will be again forced to the wall and driven clear out of the field.

Trusting you will give this your personal consideration and use your good offices for the protection and life of the associations, I am,

Very truly yours,

CHARLES L. GRABERT,
Director of the Monaca Federal Savings and Loan Association, Monaca, Pa.

MONACA FEDERAL SAVINGS AND LOAN ASSOCIATION,
Monaca, Pa., December 17, 1937.

Hon. J. J. DAVIS,
Washington, D. C.

DEAR MR. DAVIS: The board of directors of the Monaca Federal Savings and Loan Association, by resolution duly passed Wednesday, December 15, 1937, at their weekly meeting, respectfully request you to give all your support and good influence to the amendments proposed by the United States Building and Loan League to S. 3055, now before the House Banking and Currency Committee.

A copy of these proposed amendments have been furnished you by the United States Building and Loan League, and a careful consideration of them will certainly convince you that they are very necessary for the protection, life, and existence of a building and loan. If the bill, as originally drawn, is permitted to pass without these proposed amendments, especially Nos. I, III, VI, X, XIV, and XV, building and loans will be again forced to the wall and driven clear out of the field.

Trusting you will give this your personal consideration and use your good offices for the protection and life of the association, I am,

Very truly yours,

PAUL MATTAUCH,
President, Monaca Federal Savings and Loan Association.

MONACA, PA., *December 17, 1937.*

Hon. J. J. DAVIS:

Your personal support to United States Building and Loan League amendment to Senate bill 3055 will be appreciated.

MONACA FEDERAL SAVINGS AND LOAN ASSOCIATION.

PITTSBURGH, PA., *December 21, 1937.*

JAMES J. DAVIS,
United States Senator, Washington, D. C.:

The Working Men's Building & Loan, with 2,000 shareholders residing in your district, opposed Senate bill 3055, and join in protest Pennsylvania League of Building and Loan Associations. Your influence to defeat this bill and continue thrift in our district is paramount.

O. C. GREENAWALT, *President.*

PITTSBURGH, PA., *December 21, 1937.*

Senator JAMES DAVIS,
Capitol Building, Washington, D. C.:

The Home Mutual Building & Loan, with 700 shareholders living in your district, opposes Senate bill 3055 and joins in protest with the Pennsylvania League of Building and Loans. Your strong influence to defeat this bill and continue thrift among your constituents is requested. The future of building and loans is at stake.

HOME MUTUAL BUILDING & LOAN ASSOCIATION.

PITTSBURGH, PA., *December 20, 1937.*

Hon. JAMES J. DAVIS,
United States Senate:

Valley Building & Loan, of Pittsburgh, having 300 shareholders, opposes Senate bill 3055 and joins in Pennsylvania Building and Loan League protest.

N. A. SPIELMEYER,
Secretary, Valley Building and Loan Association of Pittsburgh, East Street and Evergreen Road.

PHILADELPHIA, PA., *December 20, 1937.*

Hon. JAMES J. DAVIS,
United States Senate:

Careful analysis of current housing legislation indicates that if same is to be practical the amendments recommended to your committee by Morton Bodfish, executive vice president of United States Building and Loan League, should be incorporated. Kindly support bill providing these amendments are added.

TIOGA NO. 2 BUILDING ASSOCIATION,
JOHN E. ALLEN, *Secretary.*

PITTSBURGH, PA., *December 18, 1937.*

HON. JAMES J. DAVIS,
Senate Office Building, Washington, D. C.:

Building and loan associations are opposed to the passage of Federal housing bills H. R. 8520 and S. 3055. Urge your support against same. Bills will put building and loan associations out of business with their many millions of shareholders and billions of assets.

ROBERT T. HOULDEN.

PITTSBURGH, PA., *December 18, 1937.*

HON. JAMES J. DAVIS,
Senate Office Building, Washington, D. C.:

Building and loan associations are opposed to the passage of Federal housing bills H. R. 8520 and S. 3055. I earnestly ask your support against same.

ADAM ROSCOE,
Secretary, Schenley Savings Fund and Loan Association, Pittsburgh, Pa.

Mr. DAVIS. Mr. President, I also ask unanimous consent to have printed in the RECORD an excellent article by an eminent housing expert of Pittsburgh, Pa., Mr. Charles F. Lewis, of the Henry Buhl Foundation. This article is entitled "Neighborhood Development and Protection", and was published in the Real Estate Record, July 18, 1936. I commend it to the attention of all who join with me in desiring the elimination of slums and blighted housing areas.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Real Estate Record of July 18, 1936]

NEIGHBORHOOD DEVELOPMENT AND PROTECTION

(By Charles F. Lewis)

The modern city is an association of neighborhoods which contain recognizable elements of individuality. These neighborhoods find themselves by force of propinquity and economic circumstance compelled to act jointly on a multitude of problems.

The expansion of transportation facilities and the progressive decay of urban residential neighborhoods together have been draining our cities of population and tax-paying capacity. It is no longer important to argue over cause and effect. It matters not whether blight has come to urban neighborhoods because of departure of families attracted by motor roads and automobiles to the suburbs and beyond, or whether the insistent spread of blight has forced these families against their will out of districts convenient to the cultural and business centers of the city.

The fact is that blight has spread with alarming speed from neighborhood to neighborhood until today every city contains large areas virtually abandoned by families capable of sustaining themselves and bearing their share of the cost of local government. A continuance of present trends threatens further heavy curtailment of tax revenues and eventual municipal bankruptcy.

The improvement of depreciated neighborhoods and the development and protection of good neighborhoods are, therefore, one of the most important problems to which any city can address itself. It will be recognized, of course, that the details of the problem of neighborhood development and protection may differ in the newly built neighborhood and in the old, established, or partially blighted neighborhood. Fundamentally, however, the methods of approach and the philosophies underlying those methods are the same in either case.

The first and best-known approach to neighborhood development and protection is legal zoning. Zoning is comparatively new. In a realistic sense it has not really been tried. We have merely pretended to zone. Our zoning laws in general are inadequate. They represent in most cases merely a poor compromise of conflicting interests. The most that they seek to accomplish is to stop or retard the rate of neighborhood blight, and they do this ineffectively and apologetically. The utmost that can be hoped from zoning, as we now know it, is to afford a little, but not enough, protection to existing conditions in old districts. We cannot now hope for the improvement of conditions exclusively through the zoning method.

An alternate approach to the problem of protecting neighborhoods is cooperation of property owners. The most familiar is in deed restrictions in new subdivisions. This method has had some instances of notable success. However, it is restricted in its application and in its life. Ordinarily it has been applied only in neighborhoods designed for limited economic groups. Again, while it protects, it is incapable of effecting the improvement of established districts.

Recognition of these limitations has led recently to sponsorship of suggestions for State legislation to give local neighborhoods the power to organize for purposes of property protection and improvement of environment. These local neighborhoods would be given the power, if they so desire, to plan and control their own further development by agreement of property owners.

Zoning and voluntary community cooperation have thus far failed to halt or greatly retard the depreciation of urban neighborhoods. If we analyze any blighted area we may discover more than one cause of its decline. The fundamental cause, however, lies in the multiplicity of land holdings, the lack of any centralized strong control. The reason for this situation is that capital has neglected the housing field.

Now that America has reached maturity and is concerned with problems of intensive rather than extensive growth, it would seem that capital is frankly challenged to recognize the investment possibilities of housing in neighborhood building. Even casual investigation should convince of two things. First, one way to achieve protection for urban residential neighborhoods is to build protection into them, that is, to build neighborhoods as large-scale planned communities from the ground up in one operation, designed to be owned and managed over a term of years on an income-producing, rental basis. Second, that neighborhoods so built, properly maintained and intelligently managed, offer an attractive medium for the secure investment of funds with a safeguarded, adequate return.

Such neighborhood developments must, of course, be large enough to provide socially integrated communities and, in general, the larger they are within the limits of the market, the more secure they are from an investment standpoint. Chief security to the owner in the large-scale neighborhood lies in the fact that living conditions are much more attractive than those to be found elsewhere in neighborhoods built hit or miss and helter-skelter, so that there can be assurance of a long waiting list from the day the first brick is laid. This certainty has been already sufficiently demonstrated to indicate the strong probability that houses and apartments in such neighborhoods, if well managed, could be made to command premium rentals.

Translated into terms of ownership interest, all this means that a development of this type, which is to be held in a single ownership over a period of years, and motivated by sound investment purposes, will be protected from many of the perils of invasion that beset the ordinary district of single-family homes owned by many separate owners. Physical maintenance of all the properties, under large-scale operations, can be permanently guaranteed. The quality of the community socially can be guaranteed. This district can be protected from invasions of undesirable use regardless of the adequacy or inadequacy of city zoning systems. In short, the districts, if large enough and if wisely administered, can be maintained against neighborhood depreciation.

We have now no effective machinery for eliminating bad housing. State and local laws are inadequate. Local governments may properly undertake to clear slum areas. Certainly they should provide adequate legislation and adequate enforcement to compel the razing of insanitary and unsafe dwellings or even of whole areas in which housing is dominantly insanitary and unsafe. Such a program at this time would do much to stimulate the building, by private industry, of new communities to replace blighted areas.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. BARKLEY. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MALONEY. Mr. President, I have an amendment which I wish to offer.

The VICE PRESIDENT. The Chair calls the attention of the Senator from Connecticut to the fact that the parliamentary situation now is such that no amendment is in order except by unanimous consent.

Mr. MALONEY. I ask unanimous consent, Mr. President, for permission to offer an amendment.

The VICE PRESIDENT. Is there objection to the request of the Senator from Connecticut? The Chair hears none, and the clerk will state the amendment.

The CHIEF CLERK. In the amendment of Mr. PEPPER, agreed to at the end of the bill on page 86, line 21, after the figures "$100,000,000", it is proposed to insert the following:

The Administrator is authorized to fix a premium charge to be paid by the financial institutions for the insurance of loans under this section, which in no case shall be in excess of 1 percent nor less than one-half percent per annum on the original amount of the loan.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut to the committee amendment as amended.

Mr. MALONEY. Mr. President, I wish briefly to explain that the amendment proposes an addition to title I. I doubt that the interest fixed in the amendment is sufficient, but in the absence of an opportunity to arrive at any other figure I should like to make certain that we do not completely subsidize the bankers under this title. It seems to me that the interest rate is particularly low, and, while it might not be used, I think it is necessary that there be in the bill some sort of safeguard.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. BARKLEY. This is not a charge made under title I as it was in existence for the loans referred to, but the Senator is seeking to impose an additional charge on the borrowers.

Mr. MALONEY. Not an additional charge. I may say to the Senator there has been no charge under title I. This is a new charge.

Mr. BARKLEY. It is a new charge?

Mr. MALONEY. Yes.

Mr. BARKLEY. It is a charge for an item that was not chargeable under title I as originally enacted?

Mr. MALONEY. That is true. I should like to say to the Senator that my understanding is that the losses were in excess of 4 percent under this title.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut to the amendment.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on the passage of the bill. On that question the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HALE (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. BYRNES]. I understand that if present he would vote as I intend to vote. I am therefore at liberty to vote, and vote "yea."

Mr. KING (when his name was called). I announce a pair with the senior Senator from South Carolina [Mr. SMITH], and withhold my vote.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I am advised that if present he would vote as I am about to vote. I therefore feel free to vote, and vote "yea."

Mr. SHIPSTEAD (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am informed that if present he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. VANDENBERG (when his name was called). Announcing my pair as on the previous vote, I withhold my vote.

The roll call was completed.

Mr. BARKLEY. I announce that the Senator from Pennsylvania [Mr. GUFFEY] is detained in an important conference at the White House at this hour and is unable to be here. If present, he would vote "yea."

Mr. ADAMS. The junior Senator from South Carolina [Mr. BYRNES] is unavoidably kept away from the session. If present, he would vote "yea."

Mr. RADCLIFFE. The senior Senator from Maryland [Mr. TYDINGS] is unavoidably detained from the Senate. I am authorized by him to state that were he present his vote would be in the affirmative.

Mr. MINTON. I announce that the Senator from Tennessee [Mr. BERRY] and the Senator from Delaware [Mr. HUGHES] are absent from the Senate because of illness. If present, I am advised that the Senator from Tennessee and the Senator from Delaware would vote "yea."

The junior Senator from Mississippi [Mr. BILBO], the Senator from Michigan [Mr. BROWN], the senior Senator from Missouri [Mr. CLARK], the Senator from Iowa [Mr. GILLETTE], the senior Senator from Mississippi [Mr. HARRISON], the junior Senator from Oklahoma [Mr. LEE], the Senator from Nevada [Mr. McCARRAN], the Senator from New Jersey [Mr. MOORE], the Senator from South Carolina [Mr. SMITH], the senior Senator from Oklahoma [Mr. THOMAS], and the junior Senator from Missouri [Mr. TRUMAN] are unavoidably detained. I am advised that if present and voting these Senators would vote "yea."

Mr. BYRD. My colleague [Mr. GLASS] is unavoidably detained from the Senate. If present and voting, he would vote "nay."

Mr. ELLENDER. My colleague [Mr. OVERTON] is unavoidably detained, but if present and voting he would vote "yea."

Mr. MINTON. The senior Senator from Illinois [Mr. LEWIS] is unavoidably detained from the Senate. I am authorized to say that if present he would vote "yea." The senior Senator from New Mexico [Mr. HATCH] and the junior Senator from New Mexico [Mr. CHAVEZ] are both unavoidably detained from the Senate. I am authorized to say that if present they would each vote "yea."

Mr. SCHWELLENBACH. My colleague the senior Senator from Washington [Mr. BONE] is unavoidably detained from the Senate. I am advised that if present he would vote "yea."

Mr. KING. I am advised that if the senior Senator from South Carolina [Mr. SMITH], with whom I have a pair, were present he would vote "yea." As I intend to vote the same way, I am at liberty to vote, and vote "yea."

The result was announced—yeas 66, nays 4, as follows:

YEAS—66

Adams	Davis	La Follette	Pittman
Andrews	Dieterich	Logan	Pope
Ashurst	Donahey	Lonergan	Radcliffe
Austin	Duffy	Lundeen	Reynolds
Bailey	Ellender	McAdoo	Russell
Bankhead	George	McGill	Schwartz
Barkley	Gerry	McKellar	Schwellenbach
Bridges	Gibson	McNary	Sheppard
Brown, N. H.	Graves	Maloney	Smathers
Bulkley	Green	Miller	Steiwer
Bulow	Hale	Minton	Thomas, Utah
Burke	Hayden	Murray	Van Nuys
Byrd	Herring	Neely	Wagner
Capper	Hitchcock	Norris	Walsh
Caraway	Holt	Nye	Wheeler
Connally	Johnson, Colo.	O'Mahoney	
Copeland	King	Pepper	

NAYS—4

Borah	Frazier	Lodge	Townsend

NOT VOTING—26

Berry	Gillette	Lee	Thomas, Okla.
Bilbo	Glass	Lewis	Truman
Bone	Guffey	McCarran	Tydings
Brown, Mich.	Harrison	Moore	Vandenberg
Byrnes	Hatch	Overton	White
Chavez	Hughes	Shipstead	
Clark	Johnson, Calif.	Smith	

So the bill H. R. 8730, amending the National Housing Act, was passed.

Mr. WAGNER. Mr. President, I move that the Senate insist upon its amendment, ask for a conference thereon with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. WAGNER, Mr. BARKLEY, Mr. BULKLEY, Mr. HITCHCOCK, Mr. TOWNSEND, and Mr. STEIWER conferees on the part of the Senate.

Mr. BARKLEY. Mr. President, I ask unanimous consent that conferees, not only on the housing measure but on the agricultural relief bill may be permitted to sit during any recess or adjournment of Congress.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 3114) to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala., and it was signed by the Vice President.

NOTIFICATION TO THE PRESIDENT

Mr. BARKLEY. Mr. President, I have conferred with those in charge of the House of Representatives and have ascertained that, not knowing the Senate would pass the housing bill so promptly, they entered into an agreement under which no additional legislation should be enacted at this session. With that understanding most of the Members of the other body have gone home for the holidays, leaving less than a quorum present.

In that situation it is impossible to secure the adoption of a conference report on the housing bill even if the conferees could meet at once and agree to a report on the measure. Under these circumstances there is no point in holding the Senate or the House in session any longer than today.

As soon as the House of Representatives sends a message to the Senate announcing its agreement to the conference on the housing bill and appointing conferees, it is the purpose that the two Houses shall adjourn sine die today. Therefore I submit a resolution for which I ask present consideration.

There being no objection, the resolution (S. Res. 211) was read, considered, and agreed to, as follows:

Resolved, That a committee of two Senators be appointed by the President of the Senate to join a similar committee appointed by

the House of Representatives to wait upon the President of the United States and inform him that the two Houses, having completed the business of the present session, are ready to adjourn unless the President has some further communication to make to them.

The PRESIDENT pro tempore. Under the terms of the resolution just agreed to, the Chair appoints the Senator from Kentucky [Mr. BARKLEY] and the Senator from Oregon [Mr. MCNARY] as the committee on the part of the Senate.

WOOL AND THE PROPOSED TRADE AGREEMENT WITH THE UNITED KINGDOM

Mr. O'MAHONEY. Mr. President, wool is one of the agricultural commodities produced in the United States of which there is not a sufficient amount to meet the consumption requirements of the population of the United States. There has been considerable agitation among those interested in the wool industry of late because of the announcement by the State Department of a purpose to enter into a reciprocal-trade agreement with the United Kingdom. The fear has been expressed in many quarters that such an agreement might result in a reduction of the tariff upon wool. Producers of wool, traders in wool, and manufacturers of wool alike have been unable to dispel the thought that a trade agreement with the British Empire would inevitably result in a reduction of the present tariff rates. This fear is natural when one considers that within the confines of the British Empire there are to be found areas which produce and export wool to this country. I feel, however, that the record of this administration with respect to wool is such that such fears should be allayed.

I asked unanimous consent, therefore, to have inserted in the RECORD some correspondence which I have had with the Department of State respecting this subject. The correspondence goes back to the year 1934 when the Reciprocal Trade Agreement Act was first under consideration.

I ask to have incorporated in the RECORD the following letters in the following order:

A LETTER FROM THE PRESIDENT

First, a letter from the President of the United States to me dated June 5, 1934, in which the President announced that it is the purpose of the administration to encourage agriculture and industry alike, that agricultural prices should be raised and that the "wool industry needs price protection." This is a letter, moreover, in which the President asserted his belief that the wool industry needs price protection.

Second, a letter which I wrote to the Secretary of State dated December 10, 1937, transmitting a copy of the President's letter.

Third, a reply which I received from the Secretary of State dated December 17, 1937, in which Secretary Hull announced that he was calling to the attention of the Committee for Reciprocity Information the letter from the President and that in turn that committee would call the letter to the attention of all agencies of the Government represented in the trade-agreement organization.

Finally, the remarks and correspondence which appear in the CONGRESSIONAL RECORD of June 6, 1934, on pages 10597 and 10598, dealing with the President's attitude as to wool.

Mr. STEIWER. Mr. President, may I ask the Senator a question? I am entirely in sympathy with the efforts the Senator is making in this behalf, but I ask him whether he construes the President's letter as a commitment that there shall be no reduction of the tariff on wool?

CONFIDENT WOOL IN NO DANGER

Mr. O'MAHONEY. I may state quite frankly to the Senator from Oregon that the letter of the President does not in terms state that there shall be no such reduction but in present circumstances, which everyone recognizes, when the price of wool is lower than it has been for a long time, and, so far as the practical situation is concerned, when there is no market whatever for wool, it is quite impossible for me to imagine that the State Department would enter into a reciprocal-trade agreement by which the tariff upon wool would be lowered in any degree whatsoever, because, obviously, a lowering of the tariff upon wool could not be interpreted as promoting the interests of the wool industry or as maintaining the price of wool. It is only natural that fears should be expressed upon this point, but in view of the fact that it is the undoubted purpose of the administration to increase agricultural income, it is difficult for me to understand why anybody should apprehend any action adverse to the wool interests or to any other agricultural interest. I understand it to be the purpose of Secretary Hull to promote the interests of agriculture and industry alike. I therefore feel that when a particular agricultural industry is depressed, the country need have no fear that the powers of the Executive arm will be used further to depress that industry.

Nothing has heretofore been done under the Reciprocal Trade Agreement Act to depress the wool industry, and, for my part, I have no hesitation in taking a perfectly practical view of the President's letter of June 5, 1934.

Mr. STEIWER. I can only say that I hope events will prove the Senator's optimism to be well justified.

The PRESIDENT pro tempore. Without objection, the matters referred to by the Senator from Wyoming will be printed in the RECORD as requested.

The correspondence and remarks are as follows:

THE WHITE HOUSE,
Washington, June 5, 1934.

Hon. JOSEPH C. O'MAHONEY,
United States Senator, Washington, D. C.

MY DEAR SENATOR O'MAHONEY: My concern that agricultural prices should be protected and, where possible, substantially raised, ought to be well known by this time. This is why I was surprised that a question should be raised about wool. The new tariff bill has been thought of as one of the emergency measures which would help in the general effort to rehabilitate agriculture and industry together. The wool industry is one of those which needs price protection; and the suggestion that the new tariff bill might be used to lower those prices is one which would not have occurred to me. That is the thought I expressed to you, Senator Costigan, and others on May 9.

I have read the statement which you issued, and as I might expect, it correctly reports the facts. I hope you will have no further concern for fear that something damaging to the industry may result from this legislation.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

DECEMBER 10, 1937.

Hon. CORDELL HULL,
Secretary of State, Washington, D. C.

DEAR MR. SECRETARY: The statement was made this morning by a witness who appeared before the special committee of the Senate to investigate production, transportation, and marketing of wool that, during a recent tour of the country, he found a general fear among the manufacturers of woolen goods and among the producers of wool that it is the purpose of the Department of State, in negotiating the proposed reciprocal-trade agreement with Great Britain, to agree to a reduction of the tariff upon wool. To this fear the witness ascribed in part, at least, the recent collapse of the wool market.

The incident prompts me to call your attention to the letter which was written to me by President Roosevelt on June 5, 1934, a photostatic copy of which I enclose herewith.

In view of the fact that the domestic wool industry of the United States is in greater need of "price protection" now than it was when the letter of June 5, 1934, was written, I have given assurance to all who have directed inquiries to me that no action adverse to the wool industry is any more likely now than it was when the Reciprocal Trade Agreement Act was originally enacted.

The report of the Bureau of Agricultural Economics of the Department of Agriculture made public on November 10 of this year indicates that a smaller domestic consumption of wool may be expected in 1938 than in 1937, that consumption for 1937 "will not differ greatly from that of" 1936 and that 1936 consumption was 8.5 percent smaller than in 1935. Inasmuch as the weighted average price of wool to farmers for 1935 was 19.4 percent per pound, the study of the Bureau of Agricultural Economics makes it clear that any reduction of the tariff upon wool at this time could only have the effect of reducing the price to producers below anything which has been in effect since this administration began.

The letter which I received from the President in 1934 had a very encouraging effect upon the wool trade and I am sure that a statement from the Department of State at this juncture that it is not the intention to depart from the policy oulined in the President's letter would be most beneficial.

Sincerely yours,

JOSEPH C. O'MAHONEY.

DEPARTMENT OF STATE,
Washington, December 17, 1937.

The Honorable JOSEPH C. O'MAHONEY,
United States Senate.

MY DEAR SENATOR O'MAHONEY: I have received your letter of December 10, 1937, enclosing a photostatic copy of a letter addressed to you by the President on June 5, 1934, and stating that a witness before the special Senate Committee on Production, Transportation, and Marketing of Wool stated that domestic manufacturers of woolen goods and producers of wool are apprehensive that the present duty on imports of wool will be reduced in connection with the contemplated trade-agreement negotiations with the United Kingdom.

As you know, a preliminary announcement that the negotiation of a trade agreement with the United Kingdom is contemplated was made on November 17, 1937. In accordance with the usual procedure, suggestions as to the import and export products to be considered in the negotiations with the United Kingdom are now being received by the Committee for Reciprocity Information. The formal notice of intention to negotiate, which it is expected will be issued at a later date, will be accompanied by a list of the products on which the United States will consider granting concessions to the United Kingdom, and will specify the latest date for the submission of statements and briefs to the Committee for Reciprocity Information, the latest date for receiving applications to be heard at the public hearings, and the date on which the customary public hearings will begin. It is not known at this time what products will appear on the list. You will, of course, receive in the regular course of distribution a copy of any further announcement that is made in this connection.

In the meantime, I am having your letter brought to the attention of the Committee for Reciprocity Information which in turn will bring it to the attention of all the agencies of the Government represented in the trade-agreements organization.

As I assured you in my letter to you of June 28, 1935, the trade-agreements program is intended to help in the general effort to rehabilitate agriculture and industry together. As you know, 16 trade agreements have already been concluded, and because of the great care taken in their formulation American interests have found no real cause for complaint. On the contrary, by increasing our foreign trade these agreements have increased employment and consumer purchasing power to the benefit of American producers and workers generally.

Sincerely yours,

CORDELL HULL.

[From the CONGRESSIONAL RECORD of June 6, 1934]

THE PRESIDENT'S ATTITUDE ON WOOL

Mr. O'MAHONEY. Mr. President, during the month of April it was reported to me that wool buyers were endeavoring to hammer down the price of wool in the West by circulating the report that the tariff on wool would be certain to be lowered if the tariff bargaining bill then pending should be passed. The terms of the measure were, of course, not generally known. Comparatively few persons outside of the Congress had even read it, and it was not understood generally that the bill provided for increases of tariff rates as well as for decreases. Neither was it generally understood that the measure prohibits the transfer of any commodity from the dutiable list to the free list.

Those who were circulating the reports were not above intimating that the administration planned to remove the tariff altogether.

From previous interviews with the Secretary of State and the Secretary of Agriculture, I knew that representations of a hostile attitude on their part toward wool were altogether unfounded. In order that I might have an authoritative statement defining the attitude of the administration, I asked the Secretary of State to write me on the subject. On April 20 I received from him a formal letter, which I at that time read in the Senate, and which I now send to the desk to be read again by the clerk.

The PRESIDING OFFICER. Without objection, the letter will be read.

The Chief Clerk read as follows:

FROM THE SECRETARY OF STATE

DEPARTMENT OF STATE,
OFFICE OF THE SECRETARY,
Washington, April 20, 1934.

The Honorable JOSEPH C. O'MAHONEY,
United States Senate.

MY DEAR SENATOR: I have just received your message to the effect that eastern wool buyers in Wyoming are undertaking to beat down the price of wool by the representation that the Federal Government in entering into reciprocity commercial agreements will so affect the wool situation as to necessitate heavy cuts in domestic-wool prices.

This sort of statement is wholly irresponsible and unjustified. In the first place, no discussion whatsoever has been had here about wool, nor has there been any negotiation concerning any other specific commodity apart from the very narrow range of items which entered into our discussions with Cuba. Secondly, the broad and definite policy on which all reciprocity trade agreements will rest is that of mutual and equal profitableness to the countries participating. Thirdly, it must be apparent that after the passage of the tariff bargaining bill an effective organization freely accessible to all interests concerned must be developed. Ample time will be required for the making of necessary studies and for carrying on exploratory conversations with various governments before steps can be taken for the negotiation of definitive agreements.

Sincerely yours,

CORDELL HULL.

AN INTERVIEW WITH THE PRESIDENT

Mr. O'MAHONEY. Mr. President, after the publication of the letter which has just been read by the clerk, I had occasion, with other Senators and Members of the House of Representatives, to be present at the White House upon the day when the so-called "sugar bill" was signed. Reports were still in circulation that the administration was hostile to wool; and having freely expressed to my own constituents my confidence in the purpose of the administration to do everything in its power to help agriculture, including wool, I took advantage of the occasion to ask the President for a confirmation of my opinion; and having received from the President what seemed to me to be an altogether satisfactory statement, I issued a formal press release which I now send to the desk and ask to have read.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

STATEMENT TO THE PRESS MAY 9, 1934, BY UNITED STATES SENATOR JOSEPH C. O'MAHONEY, WYOMING

"President Roosevelt today gave renewed evidence that he is in complete sympathy with the West. Immediately after signing the sugar bill, which stabilizes the price of sugar for all domestic producers, the President, in the presence of Senator COSTIGAN and Assistant Secretary of Agriculture Tugwell, authorized me to say that he and his administration are as much concerned in maintaining the price of wool as they are in maintaining the price of wheat, cotton, and other agricultural commodities.

"I told the President that wool buyers recently have been making low offers on wool and that there has been considerable apprehension lest the reciprocity policy would mean sweeping reduction in the tariff on wool and an adverse effect upon the market. I told him that I have been advising the people of my State that an administration, the primary object of which is to improve the condition of agriculture, could be depended upon not to take any hostile action toward the wool industry. The President replied that in this position I was exactly correct. Both he and Secretary Tugwell agreed that this administration should do everything possible to maintain the price of wool, and the President said that he recognized woolgrowing as one of the fundamental agricultural industries and desired to be helpful to it."

A LETTER FROM THE PRESIDENT

Mr. O'MAHONEY. Mr. President, statements substantially the same as that which has just been read by the clerk were issued by other Senators, but thereafter in certain quarters there was still some uncertainty professed as to what the policy of the administration might be. Concerned with the effect that the expression of these doubts might have upon the price of wool, which, of course, is a primary interest of the people of Wyoming, but knowing that there was no basis in fact for the propaganda, I took the liberty of presenting the matter once more to the President, and I am today in receipt of a letter from him which I now send to the desk and ask to have read.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

THE WHITE HOUSE,
Washington, June 5, 1934.

Hon. JOSEPH C. O'MAHONEY,
United States Senator, Washington, D. C.

MY DEAR SENATOR O'MAHONEY: My concern that agricultural prices should be protected and, where possible, substantially raised ought to be well known by this time. This is why I was surprised that a question should be raised about wool. The new tariff bill has been thought of as one of the emergency measures which would help in the general effort to rehabilitate agriculture and industry together. The wool industry is one of those which needs price protection; and the suggestion that the new tariff bill might be used to lower those prices is one which would not have occurred to me. That is the thought I expressed to you, Senator Costigan, and others on May 9.

I have read the statement which you issued, and, as I might expect, it correctly reports the facts. I hope you will have no further concern for fear that something damaging to the industry may result from this legislation.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

STATISTICAL POSITION OF WOOL

Mr. O'MAHONEY. Mr. President, I now ask that there may be incorporated in the RECORD, immediately following the letter from the President, a telegram from Mr. Fred E. Warren, of Cheyenne, and a copy of my response thereto, and a letter to me by Governor Myers, of the Farm Credit Administration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegrams and letter are as follows:

CHEYENNE, WYO., *May 22, 1934.*

Hon. JOSEPH C. O'MAHONEY,
United States Senate, Washington, D. C.:

Report comes from sources apparently reliable that Government Wool Board now seriously considering making severe reduction in asking price Government-controlled wool. I feel this would be a mistake at this time, as tending demoralize price western clip now being sold. Buyers have hammered down price eastern fleece wool, probably because lack of sales resistance, but so far market for territory wool has not declined so much. Believe firm stand now will prevent too serious declines. By Government-controlled wool mean clips consigned or to be consigned against which there are R. F. C. or other Government loans.

FRED E. WARREN.

MAY 25, 1934.

Mr. FRED E. WARREN,
Cheyenne, Wyo.:

Confirming message of Wednesday, am glad to advise Gov. W. I. Myers is today issuing formal statement that there will be no change in the established policy of the Farm Credit Administration with reference to the marketing of wool. On receipt of wires Tuesday advising that rumors were being circulated that alteration of policy was in contemplation, with Senator PITTMAN, of Nevada, I took up matter with Department of Agriculture, R. F. C., and F. C. A. Nowhere did I find any basis for the report reaching you. Governor Myers states: "There is nothing in statistical position of domestic wool to indicate lower values, and the foreign wool situation is beneficial rather than detrimental to the American wool market at this time."

It is unfortunate that certain selfish interests are now busily engaged in spreading fear among wool growers for the twofold purpose of reducing wool prices and undermining confidence in administration policy. I am sure that western wool growers will not forget that the program initiated by the Farm Credit Administration last year and operated by the Wool and Mohair Advisory Committee consisting of H. B. Embach, of Phoenix, Ariz., head of the National Wool Marketing Corporation; R. L. Turnbull, of Boston; Fred Marshal, Salt Lake City, secretary of the National Wool Growers' Association; and George M. Brennan, Federal Intermediate Credit Bank Commissioner, was one of the principal factors in bringing about an increase in the price of wool from approximately 11 cents to 33 cents. The monetary policy of the present administration which has raised the price of English money in terms of American dollars is another factor which has played, and is playing, an important part in maintaining the price of American wool. Furthermore, curtailment of cotton production under the Bankhead bill will have an unquestioned tendency to help the wool market. Bearing these facts in mind, I think wool growers may feel confident that the outlook for the trade is favorable. Chairman Embach, of the Advisory Committee, has issued a formal statement saying: "There is nothing in the present quietness of the market that would justify any change in present quoted wool values."

JOSEPH C. O'MAHONEY,
United States Senator.

MAY 25, 1934.

Hon. JOSEPH C. O'MAHONEY,
Hon. KEY PITTMAN,
United States Senate.

DEAR SENATORS: Following our conversation in my office last Wednesday, I asked the Wool and Mohair Advisory Committee of the Farm Credit Administration to make a survey of the wool situation.

On the basis of the information available, it reports that wool is in a much stronger statistical position now than a year ago, or at any time during the past several years. American stocks of raw wools were substantially lower on January 1, 1934, than on January 1, 1933, and stocks of wool in secondary markets of the world are not considered burdensome. Furthermore, in view of the present price differential, the foreign wool situation is beneficial rather than detrimental to the American wool market at this time.

Domestic consumption of wools continues to exceed domestic production. While a weak undertone in present wool values is reported, I am advised that this is due largely to a lack of demand, occasioned by the fact that there still is a sizable accumulation of wool in various stages of manufacture which has not yet reached its final destination, and to seasonal conditions.

There is nothing in the statistical position of domestic wool, either the remainder of the 1933 clip or the prospective clip for 1934, to indicate lower values. I am advised by the Wool and Mohair Advisory Committee that these views are shared by those in the trade whose judgment is recognized as reliable.

The unsold wools of the 1933 clip, held under the so-called wool-marketing plan of the Farm Credit Administration, represent a relatively small proportion of the total tonnage of wools consigned under the plan. There has been no change in the established policy of the Farm Credit Administration with reference to the marketing of wool in which its agencies have a financial interest, regarding which I made the following statement at the time the 1934 marketing plan was announced:

"Wools handled under the Administration's marketing plan will continue to be marketed in an orderly manner in response to consumptive demand. The price of wool during the 1934 season will be determined by fundamental factors of supply and demand. Following the institution of the plan for the handling of the 1933 clip, prices of grease wool in the country advanced sharply and wool continued to rise throughout the greater part of the season. With wool at present values, a rise of no such proportions this year is anticipated. Nevertheless, the plan should assure the industry a much firmer price foundation than might otherwise exist without it. It is not an effort to control prices but one to try to prevent unnecessary fluctuations."

Very truly yours,

W. I. MYERS, *Governor.*

Mr. PITTMAN. Mr. President, in connection with the matter introduced into the RECORD by the Senator from Wyoming [Mr. O'MAHONEY], I may say that the President made a similar remark to me, and I am very pleased that his letter has been received.

Mr. COSTIGAN. Mr. President, if the Senator will permit me a word, as a participant in two of the conversations at the White House referred to by the able Senator from Wyoming, I am happy to testify to the accuracy of his statements.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORT AND CONSIDERATION OF ARMY NOMINATIONS

Mr. SHEPPARD. Mr. President, from the Committee on Military Affairs, I report back favorably three nominations in the Army. In view of the fact that Congress is adjourning today, and these Army nominations are important, I ask unanimous consent that they be considered at this time and confirmed, and that the President be notified.

The PRESIDENT pro tempore. Is there objection to the present consideration of the nominations? The Chair hears none, and the nominations will be read.

The legislative clerk read the nomination of Col. John Jennings Kingman, Corps of Engineers, to be Assistant to the Chief of Engineers.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of First Lt. William John Ledward, Coast Artillery Corps, to be transferred to the Field Artillery.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Capt. John Joseph Murphy, Infantry, to be major, Infantry, in the Regular Army.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. SHEPPARD. I ask unanimous consent that the President be notified of the confirmation of these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified.

CLAUDE M. EVANS

Mr. McKELLAR. From the Committee on Appropriations, I report favorably the nomination of Claude M. Evans, of Texas, to be regional director of the Farm Security Administration, and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Tennessee. The Chair hears none. The nomination will be read.

The legislative clerk read the nomination of Claude M. Evans, of Texas, to be regional director of the Farm Security Administration.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. McKELLAR. I ask unanimous consent that the President be notified.

The PRESIDENT pro tempore. Without objection, it is so ordered.

POSTMASTERS

Mr. McKELLAR. I also report favorably from the Committee on Post Offices and Post Roads a number of postal nominations, and ask that they be confirmed en bloc, as this is the last day of the session.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Tennessee?

Mr. McNARY. Just a moment, Mr. President.

Mr. McKELLAR. The nominations have been approved by the various Senators from the States concerned.

Mr. McNARY. And by the committee?

Mr. McKELLAR. And by the committee.

Mr. McNARY. Unanimously?

Mr. McKELLAR. Unanimously under our rules, because the whole committee does not act on the nominations. A subcommittee acts upon them; but they have been approved by the two Senators from the States concerned when they were handed in.

Mr. McNARY. Of course, this is a very unusual request; but in view of the fact that the session is about to close, I shall make no objection.

The PRESIDENT pro tempore. Without objection, the request of the Senator from Tennessee is agreed to, and the postal nominations are confirmed en bloc.

Mr. McKELLAR. I ask unanimous consent that the President be notified of the confirmation of the nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified.

SAM M. DRIVER

Mr. BURKE. Mr. President, in reference to the nomination of Sam M. Driver to be United States attorney for the eastern district of Washington, I am authorized to submit a favorable report from the Committee on the Judiciary, and ask unanimous consent for the immediate consideration of the nomination.

The PRESIDENT pro tempore. Is there objection to the immediate consideration of the nomination? The Chair hears none. The nomination will be read.

The legislative clerk read the nomination of Sam M. Driver, of Washington, to be United States attorney for the eastern district of Washington.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Are there further reports of committees? If not, the clerk will state in order the nominations on the Executive Calendar.

THE JUDICIARY

The legislative clerk read the nomination of Walter E. Treanor, of Indiana, to be judge of the United States Circuit Court of Appeals for the Seventh Circuit.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE FOR MINNESOTA

The legislative clerk read the nomination of Arthur D. Reynolds, of Minneapolis, Minn., to be collector of internal revenue for the district of Minnesota.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE FOR WEST VIRGINIA

The legislative clerk read the nomination of F. Roy Yoke, of Morgantown, W. Va., to be collector of internal revenue for the district of West Virginia.

The PRESIDENT pro tempore. This nomination is adversely reported.

Mr. BARKLEY. I ask that the nomination be passed over.

The PRESIDENT pro tempore. Without objection, the nomination will be passed over.

UNITED STATES PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Robert H. Heterick to be medical director.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James B. Ryon to be surgeon.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Felix R. Brunot to be surgeon.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Henry F. Canby to be passed assistant dental surgeon.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters on the Executive Calendar.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters on the Executive Calendar be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the Executive Calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senate will stand in recess.

Thereupon, at 4 o'clock and 19 minutes p. m., the Senate took a recess until 5 o'clock p. m., when it was called to order, and the Vice President resumed the chair.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 8730) to amend the National Housing Act, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. GOLDSBOROUGH, Mr. REILLY, Mr. WOLCOTT, and Mr. FISH were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to a resolution (H. Res. 385), as follows:

Resolved, That a committee of two Members be appointed by the House to join a similar committee appointed by the Senate to wait upon the President of the United States and inform him that the two Houses have completed the business of the session and are ready to adjourn unless the President has some other communication to make to them.

And that pursuant to the above resolution the Speaker had appointed Mr. RAYBURN and Mr. SNELL members of the committee on the part of the House.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 28), in which it requested the concurrence of the Senate, as follows:

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress shall adjourn on Tuesday the 21st of December 1937, and that when they adjourn on said day they stand adjourned sine die.

REPORT OF COMMITTEE TO NOTIFY THE PRESIDENT

Mr. BARKLEY. Mr. President, I wish to report to the Senate that the committee appointed by resolution adopted earlier in the afternoon to join a similar committee from the House of Representatives to wait upon the President have performed that duty. I am happy to report that the President instructed me to say that he has no further communication to submit to the Senate at this session.

FINAL ADJOURNMENT RESOLUTION

Mr. BARKLEY. Mr. President, I ask that the Chair lay before the Senate the concurrent resolution just sent over by the House of Representatives.

The VICE PRESIDENT. The Chair lays before the Senate a concurrent resolution from the House of Representatives, which will be read.

The legislative clerk read the concurrent resolution (H. Con. Res. 28), as follows:

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress shall adjourn on Tuesday the 21st of December 1937, and that when they adjourn on said day they stand adjourned sine die.

Mr. BARKLEY. Mr. President, there being no further business to be transacted by the Senate at this session, I move that the concurrent resolution be agreed to.

The VICE PRESIDENT. The question is on the motion of the Senator from Kentucky that the concurrent resolution be agreed to.

The concurrent resolution was agreed to.

ADJOURNMENT SINE DIE

Mr. BARKLEY. I now move that the Senate adjourn sine die.

The motion was agreed to; and (at 5 o'clock and 2 minutes p. m.) the Senate adjourned sine die.

NOMINATIONS

Executive nominations received by the Senate December 21 (legislative day of November 16), 1937

UNITED STATES ATTORNEY

Sam M. Driver, Esq., of Washington, to be United States attorney for the eastern district of Washington, vice James M. Simpson, deceased. (Mr. Driver is now serving in this position under a court appointment.)

APPOINTMENT IN THE REGULAR ARMY

Col. John Jennings Kingman, Corps of Engineers, to be Assistant to the Chief of Engineers, with the rank of brigadier general, for a period of 4 years from date of acceptance, with rank from January 1, 1938, vice Brig. Gen. George B. Pillsbury, Assistant to the Chief of Engineers, to be retired December 31, 1937.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 21 (legislative day of November 16), 1937

UNITED STATES CIRCUIT COURT OF APPEALS

Walter E. Treanor to be judge of the United States Circuit Court of Appeals for the Seventh Circuit.

COLLECTOR OF INTERNAL REVENUE

Arthur D. Reynolds, to be collector of internal revenue for the district of Minnesota.

FARM SECURITY ADMINISTRATION

Claude M. Evans, to be regional director of the Farm Security Administration, Department of Agriculture.

UNITED STATES ATTORNEY

Sam M. Driver, to be United States attorney for the eastern district of Washington.

UNITED STATES PUBLIC HEALTH SERVICE

Robert H. Heterick to be medical director.
James B. Ryon to be surgeon.
Felix R. Brunot to be surgeon.
Henry F. Canby to be passed assistant dental surgeon.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

First Lt. William John Ledward to Field Artillery.

PROMOTION IN THE REGULAR ARMY

John Joseph Murphy, to be major, Infantry.

APPOINTMENT IN THE REGULAR ARMY

Col. John Jennings Kingman to be Assistant to the Chief of Engineers, with the rank of brigadier general.

POSTMASTERS

ALABAMA

Dezzie A. Littlejohn, Jemison.

COLORADO

Fred A. Eickhoff, Elbert.

ILLINOIS

Herman E. Rinkema, South Holland.
Samuel J. Kreider, Prairie City.

IOWA

Floyd A. Bishop, Mitchellville.
Oscar G. Sharp, Seymour.

KANSAS

Carl Willis Gilbert, Plainville.

MINNESOTA

Clarence E. Scheibe, Cloquet.

NEW MEXICO

Denzel Luther Lee, Dexter.

NORTH CAROLINA

Barron P. Caldwell, Marion.

OHIO

Floyd G. Young, Mendon.

SOUTH DAKOTA

Glennie Flathers Whites, Iroquois.

TENNESSEE

L. Irene Rose, Tazewell.

HOUSE OF REPRESENTATIVES

TUESDAY, DECEMBER 21, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Eternal God, our Father in Heaven, we bow before the throne of Him whose earthly life began with peace on earth, good will to men. He invested the child, the prodigal, and the poor with priceless worth. Blessed be the Lord God of our Savior, who, according to His abundant mercy, hath begotten us again unto a lively hope wherein we greatly rejoice. In the midst of earth's seething tides we lift our hearts to Thee. Pour forth Thy light and make the darkness visible, and let Thy holy mantle hover above the plains of night. O come anew to our land, sanctify all toil, right wrongs, heal grief and woe. Crown us all with the spirit of good will which makes good neighbors, good friends, and good citizens. O Star of the East, once again climb the midnight sky and again bless the world with the glad news of a Savior born. In His name. Amen.

The Journal of the proceedings of yesterday was read and approved.

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that after the disposition of business on the Speaker's table and following the special orders heretofore entered for today I may address the House for 25 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DIES. Mr. Speaker, would it be in order to ask unanimous consent to address the House at the opening of the next session?

The SPEAKER. The Chair thinks it is not in order at this time.

EXTENSION OF REMARKS

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. CELLER] may have permission to extend his remarks in the RECORD and include therein a resolution and three short bills.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a statement by Mr. H. J. Gramlich, of the Nebraska Department of Agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a brief statement from my home-town paper about the weather.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. JENKS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an editorial in the Washington Daily News relating to the wage-hour bill, entitled "Why it Died."

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, on yesterday I asked unanimous consent to extend my remarks in the RECORD and include therein a statement prepared by the Colorado Water Conservation Board, which analyzes the provisions of the regional planning bills that are before the Congress, H. R. 7365 and S. 2555, and the effect they would have upon 12 western States if enacted into law in their present form. It is a very learned and a very important document. It was returned to me by the Printer because I had not obtained an estimate of its cost. The Printing Office said it would take six pages of the CONGRESSIONAL RECORD.

Mr. Speaker, I now renew my request and ask that this document be printed in the RECORD, because it is very important to all of the arid States of the West. The statement thoroughly analyzes the entire proposed regional set-up of the administration.

Mr. SNELL. Reserving the right to object, Mr. Speaker, what is the entire cost of printing this document?

Mr. TAYLOR of Colorado. It would cost $270.

Mr. THOMASON of Texas. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Colorado if this survey includes the upper Rio Grande Valley in Texas, which is under the Elephant Butte Federal project?

Mr. TAYLOR of Colorado. This pertains only to the effect it would have on our water rights for irrigation in the arid western states. We fear it would destroy our system of priority rights. The statement I offer discusses the proposed regional set-up as it would affect our water rights.

Mr. THOMASON of Texas. Am I to understand it only includes that part of the Rio Grande project within the State of New Mexico? A good portion of the Rio Grande Valley at and below El Paso, Tex., in my district, is part of that project. I should like to know if the survey and recommendations, if any, apply also to the irrigated valley I have the honor to represent?

Mr. TAYLOR of Colorado. This document is an analysis of what the Government proposes to do by these bills of Senator NORRIS and the gentleman from Texas [Mr. MANSFIELD]. The report shows how they affect the western arid States and how they affect our irrigation, and that is all.

Mr. KNUTSON. Reserving the right to object, Mr. Speaker, does the report show how these new irrigation projects are going to affect the East?

Mr. TAYLOR of Colorado. It does not go into that. The way our irrigation projects affect the East is to make an enormous market for eastern products. They enable us to buy nearly everything we have from the East.

Mr. THOMASON of Texas. I have no objection to the report being inserted in the RECORD, but I am anxious that if any survey be made of the Rio Grande project within the State of New Mexico it also include the part in Texas. I want the people in that area not only to be protected but receive any benefits which may accrue from it. I observe from yesterday's RECORD that the gentleman from Colorado [Mr. LEWIS] inserted a statement regarding this matter. I had no knowledge of same and was not asked to sign it. I do expect, however, to know what is going on and to protect the interests of my people.

Mr. TAYLOR of Colorado. This report has nothing to do with that at all. I am sure the gentleman will be interested to read it.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. DUNN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting my Christmas greetings and New Year's greetings to everyone in the whole world.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent that, following the remarks of the gentleman from New York [Mr. DICKSTEIN], I may address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF REMARKS

Mr. BURDICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a short statement in regard to vaccination by Dr. Hay, of Pennsylvania.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota.

There was no objection.

Mr. BURDICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein my own review of the work of the special session.

Mr. SNELL. Reserving the right to object, Mr. Speaker, simply to get information, I have supposed requests similar to the second request of the gentleman from North Dakota were covered by the request of the gentleman from New York [Mr. O'CONNOR], which was granted the other night.

The SPEAKER. The Chair is of the opinion the matter is covered by the request of the gentleman from New York [Mr. O'CONNOR].

Mr. BURDICK. Then I withdraw my second request, Mr. Speaker.

CALENDAR WEDNESDAY

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that business in order on tomorrow, Calendar Wednesday, may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a short letter.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The SPEAKER. Under previous special order of the House, the gentleman from Pennsylvania [Mr. DITTER] is recognized for 20 minutes.

Mr. DITTER. Mr. Speaker, when I addressed my unanimous-consent request to you yesterday, I could not help but notice the rather pained expression that came upon your countenance. At first I was inclined to take it as a personal affront, and then I realized that in your wisdom, by your facial expression, you were trying to bring to me a message. While I tried to wrestle with the problem of preparing a manuscript, more and more there came to me the suggestion of your facial admonition, that this was neither the time nor the place for an extended controversial address.

Then I was mindful as well of the feelings of all of the Members of the House at this time of good will and good cheer. Then I was mindful of the gallery, and we always should be mindful of the gallery, that the gallery should be

about better things in these Christmas days than listening to controversial congressional speeches. Then, lastly, but by no means least, I was mindful of the employees of the House, the page boys particularly, in whom there still lingers, probably, a keener appreciation of Christmas and what Christmas means than the rest of us enjoy.

So with my expression of appreciation, Mr. Speaker, to you for the inspiration which you brought to me as a result of your facial expression, and with an assurance of my deep regard for you, the brethren, the galleries, the pages, and the other employees, I ask unanimous consent to extend in the RECORD that which I otherwise would have delivered as my address today. Instead of the House being able to enjoy the sweet cadences of my voice, I am going to confine it to the dictaphone. Of course, I request that I may be permitted to extend my speech at this point. If there is objection, sir, I will give you the first sentence of it so that it may be entirely in order. To one and all I extend greetings of the season.

The SPEAKER. In reply to the statement of the gentleman from Pennsylvania, the Chair may state that he is very happy that he was able to use his facial expression to such good advantage. [Laughter.]

Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DITTER. Mr. Speaker, this special session of the Congress is about to adjourn. Expressions of disappointment with the results are heard on all sides. The hope that something constructive would be accomplished to put business on its feet has been dashed to the ground. Responsibility for the failure to get results rests squarely on the shoulders of the administration. The recession in business which started in the summer has not been arrested. Day by day it becomes more extended and widespread. In the meantime Congress has done nothing.

We have been in session since the 15th of November. A glance at the record will disclose that the efforts of the leadership during the first days were directed to soft-pedaling any criticism for its failure to have a program. From day to day we recessed or adjourned so that the sounding board of this Chamber could not be used to carry any messages to the country. Eventually a much-advertised farm-relief measure timidly made its way into the House. For days the Chamber resounded with fervid appeals for the distressed farmers. Cotton, corn, and other commodities had their champions. Knights of the dairy vied with contenders for tobacco, rice, and wheat as they threw themselves into the combat. From it all there came but one outstanding result—the new dealers from the metropolitan and industrial districts were persuaded to become agriculturally minded, and the sweet strains of the Sidewalks of New York gave way to the wooing and familiar cadences of Way Down South In the Land of Cotton. The farmers of the country became the vassals of the Department of Agriculture when the bill finally passed the House. In the meantime business continued on its toboggan slide. Appeals came from all parts of the country. Workmen, faced with lay-offs or actually unemployed, wanted help, but nothing was done. Farmers who sensed the serious consequences of the agricultural program joined with industrial workers in their pleas for a sane and sensible recovery program.

Finally a wage and hour bill came before the House. The least said about it the better. It is a painful memory to many of you. Instead of helping labor or eliminating undesirable working conditions it provided the means for a show of strength between two contending labor groups and pitted one section of the country against another in a struggle for political supremacy. In a vain effort to corral votes for its passage amendments were accepted which so emasculated the bill and so distorted its features that even the adopting parent, who claimed that the foundling had been placed at her doorstep, could not recognize the child. Exemptions for one industry after another were accepted and age limits for child labor were incorporated so that the bill actually became a cruel and deceptive gesture to the wage earners of the country rather than a reform or recovery measure. Politics were played at the expense of the workers of the land. And still the toboggan slide of business continued. And still nothing was done.

Every Member of the House should be disturbed about the alarming slump in business. It affects every district from the Atlantic to the Pacific and from Canada to the Gulf. No Member can be unmindful of the seriousness of the situation, as he recalls the message of the President at the opening of this session when he said that "there has been a marked recession in industrial production and industrial purchases." Since then conditions have not improved. Had there been any doubt in any minds of the disastrous decline in business activity, or a disposition to treat it with indifference, these words of alarm voiced by the President should make every one anxious about present trends and apprehensive of future conditions. These words of the President meant that orders have dropped, that production has declined, that pay rolls have sagged, that unemployment has increased, and that investments and income have gone into a tail spin, resulting in the loss of millions of dollars in purchasing power. These conditions are neither ghost stories or fairy tales. They are realities. Were they inconsequential or of no moment no mention would have been made of them by the President. The subject was not an inviting one to him, carrying with it, as it did, an admission of failure.

Those who have been responsible for the policies of the past 4 years would prefer, naturally, to minimize the dangers or, better still, to avoid all reference thereto. But the growing seriousness of the situation cannot be minimized. It should have commanded the attention of the leadership when the session started. Opportunity should have been given so that we might have made an impartial examination and a fair appraisal of the policies and methods pursued by the administration in its dealings with the business life of the Nation. And, make no mistake about it, the business life of the Nation is not confined to Wall Street; it is the individual and cooperative effort of every man and woman who retains the sense of self-respect to maintain themselves and to provide for the needs of their dependents. The business life of the Nation is the small storekeeper as well as the large merchant, the two or three workmen employed in a shop as well as the thousands engaged in a mass-production plant—the men and women, employers and employees, throughout the land who still believe that neither laziness nor slothfulness are commendable virtues. The business life of the country is work—positions—jobs.

If an examination and appraisal of the policies and methods of the admnistration had been made, what would have been disclosed? Of course, it would have provoked argument. However, a dispassionate discussion would have been helpful. It would have required honesty and forthrightness and perfect candor if anything were to come of the examination and appraisal.

If partisanship is permitted to dim our vision or warp our judgment so that we can neither get a clear perspective nor make honest deductions, then our problem will continue to be a political football and our economic and social conditions will continue to be unanswerable conundrums. However, certain conclusions can be reached without either an examination or an appraisal. They are matters of record. They can be summarized briefly as follows: First, the present administration has had more than 4 years to complete a recovery program. Second, it has had delegated to it greater power than that ever exercised by any administration. Third, it has spent fabulous sums of money allegedly for the purpose of priming the pump of prosperity. And lastly, and more pathetic than all, its recovery program has been a dismal failure.

I submit, Mr. Speaker, that there are certain elemental things which can be done at once. Before the tide of this business recession can be stemmed, the attitude of the administration toward business and business leaders must

change. The President has asked business to cooperate. Business has the right to ask to what extent the Government will cooperate. Cooperation cannot be unilateral. To succeed it must be a mutual endeavor.

The administration's attitude toward business in the past is a matter of record. It has been one of continued hostility rather than one of helpfulness. The impression has been made by official spokesmen of the administration that business leaders for the most part are malefactors and the foes of a more abundant life. They have been painted as the ghouls of a decadent social system. Their success has been held out as a sordid survival of a tooth and claw era of shame and disgrace. They have been castigated as "money changers", "economics royalists", and "Lord Macauleys." Need I go further? Need I elaborate on the jumble of menacing moves and palliative promises which private enterprise has met at the hands of the administration? No; Mr. Speaker, the record is all too plain to require extended amplification, and a detailed recital would serve only to embarrass those who have endorsed this policy. No other conclusion can be reached than the finding that the New Deal has set itself up as the implacable foe of American business. Until the administration makes some substantial move which is persuasive and convincing, and which bears the evidence of reasonable permanence rather than temporary expedience, some move to prove that the administration has changed its hostile attitude toward business and business leaders, there can be little hope for an enthusiastic response to the recent overtures made by the President. If business and Government are to be drawn together in a genuine cooperative effort, the plague of invectives must be ended; the censorious, condemning, and infamous names for businessmen must be dispensed with; the punitive tax expeditions and unwarranted destructive investigations must be stopped; the promised breathing spells must be made permanent, and a hand of helpfulness rather than one of hostility must be extended.

The administration has not only mauled the life out of business, but it has meddled its way into the life of business so that what little life is left is under the scrutiny and hypocritical inquisitiveness of some appointed regulator. Government meddling has developed into a mania. It throws around itself an air of sanctimonious holiness, an atmosphere of holier than thou, and all the while it grasps every opportunity to prostitute private enterprise and initiative for its own pleasure and profit. A businessman's life is no longer his own. At every turn some Federal agency with an alphabetical alias is poking its nose and its fingers into every crevice and cranny of every type of activity so that hardly any businessman's thoughts, words, or deeds can escape their meddlesome methods. Pedagogic parasites have been here telling businessmen how they must manage and operate their plants and, in the hope of securing material for research purposes, these luminaries from the sheltered atmosphere of the classrooms have examined and cross-examined, investigated and inquired, analyzed and dissected business and businessmen down to the bone and marrow. I submit, Mr. Speaker, there are some things businessmen should be permitted to do without having some one or more of the Federal agencies make a microscopic examination of them. This meddling has caused reports to be piled on reports, all of them to be made out at the expense of the businessman, many of them unnecessary and overlapping, with no apparent benefit from many of them except to increase the business of the notaries public who take the affidavits. My, how this meddling habit has grown. We meddle into farms, into factories, and into finances. We meddle into production, into prices, and into pay rolls. Were the results not so disastrous, the efforts would be humorous.

This meddling habit has taken a serious turn during the past year. I refer to meddling into the relations between employer and employee, with the result that the administration found itself as the ally of violence, disorder, and lawlessness. Can anyone claim that the reign of violence which was encouraged by the administration's meddling has been helpful to recovery? Does anyone contend that the apathetic impotency of government, which made personal rights and property rights the prey of labor racketeers and marauders, that this impotency can be considered an aid to recovery? Does anyone urge a continuity of searches and seizures, coercions and intimidations, violence and disorder as the surest and safest road to recovery? This has been the administration's policy of meddling in the affairs of labor—in the relations of employer and employee. This attitude should be discontinued. The administration should divorce immediately the interests of labor from its own political ambitions and permit labor to find its soundest course of self-protection without the entangling alliances or the embarrassing obligations of political preferment. The administration's meddling has been a monkey wrench in the machinery of business recovery. Let the administration mind its business and let business mind a little more of its own business, and both will profit by it.

With a cessation of hostility and a discontinuance of meddling, the avenue for real recovery measures will be opened. A new revenue measure will be supported rather than opposed by the majority. Spending will become a little more of a fine art rather than a favored art of the majority. The administration will protect rather than punish the producers of the income of the country. The competitive efforts of the administration against private enterprise and legitimate and reasonable profits will be discontinued. In short, the business life of the Nation will be permitted to provide its contribution of helpfulness in a joint endeavor with government to bring about prosperity and a sound recovery. There will be an end to the program which requires the dynamic spirit of private enterprise to be sabotaged by socialistic tenets or prostituted by political hypocrites. There will be an end to the program which requires our complex industrial agricultural and economic life to be managed and dictated by arbitrary rulers in Washington. Private enterprise will be permitted to expand with reasonable governmental controls rather than strangled and stifled by governmental ukase.

Mr. Speaker, the leadership has passed up its opportunity at this special session. The country looks for something constructive at the regular session. I am persuaded that private enterprise welcomes the opportunity to cooperate—that it awaits an invitation which it can look upon as sincere and genuine. The leadership of the House and the administration are challenged today to do the work which the country is demanding it to do—to provide the means for a real recovery program.

The SPEAKER. Under the special order of the House heretofore entered, the gentleman from Pennsylvania [Mr. STACK] is recognized for 10 minutes.

Mr. STACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including some brief excerpts from articles appearing in a paper back home.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

HONEST LEGISLATION VERSUS MAKE-BELIEVE

Mr. STACK. Mr. Speaker, I am going to preface my few remarks here today by quoting from the Philadelphia Record of Saturday, December 18, and Monday, December 20, 1937:

With one exception the Pennsylvania delegation divided squarely on party lines on the recommittal issue, 26 of the 27 Democrats voting for the bill (wage and hour bill) and the 7 Republicans to junk it. The exception was Representative MICHAEL J. STACK, Coughlinite from Philadelphia.

Throughout the long, bitter struggle he sided consistently with the opposition, supporting every maneuver to sabotage and obstruct the fight to end sweatshops. On the crucial show-down he buried his knife in the bill's back. Citizens of the Sixth Congressional District who voted for STACK and who feel that they have been outrageously betrayed should make it a point to tell him so. His address is 5243 Catherine Street.

If being a "Coughlinite" means that I am for social justice and that I believe the coining and regulating of money should be restored to Congress, then I will have to plead guilty to the indictment.

When the petition to discharge the Rules Committee from further consideration of the wage and hour bill was placed on the Clerk's desk I received a telegram from the Philadelphia Record asking me if I had signed the petition and to wire at the expense of the paper how I stood on the bill. In answer I said that I had signed the petition; that my signature was the twenty-second on the list, but that I would not vote for the bill unless it was properly amended on the floor of the House. The paper carried that story.

If by voting to substitute the American Federation of Labor bill introduced by Representative DOCKWEILER for the committee bill was fighting "consistently with the opposition," then I am afraid I will also have to plead guilty to that indictment.

My dear colleagues of the House, the problems facing you and me here in the Halls of Congress are many and varied, and very few of us are so omniscient that we do not have to consult with experts. When a tax bill is before the Ways and Means Committee the members of that great committee do not call in a naval officer to discuss that bill; rather will they call in a tax expert. When a wage and hour bill is before the Labor Committee, that great committee does not, as a rule, call in the owner and editor of three great metropolitan newspapers, who happens to be a Democrat in the Philadelphia Record, a Republican in the Camden (N. J.) Courier, and a Communist in the New York Post. Instead, they call in somebody who has had experience either as a worker or as an executive on the wage and hour question.

For 2 weeks, beginning October 4, 1937, the American Federation of Labor held its convention in Denver, Colo. Representatives from all over the United States, its possessions, and Canada attended that convention, and their deliberations were solely concerned with making this country a better place to live in for the average workingman and for business in general. In the fullness of their knowledge and experience they instructed their president, William Green, to oppose the so-called committee wage and hour bill, unless it was properly amended on the floor of this House. I do not know much about Bill Green, the president of the American Federation of Labor; I do not know much about "Jimmie" Myles, secretary of legislation of the building-trades department of the American Federation of Labor and a resident of my own congressional district; I do not know much about Lewis G. Hines, director of organization of the American Federation of Labor; I do not know much about Frank Burch, secretary of the Central Labor Union of Philadelphia, except that they and their associates are honestly battling to increase the purchasing power of the wage earner and, incidentally, were honestly battling for the same principles when Davey Stern was printing and publishing the Philadelphia Record with scab labor. [Applause.]

A newspaper is defined in Webster's Dictionary as that which conveys news or advocates opinions, but not to browbeat or force opinions. Now, I have never met the owner of the Philadelphia Record, Davey Stern, but his paper has been consistently and persistently against me ever since I have been in public life. His paper is read in my district, but evidently it has not much effect on the electorate of the Sixth District of Pennsylvania, because, despite his opposition, whenever I ran for public office I was elected.

In the Sunday edition of the Philadelphia Record I made the editorial page when Davey invited my constituents to come to see me at my home, call me on the phone, or write me telling me what they though of my vote on the wage and hour bill. Well, Davey, you must know that I am home every week end, and that I am always glad to see my constituents and, strange as it may seem, the number that called on me this week end, despite your invitation, was no larger nor smaller than calls on me every week end.

Oh! I know you must sell your papers, Davey, and in order to sell them you must have news and you must advocate some opinion, but why do you not get behind my House Resolution 310—to appoint a special committee to investigate and inquire into the proceedings which resulted in the quashing of the indictments of certain persons connected with the Philadelphia company for guaranteeing mortgages—and have that committee appointed to investigate why the indictments were quashed, or nolle prossed, and, incidentally, tell us what part, if any, your boy friend, Albert M. Greenfield, had in wrecking that company and how many of the widows and orphans, former bondholders in that company, will go without their Christmas dinner this year?

Why do you not tell us, Davey, through your papers, why the W. P. A. in Philadelphia—that great humanitarian agency—has been made a political football at the expense of the destitute and needy of our great city, who are on relief and out of work through no fault of their own?

Why do you not tell us about the fat W. P. A. jobs that single men and women, and even State legislators, are given in Philadelphia while married men on relief in my district of West Philadelphia, with large families, must walk the streets looking for jobs that they cannot get because the organization, of which you are a part, will not give them its political O. K. or blessing?

Why do you not tell us, through the columns of your great papers, why the grand jury investigation of gambling in Philadelphia is being stalemated?

O Davey, why do you prate in your papers with printer's ink about liberalism and representative government while behind closed doors you force down the throats of the Democratic electorate your own stooges to do your bidding. Your man "Friday," Luther M. Harr, the present secretary of banking of the great State of Pennsylvania, is, everyone knows, at least in Philadelphia, controlled by Albert M. Greenfield and yourself. Try to sell or rent a piece of real estate for the banking department of our great State of Pennsylvania and see if you do not have to split commission with Greenfield's office.

I voted to recommit the so-called wage and hour bill because I believed the bill did not mean anything for the people of the Sixth District of Pennsylvania; that it did not mean anything for the State of Pennsylvania; that it did not mean anything for the workingman in any part of the United States. It was emasculated on the floor of the House when the Labor Committee brought in 129 last-minute amendments and in a desperate attempt to pass it at any cost its sponsors agreed to exempt mining, milling, smelting, oil, agriculture, and what not, making the whole thing a sorry joke on the workers whose living standards it was designed to raise.

I am satisfied that the people of my district and of the great city of Philadelphia and that my colleagues here in the House still believe in intellectual honesty. [Applause.]

O Davey, you have great papers—you control three newspapers—what do they say? If I know anything they teach communism and are unfit to be in any home. Time and time again the Brooklyn Tablet, the leading Catholic newspaper in New York, has branded the New York Post and its publisher, Davey Stern, as anti-Catholic, un-American, and communistic.

It is well and truly written in the Good Book, "What does it profit a man if he gains the whole world and suffers the loss of his own soul?" and I say to you now, Davey Stern, that I would rather go back to political oblivion than stultify and prosecute my own convictions. I come from the laboring class and I am proud to say that I still live, breathe, walk, and talk with the laboring class. I am for minimum wages and maximum hours. I am against sweatshops and will support a bill with a flat minimum wage of 40 cents an hour and with a maximum of 40 hours a week or less.

There will be a real bill introduced in the next session and with all the energy and ability at my command I will help to pass such a bill next session and not a meaningless gesture to labor as was presented on the floor of this House last week.

Bring on your reprisals, Davey, I will be waiting for you and until then I will continue to function down here in Washington for what I humbly consider is for the best interests of the Sixth District of Pennsylvania and the entire country. A merry Christmas. [Applause.]

At the request of Mr. KNUTSON, by unanimous consent, the time of Mr. STACK was extended for 5 minutes.

The SPEAKER pro tempore (Mr. BOLAND of Pennsylvania). Under the previous order of the House, the gentleman from New York [Mr. DICKSTEIN] is recognized for 25 minutes.

Mr. DICKSTEIN. Mr. Speaker, I notice by the RECORD of December 20, page 1961, that my colleague, Mr. COCHRAN, of Missouri, delivered some remarks dealing with certain affidavits that he had submitted to me, numbering six, in which the affiants denied they were members of the Bund, and as to which, because of my colleague, JACK COCHRAN, I was willing to give the benefit of the doubt. I did not think it was necessary to encumber the RECORD with a speech for that purpose or to incorporate into the speech six affidavits in which these gentleman flatly deny that they are members of this particular German Bund. Mr. Speaker, in the last year and a half I have incorporated in the RECORD many hundreds of names based upon thorough and careful investigation. I have always protected character and reputation in respect to any name I have inserted in the RECORD, and I say to the membership of the House that if out of these hundreds of names that I have buttonholed as Fascists and Nazis, or whatever I have called them, only six filed a protest, I think I have done a pretty good job.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. Not now; I shall later. I am very much surprised at my good friend the gentleman from Texas [Mr. MAVERICK], one of the leaders, as the newspapers call him, of part of this House—I do not know what part—who injected a remark during the speech of my friend from Missouri [Mr. COCHRAN] when the latter asked permission to insert these affidavits in the RECORD. Mr. MAVERICK reserved the right to object, and this is what my colleague from Texas said, on page 1961 of the RECORD:

> I think that when a Member puts names in the RECORD he ought to give his source of information. That has been going on week after week, without any foundation whatever.

I do not know what was in the gentleman's mind. I have always admired the gentleman as a man who at least understands something about legislative matters, particularly in respect to putting things into the RECORD, but, from the gentleman's own language here, it would appear to me that he is taking an indirect slap at me when he says:

> I think that when a Member puts names in the RECORD he ought to give his source of information.

I say to the gentleman in all fairness that I am not attempting to indulge in any quarrel with him or with any Member, but if I had to give the gentleman the source of all the information with respect to the names that I put into the RECORD, there would not be a printing press in Washington large enough to print it, and there would not be ink enough to print it.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. In a moment. Members have always been welcome to come in and examine the files that I have pertaining to any individual in respect to whose activity I have illuminated the country. My office has been open. I want the gentleman to be fair. The gentleman surely does not expect me to turn around and put into the RECORD the source of information where one case might take up 50 pages of the RECORD alone, and in addition may expose certain people to bodily harm.

Mr. MAVERICK. Let me say this: If the gentleman puts information into the RECORD, we want to know whether it is mere hearsay. We do not doubt the gentleman's honesty and integrity, but when names of people are put in the RECORD whose honor and patriotism are questioned, it should be after an investigation, with the witnesses under oath. I do not think people should be libeled throughout the country by mere rumor. It is unfair.

Mr. DICKSTEIN. I agree with the gentleman.

Mr. MAVERICK. I believe the gentleman should give the full source of his information.

Mr. DICKSTEIN. I agree with the gentleman, but when one report may take 20 or 30 pages, does the gentleman really want me to put that into the RECORD? Is it not enough for the House that I put the names into the RECORD and issue an invitation to every Member to come into my file room and examine the files if he desires to do so?

Mr. MAVERICK. Oh, well, the Nazi crowd, I understand, has some secret-service people. Maybe the gentleman has a secret service?

Mr. DICKSTEIN. No.

Mr. MAVERICK. I say again, we do not doubt the gentleman's integrity, but we want to know the source, just as any congressional investigation, or when a man is under oath in a court. Rumor and hearsay are not sufficient.

Mr. DICKSTEIN. I have a lot of reputable Americans who volunteer their services.

Mr. MAVERICK. Is it like the Ku Klux Klan—secret?

Mr. DICKSTEIN. No; it is open; it is not secret at all.

Mr. MAVERICK. Just put it in the RECORD. But what is the source?

Mr. DICKSTEIN. We do not want to put in documents when one case alone would take up almost all of the CONGRESSIONAL RECORD and endanger certain people for giving information.

Mr. MAVERICK. Sure, I get crank letters all the time.

Mr. DICKSTEIN. And I would like to show the gentleman some crank letters I receive. The gentleman would smile, reading them, but I do not even talk about them.

Mr. SHORT. I think we all agree with the gentleman from New York, that it is practically impossible to reveal the source of all information that he might have, but certainly the gentleman from New York should not object to my colleague from Missouri [Mr. COCHRAN] inserting these affidavits made by good American citizens, residents of my State and the city of St. Louis, who have suffered embarrassment and humiliation and financial losses because of the false charges made against them, and certainly the gentleman should not blame my colleague [Mr. COCHRAN] for encumbering the RECORD to the extent of doing justice to these men.

Mr. DICKSTEIN. I appreciate what the gentleman says, and I have appreciated that, and their probable argument, before I put any name in the RECORD. As I said, I have always tried to protect character and reputation, and am not seeking to involve any innocent person. I am prepared, if I have committed a wrong, to publicly apologize, but I have not committed any wrong. What I have done is simply to say that A, B, and C are members of an organization in this country which is inimical to our form of government. Let me develop this point a little further.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. In a moment. I am willing to give these people, as my friend from Missouri said, the benefit of the doubt. I still make that statement.

Mr. EBERHARTER. I understand that my colleague from Missouri gave the gentleman from New York an opportunity to insert these affidavits in the RECORD, which he refused to do.

Mr. DICKSTEIN. We are not quarreling about that. I am not asking the gentleman to strike these affidavits out. I am just discussing something that I want to call to your attention.

Mr. COCHRAN. Will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. COCHRAN. The gentleman says he is willing to give these people the benefit of the doubt. Does the gentleman realize it is a felony, in my State at least, to make a false affidavit? Should he not do more than give them the benefit of the doubt, and admit that he was in error?

Mr. DICKSTEIN. An affidavit is an affidavit in any State. If a man swears to an affidavit which is false, it is a felony, and he committed perjury. I understand that.

Mr. EBERHARTER. Will the gentleman yield to me?

Mr. DICKSTEIN. I yield.

Mr. EBERHARTER. The gentleman made the statement that these names were only put into the RECORD after complete and thorough investigation.

Mr. DICKSTEIN. That is right.

Mr. EBERHARTER. Another statement the gentleman made would give the impression that this investigation was not made by any Government agent, any Government officer, or Government authority. Are we to conclude that these names were put into the RECORD on the statement of individual citizens who have no connection with the Government in any capacity whatsoever, or no connection with the enforcement of law, either municipal, State, or Federal law?

Mr. DICKSTEIN. Most of these names will be found in the records of the Department of Justice and the hearings in executive session of the committee which investigated un-American activities during the Seventy-third Congress.

Mr. EBERHARTER. Will the gentleman yield further? You say most of the names.

Mr. DICKSTEIN. Now, let me answer the question. You are trying to get the source of why and how I proceed and what method I used to put the names in. Is not that what you want?

Mr. EBERHARTER. Yes, indeed.

Mr. DICKSTEIN. Then why do you not let me answer your question?

Mr. MAVERICK. I want to say that I wrote to the Department of Justice, and they say they do not have this information and have not got these names.

Mr. DICKSTEIN. The Department of Justice would not give you any names. The Department of Justice at this present moment——

Mr. MAVERICK. Will the Department of Justice give you information that they will not give me?

Mr. DICKSTEIN. I have given the Department some information along these lines; I have not asked them for any.

Mr. MAVERICK. Oh! Then it has not been validated by the Department, has it?

Mr. DICKSTEIN. I am not interested in that. I am telling you that most of these names you will find in the Department of Justice.

Mr. MAVERICK. Oh, you gave them to them, then?

Mr. DICKSTEIN. Either I or someone else.

Mr. MAVERICK. We want to know whether it is certified information or not. The fact the Department of Justice has names sent to them is not proof of truth. Is it legal information? They say they have not got it.

Mr. DICKSTEIN. If you wanted definite legal information, you and my good friend from Minnesota [Mr. KNUTSON], for whom I have great admiration, should have supported my resolution on April 8, then you would have had official, sworn testimony by now.

Mr. MAVERICK. Will the gentleman yield further?

Mr. DICKSTEIN. And all of the information that you are now asking me.

Mr. MAVERICK. Do you mean to tell me that if I do not support your resolution I do not get official information from the Department of Justice? I know better than that. I know I can get any information the gentleman can get. There is no discrimination against me.

Mr. DICKSTEIN. I just want to tell the gentleman that everything I say or put into the RECORD is based upon careful study and investigation.

Mr. MAVERICK. Well, by whom? By whom? Please give the source.

Mr. DICKSTEIN. It is not done for the purpose of getting into the press as some gentlemen said on the floor of this House.

Mr. MAVERICK. Then you are not trying to get this into the press? You do not want this in the press?

Mr. DICKSTEIN. I do not care whether this is in the press or not. I am not concerned.

Mr. MAVERICK. Well, then, do not accuse somebody else of wanting to get into the press.

Mr. DICKSTEIN. It has been stated by some gentlemen on this floor, and I am looking at some of them now, that these addresses are only made on this subject to bust into the press.

Mr. MAVERICK. The gentleman knows that when we have an investigation there must be something official about it. You must have some big secret organization like the Ku Klux Klan or like the Nazi Bund making this investigation.

Mr. DICKSTEIN. No, my dear friend. I just have my——

Mr. MAVERICK. What? Organization? What is your source? I do not doubt your integrity at all; but let us do it in the regular way.

Mr. DICKSTEIN. That is right. Will you vote for it?

Mr. MAVERICK. I do not know that I am going to promise to vote for anything. I will vote for it if it is right.

Mr. DICKSTEIN. That is what I want you to do. If it is right I want you to support it. I have thousands of Americans, veterans, who voluntarily, without compensation, give me certain information in their communities. I then try——

Mr. MAVERICK. Is it sworn testimony? What is the source? Who are they?

Mr. DICKSTEIN. Some of the information is sworn to and some of it is not. Some of it is just information, which is being checked and rechecked by certain communities in every community in the country.

Mr. MAVERICK. What communities? And what is the information? Who is the head of this organization that is doing the checking?

Mr. DICKSTEIN. There is no particular person. I have about six or eight thousand files dealing with subversive activities by certain individuals in this United States, including the gentleman's own State.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. Let me finish my sentence.

Mr. COCHRAN. The gentleman made a statement and I want to reply to it.

Mr. DICKSTEIN. Let me finish my statement.

Mr. COCHRAN. I want to challenge the gentleman's statement that he says an investigation was made with reference to the names that he placed in the RECORD of citizens of my city belonging to this organization. I challenge the statement and defy him to produce the investigators to prove it. I do this to learn who is responsible for the information furnished the gentleman about residents of my city.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. No; I do not. If you will let me alone for a moment——

Mr. KNUTSON. I did not think so.

Mr. DUNN. Mr. Speaker, will the gentleman yield to me?

Mr. DICKSTEIN. I do not yield further now. Walter Luedecke—let the gentleman come back and I will challenge him. I am ready to challenge him. Walter Luedecke is the worst Nazi that lives in St. Louis, a Nazi that has been trying to substitute his fascism for democracy.

He is a gentleman that, connected with the North German Lloyd Steamship Line, just became a citizen a year ago; and I have a file about this great distinguished American, Walter Luedecke, the gentleman who makes an affidavit saying he is innocent. It would seem that he never heard about German bunds, he never heard about a Nazi Party. He is one of the heads of the steamship company that does all the dirty work. All the propaganda is brought in through the steamship companies. Mr. Luedecke, the gentleman who makes an affidavit it would seem never heard about a German bund. Why, he did not even know Fritz Kuhn—perhaps. This is the type of affidavits that are submitted.

Mr. COCHRAN. The gentleman told me about that. Who is the investigator who made the investigation? That is what I want to know, that is what those who made the affidavit want to know.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. SNELL. I think the gentleman from New York has been doing splendid work in regard to these investigations. I was not very much interested at first, but I have followed him somewhat and read other matters along this line. The gentleman may not always be right but I think he is doing a good work.

Mr. COCHRAN. I agree with the gentleman from New York in that respect.

Mr. SNELL. This investigation of secret organizations in this country which are putting out teachings that are inimical to American institutions is good. I am against that type of organization. [Applause.] And I do not give a damn what country they come from. [Applause.] I think the gentleman is doing good work. He may be wrong in some things, but in general he is doing good work, and it is American work. [Applause.]

Mr. COCHRAN. If the gentleman from New York [Mr. SNELL] infers I am in favor of people trying to destroy our form of government he is placing me in a wrong light when he makes that statement. I did not state that the gentleman has not been doing good work. I think he has been doing good work, but if he secured these individual names through secret investigation I want to know it. If I have been imposed upon, and I do think I have, I want to know it.

Mr. DICKSTEIN. Out of 550 names only 6 persons deny that they are connected with the bund. I say that I have done a pretty good job. I may not make it 100 percent, but it happens that only six persons deny it, and I am willing to accept their affidavits.

Mr. COCHRAN. That is all I want the gentleman to do.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. BOILEAU. The gentleman made the statement just a moment ago that Walter Luedecke denied having heard of any nazi-ism. In his affidavit he does not say that he was in ignorance of nazi-ism.

Mr. DICKSTEIN. I was just speaking figuratively.

Mr. BOILEAU. The gentleman was talking rather loosely. Mr. Luedecke denies having been a member of such an organization; and that, as I see it, is all that the gentleman from Missouri is bringing out. He does not say that he ever heard of nazi-ism or never heard of these German-American organizations.

Mr. DICKSTEIN. I am simply trying to convey to my colleagues what is going on. As I said, I am accepting his affidavit; but I still say that he is a Nazi, dealing with the North German Lloyds, and that his activities are not for the best interests of this country.

Mr. BOILEAU. I think the gentleman is doing a good service in bringing out the names of all who are engaged in un-American activities. On the other hand, I believe the House should have at this time a particular statement from him as to the source of his information. If American citizens are giving the gentleman the information, all right. Obviously, there must be some kind of organization getting this information; and in order that we may give proper credence to the gentleman, I think he should tell us who is assisting him in this movement.

Mr. DICKSTEIN. A moment ago I tried to explain a part of the source of the information.

Mr. BOILEAU. Is there any organization?

Mr. DICKSTEIN. There are other angles to the source of information. I have received no appropriation from anybody.

Mr. BOILEAU. I appreciate that.

Mr. DICKSTEIN. I have not received a dollar; as a matter of fact, I have used some of my own money out of my own pocket to send secret messengers out to get certain information.

Let me develop the gentleman's thought. It means nothing to me. I am serious about the proposition. I have been begging this Congress for 3 long years, exposing these un-American activities and their leaders, and all I have received from a certain group in this House was abuse, until now the country is up in arms. You have nazi-ism, you have communism, you have the blues, and the whites, and the reds, and it is going on openly. What have we done about it in Congress?

Mr. COCHRAN. Did not the House give the gentleman some money for the McCormack investigating committee? Of course we did.

Mr. DICKSTEIN. The House gave the McCormack committee $30,000, and we were just about hitting gold when we could not get a renewal of the investigation. We were only at it for 4 months and could not get a renewal of authority to continue because some gentleman on the floor objected. Our investigators brought us the names of three or four thousand agitators, but we did not have time to develop what they were doing in this country. We were barred from continuing our investigation not only because of refusal to renew authorization, but because we found that the law itself was bad, for we could not subpena a witness outside of the District of Columbia and hold him in contempt.

Mr. COCHRAN. That is the gentleman's own fault. If the resolution had been worded properly your committee could have required witnesses to testify, and so forth.

Mr. DICKSTEIN. It had nothing to do with the wording of the resolution. It was a question of a defect in the law under which resolutions were passed.

Mr. DUNN. Will the gentleman yield?

Mr. DICKSTEIN. In just a moment. We subpenaed the Communist organization in New York City. Congress was not in session and they refused to produce documents and papers. They just simply refused. I applied to the district attorney of my district for an indictment under sections 131 and 136 of the Revised Statutes, but he found while the subpena was not issued in the District of Columbia and Congress was not in session, he could neither force the Communist to appear before a congressional committee, nor to testify and to produce the demanded documents. We subpenaed other Nazi spies and the same thing happened. We came back here to Congress and it took us a year or a little more to amend the law.

Dealing with the question of names and the authenticity of same, may I say our investigators brought in over three or four thousand names, and I refer to the investigators for the congressional committee of 1933 and 1934. These three or four thousand names were not followed up. We took only the public agitators because their names appeared as leaders. I have followed these names up with proper investigation, spending my own money, and with the help of fine patriotic Americans who have checked on their activities. We had Germans come to us and give us information about their own people. We kept on checking and rechecking. We just took those aliens which we believed to be in this country advocating a form of government inimical to our own. We took those who were advocating fascism.

Mr. BOILEAU. How many of those names were citizens of St. Louis?

Mr. DICKSTEIN. We have forgotten about that.

Mr. BOILEAU. Will the gentleman state just how many of those names were from St. Louis? The gentleman from Missouri states that six of those names are not based on proper information. Now, what percentage was from St. Louis?

Mr. DICKSTEIN. I found out of the 3,000 perhaps 42, 43, or 45.

Mr. BOILEAU. How many were put in the RECORD?

Mr. DICKSTEIN. About 18.

Mr. BOILEAU. And the gentleman from Missouri has received affidavits from six.

Mr. DUNN. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Pennsylvania.

Mr. DUNN. May I say to the gentleman I have received three threatening letters. Two came from Indiana and one from Richmond, Va. These letters stated if I did not discontinue my bolshevistic activities, and if I did not discontinue supporting Roosevelt policies, some day I would be

taken for a ride; that people would come to my home and appear to be friends and would take me out and dispose of me. They also said that some day I may be in a restaurant and someone would come in and put poison in my food and get rid of me in that way if I did not discontinue my bolshevistic activities as a new dealer. I want to say to the gentleman and I want the world in general to know that I am not afraid of anybody in this world or the next world. I would rather be a dead man than go around living in fear that someone may poison me. I want to say that no Communist or no Socialist ever sent me such a letter.

Mr. DICKSTEIN. May I say to the gentleman that I also receive threatening letters.

[Here the gavel fell.]

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to proceed for an additional 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, may I say to the gentleman from Pennsylvania that I get letters threatening kidnaping, assault, and murder every day in the week. The gentleman must not mind that. We have a lot of foreign and domestic crackpots in this country.

Mr. EBERHARTER. Does the gentleman turn those letters over to the Department of Justice?

Mr. DICKSTEIN. No. They are helpless.

Mr. DUNN. I turned mine over to the Department of Justice.

Mr. DICKSTEIN. The Department of Justice is helpless.

Mr. EBERHARTER. In what respect?

Mr. DICKSTEIN. I have never received any report as to what they checked or what information they received, the reason being that most of the communications are anonymous.

Mr. EBERHARTER. Did the gentleman turn them over to the Post Office Department?

Mr. DICKSTEIN. They are helpless.

Mr. EBERHARTER. Why?

Mr. DICKSTEIN. Because they have not force enough to carry on this work and because most of the mail is anonymous. We have an Intelligence Service in this country. The Intelligence Service consists of about a handful of men in peacetimes and they cannot compete with what is going on in this country.

Mr. EBERHARTER. If the Post Office Department cannot give the gentleman any help with regard to these letters, and if the Department of Justice cannot give him any help, why does he not get his private investigating agency to look into these threatening letters?

Mr. DICKSTEIN. I am not worried about the threatening letters. I did not mention that as a basis for my information. I did not appeal for protection nor did I ask anybody to be my bodyguard. I merely made that answer to my friend from Pennsylvania that you get them every day in the week. I received two this morning.

Mr. COLDEN. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from California.

Mr. COLDEN. Not long ago the gentleman from New York inserted in the RECORD a list of supposed Nazi supporters in the city of Los Angeles and from the conversation with the gentleman at that time I got the impression he had no personal knowledge.

Mr. DICKSTEIN. I had no personal knowledge?

Mr. COLDEN. Of these Nazis in Los Angeles.

Mr. DICKSTEIN. Who told the gentleman that?

Mr. COLDEN. I thought the gentleman did.

Mr. DICKSTEIN. No; I did not. I placed 116 names in the RECORD on the 17th of last month, and I want the Members of the House to know these 116 names were checked and rechecked. They were names which were submitted in the executive hearings of the select committee headed by the gentleman from Massachusetts [Mr. MCCORMACK] in 1935 and 1936. At that time the police and representatives of the Department of Justice gave us these names to investigate, and we checked and rechecked them. Not one of those people denied the charge I made a month ago when I listed the 116 names of people in California. The only answer was that Mr. Schwim, their Nazi leader, called me a Jew.

[Here the gavel fell.]

Mr. COLDEN. Mr. Speaker, I ask unanimous consent that the time of the gentleman from New York may be extended 5 minutes in order that I may ask him a question.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COLDEN. What can be the final result of the gentleman's publication of these names of people in Los Angeles except to arouse feeling against these particular individuals, and then cause retaliation by people who object to the gentleman's point of view. It seems to me the final result is merely to arouse racial feeling. The proper procedure is to report these matters to the Department of Justice.

Mr. DICKSTEIN. No. In Los Angeles 68 to 72 percent of these agitators were aliens. Only about 24 or 26 percent were citizens of the United States. The rest of them were aliens, who never wanted to become citizens and never applied for citizenship. I thought this situation ought to be called to the attention of the gentleman's community.

Mr. Speaker, I was hopeful of developing a more important point in regard to some propaganda against the United States Government, but in view of the lack of time I shall not have an opportunity to do so. However, I may say that the American Legion only a few days ago went on record in favor of the study and investigation of this whole question.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from New York.

Mr. FISH. The gentleman wants to be fair. I do not believe the American Legion limits the question to the Nazis.

Mr. DICKSTEIN. No.

Mr. FISH. The Legion wants to take in the Communists.

Mr. DICKSTEIN. I did not make any limitation.

Mr. FISH. The Fascists, and all these "isms."

Mr. DICKSTEIN. All these "isms" the gentleman talked about yesterday. The gentleman spoke of all kind of dangers facing our country, Chinese, Hong Kongs, Japanese, and others, without discussing the Nazis. It seems the gentleman did not take them all in.

Mr. FISH. I may do that this afternoon.

Mr. DICKSTEIN. As recently as December 9 a statement was made by Fritz Kuhn, the bund leader who contends that national socialism is the only solution for the world, which substantiated any accusation I have ever made against him and his group.

[From the Providence Evening Bulletin of December 9, 1937]

SOLID U. S. POLITICAL BLOC OF 18,000,000 IS BUND AIM—NAZI PHILOSOPHY FINEST FOR POOR, SAYS HERR KUHN

(By Paul Gallico, International News Service staff correspondent)

NEW YORK, N. Y., December 9.—A solid political bloc of the 18,000,000 German Americans who are United States citizens, is the aim of the German-American Bund organized by Herr Fritz Kuhn with headquarters here.

This is the outfit which struck a snag in the little colonial village of Southbury, Conn., recently when it ran up against a group of hard-headed Yankee Aryans who objected to the establishment in their neighborhood of a bund recreation camp.

KUHN IS BAVARIAN

Herr Kuhn, the leader of a movement admittedly organized to fight the Communists and the Jews in this country, is a Bavarian, born in Munich. He became a naturalized American citizen in 1932.

An important part of the work of the bund is the Americanizing and naturalizing of Germans here so that they may come within the scope of the bund.

Kuhn is a large, forceful, powerful man. Facially he resembles in a way, a younger, slimmer Goering. On one wall of his small office is a picture of Roosevelt. On the facing wall is one of Hitler. On a cabinet are five miniature flags hung from tiny standards. One of them is a blue pennant with "U. S." on it. The other four are swastikas.

"HEIL" IN SALUTATION

Kuhn, as well as all of the men in bund office, greet one another with "Heil" and the quick right-arm, palm-open salute.

Kuhn, in speaking of the bund, stated flatly that it had no connection with Germany whatsoever, that neither he nor the members were under orders from the German Government, and that

no oath of allegiance to Hitler or any other foreign power, or agents thereof, was required of the members of the bund or the young children who attended the bund summer camps.

Herr Kuhn quoted Hitler's "Mein Kampf" (My Battle): "The National Socialist movement is not to be exported."

ONLY ONE PHILOSOPHY

But if the movement is to be kept at home, the philosophy is something else again, is winged in fact, according to Herr Kuhn.

He glared like a prophet when he said: "The National Socialist philosophy is the finest for the true democracy of the poor. The philosophy is the solution for every human being because it deals only with individuals.

"Do you know why they are fighting us so? Because the Jews feel the force of National Socialist. It cannot be stopped. It is the only salvation for the world. They know that. It is sweeping Europe. It is the only true democracy."

Herr Kuhn charged that Germans were receiving unfair treatment in this country. And while he denied that his bund had anything to do with the German party now in power, he was willing to say this: "Hitler has brought the German nation back out of the depths of poverty and despair. He has done something wonderful. I am a man who admires success. When something succeeds, as he has succeeded, it must be good."

EXPLAINS AIMS OF CAMPS

Herr Kuhn explained the aims of the camps. They were educational and recreational. They were for workingmen of poor means so they could enjoy a Sunday in the country and to keep children off the streets.

There was a deadly earnestness about Herr Kuhn and everything he said.

Deponent departed with a fistful of pamphlets for home study, entitled variously, "Purpose and Aims of the German-American Bund," "Litvinoff," "The New Germany Under Hitler," "The Snake in the Grass," "Lifting the Pall, Germany and Hitler in Their True Light," and "The Truth About Spain."

SOUTHBURY, CONN., December 9.—This community had new zoning laws today—12 typewritten pages of them hastily slapped together. Town officers solemnly asserted the new regulations had nothing to do with the invasion of the Kettletown district by a unit of the German-American Bund.

But the regulations specify that the area within which the bund has purchased 178 acres cannot be used for "recreational, camping, or drilling purposes." They forbid drilling with or without arms in the area "except by the regular armed forces of the United States."

Mr. Speaker, ladies, and gentlemen, a few months ago I warned you that fascism was taking big strides in this country by having poisoned the mind of many adults, as well as children, by their insidious propaganda. As the article referring to the speech made by the Honorable Harold L. Ickes disclosed, many prominent Americans are now waking up to this danger.

[From the Washington Times of December 9, 1937]

ICKES WARNS OF UNITED STATES FASCIST PERIL AT HAND—DANGER CALLED MUCH WORSE THAN KLAN

NEW YORK, December 9.—A warning against a new madness—the madness of nations in nightshirts—was sounded today by Secretary of the Interior Harold L. Ickes.

At the same time a warning that fascism might result in the United States in case of another major depression was voiced by Floyd W. Parsons, publishing-house executive, in addressing the Personnel Research Federation.

This new menace threatens the liberties of this country far more than the Ku Klux Klan ever did, Ickes charged, in an address at the annual meeting of the Civil Liberties Union.

SEES NEW DANGERS

Calling Fascist aggressor countries "Nations in K. K. K. nighties," he declared:

"Fascism, whether of the right or the left, is the greatest threat in the world today. America, which survived as a land of liberty despite the madness of men in nightshirts, is far more dangerously threatened by a new madness of nations in nightshirts.

"Invading armies are sent across the borders of other countries which are so weak and helpless as to offer a helpless prey. The kleagles and the kilokarks now ride bombers, tanks, battleships, and submarines over a field of operation that is international."

STALKING HORSE

Wealthy and influential men with Fascist leanings are using communism in this country as "a wooden horse within the bowels of which fascism may enter the shrine of liberty," Ickes charged.

Denouncing "snipings at liberty," he listed persecutions of minorities for racial and religious reasons, the misuse of the militia and police in strikes, and abrogation of free speech and assembly by local officials.

In conclusion let me say that it is not only laws we need to curb un-American activities but a strong searchlight to focus the attention of our people on such activities and the persons responsible for them. Only if we know exactly how such activities are being carried on and by whom they are supported and directed can we pass laws that would deal the death blow to all the enemies of our democratic form of government.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. FORD of California, asked and was given permission to revise and extend his own remarks in the RECORD.

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Michigan [Mr. CRAWFORD] is recognized for 5 minutes.

Mr. MAVERICK. Mr. Speaker, will the gentleman yield to me for 5 minutes in order that I may answer the gentleman from New York [Mr. DICKSTEIN]?

Mr. CRAWFORD. I have only 5 minutes myself. I should like to yield to the gentleman, but I have some important business to attend to immediately after I conclude my remarks.

Mr. Speaker, having in mind the necessity of the press to make observations, gather news, and inform the people, I have been reading with great interest the caustic comments made from time to time with reference to the lack of understanding, by Members of Congress, of many of the bills which are voted upon. I have in mind, particularly, certain editorials and columns which have appeared in the last few days and which dealt with the farm, wage and hour, and housing bills as considered by this body just recently.

In looking back over the important acts of Congress since April 3, 1866 (skipping the World War period 1917 and 1918) I find that up to the beginning of the Seventy-third Congress the Members of this House, over a 67-year period had to deal with a total of 260 important laws or an average of only 4 per year.

Beginning with the Seventy-third Congress and running through the last 5 years, we have had to consider, as best we could under the circumstances, debate and vote on 185 important laws or an average of 37 per year.

Mr. Speaker, there are diligent men and women who are Members of this body. There are many of those who through perservering application and devoted and painstaking effort burn the midnight oil and labor early in the morning in an attempt to know what is going on about them and what is embraced in these far-reaching proposals.

In no way do I resent the comments of the press. But I would point out that if the work of the Members of Congress is prosecuted with careful attention and effort, they must necessarily engage in much research before casting their vote, or accept the statements of another who may not have thoroughly comprehended the meaning of the sweeping proposals for or against which a vote must be cast. National and international affairs move swiftly these days and I would remind the country that important measures cannot under such conditions receive the attention they did in years gone by when only an average of four important acts had to be considered annually, as against an average of more than three per month under present procedure.

Mr. Speaker, I ask unanimous consent that I may extend my remarks in the RECORD and include therein a 280-word editorial dealing with a statement I presented here the other day, wherein I discussed the advertising program being carried on by the Secretary of the Treasury in connection with the sale of baby savings bonds. This statement is taken from Editor and Publisher, the oldest publishers' and advertisers' journal in America.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan.

There was no objection.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

GREEK ORGIES, REDS, FASCISTS—LET US MEET THE ISSUES

Mr. MAVERICK. Mr. Speaker, this is Christmas time, and everybody is feeling very well; but I want to make a few comments on the address just delivered by the gentleman from New York [Mr. DICKSTEIN]. I think his intentions are very good, but the results may not be so good.

In the beginning, I may say that whenever we have real problems to meet in this country, and it is true historically of all the nations of the world, we, as does the human race as a whole, generally devote ourselves to hunting bogeymen, in our case radicals, reds, Communists, or Fascists. The Romans hunted the Greeks, and if anything came up that worried our worthy Romans, the 100-percent Romans of the day charged the others with celebrating Greek orgies and having ideas subversive of the Roman state. Later, when things went badly, the Romans would burn or boil the Christians instead of meeting the real problems of the nation.

This is my general comment on the present situation—so instead of indulging in the sport of evading the issues, let us meet them and try to solve our problems.

THE CONGRESSIONAL RECORD—"IT MUST BE TRUE"—WE KNOW BETTER

The gentleman from New York [Mr. DICKSTEIN] has inserted various names in the RECORD. I have found that one of the cruelest and most brutal instruments anyone can use is the CONGRESSIONAL RECORD, especially when it is used in a more or less loose manner. Our responsibility to the people should forbid us hurting a citizen without the most unquestioned facts. Suppose one puts in the RECORD the name of a man, with a reflection on his citizenship or patriotism—who, say, has a little delicatessen shop somewhere, and whose name may be Hans Schmitt, or something like that—and people read that this man is a Nazi or a Communist, an enemy of this country.

The circulation of this information in the community in which the man lives affects him severely and may ruin him, although this information is not testimony sworn to before a notary public, as far as we know, or statements before a judicial tribunal of the United States Government. Ever since I was 21 and before I came to Congress, I have heard people say, "Well, that was in the CONGRESSIONAL RECORD, so it must be true."

My friends, you know they had here in the RECORD a certain alleged pledge that the Knights of Columbus took about gouging the eyes out of and extirpating Protestant children, and burning, and all that sort of thing, and the Ku Klux Klan all over the country said that it must be true that these Catholics are going to burn up our children, because it is in the CONGRESSIONAL RECORD. [Laughter.]

Now, we know among ourselves that there are lots of things that go into the RECORD that are not true. We know that about each other and the country ought to know that, too. I do not mean that as any reflection on any Member of Congress. I do not mean to say we are not all honorable men, but what we put in the RECORD is often the barest hearsay and only a mere opinion of a particular Member.

Mr. Speaker, the CONGRESSIONAL RECORD can be a medium of education, peace, and good will. But if we do not guard the information in it well, it can be the greatest instrument of oppression in the country. So let us be careful what we put in it, especially when it concerns some individual who is either weak or friendless.

COMMUNIST AND FASCIST HUNTING DOES NOT END DEPRESSIONS

Now, let us talk about the present situation. The Dickstein committee before went out and hunted Communists, and I think it was found there were something like 25,000, or maybe 35,000 or 40,000 Communists in this country. Well, are all the 127,000,000 American people to stop everything and get worried about what 25,000 or 35,000 Communists are going to do?

The same is true of these so-called Nazis. I am told there are only 4,000 in the country, but say there are 100,000. Are they going to run the rest of us 127,000,000 Americans out of our country? Are they going to take our Government away from us?

So far as I am concerned, I look with the greatest contempt, with the greatest sickness of the stomach, at these Nazis going around and marching around and goose-stepping at these camps. [Applause.]

I think it is the most contemptible and the most un-American thing I know, but I have confidence in the public opinion and the common sense of America, even of the men and women who come from Germany and Russia and Poland and other countries, that they are not going to try to overthrow this Government. [Applause.]

Moreover, they cannot overthrow this Government. This is the strongest government in the whole world, and in spite of its faults, probably the best. The people are better satisfied in this country than anywhere else. Why, Mr. Speaker, it is ridiculous to say that a few misguided people who have come to this country can do anything that would really affect this country.

LET US STOP THIS RACE TALK

Mr. Speaker, let me offer a common-sense suggestion: Let us stop talking about this business of different races in this country. In this country we have more racial tolerance, I believe, than in most any country in the world, and the Jewish people are in a better situation here than elsewhere. For their good, for the good of those of German extraction, for the good of those of Russian extraction—and all three racial groups are occasionally treated with great unfairness—let us drop the question.

I believe that the Congress of the United States and the people of the United States ought to look with scorn and contempt upon any foreign organization, no matter of what government or race, that seeks, either indirectly or by force, or by illegal methods or even by bad manners, to inject itself, as foreigners, into our American concerns. I believe that well-considered public opinion will repudiate these presumptuous persons and groups.

Organizations of a foreign background, based on sentimentality, upon history, culture, or racial pride, are of benefit to the culture of this country. It is only when really foreign organizations act in conjunction with foreign governments in an un-American way that they should be disapproved.

NAZIS CONTEMPTIBLY SMALL MINORITY

The percentage of persons who are Nazis in this country and go about the country goose-stepping and making supreme monkeys and asses of themselves are a contemptibly small minority. They wanted to hold a convention in St. Louis and it was met with such a unanimous outcry by citizens of that community, a majority of whom are of German extraction, that the Nazis stayed out of town, for they knew they were unwelcome as hell itself.

Let us do nothing that might cause racial feeling by wasting time on these small minorities, which are misguided and have no influence, and then the Germans, Poles, Jews, the Catholics, and the Protestants, and all the rest, can live together like free-born Americans, and then we can save ourselves from many of the misfortunes of other countries. [Applause.]

Mr. DICKSTEIN. I am for that.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER pro tempore. Is there objection?

Mr. SHEPPARD. Mr. Speaker, reserving the right to object, would my colleague be kind enough to tell me what his topic is to be?

Mr. KNUTSON. Oh, it will have something to do with good cheer and the spirit of the season.

Mr. SHEPPARD. Then I shall take pleasure in remaining.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KNUTSON. Mr. Speaker, the gentleman from New York [Mr. DICKSTEIN] has an obsession, and it seems to be growing on him. He is taking a little band of Nazis led by an egotistical jackass, and, by a liberal use of his imagination, building them into an organization that is

going to threaten—indeed, is threatening—the future of the Republic. Time after time he has arisen on this floor to state that if he were to print all of the information that he has about the Nazis in this country there would not be enough printing presses in Washington to print it. My God, what kind of a filing cabinet has the gentleman? The fact of the matter is that this Nazi organization that he raves about consists of approximately 4,000, who have been utterly repudiated by official representatives of the German Government.

Mr. MAVERICK. The gentleman says that he has files on the State of Minnesota.

Mr. KNUTSON. I do not doubt that, but I dare say they exist in the gentleman's head.

Mr. MAVERICK. And I will bet that the gentleman has about five Nazis in his State.

Mr. KNUTSON. If we have that many I do not know it. I have never met one of them in my life, to know it. Each time the gentleman takes the floor he tells about how impotent the Government is to deal with this subversive influence. He tells us the Department of Justice cannot do anything about it, nor can the Post Office Department do anything about it. Mr. Speaker, if this Government has broken down it has broken down during the incumbency of the gentleman's own party. We could handle such a situation when we were in power. Indeed, local authorities can and would deal with it if any danger existed.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. COLDEN. The gentleman from Minnesota has overlooked one factor in this country. The gentleman from New York [Mr. DICKSTEIN] put into the RECORD the names of several Nazis from my district. I never heard of one of them, but I have in my district a number of organizations known as the American Legion, every post of which is a shrine of patriotism; and if there are any dangerous Nazis in my district, it would not be necessary to call on the Department of Justice, or even Mr. DICKSTEIN, for they would be taken proper care of at home.

Mr. KNUTSON. That is absolutely right. The gentleman from New York has from time to time inserted into the RECORD the names of alleged Nazi adherents in this country. On yesterday the gentleman from St. Louis [Mr. COCHRAN] inserted in the RECORD a number of affidavits from fellow townsmen who had previously been designated as Nazis by the gentleman from New York. Each and every one of these affiants swore that he had at no time been a member of that organization. The gentleman from Missouri [Mr. COCHRAN] tells us that he showed these affidavits to the gentleman from New York [Mr. DICKSTEIN] and asked him to insert them in the RECORD as a matter of common justice to those whom he had wronged. This the gentleman from New York refused to do.

Has the gentleman from New York ever stopped to consider the grave injustice that he is doing in making such wild and baseless charges? As the gentleman from Texas [Mr. MAVERICK] so well pointed out a few moments ago, it would be possible for some enemy to turn in the name of an upright, loyal citizen against whom he held a grudge as a member of some subversive order and how an aroused community might drive that individual into bankruptcy through boycott or even visit violence upon him.

Mr. Speaker, I serve notice here and now that no more of these lists are going into the RECORD without being supported by substantiating evidence. I say this to protect innocent people. So far as I am concerned, we have had enough of race-baiting in this House and I do not care whether the baiting be directed against Jew or gentile, Catholic or Protestant, black or white. It has to stop.

What the gentleman from New York wants to do is to have this House create an investigating committee, with himself as chairman, with perhaps $50,000 to $100,000 at its disposal, so that they may galivant about the country, stop at the best hotels and have their names smeared across the front pages of the newspapers, telling the country what good work they are doing in saving us from a danger that is purely imaginary. He says he does not want any publicity for himself. Oh, no; the gentleman does not want any publicity! He shrinks from it—he is a shrinking violet, but as a violet he looks more like a sunflower to me.

Mr. MAVERICK. You do not mean a Landon sunflower, do you?

Mr. KNUTSON. This thing has gotten to be a huge joke. The constant tirades of the gentleman from New York [Mr. DICKSTEIN] are not taken seriously by any one but himself, and I now say to the gentleman that if he keeps on agitating and building up a spirit of race hatred in this country something may happen that all of us are praying will never come to pass in America, as it has happened in a number of European countries, causing misery and suffering to countless thousands of innocent people.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. O'CONNOR of New York. The gentleman from New York [Mr. DICKSTEIN] is speaking in behalf of a resolution that is pending before the Committee on Rules, introduced by the gentleman from Texas [Mr. DIES] surely a fine American, to investigate this situation. The gentleman from New York [Mr. DICKSTEIN] would not be the chairman, he would not accept the chairmanship and has no wish to be even a member of the committee. If the gentleman from Minnesota [Mr. KNUTSON], who always takes the floor when this question is raised, with a certain German element in it, will direct his remarks to the resolution introduced by that great American, Mr. DIES, of Texas, he would be in better form.

Mr. KNUTSON. And may I reply to the distinguished chairman of the Committee on Rules that the resolution he refers to is not now before the House, therefore, I cannot address myself to it very well. None of the preceding speakers have addressed themselves to the resolution. I have lived among Americans of German extraction all of my life. I do not believe there were any finer soldiers in the World War and I call upon the distinguished gentleman from Texas [Mr. MAVERICK] to confirm me in that statement.

Mr. MAVERICK. My company commander was a Jew, and was killed right beside me in the Argonne Forest.

Mr. KNUTSON. Regardless of race or creed, they were all good Americans of German extraction and are among our very best citizens. What I am deploring is this constant baiting of one class and setting it against another. That is un-Christian and un-American and the sooner we stop it the better it will be for the entire country. I know that the thinking Members of the gentleman's own race will subscribe to that suggestion. In closing let me say that I am opposed to all subversive activities directed against this Government and our people, and shall do everything in my power to put a stop to it. [Applause.]

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER pro tempore (Mr. DELANEY). Is there objection?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I have no quarrel with the gentleman from New York [Mr. DICKSTEIN]. On the contrary, I discussed this question with him on numerous occasions, because it so happens that I am on the committee that would have to approve a resolution for expenses for a special committee. I have offered the gentleman some suggestions as to how he might make some progress in this matter. I am just as much in favor of getting out of this country any aliens who do not believe in our form of government and want to tear it down as the gentleman from New York or any other Member of this House or any other citizen of this country. As I stated yesterday, in the closing days of the last session the gentleman from New York placed the names of some people who are residents of my city in the RECORD as belonging to this organization. I did not know one of them personally. The fact of the matter is, not one

of them lives in my congressional district. They or their representative came to see me and told me they were libeled, blackmailed, and that they had never belonged to the organization. I really felt sorry for them. So would you. I said, "The thing for you to do is to prepare an affidavit and send it to Mr. DICKSTEIN." They said, "What good will that do?" I said, "Send it to me, then, and I will give it to him. If he does not place it in the RECORD, in view of the fact that it is an affidavit and the affiant knows that if you perjure yourself you can be convicted of a felony and sent to the penitentiary for 7 years, if you will send them to me and he does not place them in the RECORD, then I will ask permission of the House to do it." And that is just exactly what I did.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN. In just a moment.

Now, it so happens that this organization announced a national convention to be held in my city a few weeks ago. I will tell you how much activity there is in my city among them. They could not even get a hall in which to hold their meeting. Nobody would rent them a hall. I do not know how active they are in other parts of the country. If they are active and doing what the gentleman says they are doing, something should be done to stop it. As far as my city is concerned, and as far as these people who sent me these affidavits are concerned, I think I was justified in placing them in the RECORD, because it has caused them a great deal of embarrassment among the people they have lived with, some of them for over 30 years. Remember also they are all citizens of this country, not aliens.

Mr. DICKSTEIN. Will the gentleman yield for an observation?

Mr. COCHRAN. Yes; I yield.

Mr. DICKSTEIN. I did not disagree with the gentleman. I worked with the gentleman. I said that I had no objection to what he did, but I was not going to put them in the RECORD at all. I said I would give them the benefit of the doubt. I have made that statement very plain.

Mr. COCHRAN. I just desired to make myself clear. As I said before, and as I say now, I have offered the gentleman from New York some suggestions, and I think if he will follow those suggestions he might get a resolution passed by the House.

[Here the gavel fell.]

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that the gentleman's time may be extended 1 minute that I may ask him a question.

The SPEAKER pro tempore (Mr. DELANEY). Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. I was grateful to the gentleman and many more fine gentlemen on this floor who are willing to cooperate to bring about a cleaning of house, irrespective of any particular race. America! That is what I am after, and I will fight while I am in Congress for America.

Mr. KNUTSON. Will the gentleman yield?

Mr. COCHRAN. I yield.

Mr. KNUTSON. Did the gentleman from Missouri [Mr. COCHRAN] ask the gentleman from New York [Mr. DICKSTEIN] to insert those affidavits in the RECORD?

Mr. COCHRAN. I stated so in the RECORD yesterday, and the gentleman from New York did not deny it.

Mr. KNUTSON. But he refused to do it?

Mr. COCHRAN. He said he had no objection to my placing them in the RECORD.

Mr. KNUTSON. That was very kind of him.

Mr. COCHRAN. And I placed them in the RECORD and the gentleman did not object.

[Here the gavel fell.]

RECESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the House stand in recess until 3:30 this afternoon.

The SPEAKER pro tempore (Mr. DELANEY). The gentleman from Texas asks unanimous consent that the House stand in recess until 3:30 this afternoon. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, will the majority leader tell us what he has in mind and what is the reason for standing in recess for the next hour or two?

Mr. RAYBURN. Senator BARKLEY has just left here, and he thinks that in all probability the Senate will pass the housing bill by 3 o'clock. They will ask for a conference. My thought was that we not adjourn now, but stand in recess, and that we immediately agree to the conference and then any others who want to speak will have an opportunity to do so, and after that is done, we can have the sine die adjournment resolution passed and adjourn sine die.

Mr. SNELL. I want to say to the distinguished majority leader that as far as that program in itself is concerned, I have no objection, but I want it definitely understood that if we let this housing bill go to conference there will not be any conference report brought back here before we adjourn, because a great many Members who are deeply interested in that bill have gone away. I understand the chairman of the Committee on Banking and Currency [Mr. STEAGALL] is out of town and the ranking minority member is leaving town this afternoon.

With that understanding, the statement made by the gentleman from Texas is agreeable to me.

Mr. RAYBURN. I will say to the gentleman that we realize the situation, and when this bill goes to conference it is my purpose then to ask unanimous consent, the same as was done on the farm bill, that the conferees, if they desire, may sit during the adjournment of the House.

It is my intention as soon as it goes to conference to introduce the resolution to adjourn.

Mr. FISH. Mr. Speaker, reserving the right to object, I wish to secure permission to speak for 10 minutes at the expiration of the recess.

Mr. RAYBURN. Mr. Speaker, if any Member desires to submit a unanimous-consent request for permission to address the House, I will withhold my request for the time being.

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes upon the expiration of the recess.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DUNN. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(Mr. DUNN asked and was given permission to revise and extend his remarks.)

Mr. DUNN. Mr. Speaker, the Members of Congress need have no fear of our country being undermined if we do away with the sweatshops, and child labor, and the slum districts, provide work for the unemployed, and pay them a saving wage.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. RANDOLPH asked and was given permission to extend his own remarks in the RECORD.

THE HOUSING BILL

The SPEAKER pro tempore (Mr. DELANEY in the chair). The gentleman from Texas asks unanimous consent that the House stand in recess until 3:30 p. m. Is there objection?

Mr. RANKIN. Mr. Speaker, reserving the right to object, I call the attention of the majority leader to the fact that the Senate committee struck out title I of the Housing bill, which eliminates the rural suburban sections and the owners of low-priced houses from participation in the benefits provided in the bill. If the bill comes back to the House with the benefits to these small-home owners eliminated we are going to try to instruct the conferees not to agree to leave that provision out, or to stand by the House bill. We are not willing to send this bill to conference with the little fellow eliminated.

Mr. RAYBURN. He certainly is not eliminated from the House bill, and both bills will be in conference.

Mr. RANKIN. I understand, but we want to instruct our conferees.

Mr. RAYBURN. The gentleman can defeat sending the bill to conference, of course, if he wants to.

Mr. RANKIN. We do not want to take a chance on that important feature of the bill going out.

Mr. O'CONNOR of New York. The gentleman must understand that if he pursues that course he will defeat the opportunity of sending the bill to conference now.

Mr. RANKIN. Not at all; the House can instruct the conferees now as well as at any other time.

Mr. RAYBURN. Not without a quorum.

Mr. RANKIN. The point of no quorum would not be raised unless a roll call is demanded. We cannot have the little fellow eliminated from the bill. The farmers and the home owners in the small towns are as much entitled to these benefits as are the large home owners in the big cities.

Mr. SNELL. I am with the gentleman so far as that is concerned.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas that the House stand in recess until 3:30 p. m.?

There was no objection.

Accordingly (at 1 o'clock and 27 minutes p. m.) the House stood in recess until 3:30 p. m.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 3:30 o'clock p. m.

PERMISSION TO ADDRESS THE HOUSE

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. The Senate is making progress in its consideration of the housing bill. The most controversial matter seems to be the reestablishment of title I of the House bill, which has been reinserted in the bill by the Senate by a vote of 46 to 22. [Applause.] The Senate believes it will be through in 15 or 20 minutes.

Mr. Speaker, I ask unanimous consent that after the completion of the address by the gentleman from New York [Mr. FISH] the House stand in recess subject to the call of the Chair.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. SADOWSKI. Reserving the right to object, was title I restored in exactly the same language as adopted by the House?

Mr. RAYBURN. That is my understanding.

The SPEAKER. Is there objection to the request of the genteman from Texas?

There was no objection.

The SPEAKER. Under a previous special order of the House, the gentleman from New York [Mr. FISH] is recognized for 10 minutes.

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for an additional 5 minutes over and above the 10 minutes already allotted me.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, I spoke yesterday at some considerable length on the Japanese situation. The situation has changed practically over night. We wake up this morning and find that the Chinese Government is now under control of the Communists, which completely changes the picture. There is no question about the facts. It is admitted that the Communists in China have taken over what remains of the Chinese Government.

Mr. Speaker, that brings up another question, whether we want to aline ourselves with a communistic government to further communism in China or elsewhere in the world. I make these few remarks at this time to show it is advisable for us to proceed slowly with reference to foreign commitments. It is advisable for the American people to remain cool, calm, and collected, and get all the facts and analyze them in a sane way instead of permitting ourselves to be inflamed by propaganda, whether it is from Communists or foreign nations, which inspires hatred and hostility against Japan or any other nation.

Mr. Speaker, I have arisen during the closing hours of this session to speak about one of the bloodiest massacres and atrocities in recent history, that occurred in the Dominican Republic on the 3d of October this year, at which time from 2,500 to 12,000 Haitians were butchered in cold blood right at our doorstep.

On the 3d of January 1936 the President of the United States, in a message to Congress, had this to say:

> Among the nations of the great Western Hemisphere the policy of the good neighbor has happily prevailed. At no time in the four and a half centuries of modern civilization in the Americas has there existed—in any year, any decade, or any generation in all that time—a greater spirit of mutual understanding, of common helpfulness, and of devotion to the ideals of self-government than exists today in the 21 American Republics and their neighbor, the Dominion of Canada.

Then the President goes on at great length, you will remember, arraigning the autocratic and dictatorial forms of government which exist in Europe and elsewhere in the world. Of course, as we know the situation in the South American and Central American countries, more than half of these so-called republics have a dictatorial form of government even more drastic than that which exists in Germany or Italy at the present time.

The American people are filled with resentment at the death of several American sailors who lost their lives on the American gunboat that was attacked by Japanese airplanes, but right in a neighboring republic occurred one of the most hideous massacres in our time without scarcely a reference in the press. Why it has not been featured in the press I do not know. It may be on account of the fact that the victims belonged to the colored race.

These Haitians were living across the border in the Dominican Republic. They were peaceful people. They were farmers and cane cutters. There was no question of border disputes or hostility between the Dominican Republic and Haiti. But all of a sudden on the night of October 3 of this year members of the army and the police force of the Dominican Republic attacked these peaceable and defenseless Haitians—men, women, and children—and herded them like animals to slaughter.

They were taken out upon the customs docks at Monte Cristi, which I and other Members of Congress have visited, and there these helpless men, women, and children were knocked on the head and thrown into the sea to be food for sharks; yet there has not been a single protest in Congress or by the administration that I know of. There has been practically nothing in the newspapers, and still we continue to talk about the good-neighbor policy which exists in South and Central America. Why, if the same number of American citizens in proportion to population had been butchered in cold blood across the line in Canada, it would have meant the killing of 140,000 Americans overnight.

Mr. O'TOOLE. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. O'TOOLE. Is the gentleman endeavoring to give the House the impression that we should be more concerned over the death of Haitians than the death of our own American citizens?

Mr. FISH. Not for a minute. I am backing the administration in its protest to Japan and demands for apology, compensation, and guaranties; but may I say to the gentleman that the lives of the colored people are just as precious

to their families as those of white people are to their families?

We have extended a sort of friendly supervision over Haiti and the Dominican Republic, but after this inhumane mass murder how can we continue to talk about the neighborly spirit which pervades South and Central America. I cannot find in all the history of this continent or anywhere else for the last 100 years any massacre which compares with this one for cold-bloodedness in the butchery of human beings. I believe that the black man is just as human as the white man and suffers just as much as the white man, and that he means as much to his family as the white man means to his family. This base and revolting crime is simply incredible and mere words and remonstrance is mockery unless they lead to action.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I understand the government of the country which is accused of this atrocity has denied it in toto. I wonder if the gentleman has any authentic information whether this atrocity was actually committed or whether it is more or less of a rumor or charges which are unfounded.

Mr. FISH. The gentleman would not make that statement if he had followed the situation from the beginning. This did not happen yesterday. What I am talking about is something which happened 2½ months ago, about which everybody in the State Department knows. I have talked to the State Department or I would not be here speaking now. It has written evidence from the Episcopal bishop of Haiti, a white man, who has gone into Santo Domingo or rather, as we call it, the Dominican Republic, and made an investigation which substantiates all these charges. This is the most outrageous atrocity that has ever been perpetrated on the American continent. It is true there is a question as to the number of people slaughtered. The Episcopal bishop puts it at the lowest figure, 2,400. The Haitian Minister here puts the figure at 12,000. President Vincent, of Haiti, puts it at 8,000. There were somewhere between 2,400 and 12,000 human beings killed in a kind of mass murder and with the greatest barbarity.

I do not think anybody in this country or in Haiti denies the fact that the floodgates of hate, cruelty, terror, lust, and slaughter were let loose for 3 days there. If any Haitians escaped at that time they have hunted them down for the last 2 months, and when they were found in their hiding places they were taken out, tortured, and killed. If any soil has been soaked and is reeking with the blood of innocent people it is the soil of the Dominican Republic at the present time.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman is not leaving the impression these were white people who killed these colored people is he? He is not attempting to leave that impression, I hope.

Mr. FISH. I have not discussed that issue.

Mr. RANKIN. As a matter of fact, they are all colored people.

Mr. FISH. No; they were Spanish and mixed bloods.

Mr. RANKIN. The people on the island of Haiti are all the same kind of people, virtually, whether they live in Haiti or San Domingo.

Mr. FISH. That is not the case.

Mr. RANKIN. They just speak different languages; that is about the only difference.

Mr. FISH. No. The Dominican is more or less a Spanish type, and the Haitian belongs to the Negro race. However, that is not the question about which I am speaking. It is not a question of blood or whether the victims of this massacre are white or black. I am making a plea; a protest; a remonstrance. I admit it is rather a futile thing to do, but it is all I can do—to present the facts to the Congress. If this matter is not settled after an impartial investigation, and if apologies are not offered, if compensation is not paid, and if guaranties are not given by the Dominican Republic, then I should like to see the Government of the United States withdraw our recognition of the Dominican Republic. This deplorable situation has gone along now for 2½ months with no action being taken. Every attempt to investigate it by an impartial committee composed of representatives of the Mexican Government, the Cuban Government, and our own Government has been turned down by the President of the Dominican Republic, President Trujillo, one of the most autocratic and high-handed dictators alive today. No political opponent dares to voice an opinion or even live in his own country.

Mr. SHANLEY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Connecticut.

Mr. SHANLEY. The gentleman's ancestor has made a very significant and indelible imprint on the Department of State. His words, letters, and messages are quoted on the doctrine of intervention. Is it the purpose of the gentleman from New York to suggest what the State Department should do, or what we as legislators should do now?

Mr. FISH. I do not believe we can take any concrete action. We can express our indignation. We must revise the statement of the President on the "good neighbor" policy existing throughout Latin America. However, we at least can insist that under existing treaties that an investigation be made on an impartial basis, the facts ascertained, and the Dominican Republic held responsible.

Mr. SHANLEY. The gentleman realizes such a course would be interfering with the domestic difficulties of a republic, or, as the gentleman calls it, a dictatorship in this instance. The gentleman must also realize that in connection with the doctrine of intervention we hesitate to interfere with the official or the local concerns of another country unless there is some repercussion in this country. I believe the gentleman's grandfather made a statement about the massacres in Rumania to the effect that our action came into being only when we found that thousands of the Rumanians were being unloaded on our shores. Unless the repercussions bring some practical detriment in America we, as a nation, cannot do anything.

Mr. FISH. I may say to the gentleman, going back in the history of the British Empire, that Gladstone became Prime Minister largely on the basis of his speeches of indignation against massacres way off in Bulgaria, not on the doorstep of the British Empire.

Mr. SHANLEY. We can do that here.

Mr. FISH. All I can do now is to present the facts. Some of the best-informed Members of this House have never heard about these massacres. Why was news of them not printed in the press? Why did we not know about them?

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. All we can do at the present time is to protest and express our indignation. We have certain agreements with the Dominican Republic, and under these agreements we have certain spheres of influence, and we may be in a strong position to exert diplomatic pressure. I am hopeful the State Department will bring pressure to bear. I am sure the Congress wants this done, and I am confident that the State Department must feel the same way about such a bloody and inhuman massacre at our very doorstep.

Mr. SHANLEY. No question about it.

Mr. FISH. We want to have this settled on a peaceful and proper basis without war between Haiti and Santo Domingo. I believe the gentleman feels exactly the same way I do. I agree we had better keep out of other people's business as a general proposition, but in this case I believe we are in a position where we can exert our influence to bring about a peaceful solution of the problem by an impartial investigation and, if necessary, to use our influence to obtain adequate apologies, compensation, and guarantees.

In conclusion, as this is the end of our session, I want to wish a merry Christmas and a happy New Year to all Demo-

crats, Republicans, and Progressives, and that peace and prosperity may prevail among the American people. [Applause.]

I am now going to read just a few New Year resolutions for the majority party.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 1 additional minute.

Mr. RANKIN. Mr. Speaker, reserving the right to object, I am wondering if the gentleman from New York would not just extend his indignation in the RECORD.

Mr. FISH. I have done that before regarding the majority party.

Mr. PATRICK. Mr. Speaker, reserving the right to object, how are we going to be burdened with these Republican New Year's resolutions when we have such great difficulty in keeping our own? [Laughter.]

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH (reading):

Resolved, That—

(1) The depression isn't a depression, but a recession.
(2) That unemployment is a Republican myth.
(3) That the New Deal spells recovery, employment, and prosperity.
(4) That Senator GLASS will recant and proclaim his faith in the New Deal.
(5) That the Supreme Court issue is unconstitutional and not debatable.
(6) That the latter part of 1938 be just the opposite to the latter part of 1937.
(7) That Santa Claus be the emblem of the New Deal and of more abundant jobs, promises, and votes for deserving Democrats.
(8) That Justice Black does not by mistake put on his white robe instead of his black.
(9) That all Republicans stop bellyaching.

[Laughter and applause.]

SHADOWS OF THE DICTATORS—CONGRESSIONAL LEADERSHIP NEEDED

Mr. BIGELOW. Mr. Speaker, an editorial, the full length of a page of the Washington Times, calls the defeat of the wage and hour bill the most disastrous setback that Mr. Roosevelt has suffered—worse than the defeat of his court plan, because the court plan was a surprise measure which the President sprung on his party, whereas the principle of the wage and hour bill was a Democratic platform pledge.

The editor puts the blame for this collapse of the Roosevelt leadership on the failure of the Cabinet members to back up the President.

Besides that, the editor observes that the President is no longer the Roosevelt of 1933. He acts like a defeated man.

The editor expresses the hope that this defeat of the President may arouse him to assert his old leadership, and hopes that he will give his Cabinet a housecleaning and surround himself with stronger men.

I do not agree with the editor that the blame for the President's defeat should be put on the Cabinet members. The real reason, I believe, is that most everybody, perhaps including the President himself, is losing confidence in the efficacy of the President's panaceas.

The vote on the wage and hour bill was close. Ten votes would have changed the result.

However, it would not have been that close, if Members had voted as they really thought about the measure.

A number of those who voted for the bill admitted to me that they were glad it was defeated. It would have spread out over the country another army of snoopers. It was about as irritating a way to help labor as could be thought of.

The way to help labor is not to call in the meddlers, but to cooperate with the laws of supply and demand. Stimulate business. Create a demand for labor, and wages will go up naturally. There was no trouble about wages during the war. We might have a war prosperity in peacetime. How? That is one of the questions to which an answer must be found.

Nevertheless, I voted for the wage and hour bill. Some of my friends have taken me to task for this vote.

But on this issue I, like many others, was in a jam. Most emphatically I believed in the objective of this legislation.

I am as anxious as anybody to raise wages to a living and to a good spending standard. Most of the supporters of the bill, no doubt, honestly believed that it would accomplish its purpose. Many of the opponents were against it because they feared that it would accomplish its purpose.

I believed in what the bill aimed to do, but was skeptical about the way it was proposed to do it. But there was a chance that I might be mistaken, that I might be magnifying the nuisance effects of the bill and minimizing its good effects. Besides, I was elected by a constituency that certainly favored the Roosevelt policies.

A Representative should subordinate his own opinion to what he knows to be the will of those who elected him. Thus I defend myself for voting for a bill on which my heart and my head were divided.

The farm relief bill was more fantastic. To one with my economic philosophy that bill was obnoxious. I did not feel constrained to suspend my judgment on it, because I did not believe that my city constituency would want it. So I voted "no."

On this farm bill I let my head vote against my heart for I do want to help the farmer as well as the city worker. There can be no prosperity of one without the other.

Now that the Roosevelt leadership has let down it is time for those of us who have all along regarded the New Deal as boot-strap legislation to speak out. We have had 4½ years of this New Deal tinkering. We have spend twenty billions on it. And what have we now—a new depression with business confidence shattered and probably 10,000,000 of our workers unemployed.

The New Deal did perform a great service to the Nation. It primed the pump and brought us out of the depths of the depression. It should be plain by now, however, that it has affected no real change in our situation. We are in another collapse of business. But to prime the pump now we have got to draw from way down at the bottom of thirty-eight or forty billion debt.

The people believed in Roosevelt. They were bound to take the remedies he offered. It was useless to argue against these remedies. The people had to try them and find out for themselves. Well, they are finding out.

The trouble is not with the men in the Cabinet, as that editor thinks. The trouble is that popular faith in the New Deal is ebbing away.

So now it can be told what is the matter with the New Deal. The country wants to be told what other kind of a deal is possible.

The fact is the New Deal is a confusion of contradictions. We propose to spend upwards of a billion dollars of the taxpayers' money to make a high-priced market for our farmers, while we boast of our reciprocal trade agreements by which the farmers of the rest of the world are invited to come in and capture this subsidized market.

We are acting against Nature. We are seeking to get prosperity by destroying wealth. That is idiotic.

We are trying to cut down production to the level of the people's buying power when, obviously, the thing to do is to raise the buying power to the level of production for the employment and provisioning of all the people.

We are trying to improve our condition by dividing up our scarcity. As for turning our idle labor of farm and factory into production, so that we may have plenty to divide—that is where the New Deal has fallen down.

The New Deal is so enslaved to old money superstitions that, while spending twenty billions to stimulate prosperity, it allows the Federal Reserve System to shut down on it.

The Governor of the Federal Reserve System helped to bring on the present depression by stiffening reserve requirements. He makes no apology for that. He admits no mistake. He is sorry that he did not put on the brakes sooner.

That to me is a staggering confession for a man to make. Here is a man who, by controlling the flow of dollars and credit, holds the fate of business in the hollow of his hand. Yet he is so rooted in tradition, he is so banker-bound in his thinking, that he stands guard to see that prosperity stays within bounds.

In times of prosperity, you see, the interest on bonds and mortgages buys less. Therefore, the Reserve Board Governor stands ready with a garrote to strangle business whenever it gets to going too strong. It is hard to conceive that men of such prominence and power could be so amazingly stupid. This is the worst blunder of the New Deal. The editor of one of the few great newspapers left in this country is calling for Marriner Eccles' resignation. Right there in the Federal Reserve System is the seat of the Nation's trouble, and the New Deal does not see it.

This is a Nation divided against itself. One part of the Nation is in debt two hundred billions to the other part. One part is concerned with the buying power of the income from debt. The other part prospers only by production. When production booms, the value of the income from debt drops. But those to whom the debts are owing are the ones who control banking policy. They pull in credit and put the brakes on business to support the value of their money contracts. It is claimed by some that they are conscious of what they do in sending people into bankruptcy and despair; that they deliberately strangle business every little while to ruin debtors and buy in their property. My mind cannot comprehend such villainy. It is easier for me to believe that these men are quite persuaded that, at all hazards, the Nation should be kept deep in debt. When prices go up in boom times debtors can pay off with less exertion. But then the bankers step in to put the clamps on. They check the business boom and incidentally boost their bonds. They want the people to believe that they act solely for the public good, and I suspect they believe that themselves. But it is easy for people to believe when it is so greatly to their interest.

The next deal, in my judgment, will have to start right here on the blind side of Mr. Roosevelt; it will have to tackle this problem that he seems not to see.

Might not Mr. Roosevelt come to see it before it is too late? Possibly. But if he did determine to make the Federal Reserve System work for the prosperity of all the people, there would be more rebel yells against him than were heard in opposition to the wage and hour bill. That would be some fight, but that is a fight that must come if capitalism and democracy are to survive.

That fight, when it comes, will completely shatter the old party lines.

Indeed, these party lines are shattered now almost beyond recognition.

The real parties reveal themselves here in the House whenever any vital economic issue comes up. There is no Democratic Party and no Republican Party in the House then. There are only progressive liberals on the one side and status quo defenders on the other.

I think there should be some way to bring people together who belong together, and put an end to this practice of bundling opponents in the same party bed.

I do not mean that we need to organize a new national party. Our primary-election laws being what they are, the only sensible way to fight is in the primaries of the established parties.

But we need a movement above parties to support a new New Deal. We need to work out a program that is sound in economics, that goes to the causes of our distress, and for which the democratic liberalism of the Nation can be rallied. We need hardly bother about the Presidency. If we could put 25 or 50 more earnest Progressives in this Congress, we might legislate in our own right and be a real parliament of the people.

I would like to see break out all over the country voters' unions of like-thinking representatives of the old parties—to nominate candidates for the next Congress in support of a simple, concrete, American platform, and to back these candidates, irrespective of the old party names.

Such a movement should come out flatly for a currency system managed for the people and not for the profit of bankers, and for a tax system that would shift burdens from industrial enterprise to inheritances, incomes, and monopoly privileges. To abolish commodity taxation—that is, to take the tax billions out of prices—would vastly increase buying power. Why should we not think of raising the buying power of wages that way? That would let business come up for air. Now business is smothered by taxation. Like the atmosphere that presses on the body 15 pounds to the square inch—if that is the figure—the hampering pressure of taxation is there, even though we grow unconscious of it.

The slogan of such a movement as I propose might well be "Back to the American Fathers." It might be called the Jefferson-Lincoln League, to take in the friends of freedom of both parties.

We must put our faith in Lincoln's common people. We must stop mouthing and actually apply Jefferson's formula of equal rights for all and special privileges to none. How that phrase is rolled under the tongue by the lip servers. There is enough dynamite in that phrase to blow up all the economic hells that have ever cursed the earth.

Let us go back to the leadership of Jefferson and Lincoln. In their spirit is our salvation. I think that the heart of America is hungry for a rebirth of this faith from which we have drifted so far.

Some of my Socialist friends are hurt because I recoil from the Socialist tendencies of the New Deal. They think of socialism as a kind of Utopia, in contrast with which capitalism is an evil thing.

I do not ask Socialists to accept capitalism as it is. I ask them to help make capitalism what it could be—and I am persuaded that it could be made a far more agreeable society to Socialists themselves than socialism in practice would ever turn out to be.

A Socialist state is a slave state. That was not the dream of the great Socialist thinkers. They were lovers of mankind. They imagined that socialism would bring a fuller freedom to men, a truer democracy. But we now see how the dream works out. Socialism means regimentation. This necessarily encroaches on personal freedom. A Socialist state, to manage all industry, must draw vast powers unto itself. The inevitable outcome of this is to place in government officials more control over the destiny of others than frail human nature can stand. Thus all you have is a new name for despotism. We might dream of a Socialist Utopia, but what we would get is Stalin, and bloody purges, and gagged newspapers, and mock elections. We would get a new slavery as deadly to the human spirit as fascism, or any other tyranny.

No, my Socialist friends; I think our American ideal is safer than that. What Socialists have thought they hated is not a true, free capitalism but the perverted capitalism which we have, and which I hate—a monopolistic capitalism, a cheap, shoddy capitalism, a callous capitalism, which tolerates palaces and slums, idle rich and unemployed poor.

But capitalism does not need to be like that. You could do two or three things to capitalism and make it a far more wholesome state of society than any socialism that is likely to be seen this side of the millennium.

I do not think it humanly possible to let the state run everything without sacrificing the greatest of human values—individualism, personal initiative, personal freedom, some fair liberty of mind, speech, and action.

I believe with Jefferson that that is the best government which governs the least. Under a true capitalism, the economic life of the Nation could be left to itself to operate under the spur of private enterprise and legitimate profits, and be,

withal, a far more vital and vigorous and progressive society than any collectivist economy.

The way to begin this reformation of capitalism is to intelligently direct monetary policy and supplement that by a rational system of taxation. These two steps alone would go far to humanize capitalism and make good Socialists like it.

All the world seems drifting into socialism, and the closer we get to it the less ideal it appears.

Mr. Roosevelt has been wanting to save capitalism, but the means he takes have been pronouncedly socialistic. He has not sought to attack the deeper vices of capitalism in order that we might, at least, test out what capitalism, divorced from monopoly, might be like. Instead, the New Deal has resorted to socialistic meddling, and regimentation begets regimentation, until we get all bogged down with bureaus and overrun with officious politicians.

Existing capitalism is shot through with monopoly privileges. Without disturbing these privileges, the New Deal has superimposed upon them the burden of a growing bureaucracy.

I think that our policy should have been tempered by the principle of a certain "old deal." I think we should have remembered, rather, the ideal of Jefferson. This ideal has validity, even in our revolutionized machine age. We have no choice but to resist these socialistic trends, if we are to preserve democracy. Of course, we are more patient with the Socialist than with his cousin, the Communist, for the Socialist at least proposes to usher socialism in by democratic consent. But his socialism must be so centripetal as to make individuals pawns of the state.

The Communist's offense is that he flouts democracy, while demanding all its privileges. The Communist has a dogma that a ruling class never gives up without resorting to force. Democracy, so he thinks, is bound to break down. Socialism has to come through the dictatorship of the proletariat. The Communist may play with that phrase. He may glow over what he calls the dictatorship of the proletariat. But what he will get will be the dictatorship of the dictator. Getting your head chopped off in the name of the proletariat would be just as bloody as by any other name.

The most unoriginal thing, however, that a demagogue can do is to rant against the "reds."

Communism is one of the byproducts of a perverted capitalism. We have some obligation to be tolerant toward those who have been soured by the social injustice for which we are all responsible.

Communism is mostly the hobgoblin of weak minds. The real menace is fascism, and the only protection against it is resolute adherence to democracy and the use of democracy to eradicate privilege and establish social justice.

This democracy, its faith, and its practice we have need to preach in season and out. It cannot be taken for granted. It is slipping away from us. When democracy is dead, I wish not to live. But, though dictatorship may not come in our day, shall we betray our children to it? I would be uneasy in my grave for pitying them.

The battles of human freedom have to be fought afresh in every age. We do not inherit freedom. We have to achieve it. So the fight is on, which we had thought won—the fight to recapture democracy. A Jefferson-Lincoln League—is not that, more than ever now, an appealing name, a fitting banner under which to march to defend the American way of life against the lengthening shadows of the dictators?

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, it is somewhat difficult to follow the indignation of the gentleman from New York [Mr. FISH], which ranges in 24 hours from Shanghai, China, to Port au Prince, Haiti, and back. On yesterday his indignation was floundering in the muddy waters of the Yangtze River; today it is parading the streets of Port au Prince, sallying out across the plains of the Cul de Sac and dissipating itself along the bloody border of Santo Domingo.

I disagree with him that it is the business of the United States to interfere in matters affecting two neighboring republics such as Santo Domingo and Haiti, both of which are independent and have their own armies and their own police forces.

The gentleman from New York in the last few years has put in so much time accusing the white people of the South of imposing upon the Negroes that it seems he cannot discuss international affairs without bringing that issue in and leaving the wrong impression. As a matter of fact, the people of Haiti which, as he knows, is a colored republic, are separated from Santo Domingo only by an imaginary line. The people of Haiti and Santo Domingo are practically of the same race, about the only difference being that each has a separate Government and they are supposed to speak different languages. These troubles have been going on in that island for more than a hundred years. At one time the United States was called upon to intervene, but that was when the Haitians were killing each other and the helpless people in Haiti asked for protection.

I do not know how many of these people have been killed in this border warfare that has been going on between the Haitians and the Santo Domingans. I have seen the statements in the paper and I have seen some contradictions, but it is not the duty of the United States, I submit, to go down there and interfere in the affairs of two independent republics—especially when neither one of them has called on us for help.

The gentleman from New York [Mr. FISH] seems to use this incident as a sounding board to attack the President of the United States for his good-neighbor policy—one policy that everybody in the world ought to agree with. When the President was speaking for the United States on his good-neighbor policy, he was speaking from the standpoint of the United States with reference to other nations. We cannot invoke or enforce the good-neighbor policy between two antagonistic countries lying side by side when we have no jurisdiction and no authority over either one of them.

So I submit that it is unfair to take the floor at this time and attack the President of the United States, even by intimation or innuendo, for failing to intervene in a row between two neighboring republics when neither one of them has asked for our assistance or called for our help.

In bidding the gentleman from New York [Mr. FISH] a Christmas farewell in return for his friendly au revoir, I hope that he will go home, and, as Shakespeare said, "Allay with some cold drops of modesty his skipping spirit," and cease attacking the President of the United States or the administration because of matters concerning which he has committed no offense and his administration has been guilty of no laches.

In regard to the gentleman from New York, I feel like an old woman in one of the Southern States did about her husband, with whom she did not get along very well. He was always nosing into other people's affairs and accusing them of things of which they were not guilty, criticizing people when they ought not to be criticized, particularly his wife, and constantly keeping the household in a family row. The old fellow finally passed away and his wife erected a monument to his memory and on it inscribed this epitaph:

Rest in peace till we meet again.

I hope, Mr. Speaker, that the gentleman from New York [Mr. FISH] will now curb his indignation and rest in peace till we meet again. [Applause and laughter.]

N. Y. A.

Mr. SPARKMAN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SPARKMAN. Mr. Speaker, I rise at this time to make a few remarks about one phase of government activity which, so far as it pertains to my State, deserves high commendation but about which we hear little. I refer to the National Youth Administration.

We have heard on this floor today much discussion as to the un-American activities, the spread of ideas and ideals foreign to the American system of government. I feel that we need not fear for our form of government so long as the individual citizen feels and knows that he has a right and a reasonable opportunity to direct his own efforts in the pursuit of happiness. One of the greatest tragedies of the depression was that it left youth—buoyed up by optimism, faith, and courage—with the disillusionment of realism, with the sudden realization that there was no place for it to work out its ambitious plans and hopes.

The National Youth Administration in Alabama has done a fine job in giving relief to this situation. It is doing a fine job now under the able leadership of an outstanding man, my good and personal friend, Dr. John E. Bryan. I have recently received from him a letter, from which I read as follows:

Although I am sure you are familiar with the program of the National Youth Administration in Alabama, I thought you might be interested in some information as to how the National Youth Administration is operating in your district. I am attaching, therefore, a brief résumé of the most outstanding project in district eight, the number employed on all work projects on November 24, together with information about the student-aid program, giving by counties the allocation for high school aid and the number of high school and college students receiving assistance.

In developing National Youth Administration projects we have stressed the point that the benefits from these projects must be available to as great a number of people as possible. This can best be demonstrated by naming the usual co-sponsors for National Youth Administration projects such as county and city boards of education, and commissions, community chests, the State highway department, etc.

I hope that the assistance which the National Youth Administration has provided youths in continuing their educations and in seeking employment and job training has made and will make the National Youth Administration a useful program. I should like for you to know that this year over 1,000 youths on National Youth Administration projects have found jobs in private industry after having had their first work experience on these projects, and 1,300 youths not on National Youth Administration projects have been placed by the Junior Placement Service of the National Youth Administration.

The National Youth Administration program in Alabama has clearly indicated in the 2½ years since its inauguration the need for giving young people an opportunity to continue their educations and to be employed on useful jobs which afford training and work experience. This would not be available without help from the Federal Government.

Mr. PLUMLEY. Will the gentleman yield?

Mr. SPARKMAN. I yield.

Mr. PLUMLEY. The 1,300 referred to apply to Alabama?

Mr. SPARKMAN. Yes. I call your attention particularly to the statement that in Alabama during 1937 over 1,000 youths on N. Y. A. projects have found employment in private industry, and that the N. Y. A. has placed 1,300 youths not on N. Y. A. projects. No better work could be done than this, of helping these youths find themselves.

The statement referred to in the letter as to an outstanding project in my congressional district is as follows:

With a considerable number of boys employed on N. Y. A. work projects in the Eighth Congressional District, several structures of a permanent nature have been completed, including bathhouses at Huntsville and Sheffield; sidewalks, bridge construction in Madison County; dormitory additions at Agricultural and Mechanical College; and improvements on the property at Sky Line farms. The local communities have furnished practically all the material necessary for these structures, and under adequate supervision recrufted from the local communities the boys have been taught good work habits, sound construction principles, etc., with the result that a high percentage of them are securing private employment.

I am informed that in my district on November 24, 1937, there were employed 336 youths on N. Y. A. projects. In addition to these, many high-school and college students are being assisted in continuing their education. The following table shows the extent of this program in the counties of my district:

Allocation of funds and number of students aided by National Youth Administration student-aid program, 1937–38, Eighth Congressional District of Alabama

Counties	Amount allotted for high-school aid	Number of high-school students receiving National Youth Administration aid	Number of college students receiving National Youth Administration aid
Colbert	$1,773	36	9
Jackson	1,191	31	7
Lauderdale	1,208	20	17
Lawrence	643	12	5
Limestone	983	17	2
Madison	2,348	48	15
Morgan	1,919	39	27
Total	10,065	203	82

A total annual expenditure of $10,065 for assisting 203 high-school students—hardly $50 each—a small amount, but the crucial balance, perhaps, between a boy out of school, out of work, drifting into idleness, defeat, despair, and a boy in school, working, feeling an interest in his Government—a future citizen to help guard this American system and this American Government against those who would tear it down.

I repeat, the N. Y. A. is doing a great work in my State. [Applause.]

Mr. MAVERICK. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. Yes.

Mr. MAVERICK. As a Member from the State of Texas I thank the gentleman for his able address. Everything he says applies to the State of Texas, where they have done a most excellent piece of work. I am glad the gentleman came here and said what he did on the floor.

Mr. SPARKMAN. I thank the gentleman. Personally, I feel that this applies throughout the United States, but I purposely restricted my remarks to the State of Alabama.

Mr. DUNN. And it was done under a Democratic administration.

Mr. SPARKMAN. Absolutely.

Mr. LUCAS. Mr. Speaker, will the gentleman yield?

Mr. SPARKMAN. Yes.

Mr. LUCAS. As a Member of the House, I appreciate the address the gentleman has made. I am wondering whether or not the financial condition of the gentleman's State or the particular section that he represents is able at this particular time to do what the Federal Government has been doing insofar as finances are concerned.

Mr. SPARKMAN. It is more nearly able than it was when this movement was started, but the N. Y. A. movement was never given sufficient funds to go into the matter as fully as it should have, when we were in the lowest depths of the depression.

Mr. LUCAS. Is it the gentleman's understanding or the gentleman's notion that the Federal Government should continue to appropriate money, irrespective of the finances of the States or districts where these projects are located?

Mr. SPARKMAN. As long as there are boys out of work and out of school who are anxious and ambitious to help themselves, I think the Federal Government ought to feel a responsibility to help.

Mr. LUCAS. And that is irrespective of the financial condition of any community or any State or school district that might be able to take care of them itself?

Mr. SPARKMAN. I will not say it is absolutely irrespective, because, of course, as our States and communities become more prosperous, that prosperity will be transmitted to our families, and naturally that must be taken into consideration, but I do believe this is a most helpful program that the Federal Government has put on, and that we ought not to be so miserly in connection with it.

Mr. LUCAS. There can be no question about the benefits derived under this program. It was an emergency program to start with. What I am trying to ascertain from the gentleman is whether or not he believes this emergency program should become a permanent program insofar as Federal appropriations are concerned.

Mr. SPARKMAN. I cannot say that it should be permanent, but we are not ready to get away from it yet.

Mr. PATRICK. Has anyone conveyed any information to the gentleman now speaking about any other commodity in America that is more valuable than its youths?

Mr. SPARKMAN. Absolutely not.

The SPEAKER. The time of the gentleman from Alabama has expired. The gentleman from Alabama asks unanimous consent to extend his remarks by including the table referred to. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that I may be permitted to incorporate in the remarks I made this morning a very few press articles with reference to American activities.

The SPEAKER. Is there objection?

Mr. EBERHARTER. Mr. Speaker, does the gentleman intend to incorporate in those remarks the names of any persons?

Mr. DICKSTEIN. This deals with fascism, which I think is in point with the talk that I made this morning.

The SPEAKER. Is there objection?

There was no objection.

WAGE AND HOUR BILL

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent that S. 2475, "To provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes," be printed, showing the bill as agreed to in the Committee of the Whole House on the state of the Union and recommitted to the Committee on Labor.

Mr. SNELL. Reserving the right to object, what was the gentleman's request?

Mr. RAMSPECK. It is a request for the printing of the wage and hour bill in the form in which it was when it was recommitted. The document room cannot have it printed that way without unanimous consent or a resolution passed. The document room informs me they are having requests for it.

Mr. SNELL. I do not understand yet what the gentleman wants to do.

Mr. RAMSPECK. I want to have the bill which was recommitted to the Committee on Labor last Friday reprinted in the form in which it was when it went back to the committee.

Mr. SNELL. Do you think anybody understands how it was when it reached the committee?

Mr. RAMSPECK. I cannot answer the gentleman.

Mr. SNELL. I should not object to that request if anybody is smart enough to inform the Public Printer how it should be printed.

Mr. RAMSPECK. I will say that I have no interest in it except that the document room wants it.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

THE W. P. A.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, we hear a great deal of criticism at times. I know we have all criticized the Works Progress Administration, but I want to call the attention of the Members of the House to the fine spirit of cooperation recently shown by Col. John J. McDonough, administrator of the Works Progress Administration in Massachusetts, and his assistants, Mr. Lawrence J. Bresnahan, Col. Denis W. Delaney, Mr. William E. Murphy, Mr. C. B. Hall, at Boston; Mr. Costello, Mr. Desrosiers, Mr. Conway, at Lowell; and many others. On receiving authority to increase the quota of workers on December 11, they worked continuously long after usual hours and all night until the assignments were completed. This permitted the reemployment of the workers before Christmas and gave these unemployed persons money in wages for Christmas. It is a wonderfully fine expression of the Christmas spirit. Mr. Speaker, I happen to have spent Christmas in Arizona, in California, in the South, and in the North, and I know that the same Christmas spirit prevails everywhere. I wish you, Mr. Speaker, and the Members, and all persons connected with the House who give such splendid service a most happy Christmas and a very prosperous New Year. [Applause.]

[Here the gavel fell.]

RECESS

The SPEAKER. Under previous order of the House, the House will now stand in recess subject to the call of the Chair. The Chair will indicate 10 minutes before the House will be called by the ringing of the bells.

Thereupon, at 4:13 o'clock p. m., the House stood in recess subject to the call of the Chair.

AFTER RECESS

The House met pursuant to recess at 4:33 o'clock p. m.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Crockett, its Chief Clerk, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 3114. An act to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.

The message also announced that the Senate had passed, with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 8730. An act to amend the National Housing Act, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House thereon, and appoints Mr. WAGNER, Mr. BARKLEY, Mr. BULKLEY, Mr. HITCHCOCK, Mr. TOWNSEND, and Mr. STEIWER to be the conferees on the part of the Senate.

The message also announced that the Senate had passed the following resolution:

Senate Resolution 211

Resolved, That a committee of two Senators be appointed by the President of the Senate, to join a similar committee appointed by the House of Representatives, to wait upon the President of the United States and inform him that the two Houses, having completed the business of the present session, are ready to adjourn unless the President has some further communication to make to them.

The message also announced that in compliance with the foregoing resolution the President of the Senate had appointed as said committee on the part of the Senate Mr. BARKLEY and Mr. MCNARY.

NATIONAL HOUSING ACT

Mr. BROWN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8730) to amend the National Housing Act, and for other purposes, with a Senate amendment, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. RANKIN. Mr. Speaker, reserving the right to object, may I ask the gentleman from Georgia [Mr. BROWN] if the Senate put back in the bill title I, which carried the gentleman's amendment to take care of the housing situation in rural areas and in suburban areas?

Mr. BROWN. Yes. The provision adopted by the Senate is the same as the one adopted by the House.

The SPEAKER. Is there objection to the request of the gentleman from Georgia? [After a pause.] The Chair hears

none and appoints the following conferees: Mr. STEAGALL, Mr. GOLDSBOROUGH, Mr. REILLY, Mr. WOLCOTT, and Mr. FISH.

EXTENSION OF REMARKS

Mr. O'CONNOR of Montana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a speech I delivered over the radio yesterday afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

THE NATIONAL HOUSING ACT

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that, notwithstanding the adjournment of the House, the House conferees in charge of the bill H. R. 8730, the National Housing Act, may be allowed to sit during the adjournment.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. O'CONNOR of New York. Mr. Speaker, I ask unanimous consent to address the House for half a minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ACCOMPLISHMENTS OF THE SPECIAL SESSION

Mr. O'CONNOR of New York. Mr. Speaker, I have attempted to make a short survey of the work of the special session of Congress. I ask unanimous consent to insert it in the RECORD at this point.

Mr. SNELL. Mr. Speaker, reserving the right to object, did I understand the gentleman to say a short survey?

Mr. O'CONNOR of New York. I trust it will furnish the gentleman from New York with some interesting reading in the near future.

Mr. SNELL. It will not take very long, if the gentleman surveyed only what has been accomplished during the special session.

Mr. O'CONNOR of New York. I am not so sure about that.

Mr. MICHENER. The gentleman asked for only half a minute to outline what has been accomplished.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE SPECIAL SESSION OF THE SEVENTY-FIFTH CONGRESS

Mr. O'CONNOR of New York. Mr. Speaker, on Columbus Day of this year the President proclaimed a special session of the Congress.

On the opening of the session on November 15 he sent a message to Congress in which he stressed four subjects of legislation on which he desired congressional action:

A permanent national farm act.

A minimum-wage and maximum-hour act.

Reorganization of the executive branch of the Government.

Regional planning.

Unfortunately, following the calling of the special session and continuing after its convening, a business recession occurred throughout the country, reflected appreciably in the securities markets and industry and resulting in increased unemployment. No one can attribute the prospect of a special session as having any influence in the business decline, but the coincidence of its happening did have a marked effect upon the accomplishments of the session. This effect was an apparent adverse influence against the enactment of at least three of the four measures contemplated.

Business pressed harder than before for tax relief, especially as to the corporate-surplus tax and the capital-gains tax, and insisted that a farm bill, in the nature of a subsidy, and a wage and hour bill would result in further unbearable burdens on business. As to regional planning, the utility companies visioned seven more T. V. A.'s, increasing Government competition with private companies, and deterring the expenditure of billions of dollars in plant extension by the companies, with the consequent taking up of part of the slack in employment.

As to reorganization, that measure had already passed the House of Representatives, but was not deemed of any great immediate importance.

Whether the above attitude of business toward the proposed legislation was anywise justified or only further fear, which should not have been entertained, has caused considerable argument.

In some quarters it was contended that capital had deliberately gone on strike to embarrass the administration and put on pressure for a balanced Budget, tax relief, and the easing up on legislation regulating the stock exchanges and utilities.

In any event these contentions made the work of the session all the more difficult, but it would not be fair to contend, as the Republicans and others undoubtedly will, that the special session was bare of accomplishment.

While it is true that the wage and hour bill has received a set-back, temporarily at least, the week's debate in the House may have cleared the atmosphere as to certain features of the measure which may well be of benefit in working out a bill in the regular session which will be acceptable to a majority of the Members and meet the views of the proponents.

The Committee on Rivers and Harbors has held extensive hearings and made considerable progress toward working out the bill for regional planning.

There should be no difficulty in enacting early in the regular session an act reorganizing the executive branch of the Government.

In addition to the progress made on the measures not acted on during the special session, during the 5 weeks in which the special session continued, there was real accomplishment which should result in the early days of the regular session in the enactment of at least three measures of major importance.

We are at least 5 weeks ahead in the consideration of those measures as against postponing a start on them until the regular session. If there had been no special session, the consideration of those measures would have undoubtedly consumed more than 5 weeks.

A farm bill has passed both Houses of Congress and is now in conference. It should be completed early in January.

A housing bill, not on the original agendum, or four-point program, of the special session, but of major importance, has passed both Houses and is now in conference. This measure, which should greatly relieve unemployment by stimulating new home building, should become a law in January.

The conferees on the farm bill and the housing bill have been authorized to function during the holidays.

As to taxes, a subject which captured the stage during the special session, considerable progress has been made toward modification and possibly a general overhauling of our tax laws. No such progress would ever had been made if Congress had not been in special session and afforded a forum for criticism of our present tax system. There is every assurance of the enactment of laws early in the regular session, affording relief as to the corporate-surplus tax, the capital-gains tax, and possibly other provisions of our tax laws. A subcommittee of the Committee on Ways and Means has been in session daily since October working on these problems.

The progress made toward tax relief alone would justify the existence of the special session.

The social, economic, and political problems of the United States which have accumulated during a century and a half of its existence are not readily solved overnight.

ADJOURNMENT RESOLUTION

Mr. RAYBURN. Mr. Speaker, I offer a resolution.

The Clerk read as follows:

House Concurrent Resolution 28

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress shall adjourn on Tues-

day the 21st of December 1937, and that when they adjourn on said day they stand adjourned sine die.

The resolution was agreed to.

COMMITTEE TO NOTIFY THE PRESIDENT

Mr. RAYBURN. Mr. Speaker, I offer a further resolution.

The Clerk read as follows:

House Resolution 385

Resolved, That a commitee of two Members be appointed by the House to join with a similar committee appointed by the Senate to wait upon the President of the United States and inform him that the two Houses have completed the business of the session and are ready to adjourn unless the President has some other communication to make to them.

The resolution was agreed to.

The SPEAKER. The Chair appoints the gentleman from Texas, Mr. RAYBURN, and the gentleman from New York, Mr. SNELL, as members of this committee.

RECESS

The SPEAKER. Without objection, the House will stand in recess subject to the call of the Chair.

Thereupon (at 4 o'clock and 36 minutes p. m.) the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 5 o'clock and 11 minutes p. m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had agreed to a concurrent resolution of the House of the following title:

H. Con. Res. 28. Concurrent resolution providing for the sine die adjournment, second session, Seventy-fifth Congress.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LIBRARY OF CONGRESS

Mr. McFARLANE. Mr. Speaker, I offered a resolution today to reinstate Dr. George J. Schulz as Director of the Legislative Reference Service of the Library of Congress. Dr. Schulz has worked in the Library of Congress for the past 20 years and is recognized as one of the most courteous and efficient directors of this service the Library of Congress has ever had. He was summarily dismissed by Dr. Herbert Putnam, Librarian of Congress, on September 17, 1937, for stating a small part of the truth as to what has been going on for sometime in the Library of Congress.

Mr. Speaker, I desire to review the background of Dr. Putnam and his regime in order that the Members of the House may better understand what has been and is taking place in the Library of Congress. I desire to include certain excerpts from the Washington Herald of November 20, 1937.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE WOULD-BE DICTATOR DR. PUTNAM

Mr. McFARLANE. Mr. Speaker, I believe Drew Pearson and Robert S. Allen have so well stated the case in their Merry-Go-Round column that I will first include their statement of the case against Dr. Herbert Putnam:

WASHINGTON DAILY MERRY-GO-ROUND

(By Drew Pearson and Robert S. Allen)

(Editor's Note: The Brass Ring, good for one free ride on the Washington Merry-Go-Round, is hereby awarded to Herbert Putnam, the Librarian of Congress.)

Across the Plaza from the Capitol stands an antiquated pile of stone which probably merits the boast of being the greatest Library in the world.

On its shelves are more than 5,000,000 books and pamphlets, several million manuscripts, more than a million maps, a million pieces of music, and more than half a million prints.

Through its somber marble halls every day pass hundreds of tourists. They gaze at the great guilded dome, stand in reverence before the guarded glass case holding the Constitution and the Declaration of Independence.

But what they do not see is the tyranny, the inefficiency, and medieval disciplinary system which marks this the world's greatest Library.

From this Library 50,000 books have been stolen, and in its musty stackrooms toils a sort of chain gang of young men, punished for discontent by being exiled to the task of stacking books at bare subsistence wages. And all through the reading room and alcoves exists sub rosa rebellion against the tyrant of the Library.

The gentleman in question is Herbert Putnam, Librarian of Congress for 38 years, who must be given credit for having built the Library, in his earlier years, into a great institution. But now, at the age of 76, he has passed his usefulness.

ALL POWERFUL

The secret of Putnam's power is his ability to hire and fire, raise or lower the wages of his 800 employees entirely at his own discretion. No private citizen, no Member of Congress, no union delegate, no Civil Service Commission can stop him. He is omnipotent. No other person in the Government has such power.

Reason for this is the praiseworthy aim of keeping the Library from being a political football. It is subject neither to patronage nor civil service. Putnam alone rules.

As a result, those who govern the Library are all Republicans, while below them is a small army of highly educated college men of no political faith. After several years of work they are still drawing their starting salaries of $1,260.

However, those who bask in Putnam's favor enjoy special privilege. For instance, Leicester Holland draws $5,000 as Chief of the Division of Fine Arts; is permitted to work for the Carnegie Foundation; also travels once a week to Philadelphia to lecture for the University of Pennsylvania. Reputed extra salary, $5,000.

Also, David C. Mearns, Chief Assistant in Reading Room, has a brother as an assistant whose wife is Assistant Chief of the Classifications Division. Then there is Edward Rogers, personnel officer, whose sister is in the Music Division; Robert Gooch, custodian of the Reading Room, whose brother is an assistant; Charles Ray, chief engineer, whose son is his assistant; Martin A. Roberts, Superintendent of Reading Room, whose brother is in the Fine Arts Division; and George W. Morgan, chief in charge of binding, whose wife is in the executive assistant's office—and so on.

The man who rules this strange kingdom is an odd combination of simplicity and ostentation. Until recently Putnam would strap on roller skates and go for a frisk on the pavements with his grandchildren. In holiday time he often goes boating with them off the coast of Maine.

He is an early riser, leaving his Georgetown home at 6:30 a. m., and making the long trip to the Library by trolley. Though the cab fare is only 30 cents, he patronizes the trolley cars—six tokens for 50 cents.

He reaches the hill at 7 o'clock, carries his own breakfast tray at the Capitol Hill cafeteria, then strolls across the corner to the Library.

One day while waiting for a trolley he got into conversation with a young man, became interested in him, found he was looking for a job, and gave him a position in the Library.

But his friendliness is dropped like a cloak when he enters the doors of his kingdom. There he is cold and severe. He keeps aloof, never speaks to members of the staff.

A Congressman once took a friend to the Library to meet Putnam. When they came out, the friend remarked, "There's a cold fish!"

Putnam regulates his life as he pleases, working hard at his desk one day, absenting himself the next. He travels widely about the world in all seasons.

Distinguished and learned, he is known by scholars everywhere, and is friendly with them. But as an administrator, he rules with the highhandedness of an industrial baron.

Putnam is in for some congressional fireworks this session, chiefly because he summarily dismissed George J. Schulz, Director of Legislative Reference. Schulz had served for 20 years, but had no alternative under the Library system than to "take it."

He was fired because he submitted a report which Putnam labeled "an insolent, abusive, and scandalous document."

Actually it was nothing of the kind. It merely recommended measures to increase the efficiency of the Legislative Reference Service, which is charged with looking up data for Congressmen, helping prepare speeches, etc.

Among other things, Schulz reminded Putnam that the $10,000 Schulz had saved in his budget had been diverted to pay William A. Slade, in charge of reference work, for whom Putnam twice had vainly asked Congress for an appropriation.

Schulz's reference to this was what Putnam called insolent and abusive.

Three times bills have been introduced in Congress giving special pensions to those who have served as Librarian of Congress for 35 years. The bills were aimed at Putnam, but they did not pass, and he failed to take the hint.

WHOM SHOULD THE LIBRARY SERVE?

Mr. Speaker, in quoting the above article by Pearson and Allen, relating to the tyranny, the mediocrity, and the medievalism which exist in the Library of Congress under the administration of Dr. Putnam, the would-be dictator of Capitol Hill, I express therewith my appreciation and respect for the service Pearson and Allen have rendered not only

the Congress in bringing thus forcibly to its attention the scandalous conduct of Dr. Putnam but the service they have rendered the 800 employees of the Library, who are without the protection of civil service, patronage, or allocation by State; and even though patronage may not insure economic security, it has the virtue of fixed rules of application, under which for a time at least there is security of tenure. But there is no economic security for the mass of the men and women who labor in the stacks and galleries of what we facetiously regard as our Library but whose head has made it into a medieval chamber of horrors and who now desires to make it his mausoleum.

Dr. Putnam has made a farce of every principle of social security for which the New Deal now stands; he has nullified the Retirement Act and the benefits which the Congress intended should flow therefrom; and while seeking, because of his long tenure, to prevail upon Congress to provide magnanimously for his future, he meanly, selfishly, and furiously seeks to destroy the economic future of others who have rendered service for which he has taken credit himself.

WHAT PERCENT OF MONEY SPENT SERVES CONGRESS?

We who appropriate the people's money for a library particularly for our use know but little, indeed, of the manner in which that money has been spent. For the greatness of the Library of Congress he takes credit, and exploits extravagantly and ostentatiously personal attainments, especially in education, which he does not in reality possess, for the doctorate which he so vaunts he never earned.

You will search in vain the indexes of his mausoleum for any serious contribution he has made to science or literature, although for 38 years he has occupied at the expense of the American people the most favorable place in the Nation for the production of some outstanding contribution. Nor have the duties of his office been permitted to invade his personal leisure. At the expense of the American people he periodically accords himself extensive trips, and whenever seized by whim or caprice he sails forth under the pretext of seeking some rare literary treasure to be paid for by the people, but to be exploited in his own glory.

Dr. Putnam made the world believe that it is he who has made famous and renowned the Library of the Congress. The truth is that the Library of Congress has made him famous, and from it he has taken more than a share of reflected glory.

For 38 years Dr. Putnam has ruled the people's library like a medieval tyrant, striking with venomous fury those who fall afoul of his wrath, or who seek to maintain a decent self-respect, or who refuse sycophantically and obsequiously to lick his boots. For he is all-powerful in his control of the economic destinies of the men and women who are so unfortunate as to be compelled to eke out a meager existence under him.

WHO TOOK THE LIBRARY CONTROL FROM CONGRESS?

He has caused to be removed from the statutes all power and control of the Congress over himself or the conduct of the Library of Congress. The White House declares itself powerless to control him, we cannot impeach him, we cannot involuntarily retire him, and defiantly and derisively he refuses to resign. While he has suavely lulled us into apathy he has furiously defied us whenever occasion has presented, for an abnormal character in service relations, he passes rapidly from the suave to the furious like a Dr. Jekyll and Mr. Hyde.

The time has come when Congress must retrieve and recover some of the authority over its Library which it has permitted to be taken away by amendment after amendment of the law. Congress can no longer ignore the economic destinies of 800 persons for whose salaries it appropriates the people's money. Nor can Congress longer delay in regaining control of the Library for its own use and the purposes for which it has always been intended.

AND FOR WHAT PURPOSE?

Dr. Putnam ostentatiously but mendaciously disavows political influence in the selection and appointment of Library personnel. But I shall presently show that in making this assertion he expects the Congress to be a most unintelligent body, or he proves himself to be a most mendacious person.

At present the Library personnel is neither civil service nor patronage. It is not allocated according to the States. It is entirely within the discretion and under the power of one man, who bases his selections not primarily upon qualifications but upon other grounds, and now I point out some of these officeholders.

Librarian: Dr. Herbert Putnam, Massachusetts, Republican, $10,000.

Consultants: The so-called consultants of the Library of Congress are "holders of chairs." These consultants, like Dr. Putnam himself, never respond to the needs or demands of Congress. As Dr. Putnam describes them—

> they are not regular in attendance, serve only in a special relation, necessarily informal, are possibly temporary, certainly tentative, * * * and would be embarrassed if they were subject to all the incidents of the regular service.

And yet they draw a compensation of $7,500 per annum, a part of which, at least, is paid for by the people. What are these chairs and who are these consultants? I enumerate them, as follows:

Consultant in economics: Victor Selden Clark.

Consultant in Hispanic literature: David Rubio.

Consultant in philosophy: William Alexander Hammond.

Consultant in political science and public administration: William F. Willoughby.

Consultant in science: Harry Walter Tyler.

Honorary consultant in bibliography and research: Harold N. Fowler.

Honorary consultant in musicology: Carl Engel.

Honorary consultant in military history: Brig. Gen. John McAuley Palmer.

Honorary consultant in paleography: Elias Avery Lowe.

Honorary consultant in Roman law: Francesco Lardone.

Project C: Seymour de Ricci, compiler and editor; William Jerome Wilson, executive secretary and associate editor.

Project E: William Jerome Wilson.

These, Mr. Speaker, are your consultants in the Library of Congress. Have you ever consulted them? You know they would be embarrassed if you were to do so, for we have Dr. Putnam's word for it. You would not want to embarrass these gentlemen, would you?

BY THEIR WORKS YE SHALL KNOW THEM

Pearson and Allen and the world generally regard this tyrant of Capitol Hill as distinguished and learned, and as known by scholars everywhere, and being on friendly terms with them. He certainly has distinguished himself by remaining on the Federal pay roll for 38 years. As to being learned, consult the files of his mausoleum and find me a single serious contribution which he has made to literature or science; and here is the reason why he is known to scholars and why he is on friendly terms with them: He has kept them on the pay roll and paid them from the public funds which we have appropriated at his suggestion.

WHERE NEPOTISM REIGNS

Now, let us look at the Library staff proper. Next to Dr. Putnam is his Chief Assistant Librarian, Mr. Martin Roberts, a Republican; salary, $7,500; only a bachelor of arts degree. His brother, Mr. Dave Roberts, was for 30 years Assistant Chief in the Fine Arts Division at a salary of approximately $4,500. Total for the Roberts family, $12,000 a year. Mr. Dave Roberts has now passed out of the scene with Dr. Putnam's blessing. Dr. Putnam took generous care of him for fully a year before his retirement. And in order to live up to his hypocritical pretense, resorted to the fiction of sending work to Mr. Roberts to be done in his home, in order

that he might be continued on the roll at full salary until he could become eligible for retirement.

Next, Miss Jessica Louise Farnum, secretary. Miss Farnum was permitted to remain on the roll for almost a year without being required to report for duty.

Next, Mr. Edgar F. Rogers, Republican, Maine, personnel officer.

Mr. Rogers is Dr. Putnam's "chancelor," the keeper of his conscience, if any, in matters of personnel selection, appointment, promotion, dismissal, and leave, as well as necessarily the keeper of his conscience in the matter of allocating the funds appropriated by Congress, transferring them, withholding them, and mingling them, so that Dr. Putnam may continue to be distinguished and move among the savants. As personnel officer Mr. Rogers has permitted his likes and dislikes to cause him first of all to begin his charities at home, for he has had his sister appointed to the Music Division.

Next, Miss Katherine Fennell, assistant in the personnel office, salary $2,600. She has a sister, Margaret, in the Legislative Reference Service at a salary of $2,700. Joint income for the Fennell family, $5,300.

Next, Louis Alexander, Dr. Putnam's special negro messenger. Dean of Library Negroes. Dr. Putnam's factotum, who during odd hours cuts Dr. Putnam's lawn and does other odd chores around his home. Messenger de luxe.

Alexander has a son in the Bibliographic Division of the Library. As the dean of Negroes in the Library, Alexander is in charge of the selection of all Negro personnel. Naturally he selected his son, and Putnam appointed him.

Next, Mr. David C. Mearns, Acting Chief of the Reading Room, salary about $5,000. Insignificant formal education. Mr. Mearns' assistant is William Mearns, salary about $3,000. Mr. William Mearns' wife is chief assistant in the Classification Division, salary about $3,000. Total Mearns family income, $11,000.

Next, Mr. Robert Gooch, Custodian of the Reading Room, salary about $3,200. Gooch has a brother in the Main Reading Room at a salary of about $2,600. Total for the Gooches, $5,800.

WHAT A RARE-BOOK ROOM

Next, Mr. Valta Parma, curator of the rare-book room. This is a recent Library enterprise. Mr. Parma is a specialist in dime novels—Diamond Dick paperbacks, Dick Merriwell, and other treasures of our boyhood days—and we pay him $4,200 a year to keep them in sealed, air-conditioned vaults. Have you ever been to the rare-book room? A uniformed guard lets you into somber outer doors of massive metal. Once inside, another guard will, if you know the countersign, take down a crimson barrier and let you inscribe your name in Mr. Parma's field book. Then, if your luck is still with you, you are ushered into the august presence of Mr. Parma. And if still more fortunate, Mr. Parma will, after you have been fully impressed with the significance of the occasion and cowed into appropriate silence, take you into the holy of holies. He will let you see the tiniest book in the world; and if you do not shrink from the idea, he will let you take into your hands an old tome covered with tanned human skin taken from the back of a man. Well, this is another of Dr. Putnam's predilections for which Congress spends the taxes collected from the people. And you talk about balancing the Budget! Let me say that I am not opposed to the procurement of valuable relics, art treasures having a great deal of educational and cultural value. But before passing from Dr. Putnam's rare curios, however, let me say that down in the catacombs amidst ancient, musty tomes toils an army of young men who hope that some day in the near future there may come to the head of the Library a man with a human heart.

Next, Mr. Linn R. Blanchard, Division of Accessions; salary, about $5,000.

Mr. Blanchard observes typical Library hours. He comes in about 11 or 11:30 on days he feels inclined to and leaves at 3 or 4. He is never available for official business until about noon.

Mr. Blanchard's first assistant and the real head of the Division is Miss Faustine Dennis, without whose advice, consent, and permission Mr. Blanchard cannot or will not act. Miss Dennis is said to be a distant relative of Dr. Putnam.

Next, Miss Florence S. Hellman, Acting Chief, Bibliographic Division.

Miss Hellman is a protégée or relative of ex-Senator Warren, Republican, of Wyoming. Miss Hellman has had about 35 years in the Library and Dr. Putnam has told her he will never make her Chief of the Division. In recent years Dr. Putnam has utilized this advantage to keep on the rolls Mr. William Allen Slade, another of his protégés, whom I shall discuss later at length.

Mr. Slade occupies the position of chief reference librarian, and by a system of bookkeeping transfers Dr. Putnam diverts the funds which Congress appropriates for the Legislative Reference Service and pays Mr. Slade $5,600.

Next, Mr. Charles Martel, consultant, assigned to the joint work of catalog classification and bibliography.

This is one of Dr. Putnam's pet tricks. Mr. Martel was retired under the Retirement Act some years ago, and receives an annuity of $1,200 a year under that act. By the scheme of making him a consultant, Dr. Putnam has thus arranged for an increment of $6,300, giving this superannuated, retired employee, who appears at the Library as his whim or caprice dictates, a total of $7,500 a year.

Next, Mr. Clarence W. Perley, Chief of Classification Division.

Although Mr. Perley was retired under the Classification Act during the past year, Dr. Putnam has assigned him to a special project, giving him quarters on deck A, with some additional emolument.

Next, Mr. Leicester B. Holland, Chief of the Division of Fine Arts.

Pearson and Allen have paid their respects to this gentleman.

Next, Mr. John T. Vance, law librarian—Democrat(?) from the State of Kentucky.

For a long time after his appointment as law librarian, at a salary of $6,000, Mr. Vance continued his private law practice, occupying an office in the Union Trust Building. A short time ago he caused his initials to be removed from the door of his office, although the firm name, Vance & Vance, still remains.

Mr. Vance is a debonair dilletante, appearing in morning coat and trousers at about 11 or 12 a. m. daily, joining the Librarian at the round table, having tea at the club about 3, and golf in summer.

Mr. Vance has cultivated all the Library associations and other high-brow institutions. He hopes with their influence and congressional committee influence to be made Librarian after Dr. Putnam's demise. Once or twice a year Mr. Vance sails to Europe on Library time and at the people's expense to bring back some early English or rare Spanish legal tome to be paid for out of the taxes we assess and to be exhibited as a trophy of his prowess as a hunter of the rare and curious.

At present Mr. Vance occupies in addition to his position of law librarian the novel post of Supervisor in Chief of the Legislative Reference Service, a post which Dr. Putnam created for him when he fired Dr. Schulz. In his new capacity Mr. Vance has instituted a reign of terror among the personnel of the Legislative Reference Service, is now engaged in conducting an inquisition into even the personal affairs of the personnel of that Service, has set up a sort of Ogpu, and has threatened with summary dismissal all members of the staff who violate his command to hold Dr. Schulz, the recently dismissed director, incommunicado. This outrageous

invasion of the rights of a personnel engaged in the performance of duties directly for the Congress transcends even the viciousness of a Harlan County, for it is being conducted almost under the dome of this Capitol. It is my purpose to bring this outrageous conduct of Dr. Putnam to the attention of the Civil Liberties Committee of the Senate.

In addition to Mr. Vance's personal law practice, he is closely allied with Mr. Clement L. Bouvé, about whom I shall have more to say later; and Mr. Henry Breckenridge, a reactionary stand-pat opponent of the President and the New Deal in the recent election.

Under Mr. Vance is Mr. Carl Meyer, the Chief Assistant Law Librarian of the Congress and the Supreme Court. Mr. Meyer never attended law school for a day, has no law degree, and is not a member of the bar. His chief claim to fame is his annual or biennial trip to Europe for a period of 60 to 90 days at the expense of the taxpayers, and the fact that although not a member of the Legislative Reference Service nor engaged in the work, Dr. Putnam pays him from the Legislative Reference Service appropriation through a system of bookkeeping transfers.

Next, Henry S. Parsons, Chief of the Periodical Division. Salary, $4,200.

For some time Mr. Parsons had his son as his assistant. At present his daughter is a member of the staff of the Union Catalog personnel. Conservatively estimated, the Parsons family income from the Library of Congress will closely approximate $6,000.

Next, Mr. Frederick E. Brasch, Chief of the Smithsonian Division. Salary $3,800. Has a daughter on the rolls. Probable total income for this family from Library of Congress about $5,000.

Mr. Brasch, like all Library chiefs, spends an easy day of from about 11 a. m. to 3 or 4 p. m.

From this enumeration I have omitted for the present consideration of the names of (1) Mr. Charles Harris Hastings, the superannuated Chief of the Card Division, whose tenure has been extended recently by the President at Dr. Putnam's request; (2) Mr. Lawrence Martin, Chief of the Division of Maps; (3) Mr. Oliver Strunk, whom Dr. Putnam fired from the Music Division some time last year; (4) Mr. Arthur W. Hummel, Chief of the Division of Orientalia; (5) Mr. Israel Shapiro, Chief of the Division of Semitic Literature; (6) Mr. José Meyer, a representative in France.

Although I shall have something to say later about these and other appointees of Dr. Putnam, in passing, I direct your attention to the sinecures which Dr. Putnam and his appointees enjoy. How often have you consulted the Music Division of the Library of Congress for the benefit of your constituents or to aid you in passing sound legislation?

I omitted also mention of the Director of the Union Catalog, housed in beautiful quarters for savants, but of no earthly use to this Congress.

LAW AND COPYRIGHT JOIN TOGETHER?

I come now to the Register of Copyrights, Mr. Clement Lincoln Bouve, a native of Massachusetts—although for catalog purposes he claims Maryland. Mr. Bouve is a typical Dr. Putnam product, a Republican, born in Massachusetts; sometime Republican member of the Mexican Claims Commission. Mr. Bouve boasts of his Republican partisanship and his independence of the Congress under Dr. Putnam.

Mr. Bouve, although Register of Copyrights at $6,000, maintains a law office in the Union Trust Building in partnership with Mr. Henry Breckenridge and close to Mr. John Vance, the Law Librarian of Congress and the Supreme Court. For the conduct of his private law practice in the Library, Dr. Putnam has assigned quarters to him on deck A.

Pearson and Allen have paid their respects to the two Rays, father and son, chief and assistant engineers. Dorrion Warren Harding, electrician, is now enjoying a third extension of tenure, insisted upon by Dr. Putnam.

FIRED FOR SERVING CONGRESS

Now, Mr. Speaker, I want to devote a few moments to Dr. Schulz and the Legislative Reference Service, from which Dr. Schulz was fired by Dr. Putnam on September 17. At the time Dr. Putnam fired Dr. Schulz there were some 35 persons on the staff of the Legislative Reference Service over whom Dr. Schulz had little, if any, final control or authority.

Next to Dr. Schulz in salary stands Mr. W. H. McClenon, a Republican of the State of Iowa, California, or Maryland, as fancy or profit pleases him. Although next in rank, and enjoying the highest salary of any other person not in an executive capacity in the Library of Congress, Mr. McClenon was totally incapable of performing administrative duties, in constant defiance of Dr. Schulz's authority, grossly disloyal to Dr. Schulz and to the Legislative Reference Service and in open insubordination.

In charge of the files of the Federal Index, with which he has been associated for almost 30 years, Mr. McClenon's chief occupation has been to devise ways and means of finding work for five assistants in order to keep himself on the pay roll in grade P–5, salary $5,400. Although the cost of keeping him and his staff takes 14 percent of the appropriations made by Congress for the Legislative Reference Service, his contribution to Congress in terms of inquiries responded to does not exceed 2 percent. Moreover, the work is to a large degree a duplication of the work of the editor of laws in the State Department. But Mr. McClenon is one of Dr. Putnam's especial pets and leads a charmed existence.

In order to embarrass Dr. Schulz in the proper and efficient conduct of the Legislative Reference Service, Dr. Putnam gave Mr. McClenon a quasi-independent status and private quarters, and told Dr. Schulz that anything he might say about Mr. McClenon would not shake his confidence in Mr. McClenon.

Sometime during the past year the Supreme Court of the United States sent to Dr. Putnam a special project. Over Dr. Schulz's head, Dr. Putnam assigned that project to Mr. McClenon. It was done on Government time, and although the Supreme Court had an abundance of funds and desired to compensate Mr. McClenon for his efforts, it was discovered that under the law Mr. McClenon could not accept. But law, as Constitution, was not to daunt the Supreme Court nor Dr. Putnam nor Mr. McClenon. Mr. McClenon resorted to the simple fiction of separation from the service for a day. Dr. Putnam ordered Dr. Schulz to approve this separation, and Mr. McClenon took the check sent by the Supreme Court, a clear violation of law. And when later Dr. Schulz in his now famous report reminded Dr. Putnam of this, Dr. Putnam denounced him as "abusive and scandalous."

Mr. McClenon's second assistant is Miss Margaret Fennell, whose sister I have already stated is an assistant to Mr. Edgar Rogers, personnel officer, whose sister is an assistant in the Music Division of the Library.

Although Mr. McClenon enjoys a salary of $5,400 and emoluments constantly cast his way by Dr. Putnam, he also has his son on the part-time pay roll of the Card Division of the Library at about $1,500. In all, Mr. McClenon's job at the Library brings him in about $7,000 per annum.

MORE NEPOTISM

Another interesting character in the Legislative Reference Service is Mrs. Margaret Gertrude Bacon Blachly, wife of Clarence Dan Blachly, a member of the staff of the Tariff Commission. Some years ago Mr. Blachly was Assistant Director of the Legislative Reference Service at a salary of $3,000. He left that job during the war to become a member of the Tariff Commission staff, where he now enjoys a salary of about $8,000. But when he left the Legislative Reference Service he induced Dr. Putnam to appoint Mrs. Blachly to the staff, and today she enjoys an income of $3,500, Dr. Putnam having granted her an increase in salary after he fired Dr. Schulz. Total Federal income for Mr. and Mrs. Blachly, about $11,500.

WHY SO MUCH UNEMPLOYMENT?

While I am on the subject of the Legislative Reference Service I must not omit consideration of the State Law Index, which Dr. Putnam split off from the Legislative Reference Service on June 1, in order to cause Dr. Schulz additional embarrassment in his efforts to serve the Congress. At the head of the State Law Index is Miss Margaret W. Stewart,

daughter of Mr. Ethelbert Stewart, for long years Chief of the Bureau of Labor Statistics. In that capacity Mr. Ethelbert Stewart enjoyed a salary of $9,000; his daughter, Estelle, served as his assistant at about $3,500; another daughter, Lettie, occupied a position as teacher in the local schools at about $2,500; and Margaret is the head of the State Law Index at about $5,000. One time total for the Stewarts $20,000 per year. Among the 800 employees in the Library there are other similar cases, but time and space will not permit a complete review.

At this point I insert a list of the administrative personnel of the Library of Congress:

Name	State	Salary
Putnam, H.	Massachusetts	$10,000
Slade, Wm. A.	Rhode Island (1)	5,400
Voorus, Robert A.	Pennsylvania	3,500
Caton, Louise G.	Massachusetts	3,200
Rogers, Edgar F.	Maine (1)	2,900
Roberts, Martin A.	Maryland (3)	7,500
Mearns, David C.	Maryland (5)	4,000
Milne, G. A.	Maryland (5)	3,800
Gooch, R. C.	Ohio (7)	3,200
Parma, V. V.	New Jersey (3)	4,200
Nichols, Mande G.	New Jersey (12)	2,400
Blanchard, Luis R.	New Jersey (4)	5,000
Hellman, Florence	Wyoming	3,800
Morgan, G. W.	Maryland (5)	2,500
Hastings, C. W.	Maine (3)	5,400
Leavitt, J.	Connecticut (4)	5,600
Perley, C. W.	Illinois (9)	5,200
Haykin, D. J.	Nebraska (2)	4,600
Childs, J. B.	Illinois (2)	5,400
Holland, L. B.	Pennsylvania (6)	5,000
Meyer, José	New York	[1] 3,200
Croft, B. M.	North Dakota (1)	2,800
Martin, L.	Massachusetts	5,400
Spivacke, H.	New York (19)	4,600
Hummel, A. W.	Illinois (22)	5,200
Parsons, H. S.	Massachusetts (2)	4,200
Shapiro, L.	District of Columbia	3,300
Rodinoff, N. R.	New York (23)	3,200
Corbin, W. S.	Massachusetts	5,000
Brasch, F. E.	California (8)	3,800
Schwegmann, G. A.	Louisiana (1)	4,600
Vance, J. T.	Kentucky (7)	6,000
Bouvé, C. L.	Massachusetts	6,000
DeWolf, R. C.	Massachusetts (8)	4,000
Bond, W. C.	Maryland (3)	4,200
Rabbitt, W.	Maryland (5)	3,700
Schulz, G. J.	Virginia (8)	5,600

[1] Rep. in France.

Administrative personnel, Library of Congress, total 38 (by States)

	Number	Salary	Approximate percentage
Massachusetts	7	$37,800	20
Rhode Island	1	5,400	3
Maine	2	8,300	6
Connecticut	1	5,600	3
Pennsylvania	2	8,500	6
New Jersey	3	11,600	9
New York	3	9,800	9
Maryland	6	26,000	18
Virginia	1	5,600	3
Ohio	1	3,200	3
Illinois	4	21,000	12
Kentucky	1	6,000	3
Nebraska	1	4,600	3
North Dakota	1	2,800	3
Wyoming	1	3,800	3
California	1	3,800	3
Louisiana	1	4,600	3
District of Columbia	1	3,300	3

WHO GETS THE JOBS?

Here, Mr. Speaker, is the reason back of Dr. Putnam's resistance against a civil-service status for the personnel of the Library, against patronage and State allocation.

Of the total of 38 administrative officers of the Library of Congress, 20 percent are from the State of Massachusetts, Dr. Putnam's own State. Thirty-one percent of the total come from New England. And you can reasonably infer that a large percent of the total employees came from the same section. And 12 percent of the overhead personnel of the Library are from Illinois.

This, Mr. Speaker, is the reason Members of Congress cannot secure appointments to the staff of the Library of Congress. One man only has control of the appointment, promotion, and dismissal of our Library personnel—that man is Dr. Herbert Putnam, the would-be dictator of Capitol Hill, who defies Congress and holds its Members in contempt and derision.

IS CONGRESS BEING SERVED PROPERLY BY THE LIBRARY?

Two and a half million dollars of the taxpayers' money were appropriated last year by Congress for its Library. To what extent has the Congress been permitted to utilize that two and one-half million dollars in behalf of the farmer whose home was sold over his head? How much benefit did the cotton growers of Texas receive from it, or the miners of Pennsylvania or West Virginia, or the laborers of the country generally? How helpful it must be to some impoverished, underfed school child in the mountains of Tennessee to know, when he trudges along to school on an empty stomach, that Dr. Herbert Putnam, sitting in state in palatial quarters, is carefully preserving for him some rare curio, or that Mr. John Vance was on a European mission—all expenses paid by the American people—to secure a copy of a Norman-French case book? How thrilled a mother in the foothills of North Carolina must be to know that Mr. Leicester Holland—income $10,000 per year—is very carefully preserving for her beautiful prints of the crinolines of Gone With the Wind!

Of the two and one-half million dollars appropriated by Congress for Dr. Putnam's mausoleum, we appropriated $100,000, or only 4 percent, for the work of the Legislative Reference Branch, the only function of the Library of Congress of real, direct service to the Congress; and because an honest, earnest, efficient, public servant tried to utilize that small sum as it was intended by Congress to be utilized, he was fired by the would-be czar of Capitol Hill for serving Congress too zealously.

The time has come, Mr. Speaker, when Congress must retrieve and recover some of the power it has permitted this would-be dictator to assume. There must be a revision of the laws which affect our own Library; and there must be a reorientation, so that the Library of Congress may again become what the founders intended it to be, to wit, the Library of Congress and not Dr. Herbert Putnam's mausoleum.

SENATE ENROLLED BILL AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled bill and a joint resolution of the Senate of the following titles:

S. 3114. An act to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.; and

S. J. Res. 67. Joint resolution conferring jurisdiction upon the Court of Claims to hear and determine the claim of the estate of John F. Hackfeld, deceased.

EXTENSION OF REMARKS

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and to include therein an editorial from the New York Herald Tribune by, of all people, Walter Lippmann.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

REPORT OF COMMITTEE TO NOTIFY PRESIDENT

Mr. RAYBURN. Mr. Speaker——

The SPEAKER. The gentleman from Texas.

Mr. RAYBURN. Mr. Speaker, your committee to join a like committee on the part of the Senate to notify the President that the Congress was ready to adjourn and to ask him if he had any further communication to make to the Congress has performed that duty.

The President asked us to say to the House that he had no further communication to make to the Congress.

Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ADJOURNMENT SINE DIE

Mr. RAYBURN. Mr. Speaker, always when our beloved Speaker Champ Clark closed the Congress—and I am not trying to take any word out of the mouth of our present Speaker—he always said in the language of Tiny Tim, "God bless us every one."

If the Speaker has no word to say, I move that the House do now adjourn.

The SPEAKER. The question is on the motion of the gentleman from Texas.

The motion was agreed to.

The SPEAKER. In pursuance of the provisions of House Concurrent Resolution No. 28, I declare the special session of the Seventy-fifth Congress adjourned sine die.

Accordingly (at 5 o'clock and 13 minutes p. m.), pursuant to House Concurrent Resolution No. 28, the House adjourned sine die.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. MARTIN's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 4, 1938. Business to be considered: Hearing on sales-tax bills, H. R. 4722 and H. R. 4214.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, train-lengths bill.

COMMITTEE ON THE JUDICIARY

The Special Bankruptcy Subcommittee of the Committee on the Judiciary will continue a public hearing on the Frazier-Lemke bill (S. 2215) to amend section 75 of the Bankruptcy Act, in the Judiciary Committee room at 346 House Office Building, on Wednesday, January 5, 1938, at 10 a. m.

EXECUTIVE COMMUNICATIONS, ETC.

903. Under clause 2 of rule XXIV a letter from the Secretary of the Interior, transmitting a report covering expenditures made for the relief of destitution of natives of Alaska, was taken from the Speaker's table and referred to the Committee on Expenditures in the Executive Departments.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 8236. A bill authorizing the Secretary of the Treasury to exchange sites for Coast Guard purposes; with amendment (Rept. No. 1660). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

Mr. BLAND: A bill (H. R. 8778) to amend section 4311 of the Revised Statutes of the United States; to the Committee on Merchant Marine and Fisheries.

By Mr. MURDOCK of Arizona: A bill (H. R. 8779) to authorize credits to taxpayers against the 1936 tax under title IX of the Social Security Act for contributions to State unemployment funds for the year 1936 paid before January 31, 1938; to the Committee on Ways and Means.

By Mr. IGLESIAS: A bill (H. R. 8780) to extend the provisions of the act entitled "An act to provide that the United States shall aid the States in wildlife-restoration projects, and for other purposes," approved September 2, 1937, to the District of Columbia or any Territory or possession of the United States to the Committee on Agriculture.

By Mr. FERGUSON: A bill (H. R. 8781) authorizing the Reconstruction Finance Corporation to make loans to, or contracts with, States to aid in financing projects authorized under Federal, State, or municipal law; to the Committee on Banking and Currency.

By Mr. IZAC: A bill (H. R. 8782) to adjust the pay of enlisted personnel of the Army, Navy, Marine Corps, and Coast Guard, and for other purposes; to the Committee on Military Affairs.

By Mr. HILL of Washington: A bill (H. R. 8783) to authorize the issuance of orders with respect to apples under the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. McFARLANE: Joint resolution (H. J. Res. 546) favoring the reinstatement of Dr. George J. Schulz in the Legislative Reference Service, Library of Congress; to the Committee on the Library.

By Mr. RANDOLPH: Joint resolution (H. J. Res. 547) directing the Bureau of Labor Statistics to collect information as to the amount and value of all goods purchased by the Federal Government; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CRAWFORD: A bill (H. R. 8784) for the relief of the estate of John Richard Yockey; to the Committee on Claims.

By Mr. JARMAN: A bill (H. R. 8785) granting a pension to Nettie Coffee; to the Committee on Invalid Pensions.

By Mr. KEE: A bill (H. R. 8786) granting a pension to Wirt F. Hatfield; to the Committee on Pensions.

By Mr. MURDOCK of Arizona: A bill (H. R. 8787) for the relief of the Mesa Motors, Inc.; to the Committee on Claims.

By Mr. SUTPHIN: A bill (H. R. 8788) granting a pension to Ruth L. McMeans; to the Committee on Invalid Pensions.

By Mr. DREWRY of Virginia: Resolution (H. Res. 386) for the relief of Alice Hayden; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3680. By Mr. DELANEY: Petition of the United Federal Workers of America, Local No. 43, Brooklyn, N. Y., protesting against the dismissal of 24 Civilian Conservation Corps workers from the Army supply base in Brooklyn, N. Y.; to the Committee on Appropriations.

3681. By Mr. LUTHER A. JOHNSON: Petition of R. S. Guinn, secretary-treasurer, Texas Society of Professional Engineers, Austin, Tex., opposing curtailment of Federal funds for highways; to the Committee on Roads.

3682. By Mr. KEOGH: Petition of the Hospital Bureau of Standards and Supplies, New York City, concerning an amendment to the Robinson-Patman Act; to the Committee on Interstate and Foreign Commerce.

3683. By Mr. LAMBERTSON: Petition of Mrs. Paul Halterman and 2,483 other citizens of Topeka, petitioning the President of the United States (1) that a state of war be proclaimed between China and Japan and that the neutrality law, enacted during the last session of Congress, be invoked; and (2) that all military and naval forces of the United States be withdrawn from China and Chinese waters; to the Committee on Foreign Affairs.

3684. By Mr. PFEIFER: Petition of the Hospital Bureau of Standards and Supplies, New York City, concerning the proposed amendment to the Robinson-Patman Act; to the Committee on Interstate and Foreign Commerce.